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Subject: Merger of Meadow Lane Lots
Date: Tue, 16 Sep 2014 20:51:18 +0000

I heard back from Gil Flanagan (Leon's Long Island real estate attorney) regarding the questions you asked on our call yesterday

- The Department of Environmental Conservation ("DEC") permit is necessary to build on 715 Meadow Lane because the construction is within 300-feet of tidal wetlands (Shinnecock Bay). Part of the reason the DEC granted a permit for construction which does not meet its minimum setback requirements, is that the application offered that 715 Meadow Lane and the adjacent vacant property to the west could be merged. The merger was a key element in gaining Southampton Village approval.
- A long-term lease would not work because that would not extinguish the possibility of the installation of a dwelling on what is now the vacant lot. Gil reiterated that the key factor in the application before the Village was the offer to merge the two lots. Gil is convinced that the LLC would never have gotten Village approval had its application not made that offer. In addition, the Village did not favor a conservation easement on the vacant lot. Gil also thinks it likely that the DEC would not have given its approval without the agreement to merge the lots.
- With respect to the size and "ball park" value of the unimproved lot, the assessment from the Southampton Town Tax Assessor's Office showed a value of \$6,333,600.00. Gil thinks these assessments are generally much lower than true market value. According to the survey Gil had prepared for the Board of Appeals application, the improved lot contains 43,546 square feet of lot area, and the vacant lot contains 32,747 square feet of lot area.
- As for the exception to "consideration" if the beneficial interest in both the vacant lot and the LLC is the same (i.e., so that the contribution of the lot to the LLC does not trigger transfer tax), Gil offered to run the question by counsel for Fidelity National Title, however, because it is an exception build into the NYS Transfer Tax, he thought the question was best answered by a tax expert. Shall we ask Rich J. to look into this?

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