

Ulster County Economic Development Alliance
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To: Members of the Ulster County Economic Development Alliance Board of Directors
Date: November 14, 2024
From: Kevin T Lynch President / CEO

RE: National Resources LLC. Mortgage Modification / Restructuring Proposal for iPark 87 East and West Campuses

iPark 87 Current Principal Amount Outstanding
West: \$6,700,000
East: \$3,900,000

Background:

iPark West: Principal Amount Outstanding \$6.7 Million

Pursuant to a Purchase Money Mortgage and Security Agreement dated April 6, 2023, and Purchased Money dated April 6, 2023, between Ulster County Economic Development Alliance, Inc. ("UCEDA") and iPark 87 West, LLC, annual installments of principal equal to \$670,000 plus accrued interest at a rate of 4.00% was due January 2, 2024, and payable annually through January 2, 2033. iPark 87, LLC West failed to make its mortgage payment in 2024.

iPark East: Principal Amount Outstanding \$3.9 Million

Pursuant to a Purchase Money Mortgage and Security Agreement dated June 8, 2022, and Purchased Money dated June 8, 2022, between UCEDA and iPark 87, LLC, annual installments of principal equal to \$1,000,000 plus accrued interest at a rate of 4.00% was due January 10, 2023, and payable annually through January 10, 2027. UCEDA received a payment of \$1,198,722.22 in January 2023. iPark 87, LLC failed to make its mortgage payment in 2024.

National Resources Mortgage Relief Request

According to National Resources, the company has invested approximately \$17.0 million in the site's redevelopment since acquiring it. However, against a backdrop of high interest rates, a challenged commercial real estate market and higher than anticipated expenses related to the environmental clean-up work, the company is requesting mortgage payment relief to re-allocate

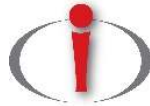
funds towards the redevelopment of the site. (See attached i.Park 87 Status Update - October 2024)

Based on this request, I am proposing that UCEDA restructure its mortgage with National Resources to help alleviate the company's cash flow concerns. The following table outlines the proposed mortgage restructuring:

National Resources iPark87 Mortgage Restructuring	
Interest only for years 2026 and 2027	Mortgage principal and interest payments begin in 2028.
Extend the mortgage term lower principal payments	Balloon or bullet payment freeing up cash flow in the front end
Administration fees	Due and payable in 2025 and throughout the mortgage term
Restructuring fees	Attorney and other related costs payable by National Resources
Monthly or quarterly project updates	Management commentary
Ulster County IDA	UCEDA will help in exploring other incentives
Marketing and company attraction support	UCEDA in collaboration with National Resources will develop a marketing and company attraction strategy.

Benefits

Frees up cash for operations and capital expenses
Provides additional runway to lease up tenants and reach stabilization
Aligns revised property lot configuration



iPARK 87

I.PARK 87 STATUS UPDATE

Updated October 2024

A brief summary of Project costs spent to date and an update on current activities has been provided below:

I. COSTS TO DATE

It should be noted that i.Park 87 has invested some **\$17M** in the site since acquisition.

Environmental:

The condition of the i.Park 87 campus was in far worse shape than was expected. Most significantly, the environmental clean-up costs as were represented by the County and the EPA for the clean-up of the piles and Building 1 were vastly understated, as evidenced by a fixed price contract for \$3.1M.

To date, some **\$7M** has been spent on the environmental clean-up to date with an additional **\$2M** expected to complete this work. Notably, the EPA is owed \$1M for their so-called “supervision” of the project. This circumstance has been a major challenge for the project. i.Park is committed to finish the job as it is essential to complete the work as required by the EPA in order for them to complete their tenure at the site.

Additionally, it is worth noting that the time required for the environmental work has been protracted by some 18 months from the original plan, which has significantly delayed leasing and tenancies.

Restore NY Grant:

The Restore NY Grant, which was sized at \$10M, has been significantly delayed. Moreover, only \$5M of the grant will be available in the next 2 years as thereafter, there is a 93% match requirement for the remaining \$5M. Thus, the second \$5M of the grant is not helpful for the redevelopment of the project at a time when it is necessary. The delay in the grant has also provided additional stress on the project as the planning provided for the grant to be paid Q2 2024. At this time, it is unclear when funding will be available.

Taxes:

The taxes on the East Campus are some 3x what market rate is. The local assessor has acknowledged that the valuations are excessive. Instead of allowing the appropriate valuations and tax base to be corrected, they have required us to contest the taxes and go through a lengthy legal process. As you can appreciate, this is hardly a process that assists i.Park in trying to redevelop a property of this magnitude.

Banking & Finance:

i.Park has been successful in obtaining bank loans for the project. These include loans from local banks for both the build-out of the commercial space as well as the financing for the construction of the first phase of the residential project.

Currently, the build-out of the Main Building is underway. The residential project is expected to begin in the next 60 days and shall take approximately 18 months to complete.

II. LEASING

Archtop Fiber:

i.Park has completed construction of the 50,000 sq ft premises, which is home to Archtop Fiber with some 75 employees. The premises were completed in Q1 2024.

Urban Electric:

i.Park 87 has an executed Letter of Intent for Urban Electric to take 100,000 sq ft in Building 1. Urban Electric is a company that manufactures zinc batteries and has major contracts with New York City and New York State. Urban Electric recently received a DOE award –

<https://www.energy.gov/technologytransitions/articles/doe-awards-2-million-prize-winners-plans-domestic-clean-energy>.

Lease negotiations are underway. The lease is anticipated to be executed by year-end 2024.

Workforce Training Center:

i.Park has signed leases for a major Workforce Training Center on the site with 100,000 sq ft with Ulster BOCES, Suny Ulster and SUNY New Paltz with long-term leases. Construction is currently underway and anticipated to be completed within the next 180 days.

County of Ulster Lease:

The lease with Ulster County for 40,000 sq ft was executed in July 2024. Construction has not yet commenced as the County's architect has not completed review of the plans, which is still pending.

Residential:

Some 880 units of housing were approved to support the region's workforce given the acute shortage of housing in this area. Phase I is expected to start construction in Q4 2024.