

Date: April 27, 2017

At a meeting of the Town of Hempstead Industrial Development Agency (the "Agency"), held at Town Hall Pavilion, 1 Washington Street, Hempstead, New York 11550 on the 27th day of April, 2017, the following members of the Agency were:

Present: Arthur J. Nastre, Esq., Chairman
William Hendrick, Esq., Vice Chairman
Florestano Girardi, Treasurer
Rev. Dr. Eric C. Mallette, Secretary
John R. Ferretti, Esq., Member
Steven M. Raiser, Esq., Member
Gerilyn Smith, Member

Recused: William Hendrick, Esq.

Absent:

Also Present: Frederick E. Parola, Executive Director and
Chief Executive Officer
Edie Longo, Deputy Executive Director
and Chief Financial Officer
Lorraine Rhoads, Agency Administrator
Arlyn Eames, Deputy Agency Administrator
Michael Lodato, Deputy Agency Administrator
John Ryan, Esq., Agency Counsel
William F. Weir, Esq., Transaction Counsel

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to the revocation of the Valley Stream PILOT Agreement associated with the Agency's Valley Stream Green Acres LLC 2015 Facility.

The following resolution was duly moved, seconded, discussed and adopted with the following members voting:

Voting Aye

Voting Nay

Abstain

Arthur J. Nastre, Esq.
Florestano Girardi
Rev. Dr. Eric C. Mallette
John R. Ferretti, Esq.
Steven M. Raiser, Esq.

Gerilyn Smith

RESOLUTION OF THE TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZING
AND DIRECTING THE REVOCATION OF THE PILOT
AGREEMENT IN CONNECTION WITH THE VALLEY
STREAM GREEN ACRES LLC 2015 FACILITY.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 529 of the Laws of 1971 of the State of New York, as the same may be amended from time to time (collectively, the “**Act**”), the Town of Hempstead Industrial Development Agency (the “**Agency**”), was created with the authority and power among other things, to assist with the acquisition of certain industrial development projects as authorized by the Act; and

WHEREAS, Valley Stream Green Acres LLC, a duly organized and validly existing Delaware limited liability company (the “**Company**”), has previously entered into a transaction with the Agency in which the Agency assisted in the acquisition of an approximately 71.87 acre parcel of land located at 2034 Green Acres Road S, Valley Stream, New York 11581 and known as Green Acres Mall (the “**Land**”) and the renovation, equipping and furnishing of an existing approximately 1,112,419 square foot building located thereon, (the “**Improvements**” and “**Equipment**”; and, together with the Land, the “**Facility**”), all leased by the Agency to the Company and subleased by the Company to future tenants and used by the Company as a destination retail center; and

WHEREAS, the Company currently leases the Facility to the Agency pursuant to a certain Company Lease Agreement, dated as of May 1, 2015 (the “**Company Lease Agreement**”), by and between the Company, as lessor, and the Agency, as lessee; and

WHEREAS, the Agency currently subleases the Facility back to the Company pursuant to a certain Lease Agreement, dated as of May 1, 2015 (the “**Lease Agreement**”), by and between the Agency, as sublessor, and the Company, as sublessee; and

WHEREAS, the Agency currently collects payments-in-lieu-of-taxes (“**PILOT payments**”) pursuant to a certain PILOT Agreement, dated as of May 1, 2015 (the “**Valley Stream PILOT Agreement**”) by and between the Company and the Agency; and

WHEREAS, on January 19, 2017, the Board of this Agency (the “**Board**”) conducted a public hearing on the question of re-opening the Valley Stream PILOT Agreement and possibly revoking it. The Board asked at the hearing that the taxpayers in attendance give us their reasons as to why they felt the Valley Stream PILOT Agreement should be revoked as it was clear to us that this was their feeling. There were about 700 people at the hearing and many of those present expressed, repeatedly, that the Company had not created the number of temporary construction jobs and permanent, full-time jobs that its ownership promised and had, in fact, claimed to have created; and

WHEREAS, this Board has researched the Company's employment figures and has determined that the public was right — the Macerich Company ("Macerich") has grossly misstated the number of both temporary construction jobs and permanent, full time jobs it alleged would be created in its applications for the pilots and to the media, and even during testimony at the January 19, 2017 hearing; and

WHEREAS, on January 26, 2017 the Board directed that staff of the Agency contact, by letter, Macerich to request certified payrolls for all tenants and occupants to the Facility, so that we could verify employment numbers. On February 2, 2017, the Executive Director of the Agency sent a letter to Macerich directing them to submit not a conclusory statement that they were in compliance with the job figures they represented, but hard proof, by certified payroll records, that would satisfy the Board as to the number of construction jobs and permanent, full time jobs they had actually created, compared to the numbers put forth in their applications, which, in fact, stated 355 full time jobs in the first year and 570 by the second year. The application for Green Acres Adjacent also stated that when fully leased the new mall would create "*535 DIRECT JOBS IN THE TOWN OF HEMPSTEAD WHEN FULLY LEASED*"; and

WHEREAS, as to construction jobs, Macerich stated in its Green Acres Adjacent application (for Green Acres Commons) that "*475 DIRECT FULL-TIME EQUIVALENT WORKERS AND 225 INDIRECT AND INDUCED FULL-TIME EQUIVALENT WORKERS, WITH AVERAGE ANNUAL SALARIES OF \$62,000*" would be hired over the construction period. Lastly, the existing mall application stated that there were 2,774 full-time employees at the existing mall and that would not change; and

WHEREAS, the Executive Director's request for the employment records was followed up with a Macerich attorney on March 10, 2017, as no response had been forthcoming, and on March 15, 2017, responses started arriving at the Agency's office. To summarize, the first letter stated 4 employees in total, the second one 6 employees and the third 35 employees for a total of 45 employees. On March 23, 2017, a letter arrived from Macerich that certified the number of their own employees (apparently 4), and that they had requested from the mall's vendors who supplied security, maintenance and cleaning services, and from all tenants of the mall whose leases permitted them to ask how many people they employed. The Macerich letter went on to state that they only had control, by contractual right to inquire as to employment numbers, over only 7 tenants of the mall. The fact is, that only 3 of those 7 had responded. This lack of contractual control did not, however, stop Macerich from stating the large employment numbers mentioned earlier in this statement. To date, no other information has been received, no actual certified payrolls have been received, only the letters just mentioned. No proof has been submitted as to the actual number of construction jobs that were generated by the new mall project. No information has been received as to whether the existing mall has retained its 2,774 full-time jobs. No information as to average annual salaries for any of the employees, including construction workers has been supplied. No proof has been

submitted that the jobs that have been created were actually in the Town of Hempstead. The Board notes that the new mall has far more than 7 tenants, and although allegedly, Macerich cannot contractually force them to submit employment numbers, they could have at least, in a spirit of cooperation with the Agency, asked their tenants and their contractors to submit proof of the number of jobs they have created; and

WHEREAS, job creation is the most important aspect of a proposed PILOT Agreement in this Board's opinion, and there is precedent for revoking PILOT Agreements for non-compliance in fulfilling employment representation, some for falling short of the promised numbers by only a few jobs. In the present instance, the Company's ownership has made a pitiful effort in regard to proof of employment created at the mall. The Board is not at all convinced that they have met, or have even come close to meeting any of their employment representations. We further believe that Macerich has treated this Board's request for proof of job creation in a very cavalier manner and has offered no plausible excuse as to why it has not complied with our rather simple request; and

NOW THEREFORE,

Section 1. Based on the foregoing, the Agency hereby determines to revoke the Valley Stream PILOT Agreement effective immediately.

Section 2. This Resolution is effective as of the date hereof.