

Kellar Kellar & Jaiven

ATTORNEYS AT LAW

PAUL T. KELLAR
MITCHELL L. JAIVEN

14 PEARL STREET, P. O. BOX 3536
KINGSTON, N.Y. 12402
TEL. (845) 331-8900
FAX (845) 331-0632

NORMAN KELLAR (0914-2012)
October 20, 2014

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SUPERINTENDENT'S OFFICE

M. DISA

Kingston City School District
61 Crown Street
Kingston, New York 12401

RE. 346 WASHINGTON AVENUE

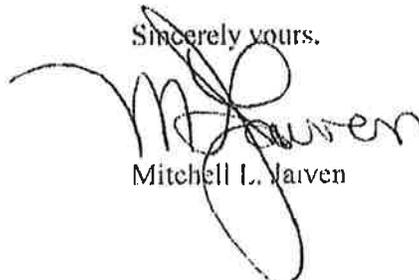
Dear Sir or Madame:

Our firm represents 346 Washington Avenue, LLC (the "LLC"), which recently received the enclosed invoice for what purports to be back payments due to the school district. We understand that the enclosed invoice was based on the assertion that the City of Kingston assessor erred in the past applying the formula under the PILOT agreement, resulting in a shortfall of amounts billed to the LLC for the past 6 years. and that the school district also relied on the City of Kingston assessor's work.

As we already advised corporate counsel for the City of Kingston, Real Property Tax Law (RPTL) §550(2)(b) is relevant to the resolution of this issue. RPTL §550(2)(b) defines as a clerical error a mathematical error present in the computation of a partial exemption. RPTL §553(a) permits the assessor to correct clerical errors for the current year and prior year assessment roll. We believe that these provisions of the Real Property Tax Law apply under these circumstances as the City of Kingston assessor prepared the calculations after being served with Form RP-412-a, Industrial Development Agencies Application for Real Property Tax Exemption.

The LLC has various lease agreements under which tenants contribute *pro rata* to the property taxes and PILOT assessments against the building. Even if RPTL §550(2)(b) did not exist and was not relevant, the LLC may have lost the opportunity to collect those amounts from present and past tenants, who are otherwise responsible for their *pro rata* shares of property taxes and PILOT assessments against the building. The LLC would be compelled under those circumstances to assert counterclaims against any demand for payments pertaining to the years set forth in your invoice. However, since the assessor can no longer correct the clerical errors under RPTL §553(a) for the years in question, we believe this possibility of damages is moot.

Sincerely yours,



Mitchell L. Jaiven

MLJ/wp
cc: J. Deegan