

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

APPLICATION FOR SALE LEASEBACK AGREEMENT

IMPORTANT NOTICE: The answers to the questions contained in this application are necessary to determine your firm's eligibility for financing and other assistance from County of Otsego Industrial Development Agency. These answers will also be used in the preparation of papers in this transaction. Accordingly, all questions should be answered accurately and completely by an officer or other employee of your firm who is thoroughly familiar with the business and affairs of your firm and who is also thoroughly familiar with the proposed project. This application is subject to acceptance by the Agency.

TO: COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY
242 Main Street
Oneonta, New York 13820
Attention: Administrative Director

This application by applicant respectfully states:

APPLICANT: KLUGO ONEONTA, LLC
APPLICANT'S STREET ADDRESS: 11849 E MORNING RD, SUITE 106
CITY: ROCKING STATE: N.Y. PHONE NO.: 607 936-1575

NAME OF PERSON(S) AUTHORIZED TO SPEAK FOR APPLICANT WITH RESPECT TO THIS APPLICATION: CHARLES E. KLUGO

IF APPLICANT IS REPRESENTED BY AN ATTORNEY, COMPLETE THE FOLLOWING:

NAME OF FIRM: KEYSER, MALONEY, & WINNER, LLP
NAME OF ATTORNEY: RICHARD KEYSER
ATTORNEY'S STREET ADDRESS: 150 LAKE STREET 2ND FLOOR
CITY: ELMIRA STATE: N.Y. PHONE NO.: 607 734-0990

NOTE: PLEASE READ THE INSTRUCTIONS ON PAGE 2 BEFORE FILLING OUT THIS APPLICATION.

INSTRUCTIONS

1. The Agency will not approve any application unless, in the judgment of the Agency, said application contains sufficient information upon which to base a decision whether to approve or tentatively approve an action.
2. Fill in all blanks, using "none" or "not applicable" or "N/A" where the question is not appropriate to the project which is the subject of this application (the "Project").
3. If an estimate is given as the answer to a question, put "(est)" after the figure or answer which is estimated.
4. If more space is needed to answer any specific question, attach a separate sheet.
5. When completed, return two (2) copies of this application to the Agency at the address indicated on the first page of this application.
6. The Agency will not give final approval to this application until the Agency receives a completed environmental assessment form concerning the Project, which is the subject of this application.
7. Please, note that Article 6 of the Public Officers Law declares that all records in the possession of the Agency (with certain limited exceptions) are open to public inspection and copying. If the applicant feels that there are elements of the Project which are in the nature of trade secrets or information, the nature of which is such that if disclosed to the public or otherwise widely disseminated would cause substantial injury to the applicant's competitive position, the applicant may identify such elements in writing and request that such elements be kept confidential in accordance with Article 6 of the Public Officers Law.
8. The applicant will be required to pay to the Agency all actual costs incurred in connection with this application and the Project contemplated herein (to the extent such expenses are not paid out of the proceeds of the Agency's bonds issued to finance the project). The applicant will also be expected to pay all costs incurred by general counsel and bond counsel to the Agency. The costs incurred by the Agency, including the Agency's general counsel and bond counsel, may be considered as a part of the project and included as a part of the resultant bond issue.
9. The Agency has established an application fee of Two Hundred Dollars (\$200) to cover the anticipated costs of the Agency in processing this application. A check or money order made payable to the Agency must accompany each application. **THIS APPLICATION WILL NOT BE ACCEPTED BY THE AGENCY UNLESS ACCOMPANIED BY THE APPLICATION FEE.**
10. The Agency has established a project fee for each project in which the Agency participates. **UNLESS THE AGENCY AGREES IN WRITING TO THE CONTRARY, THIS PROJECT FEE IS REQUIRED TO BE PAID BY THE APPLICANT AT OR PRIOR TO THE GRANTING OF ANY FINANCIAL ASSISTANCE BY THE AGENCY.**

FOR AGENCY USE ONLY

1. Project Number	
2. Date application Received by Agency	. 20
3. Date application referred to attorney for review	. 20
4. Date copy of application mailed to members	. 20
5. Date notice of Agency meeting on application posted	. 20
6. Date notice of Agency meeting on application mailed	_____ . 20_
7. Date of Agency meeting on application	. 20
8. Date Agency conditionally approved application	. 20
9. Date scheduled for public hearing	. 20
10. Date Environmental Assessment Form ("EAF") received	_____ . 20_
11. Date Agency completed environmental review	. 20
12. Date of final approval of application	_____ . 20_

AGENCY FEE SCHEDULE INFORMATION

1. APPLICATION FEE: \$200.00 (Non-refundable)
2. AGENCY FEE:
 - (a) Bond Transactions: ¾ of 1% of bond amount
 - (b) Sale Leaseback Transactions: ¾ of 1% of Total Project Cost (see Total Project Cost page 14)
3. AGENCY COUNSEL FEE:
 - (a) \$3,000 minimum agency counsel fee
 - (b) 1% up to and including \$1,500,000
 - (c) 1/2 of 1% for all amounts in excess of \$1,500,000

- (d) \$20,000 maximum agency counsel fee, provided that an additional counsel fee at a rate of \$100/hour may be charged in special circumstances
- (c) disbursements (e.g., photocopying, telephone charges, postage) are charged in addition to the legal fee

I. INFORMATION CONCERNING THE PROPOSED OCCUPANT OF THE PROJECT (HEREINAFTER, THE "COMPANY").

A. Identity of Company:

1. Company Name: KLUCCO OROONOTA LLC
 Present Address: 11849 E. CORNING RD. SUITE 100 CORNING
 Zip Code: 14830
 Employer's ID No.: 45-3577066
2. If the Company differs from the Applicant, give details of relationship:
3. Indicate type of business organization of Company:
 - a. ~Corporation. If so, incorporated in what country? USA ;
 What State? N.Y. ; Date Incorporated 10/12/11 ;
 Type of Corporation? LLC ;
 Authorized to do business in New York? Yes X ; No .
 - b. ~Partnership. If so, indicate type of partnership _____ ;
 Number of general partners _____ ; Number of limited partners _____.
 - c. ~Sole proprietorship.
4. Is the Company a subsidiary or direct or indirect affiliate of any other organizations (s)? If so, indicate name of related organization(s) and relationship: NO

B. Management of Company:

1. List all owners, officers, directors and partners (complete all columns for each person):

NAME AND HOME ADDRESS	OFFICE FIELD	OTHER PRINCIPAL BUSINESS
<u>CHARLES E. KLUGG</u>	<u>MEMBER</u>	
<u>112 Lincoln Rd. Haverford</u>		
<u>N.Y. 14845</u>		

2. Is the Company or management of the Company now a plaintiff or a defendant in any civil or criminal litigation? Yes ___; No X.
3. Has any person listed above ever been convicted of a criminal offense (other than a minor traffic violation)? Yes ___; No X.
4. Has any person listed above or any concern with whom such person has been connected ever been in receivership or been adjudicated a bankrupt? Yes ___; No X.
5. If the answer to any of questions 2 through 4 is yes, please, furnish details in a separate attachment.

C. Principal owners of Company:

1. Is Company publicly held? Yes ___; No X. If yes, please list exchanges where stock traded:
2. If no, list all stockholders having a 5% or more interest in the Company:

NAME	ADDRESS	PERCENTAGE OF HOLDING
CHARLES E. KLUGO	112 LINCOLN RD. HUBS, CT.	100%

D. Company's principal bank(s) of account:

A+T

II. DATA REGARDING PROPOSED PROJECT.

A. Description of the Project: (Please provide a brief narrative description of the Project.)

155-165 MAIN ST & 1 DIETZ ST. RENOVATE BOTH BUILDINGS INTO MIXED USE OF COMMERCIAL, RETAIL AND UPPER FTS WITH REAR PARKING / GREEN SPACE.

B. Location of the Project:

1. Street Address: 135-165 MAIN ST. / 1 DRETZ ST.
2. City of OREGONIA
3. Town of
4. Village of
5. County of OSAGE

C. Description of the Project site:

1. Approximate size (in acres or square feet) of the Project site: .95 ACRES.
Is a map, survey or sketch of the Project site attached? Yes X; No .

2. Are there existing buildings on the Project site? Yes X; No .

- a. If yes, indicate the number of buildings on the site: 2. Also, please briefly identify each existing building and indicate the approximate size (in square feet) of each such building: APROX. 21,573 S.F. OF

RESIDENTIAL AFF. SPACE AND 7,450 S.F. OF COMMERCIAL/
RETAIL SPACE.

- b. Are the existing buildings in operation? Yes ; No X. If yes, describe present use of present buildings:

- c. Are the existing buildings abandoned? Yes X; No . About to be abandoned? Yes ; No X. If yes, describe:

- d. Attach photograph of present buildings.

3. Utilities serving the Project site:

Water-Municipal: YES

Other (describe) N/A

Sewer-Municipal: YES

Other (describe) N/A

Electric-Utility: YES

Other (describe) N/A

Heat-Utility: YES

Other (describe) N/A

4. Present legal owner of the Project site: *OCBC*
- a. If the Company owns the Project site, indicate date of purchase: _____, 19____; purchase price: \$_____.
- b. If Company does not own the Project site, does Company have an option signed with the owner to purchase the Project site? Yes ; No _____. If yes, indicate date option signed with the owner: _____, 192012; and the date the option expires: _____, 19____.
- c. If the Company does not own the Project site, is there a relationship legally or by common control between the Company and the present owner of the Project site? Yes ; No _____. If yes, describe: *Purchase Agreement*

5. a. Zoning District in which the Project site is located:
- b. Are there any variances or special permits affecting the Project site? Yes ; No _____. If yes, list below and attach copies of all such variances or special permits: *SITE PLAN*

In process of working with City of Oneonta Codes and zoning to determine needed for building renovation, including but not limited to First Floor apartments.

D. Description of Proposed Construction:

1. Does part of the Project consist of the acquisition or construction of a new building or buildings? Yes ____; No . If yes, indicate number and size of new buildings:
2. Does part of the Project consist of additions and/or renovations to existing buildings located on the Project site? Yes ; No _____. If yes, indicate the buildings to be expanded or renovated, the size of any expansions and the nature of expansion and/or renovation: *27,573 S.F. RESIDENTIAL*
7,450 S.F. COMMERCIAL/RETAIL

3. Describe the principal uses to be made by the Company of the building or buildings to be acquired, constructed or expanded:

RESIDENTIAL
COMMERCIAL / RETAIL

E. Description of the Equipment:

1. Does a part of the Project consist of the acquisition or installation of machinery, equipment or other personal property (the "Equipment")? Yes X; No S. If yes, describe the Equipment:

M+E to be acquired and install will be directly related to the complete rehabilitation and completion of a mixed use commercial/residential downtown building

2. With respect to the Equipment to be acquired, will any of the Equipment be Equipment which has previously been used? Yes ___; No X. If yes, please provided detail:

3. Describe the principal uses to be made by the Company of the Equipment to be acquired or installed:

N/A mechanical appliances
electrical
HVAC
plumbing

F. Project Use:

1. What are the principal products to be produced at the Project? Commercial retail residential development
~~Business Materials/Products~~
2. What are the principal activities to be conducted at the Project? Historic renovation of ~~General Commercial~~ a downtown building (2) for commercial and residential development use.

3. Does the Project include facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities? Yes ___; No X. If yes, please provide detail:

The project has a retail component as an end product to be used by tenants leasing commercial space. The "project" does not have a retail component

4. If the answer to question 3 is yes, what percentage of the cost of the Project will be expended on such facilities or property primarily used in making retail sales of goods or services to customers who personally visit the Project? 5 %

Commercial renovation cost is approximately 5% of total project development

7. Will the completion of the Project result in the removal of a plant or facility of the Company or another proposed occupant of the Project (a "Project Occupant") from one area of the State of New York to another area of the State of New York? Yes ____; No X. If yes, please explain:
8. Will the completion of the Project result in the abandonment of one or more plants or facilities of the Company located in the State of New York? Yes ____; No X. If yes, please provide detail:
9. If the answer to either question 7 or question 8 is yes, indicate whether any of the following apply to the Project:
- a. Is the Project reasonably necessary to preserve the competitive position of the Company on such Project Occupant in its industry? Yes ____; No X. If yes, please provide detail:
- b. Is the Project reasonably necessary to discourage the Company or such Project Occupant from removing such other plant or facility to a location outside the State of New York? Yes ____; No X. If yes, please provide detail:
10. Will the Project be owned by a not-for-profit corporation? Yes ____; No X. If yes, please provide detail:
11. Will the Project be sold or leased to a municipality? Yes ____; No X. If yes, please provide detail:

G. Project Status:

1. If the Project includes the acquisition of any land or buildings, have any steps been taken toward acquiring same? Yes ; No . If yes, please discuss in detail the approximate stage of such acquisition:

Finalize offer
Closing end of July

2. If the Project includes the acquisition of any Equipment, have any steps been taken toward acquiring same? Yes ; No . If yes, please discuss in detail the approximate stage of such acquisition:

All M+E acquisition are incorporated into the redevelopment of a residential/commercial building

3. If the Project involves the construction or reconstruction of any building or other improvement, has construction work on any such building or improvement begun? Yes ; No . If yes, please discuss in detail the approximate extent of construction and the extent of completion. Indicate in your answer whether such specific steps have been completed as site clearance and preparation; completion of foundations; installation of footings; etc.:

- Demo of buildings on site

- Foundation work
- Asst. work

4. Please indicate amount of funds expended on the Project by the Company in the past three (3) years and the purposes of such expenditures:

Approx \$1.5M has been spent on project to date, prior to transfer of Project to applicant.

H. Agent Status (for sales tax purposes) (See also question B.3 in Part VI below):

1. If the Agency approves the Project, there are two methods that may be used to undertake the Project. The applicant can undertake the Project privately and sell the Project to the Agency upon completion. Alternatively, the applicant can request to be appointed as "agent" of the Agency, in which case certain laws applicable to public construction may apply to the Project. Does the applicant wish to be designated as "agent" of the Agency for purposes of undertaking the Project? Yes ; No .

2. If the answer to question 1 is yes, does the applicant desire such "agent" status prior to the closing date of the financing? Yes ; No . N/A

III. INFORMATION CONCERNING LEASES OR SUBLEASES OF THE PROJECT. (PLEASE COMPLETE THE FOLLOWING SECTION IF THE COMPANY INTENDS TO LEASE OR SUBLEASE ANY PORTION OF THE PROJECT).

A. Does the Company intend to lease or sublease more than 10% (by area or fair market value) of the Project? Yes ; No . If yes, please complete the following for each existing or proposed tenant or subtenant:

The entire building will be subleased to residential and commercial tenants.

1. Sub lessee name: TBD
Present Address:
City: _____ State: _____ Zip: _____
Employer's ID No.: _____
Sub lessee is: _____ Corporation: _____ Partnership: _____ Sole Proprietorship
Relationship to Company: _____
Percentage of Project to be leased or subleased: _____
Use of Project intended by Sub lessee: _____
Date of lease or sublease to Sub lessee: _____
Term of lease or sublease to Sub lessee: _____
Will any portion of the space leased by this sub lessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes _____; No _____. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sub lessee.

2. Sub lessee name: _____
Present Address: _____
City: _____ State: _____ Zip: _____
Employer's ID No.: _____
Sub lessee is: _____
_____ Corporation: _____ Partnership: _____ Sole Proprietorship
Relationship to Company: _____
Percentage of Project to be leased or subleased: _____
Use of Project intended by Sub lessee: _____
Date of lease or sublease to Sub lessee: _____
Term of lease or sublease to Sub lessee: _____
lessee: _____
Will any portion of the space leased by this sub lessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes _____; No _____. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sub lessee.

3. Sub lessee name:

Present Address:

City: _____ State: _____ Zip: _____

Employer's ID No.:

Sub lessee is: _____ Corporation: _____ Partnership: _____ Sole Proprietorship

Relationship to Company:

Percentage of Project to be leased or subleased:

Use of Project intended by Sub lessee:

Date of lease or sublease to Sub lessee:

Term of lease or sublease to Sub lessee:

Will any portion of the space leased by this sub lessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes _____; No _____. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sub lessee.

B. What percentage of the space intended to be leased or subleased is now subject to a binding written lease or sublease? 0%.

IV. EMPLOYMENT IMPACT. Indicate below the number of people presently employed at the Project site and the number that will be employed at the Project site at end of the first and second years after the Project has been completed (Do not include construction workers). Also indicate below the number of workers employed at the Project site representing newly created positions as opposed to positions relocated from other project sites of the applicant.

	TYPE OF EMPLOYMENT			
	PROFESSIONAL OR MANAGERIAL	UNSKILLED OR SKILLED	SEMI-SKILLED	TOTALS
Present Full Time	0	0	0	0
Present Part Time	0	0	0	0
Present Seasonal	0	0	0	0
First Year Full Time	20	0	0	20
First Year Part Time	1	0	0	1
First Year Seasonal	0	0	0	0
Second Year Full Time	1	0	0	1
Second Year Part Time	0	0	0	0
Second Year Seasonal	0	0	0	0

During the 24 months of Redevelopment, approximately 20 construction jobs will be created using a variety of local and regional contractors. Once project's completed 1-2 FT positions will be created for property management. Also it is anticipated that availability of new commercial space will create additional employment opportunities.

V. PROJECT COST.

A. Anticipated Project Costs. State the costs reasonably necessary for the acquisition of the Project site, the construction of the proposed buildings and the acquisition and installation of any machinery and equipment necessary or convenient in connection therewith, and including any utilities, access roads or appurtenant facilities, using the following categories:

<u>Description of Cost</u>	<u>Amount</u>
Land	\$ <u>11/A</u>
Buildings <u>/commercial</u>	\$ <u>400,000</u> \$1,200,000
Machinery and equipment costs	\$ <u>10/A</u> 1,500,000
Utilities, roads and appurtenant costs	\$ <u>200,000</u>
Architects and engineering fees	\$ <u>910,000</u>
Soft cost Costs of Bond issue (legal, financial and printing)	\$ <u>355,000</u>
Construction loan fees and interest (if applicable)	\$ <u>105,000</u>
Other (specify)	
<u>Site abatement/demo</u>	\$ <u>500,000</u>
<u>Residential / Commercial development</u>	\$ 300,000
<u>exterior facade</u>	\$ <u>400,000</u> \$1,200,000
TOTAL PROJECT COSTS	\$ <u>4,570,000</u>

B. Have any of the above expenditures already been made by the applicant? Yes :
No . If yes, indicate particulars.

approx \$ 580,000

Site abatement/demo
partial architectural
Engineering
Construction Management
have been completed or are in progress
prior to property transfer

VI. FINANCIAL ASSISTANCE EXPECTED FROM THE AGENCY.

A. Financing

1. Is the applicant requesting that the Agency issue bonds to assist in financing the Project? Yes ___; No . If yes, indicate:
 - a. Amount of loan requested: _____ Dollars; and
 - b. Maturity requested: _____ Years.

2. If the answer to question 1 is yes, is the interest on such bonds intended to be exempt from federal income taxation? Yes ___; No ___. *N/A*

3. If the answer to question 2 is yes, will any portion of the Project be used for any of the following purposes: *N/A*
 - a. retail food and beverage services: Yes ___; No _____
 - b. automobile sales or service: Yes ___; No _____
 - c. recreation or entertainment: Yes ___; No _____
 - d. golf course: Yes ___; No _____
 - e. country club: Yes ___; No _____
 - f. massage parlor: Yes ___; No _____
 - g. tennis club: Yes ___; No _____
 - h. skating facility (including roller
 - i. racquet sports facility (including
 - j. handball and racquetball court): Yes ___; No _____
 - k. hot tub facility: Yes ___; No _____
 - l. suntan facility: Yes ___; No _____
 - m. racetrack: Yes ___; No _____

4. If the answer to any of the above questions contained in question 3 is yes, please furnish details on a separate attachment.

B. Tax Benefits.

1. Is the applicant requesting any real property tax exemption in connection with the Project that would not be available to a project that did not involve the Agency? Yes ; No ___. If yes, is the real property tax exemption being sought consistent with the Agency's Uniform Tax Exemption Policy? Yes ___; No .

2. Is the applicant expecting that the financing of the Project will be secured by one or more mortgages? Yes ; No ___. If yes, what is the approximate amount of financing to be secured by mortgages? \$ 232,000.

3. Is the applicant expecting to be appointed agent of the Agency for purposes of avoiding payment of N.Y.S. Sales Tax or Compensating Use Tax? Yes ___; No . If yes, what is the approximate amount of purchases which the applicant expects to be exempt from the N.Y.S. Sales and Compensating Use Taxes? \$ _____.
4. What is the estimated value of each type of tax-exemption being sought in connection with the Project? Please detail the type of tax-exemption and value of each exemption.

a.	N.Y.S. Sales and Compensating Use Taxes:	\$ 2000 ^{\$10,300,000}
b.	Mortgage Recording Taxes:	\$ <u>2000</u>
c.	Real Property Tax Exemptions:	\$ <u>100,000</u>
d.	Other (please specify):	\$ _____
		\$ <u>203,000</u>
		\$ _____

5. Are any of the tax-exemptions being sought in connection with the Project inconsistent with the Agency's Uniform Tax-exemption Policy? Yes ; No ___.
- If yes, please explain how the request of the applicant differs from the Agency's Uniform Tax-Exemption Policy:

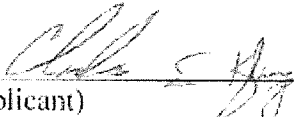
The RPT abatement schedule is a deviation from the UTEP by 1) fixing assessed value 2) extending benefit period

- C. Project Benefit Information. Provide the Agency with information so that the Agency can perform a cost/benefit analysis of undertaking the Project. Such information should consist of a list and detailed description of the benefits of the Agency undertaking the Project (e.g., number of jobs created, types of jobs created, economic development in the area, etc.). Such information should also consist of a list and detailed description of the costs of the Agency undertaking the Project (e.g., tax revenues lost, buildings abandoned, etc.).

VII. REPRESENTATIONS BY THE APPLICANT. The applicant understands and agrees with the Agency as follows:

- A. Job Listings. In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the Project will be listed with the New York State Department of Labor Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entities") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JTPA") in which the Project is located.

- B. First Consideration for Employment: In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant will first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the Project.
- C. Annual Sales Tax Filings: In accordance with Section 874(8) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the applicant.
- D. Annual Employment Reports: The applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site.
- E. Absence of Conflicts of Interest: The applicant has received from the Agency a list of the members, officers and employees of the Agency. No member, officer or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:



(Applicant)

BY:  _____

NOTE: APPLICANT MUST COMPLETE THE APPROPRIATE VERIFICATION APPEARING ON PAGES 18 THROUGH 20 HEREOF BEFORE A NOTARY PUBLIC AND MUST SIGN AND ACKNOWLEDGE THE HOLD HARMLESS AGREEMENT APPEARING ON PAGE 21.

VERIFICATION

(If Applicant is a Corporation)

STATE OF _____)
) SS.:
COUNTY OF _____)

_____ deposes and says that he is the
(Name of officer of applicant)
_____ of _____
(Title) (Company Name)

the corporation named in the attached application; that he has read the foregoing application and knows the contents thereof; and that the same is true and complete and accurate to the best of his knowledge. Deponent further says that the reason this verification is made by the deponent and not by said Company is because the said Company is a corporation. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as an officer of and from the books and papers of said corporation.

(officer of applicant)

Sworn to before me this _____
day of _____, 19__ .

Notary Public

VERIFICATION

(If applicant is partnership)

STATE OF New York
COUNTY OF Otsego) SS.:

LLC
C.K.

CHARLES E. KLUGG, deposes and says that he is one of the
(Name of Individual)
members of the firm of KLUGG ONEONTA LLC the partnership named in the attached
C.K. LLC (partnership name) LLC C.K.

application; that he has read the foregoing application and knows the contents thereof; and that the same is true and complete and accurate to the best of his knowledge. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as a member of and from the books and papers of said partnership.

Charles E. Klugg

Sworn to before me this 30th
day of May 2012.

Patricia A. Bartiramo
Notary Public

PATRICIA A. BARTIRAMO
Notary Public, State of New York
Otsago County Reg. No. 01BA4875341
Commission Expires November 24, 2014

VERIFICATION

(If applicant is sole proprietor)

STATE OF _____)
) SS.:
COUNTY OF _____)

_____, deposes and says that he has read the foregoing
(Name of Individual)
application and knows the contents thereof; and that the same is true and complete and accurate to the best of his knowledge. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application.

Sworn to before me this _____
day of _____, 19____.

Notary Public

NOTE: THIS APPLICATION WILL NOT BE ACCEPTED BY THE AGENCY UNLESS THE
HOLD HARMLESS AGREEMENT APPEARING ON PAGE 21 IS SIGNED BY THE
APPLICANT.

HOLD HARMLESS AGREEMENT

Applicant hereby releases County of Otsego Industrial Development Agency and the members, officers, servants, agents and employees thereof (hereinafter collectively referred to as the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the application or the Project described therein or the issue of bonds requested therein are favorably acted upon by the Agency, (B) the Agency's financing of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to find buyers willing to purchase the total bond issue requested, then, and in that event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all actual costs incurred by the Agency in the processing of the Application, including attorneys' fees, if any.

KLUGG ONEDNA LLC
(Applicant)

BY: Chad E. King MEMBER

Sworn to before me this 30th
day of May 2012.

Patricia A. Bartolomeo
Notary Public

PATRICIA A. BARTOLOMEO
Notary Public, State of New York
Otsego County Reg. No. 01640374511
Commission Expires November 24, 2014

PILOT AGREEMENT

All taxes calculated on 2010 City, County and School Tax Rate (subject to change)
 15 year PILOT Agreement (2012 - 2026)
 Using a Phased Fixed Assessment Schedule
 With a delayed 10 Year Abatement Schedule

2010

City	14,4589
School	25,1918
County	4,493

PHASE I - FIXED ASSESSMENT BASED ON CURRENT VALUES - NO ABATEMENT SCHEDULE APPLIED

	2011	2012	2013	2014	2015	2016
\$0						
Project under construction						
\$151,200 = Bresee Property Land ONLY value (as per 2010 City assessment)						
100% abated	\$ 6,674.53	\$ 6,674.53	\$ 6,674.53	\$ 6,674.53	\$ 6,674.53	\$ 6,674.53
Total Tax owed	\$ -	\$ 6,674.53	\$ 6,674.53	\$ 6,674.53	\$ 6,674.53	\$ 6,674.53
City	\$ -	\$ 2,186.19	\$ 2,186.19	\$ 2,186.19	\$ 2,186.19	\$ 2,186.19
School	\$ -	\$ 3,809.00	\$ 3,809.00	\$ 3,809.00	\$ 3,809.00	\$ 3,809.00
County	\$ -	\$ 679.34	\$ 679.34	\$ 679.34	\$ 679.34	\$ 679.34

PHASE II - ESTABLISH & FIX ASSESSMENT BASED ON INCREASE IN PROPERTY VALUE PLUS 50% TAX ABATEMENT

	2017	2018	2019	2020	2021
\$530,600 = Current Bresee Complex assessment less 2 parcels to be torn down					
Comparable downtown property assessment	\$ 11,711.32	\$ 11,711.32	\$ 11,711.32	\$ 11,711.32	\$ 11,711.32
Total Tax owed	\$ 11,711.32	\$ 11,711.32	\$ 11,711.32	\$ 11,711.32	\$ 11,711.32
City	\$ 3,835.95	\$ 3,835.95	\$ 3,835.95	\$ 3,835.95	\$ 3,835.95
School	\$ 6,683.38	\$ 6,683.38	\$ 6,683.38	\$ 6,683.38	\$ 6,683.38
County	\$ 1,191.99	\$ 1,191.99	\$ 1,191.99	\$ 1,191.99	\$ 1,191.99

PHASE III - CONTINUED FIX ASSESSMENT WITH 25% TAX ABATEMENT

2022 2023 2024 2025 2026

\$530,600 = Current Breese Complex
assessment less 2 parcels to be torn down
Comorable downtown property assessment

	\$	17,566.99	\$	17,566.99	\$	17,566.99	\$	17,566.99	\$	17,566.99
Total Tax owed	\$	17,566.99	\$	17,566.99	\$	17,566.99	\$	17,566.99	\$	17,566.99
City	\$	5,753.92	\$	5,753.92	\$	5,753.92	\$	5,753.92	\$	5,753.92
School	\$	10,025.08	\$	10,025.08	\$	10,025.08	\$	10,025.08	\$	10,025.08
County	\$	1,787.99	\$	1,787.99	\$	1,787.99	\$	1,787.99	\$	1,787.99

\$ 87,834.93
\$ 28,769.60
\$ 50,125.38
\$ 8,939.95

	PILOT PAYMENTS	TRUE TAX	NET BENEFIT
Total Tax	\$ 179,764.18	\$ 267,599.11	\$ 87,834.93
City	\$ 58,880.26	\$ 87,649.85	\$ 28,769.60
School	\$ 102,587.31	\$ 152,712.59	\$ 50,125.38
County	\$ 18,296.62	\$ 27,236.57	\$ 8,939.95