Dear Tim:

There were two issues raised by the Board yesterday which we have considered and are willing to revise our proposal to address:

Taxes

- We were asked to give our estimate on the taxes on the 108 residential units and at Edye's suggestion, we will accept an estimate of $750 per unit, or about $80,000 per year.
-

We believe that based upon our estimate of the potential revenue from the administrative building, we would accept $20,000 per year.

- As noted in CHI's clarification of its proposal, any taxes assessed against the property would be paid out of the annual rent proposed by CHI. However...
- CHI is willing to pay for **annual increases** in taxes out of available cash flow from the net rental income on the Administrative Building. If CHI is able to sub-lease the Admin Building:

o CHI will pay the first net rental income of $50,000 to the Town of Greenburgh

o CHI will retain the next net rental income of $70,000

o CHI will pay up to the increase in the total tax rate for that year to Greenburgh out of the balance of the net rental income from the Admin Building and do so each year of the lease. Note that this assumes the assessed value of the property (both residential and the Admin Building) does not increase during the lease term.

For example, In Year 2 of the Lease, if CHI rents the Admin building for $15 per square foot, or $180,000 per year for 12,000 square feet, and expenses are $30,000 for that year, the net rental income is $150,000. CHI would pay Greenburgh the first $50,000 in net rent over the $275,000 base rent; CHI would retain the next $70,000. This would leave $30,000 available to pay for annual increases. For example, if the annual tax rate increase in the Town of Greenburgh for the first year is 5%, CHI would pay the Town of Greenburgh an increase in taxes of 5%, or an extra $5,000. This formula would continue each year.

Shuttle

We have not had sufficient time to review options regarding operation of a shuttle or van; however, if awarded the Lease, we would pledge to work with the Town to come up with options.