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APPLICATION FOR FINANCIAL ASSISTANCE

International Business Machines Corporation
(Applicant Name)

Robert T. Armistead
Chairman

Orange County Business Accelerator
4 Crotty Lane, Suite 100
New Windsor, NY 12553
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ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

APPLICATION FOR FINANCIAL ASSISTANCE

I. APPLICANT INFORMATION

Company Name: International Business Machines Corporation

Mailing Address: New Orchard Road, Armonk, NY 10504-1722

Phone No.: 914-765-5190

Fax No.: 914-765-5020

Fed Id. No.: 13-0871985

Contact Person: Wayne Spinei

Principal Owners/Officers/Directors (list owners with 15% or more in equity holdings with percentage ownership):

N/A

Corporate Structure (*attach schematic if applicant is a subsidiary or otherwise affiliated with another entity*)

Form of Entity

☒ Corporation

Date of Incorporation: June 16, 1911
State of Incorporation: New York

☐ Partnership

General _____ or Limited _____
Number of general partners _____
If applicable, number of limited partners _____

Date of formation _____
Jurisdiction of Formation _____

☐ Limited Liability Company/Partnership (number of members _____)

Date of organization: _____
State of Organization: _____

☐ Sole Proprietorship

If a foreign organization, is the applicant authorized to do business in the State of New York?

APPLICANT'S COUNSEL

Name: Ms Ann McEvily

Address: International Business Machines Corporation
New Orchard Road Armonk, NY 10504

Phone No.: 914-499-4822

Fax No.: 914-499-5757

II. PROJECT INFORMATION

A) Describe the proposed acquisitions, construction or reconstruction and a description of the costs and expenditures expected.

See attached summary

B) Furnish a copy of any environmental application presently in process of completion concerning this project, providing name and address of the agency, and copy all pending or completed documentation and determinations.

None

If any of the above persons, or a group of them, owns more than a 50% interest in the company, list all other organizations which are related to the company by virtue of such persons having more than a 50% interest in such organizations.

None

Is the company related to any other organization by reason of more than 50% common ownership? If so, indicate name of related organization and relationship.

No

Has the company (or any related corporation or person) made a public offering or private placement of its stock within the last year? If so, please provide offering statement used.

No

Project Data

1. Project site (land)

- (a) Indicate approximate size (in acres or square feet) of project site.

67.9 acres_____

- (b) Are there buildings now on the project site? **X**____ Yes _____ No

- (c) Indicate the present use of the project site.

Data Center & office space_____

- (d) Indicate relationship to present user of project.

Current user_____

2. Does the project involve acquisition of an existing building or buildings? If yes, indicate number, size and approximate age of buildings:

No_____

3. Does the project consist of the construction of a new building or buildings? If yes, indicate number and size of new buildings:

No_____

4. Does the project consist of additions and/or renovations to existing buildings? If yes, indicate nature of expansion and/or renovation:

Renovations and expansion of building systems, and raised floor area_____

5. What will the building or buildings to be acquired, constructed or expanded be used for by the company? (Include description of products to be manufactured, assembled or processed, and services to be rendered. . .

Upon renovation, space will be utilized for all uses allowed by law including a data center and office use._____

. . .including the percentage of building(s) to be used for office space and an estimate of the percentage of the functions to be performed at such office not related to the day-to-day operations of the facilities being financed.)

?_____

6. If any space in the project is to be leased to third parties, indicate total square footage of the project amount to be leased to each tenant and proposed use by each tenant.

None

7. List principal items or categories of equipment to be acquired as part of the project.

Generator plant capacity increase, HVAC replacement, UPS systems, energy management upgrades, I.T. equipment

8. Has construction work on this project begun? **No**

Complete the following

(a) site clearance	_____ Yes	_____ No	<u>N/A</u> % complete
(b) foundation	_____ Yes	_____ No	<u>N/A</u> % complete
(c) footings	_____ Yes	_____ No	<u>N/A</u> % complete
(d) steel	_____ Yes	_____ No	<u>N/A</u> % complete
(e) masonry work	_____ Yes	_____ No	<u>N/A</u> % complete
(f) other (describe below)	_____ Yes	<u>X</u> No	_____ % complete

Renovation

9. Will any of the funds borrowed through the Agency be used for refinancing?
No

10. Is a purchaser for the bonds in place? **__No. Bonds will not be required**

COST BENEFIT ANALYSIS:

	<u>Costs =</u> <u>Financial Assistance</u>	<u>Benefits =</u> <u>Economic Development</u>
Estimated Sales Tax Exemption	\$ _____	New Jobs Created - _____
		Existing Jobs Retained _____
Estimated Mortgage Tax Exemption	\$ <u>N/A</u>	Private Funds invested \$ <u>\$50M</u>
Estimated Property Tax Abatement	\$ <u>N/A</u>	Other Benefits Economic Benefit to Community _____
		Expected Yearly Payroll \$ _____
Estimated Interest Savings IRB Issue	\$ <u>None</u>	Expected Gross Receipts \$ _____

B) Project Address: 299 Long Meadow Road

Tax Map Number 85-1-1.1
(Section/Block/Lot)

Located in City of _____

Located in Town of Warwick

Located in Village of _____

School District of Tuxedo Union Free School District

C) Are utilities on site?

Water Yes
Gas No

Electric Yes
Sanitary/Storm Sewer Yes

D) Present legal owner of the site Orange County Industrial Development Agency

If other than from applicant, by what means will the site be acquired for this project? _____

E) Zoning of Project Site: Current: 3 Proposed: _____

F) Are any variances needed? NO

G) Principal use of project upon completion: all uses allowed by law including data center and office uses

H) Will the project result in the removal of a plant or facility of the applicant from one area of the State of New York to another? No

Will the project result in the removal of a plant or facility of another proposed occupant of the project from one area of the State of New York to another area of the State of New York? No

Will the project result in the abandonment of one or more plants or facilities located in the State of New York? No

I) Estimate how many construction/permanent jobs will be created or retained as a result of this project and the estimated annual salary range:

	<u>Number of jobs created</u>	<u>Estimated Annual Salary Range</u>
Construction:	<u>15 to 20</u>	\$ _____ to \$ _____
Permanent:	_____	\$ _____ to \$ _____
Retained:	<u>359</u>	<u>\$25,000</u> to <u>\$170,000</u>

J) Financial Assistance being applied for:

	<u>Estimated Value</u>
_____ Real Property Tax Abatement	\$ _____
Please indicate the term of the PILOT: _____ Years	
_____ Mortgage Tax Exemption	\$ _____
Please provide the Mortgage Amount: \$ _____	

X Sales and Use Tax Exemption \$
Amount of Goods & Services to be purchased: \$30M to \$40M
Estimate, _

Issuance by the Agency of Tax Exempt Bonds \$
K) Project Costs (Estimates)

Land	_____
Building	_____
Equipment	_____
Soft costs	_____
Other	_____
Total	_____


III. 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 proposed 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 proposed project must 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 Entitle") 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 General Municipal Law, the applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant must 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 proposed project.
- C. A liability and contract liability policy for a minimum of three million dollars will be furnished by the Applicant insuring the Agency.
- D. Annual Sales Tax Filings In accordance with Section 874(8) of the General Municipal Law, the Applicant understands and agrees that, if the proposed 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.
- E. Annual Employment Reports The applicant understands and agrees that, if the proposed 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.

- F. 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, officers or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:

The Applicant and the individual executing this Application on behalf of applicant acknowledge that the Agency and its counsel will rely on the representations made in this Application when acting hereon and hereby represents that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.


(Applicant Signature)
WAYNE SPINEI
(Name of Officer)
PROGRAM MANAGER
(Title)

This Application should be submitted to the Orange County Industrial Development Agency, c/o Robert T. Armistead, Chairman, Orange County Business Accelerator, 4 Crotty Lane, Suite 100, New Windsor, NY 12553.

The Agency will collect an administrative fee at the time of closing.
SEE ATTACHED FEE SCHEDULE (page 10)

Bond Counsel
CHARLES SCHACHTER, ESQ./
RUSSELL GAENZLE, ESQ.
Harris Beach PLLC
99 Garnsey Road
Pittsford, New York 14534
Tel: (585) 419-8633
Fax: (585) 419-8817

Attach copies of preliminary plans or sketches of proposed construction or rehabilitation or both.

Attach the following Financial Information of the Company

1. Financial statements for last two fiscal years (unless included in company's Annual Reports).
2. Company's annual reports (or Form 10-K's) for the two most recent fiscal years.
3. Quarterly reports (Form 10Q's) and current reports (Form 8-K's) since the most recent Annual Report, if any.

IBM Sterling Forest

Project Information

The scope of renovation will include the upgrading of the building infrastructure systems that are either at end of life, or require expansion of capacity. The systems include new generators, power distribution equipment, hvac / air handler replacement, UPS systems, roof replacement and energy management upgrades. Additional capacity will be added to the generator plant and UPS systems for raised floor growth and expanding the data center capabilities at the IBM Sterling Forest site. Improvements will be made to the infrastructure to enhance the level of reliability to the data center. The project will also include new IT equipment.

It is estimated that the cost for the infrastructure and IT equipment will be \$50 million dollars over a five to six year term.

4. In addition, please attach the financial information described above in items 1, 2 and 3 of any expected Guarantor of the proposed bond issue, if different from the company.

HOLD HARMLESS AGREEMENT

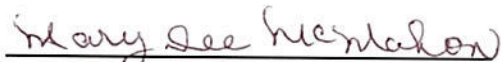
Applicant hereby releases the ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY and the members, officers, servants, agents and employees thereof (the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability 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 tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation 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 reach final agreement with respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in processing of the Application, including attorneys' fees, if any.


(Applicant Signature)

By: IBM Corp.

Name: WAYNE SPINEI

Title: Program Manager


(Notary Public)

Sworn to before me this 30th day

[stamp]

of January, 20 15

MARY DEE McMAHON
Notary Public, State of New York
No. 03-4701005
Qualified in Westchester County
Commission Expires 8-31-2017