MARATHON DEVELOPMENT GROUP, LTD.

April 26, 2013
REVISED

Mr. Timothy W. Lewis
Town Attorney
Town of Greenburgh
177 Hillside Avenue
Greenburgh, NY 10607

Re: Development/Lease Agreement for One WestHELP Drive

Dear Mr. Lewis:

Based on our meeting with the Town Board on Tuesday, April 23, 2013, we offer the following updates to our proposal. We have indicated changes in bold.

1. Property Taxes: We have incorporated the payment of taxes into our revised proposal contained herein. We will both increase our lease payment and incorporate a PILOT payment, as is typically utilized for affordable housing throughout New York State and Westchester County.
2. Lease Term: We propose to use the property as affordable senior housing for a period of 30 years. We need the County's approval to use the site for the full term. We have begun conversations with the County on this issue. (However, as set out on page 4 an alternate plan "B" is proposed)
3. Administrative Building: We propose to use this building for residential and ancillary community space serving the residential units (fitness center, technology/computer center, laundry, community room). **We have added (6) 1 Bedroom units in this building in lieu of the community center space.** This was more fully described in the narrative and plans submitted in our initial RFP response.
4. Adjustments to Rent Payment:
   a. see above #3 concerning administrative building,
   b. see Option "B" on page 4 regarding term
5. Use Limited to 6 acre site: We have proposed using only the current site, as detailed in our initial RFP response.

A. Clarity of Proposal: Please see our initial RFP response for information on i, ii, and iii. We complied with all items requested in the initial RFP. We included the originally requested "Hold Harmless" agreement with our original RFP response. However, we include the following statement reflecting the specific revised language contained in your April 12, 2013 memo:

901 Main Street, Suite 300, Peekskill, New York 10566 Telephone 914 736.7368 Facsimile 914 736.7365

a. Marathon Development Group, Ltd will hold the Town of Greenburgh harmless for any hazardous material or adverse environmental conditions found on the property.

b. Our proposal includes all anticipated remediation costs as well as environmental consultant fees. Remediation in the existing spaces will be performed prior to commencing the renovation of each space.

B. Site / Construction Design Quality:

i. **Safety / Security:** The safety and security improvements shall include:
   a. Hardwired smoke and CO detectors in all units
   b. Central fire alarm system in all common areas
   c. Upgrade of the fire sprinkler system
   d. "Call for help" system in all residential units and various common areas
   e. Security camera system to include a minimum of 20 high resolution cameras with internet monitoring ability. Access will be provided for the Greenburgh Police Department to view cameras remotely.
   f. Access control system including security gate

ii. **Timeline:** Please see our initial RFP response for a detailed Milestone Timetable that complied with all requests in the initial RFP.

iii. **Planning and Construction Schedule:** Please see our initial RFP response for a detailed Milestone Timetable that complied with all requests in the initial RFP.

iv. **Estimated Total Cost of Construction: $4.9 Million including contingency**
   a. **The estimated cost per residential unit = $49,000**
   b. In addition, $300,000 is included for renovations to the Administrative Building, excluding the residential units.

v. **Number of Units and Unit Mix: Our proposal includes (86) residential units.** The breakdown is (6) studios, **(72) 1 bedrooms**, and (8) 2 bedrooms. For the size and proposed location of all units, please see the drawings submitted with our initial RFP response.

vi. **Compliance with ADA Standards:** We will comply with all applicable local, state, and federal standards for accessibility, including upgrades listed for any Type "B" units.

vii. **Transportation Services:** We will provide a shuttle bus to transport the residents to local community facilities for shopping, etc., at no cost to residents.

C. Property Tax Feasibility: Marathon Development Group will form a Housing Development Fund Company to be the nominal lease holder of the property. We have anticipated a PILOT (Payment in Lieu of Taxes) agreement based upon a Shelter Rent calculation, as is typical of affordable housing development in New York State and Westchester County. Based on the preliminary calculations and the reduced pro forma rents due to the reduction in the 2013 Westchester County Area Median Incomes, we anticipate this annual payment to be approximately **$42,000 per year.**

1. Demonstration of Financial Ability: Marathon has provided all of the financial information, pro formas, sources of funding, and evidence of financial ability requested in our initial RFP response. With respect to guarantees of the lease payments, this will be unnecessary as we have proposed an up-front lease payment.
   - **A. Creditworthiness of Applicant:** Please refer to the Project Cost and Capital Structure section of our original RFP response for information as to our creditworthiness, relationships with lenders and investors, and track record of successfully redeveloping 1,600 units of affordable rental housing. Our Company Financial Statements contain proprietary information that we would rather not make public. However, we are willing to share them with the Town Board privately during an executive session.
   - **B. Inclusion:** Our proposal is for **86 units** of affordable, senior housing with a preference for Veterans.
     In our proposal, affordable housing means that rents will be set at 30% of **60%-80%** of the Area Median Income for Westchester County **[see detail below]**, as determined by HUD, adjusted for household size ("Area Median Income").

     Marathon has extensive experience in developing and implementing an effective marketing program utilizing a multi-media approach that will result in a large pool of qualified applicants.

     Marketing for the subject property will comply with all applicable New York State Homes and Community Renewal requirements. All advertising will be consistent with the Fair Housing Advertising Regulations (24 CFR 109) and the Fair Housing Act Regulations at 24 CFR 100.75. The property will be registered with www.NYHousingSearch.gov.

2. Past Experience on Similar Projects:
   - A. **Conflicts:** Marathon has no potential conflicts as described in this section
   - B. **Relevant Experience:** Please see our initial RFP response including the sections titled:
     - a. Project Experience
     - b. Understanding the Redevelopment Process
     - c. Proposed Project Cost and Capital Structure
     - d. Other: Community Development; M/WBE; Green Case Studies
     - e. Appendix: For resumes of key development team firms

C. **Experience:** Please see "B" above. The "Experience" and "Other" sections of our initial RFP response detail many of our similar past projects. To date, we have completed the redevelopment of 765 units of affordable housing in Westchester County and have another 68 units in progress.
D. **References:** References are included in our initial RFP response.

3. Affordability of Projects:
   A. **Affordability of Units: Eighty percent (80%) of the units will be affordable to households earning no more than 60% of the Area Median Income. The remaining unit rents will be affordable to households earning no more than 80% Area Median Income.**
   B. **Impact to School District:** As our proposal is limited strictly to senior housing, age 55 and older, we anticipate a nominal impact, if any, to the school district. However, we have included payment of the PILOT as described herein.

REVISED PROPOSED LEASE PAYMENT:
Option A – As described above:

Initial Payment at Lease Signing	$300,000
Balance of Lease Payment at Initial Closing	**$3,300,000**
Total Up-Front Lease Payment:	**$3,600,000**

Option B – As described above, with the following modifications:

Initial Payment at Lease Signing	$300,000
Balance of Lease Payment at Initial Closing	**$2,200,000**
Total Up-Front Lease Payment:	**$ 2,500,000**

1. Lease Term: The lease term shall be 18 years, at the end of which the property will revert to the County of use as affordable housing for at least an additional 12 years.

2. Affordability: The property will be affordable senior housing. Eighty percent (80%) of the units will be affordable to households earning no more than 60% of the Area Median Income. The remaining unit rents will be affordable to households earning no more than 80% Area Median Income.

3. **Estimated Renovation Budget: $4,200,000**

***Please note that the updated 2013 Westchester County Area Median Incomes have been incorporated into this revised lease payment. The new "AMIs" are significantly lower than 2012 and reduce the maximum rent that can be charged by all applicants proposing to use this site for affordable housing.**

All information contained herein supersedes anything to the contrary contained in our initial RFP response.

Please contact me if you have any further questions. We look forward to working with the Town of Greenburgh on this project.

Sincerely,

Mark Soja