GREEN ACRES MALL AND COMMONS: ECONOMIC AND FISCAL IMPACT ANALYSIS

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Prepared for:

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About Camoin Associates

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. We specialize in economic and fiscal impact studies for real estate projects. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to Texas; corporations and organizations that include Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of $600 million. Our reputation for detailed, place-specific, and accurate analysis has led to projects in thirty states and garnered attention from national media outlets including *Marketplace (NPR)*, *Forbes* magazine, and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. The firm currently has offices in Saratoga Springs, NY, Portland, ME, and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter @camoinassociate and on Facebook.

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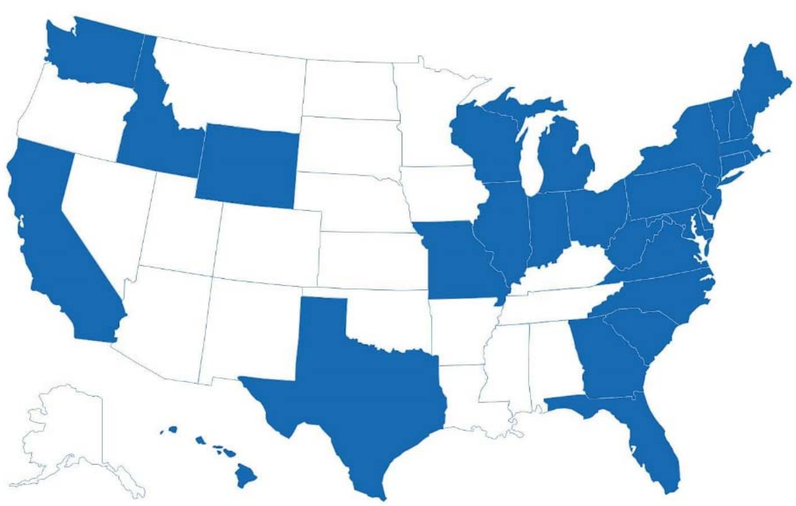

Summary

The Town of Hempstead Industrial Development Agency (the "Agency") received two applications in August 2014 for assistance from The Macerich Company (the "Applicant") related to proposed redevelopment projects for two sites along Sunrise Highway in Valley Stream, New York. The first application detailed the Applicant's proposed redevelopment of the Green Acres Mall a 1.9 million square foot regional mall. The second application detailed an acquisition and redevelopment of a proposed 350,000 square foot anchored retail project located adjacent to the Green Acres Mall to be known as the Green Acres Commons. [Note that for ease of reference, hereafter we will refer to the Green Acres Mall project and the Green Acres Commons project collectively as the "Project" and the two locations as the "Site".] The Agency granted financial assistance to the Applicant in the form a PILOT and extended other benefits including sales tax relief. Due to the Agencies having been notified of pending litigation, Camoin Associates has been retained by the Agency's counsel to conduct a de novo economic and limited fiscal impact analysis of the Project on the Town of Hempstead (the "Town"), the Valley Stream Free School Districts #13 #24 and #30 (referred to as "SD#13", "SD#24" and "SD#30"), the Central High School District ("CHSD") and the taxpayers of the affected jurisdictions.[1]

This study analyzes the impact that the Project will have on the Town's economy, local municipal revenues and the individual taxpayer, net of any economic activity that would occur even if the Project was not completed.

The following is a summary of our findings and conclusions from this study, with details below.

Summary of Benefits to Town	
Renovation Phase Jobs	246
Renovation Phase On-Site Jobs	177
Renovation Phase Earnings	$ 17,358,945
Renovation Phase On-Site Earnings	$ 14,112,963
One-Time Sales Tax Revenue to Town	$ 4,312
Ongoing Jobs	1,003
On-Site Jobs	820
Annual Earnings	$ 10,161,020
On-Site Earnings	$ 8,328,705
Average Annual New Sales Tax Revenue to Town	$ 457,110
Average Annual PILOT Payment	$ 16,649,316

- The renovation and construction of the Project resulted in approximately 177 new direct construction jobs generating nearly $17.4 million in direct new earnings on-site and an additional $3.2 million in indirect earnings to 69 indirect jobs.

- The new annual direct earnings associated with the Project equal $8.3 million on-site and another $1.8 million in indirect earnings throughout the Town.

[1] Note that this is the second economic and fiscal impact study commissioned by the Town of Hempstead IDA regarding this project. The first was completed by Tom Congecenti. Additionally, HR&A completed a feasibility study on the Green Acres Commons project in August 2014.

- There will be 1,003 new jobs created in the Town following the completion of the Project, including the 820 direct net new on-site jobs (these are jobs above and beyond what would have existed at the Green Acres Mall and Commons if the Project did not occur). Note that the 820 direct jobs are above and beyond the 2,774 jobs that were already at the Green Acres Mall and are preserved as a result of the Project.

- The Applicant has negotiated terms of a proposed PILOT agreement with the Agency. Under this proposed PILOT agreement, the Applicant will pay over $266 million over the 15-year PILOT term.

- The schedule of payments to be made by the Applicant under the PILOT agreements will be $12.8 million more than the property tax payments generated by the Site if the Project had not occurred. In other words, the PILOTs represent a benefit to the affected taxing jurisdictions averaging $854,662 per year.

Summary of Addendum on School District Tax Implications

Camoin Associates was requested to research the impact of the Project on the typical individual school district taxpayer in the various school districts directly or indirectly affected by the Project. Our analysis was limited to the Class 1 property owner (i.e. average single family home). Our baseline metric was established by quantifying the change in the average school tax bill from year-to-year for the three school districts in question for the typical Class 1 property owner.

We confirm that the 2016/2017 tax bill increased by $324, $322 and $758 for the average single-family home in 2016/2017 for school districts 13, 24 and 30, respectively, as shown in the table below. (Source: Nassau County Board of Assessors)

Sources of Impact to Typical Class 1 Property Owner - 2015/2016-2016/2017 by SD		
SD13	Percentage Increase - All Classes	Impact on Avg Bill - Class One Property
Total Increase to Avr Class 1 Property Owner	4.61%	$ 324
Impact Due to Excess Levy	1.09%	$ 77
Impact Due to SD13 and CHSD Budget Increases	2.05%	$ 144
Balance, net of known impacts	1.47%	$ 103
SD24	Percentage Increase - All Classes	Impact on Avg Bill - Class One Property
Total Increase to Avr Class 1 Property Owner	5.16%	$ 322
Impact Due to Excess Levy	1.08%	$ 68
Impact Due to SD24 and CHSD Budget Increases	1.68%	$ 105
Balance, net of known impacts	2.39%	$ 149
SD30	Percentage Increase - All Classes	Impact on Avg Bill - Class One Property
Total Increase to Avr Class 1 Property Owner	12.22%	$ 758
Impact Due to Excess Levy	4.29%	$ 266
Impact Due to SD30 and CHSD Budget Increases	1.23%	$ 76
Balance, net of known impacts	6.70%	$ 415

Note: Total Revenues at SD30 increased by 1.07% from 2015/2016-2016/2017, and 1.38% at the CHSD. We have used a weighted average based on the proportional amount of property tax levy going to each. The same methodology applies to SD13 and SD24 figures.

However, it is not correct to assume that these increases are due solely to the Project's inducement by the IDA. In fact, we can accurately quantify a number of other effects that are at play.

A) Both the CHSD and SD30 intentionally[2] undercounted the amount of PILOT revenue that each would receive from the Project by over $3 million. By doing so, both the CHSD and SD30 essentially had to levy $3 million more in property tax than they actually needed [see note].[3] We refer to this as the "Excess Levy" in the above table. That decision accounted for $77, $68 and $266 of the tax impact to the typical Class 1 property owner in SD13, 24 and 30, respectively.

B) Each district and the CHSD had a budget increase from 2015/2016-2016/2017 ranging roughly equivalent to 1-2%. Using those figures, we can account for $144, $105 and $76 of tax impact for the typical Class 1 property owner in SD13, SD24 and SD30, respectively.

C) After accounting for the above two effects, we are left with the balance of $103, $149 and $415 of impact for the typical Class 1 property owner in SD13, SD24 and SD30, respectively. There are a multitude of other factors that could account for all or a portion of these balances. Examples of possible factors include: (1) additions or reductions to the taxable property base in each community not related to the Project, spreading the tax burden out over more or less tax base, (2) changes in the amount of PILOT payments each community would receive in the current year from other PILOT-exempted properties such as LIPA's properties, (3) changes to other school district revenue sources, such as state aid, non-property tax revenues, (4) use of fund balance in this year or in the 2015/2016 tax year, (5) changes to the base allocation that distributes the property tax burden across the four property classes, etc. It is beyond the scope of our analysis to investigate all of these various factors. There is no doubt, however that these other factors played a role in the impact to Class 1 property owners in each district.

D) There is one other factor that is at play that we have examined on a preliminary basis, which is the anticipated change in the underlying assessed value of the Project. As noted elsewhere in this report, the Green Acres Mall's tax assessment is being challenged through a number of pending tax certiorari proceedings, the likely outcome of which is that its assessed value (applicable to the current tax year) will be reduced substantially below the fair market value tax assessment. It is our understanding that the IDA induced the Project such that the amount owed in PILOT payments for the 2016/2017 school tax year to SD30 (for both the benefit of SD30 and the CHSD) by the Green Acres Mall approximates the otherwise-applicable property tax payment to SD30 as a result of the pending tax certiorari. This assumption appears reasonable and is based on an analysis provided to the IDA by Herman, Katz, Cangemi & Clyne, LLP upon which they based their decision.

Based upon the above and should the assumption regarding the tax certiorari prove correct, we can arrive at a number of additional conclusions about present and future impacts to school district taxpayers.

- The first and most important is that all taxpayers across SD13, SD24 and SD30 will be paying more in property tax in future years because the Project will be paying less than it did in

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[2] The CHSD and SD30 provided an explanation for this intentional undercounting in letters which are attached to this report.

[3] Note that SD13, SD24 and SD30 all levy property tax both for their own needs and on behalf of the CHSD which cannot impose its own tax. PILOT payments are treated in the same manner as property tax in that a portion is retained by SD30 and a portion is remitted to the CHSD. For ease of reference, we refer to the CHSD levy, when, in fact, it is the levy of the underlying school districts that is then transmitted to the CHSD as per the law of 1908 governing such arrangements.

previous years. However, it is critical to note that this is due not to the IDA's inducement but to the change in assessment of the mall. In other words, this change would have occurred whether or not the IDA had acted.

- Secondly, the proportion of how much SD13, SD24 and SD30 each pay to the CHSD has changed because the proportion is based on taxable assessed valuation in each district. This means that SD13 and SD24 will pay a somewhat higher proportion and SD30 a lower proportion due to the reduction in taxable assessed value associated with the Green Acres Mall. However, as noted above, this change would have occurred whether or not the IDA had acted.
- Finally, there are temporary impacts of the IDA's inducement: it accelerated the timing of the above two changes. By exempting the property under a PILOT, the taxable assessed valuation of SD30 dropped in the current tax year, not in the future tax year when the assessment rolls will change at the conclusion of the tax certiorari proceedings:
  - The Project would have paid tax on the value of its current (over-) assessment, to be refunded to it at the termination of the tax certiorari proceedings, thus the cost of this that would have been borne in a future year was instead borne in the current tax year, and
  - The proportion of tax paid by SD13, SD24 and SD30 to the CHSD changed in the current tax year instead of a future tax year.

To conclude, some of the impact to Class 1 property owners in SD13, SD24 and SD30, can be explained by a number of factors, including an intentional under-budgeting for PILOT payments by the school districts, a general increase in school district budgets and other internal school district financial considerations. Furthermore, a portion of the impact can be attributed to the anticipated reassessment of the Green Acres Mall that would have occurred with or without action by the IDA. If the tax certiorari proceeding is resolved as anticipated, the IDA's actual abatement itself can be considered to have had only a minor (and positive[4]) net impact as shown elsewhere in this report. However, the IDA in effect accelerated some of those changes which would have otherwise occurred in a future tax year.

[4] See "Tax Policy Comparison" table in the body of the report showing an average annual benefit of $854,662 of PILOT revenues above and beyond the otherwise-applicable property taxes.

Economic Impact Analysis

The estimates of direct economic activity generated during the renovation phase and building occupation as provided by the Applicant and reported to the Public Authorities Reporting Information System (PARIS) were used as the direct inputs for the economic impact model. Camoin Associates used the input-output model designed by Economic Modeling Specialist International (EMSI) to calculate total economic impacts. EMSI allows the analyst to input the amount of new direct economic activity (earnings, spending or jobs) occurring within the Town and uses the direct inputs to estimate the spillover effects that the net new spending or jobs have as these new dollars circulate through the Town of Hempstead economy. This is captured in the indirect impacts and is commonly referred to as the "multiplier effect." See Attachment A for more information on economic impact analysis.

Renovation Phase Impacts

Based on information gathered from Applicant and as reported in PARIS, the cost of the Project over the 15-year construction period is equal to $140,164,411[5]. Assuming that approximately 30%[6] of the total renovation and construction cost is sourced from within the Town of Hempstead, that is equal to over $42 million in direct construction spending. Therefore, the total net new spending in the Town totals $42,049,323.

Renovation Phase Spending	
Total Construction Cost	$ 140,164,411
Percent Sourced from Town	30%
Direct Construction Spending	$ 42,049,323

Source: PILOT Application, PARIS 2015 report

Based on $42 million worth of net new direct spending associated with the renovation/construction phase of the Project, we determined that there will be about $52 in one-time construction-related spending supporting 246 jobs over the renovation period and $17 million in total earnings.

Temporary Economic Impact - Project Construction			
	Direct	Indirect	Total
Jobs	177	69	246
Earnings	$ 14,112,963	$ 3,245,982	$ 17,358,945
Sales	$ 42,049,323	$ 10,169,106	$ 52,218,429

Source: EMSI, Camoin Associates

[5] Total construction cost includes all of Green Acres Mall renovations as outlined in the PILOT application plus the total construction cost of Green Acres Commons as described in the PILOT application (minus the cost of land).
[6] Camoin Associates conducted an industry analysis on the construction industry in the Town of Hempstead and found that 31% of the industry's inputs are purchased from within the region. Based on this data, Camoin Associates assumes that 30% of the total construction sales will be sourced from within the Town.

Building Occupation and Operation Impacts

The economic impact analysis looks at what actually happened at the Site following inducement by the Agency and how the jobs retained and created at the Site resulted in new jobs and sales in the Town of Hempstead, this is referred to as the "Factual" case. The Factual case is compared to what could reasonably be assumed to have happened at the Site should the Agency not have provided the financial assistance and the Project did not occur, referred to as the "Counterfactual" case. The Counterfactual case assumes that the Green Acres Mall remained stable at then-current (2014) levels and the Green Acres Commons facility was not built.

Based on information reported by the Agency in the Public Authorities Reporting Information System (PARIS) the Green Acres Mall had 2,894 employees in 2015, an increase of 120 jobs from the 2,774 jobs on-site prior to the Project. The Green Acres Commons site is not yet occupied, but for a project of this size and nature, we estimate that it will generate an additional approximately 700[7] full and part time employees totaling 3,474 positions, a net gain of 820 full time and part time positions.

Using these job numbers, the Project itself upon completion will have generated 820 new employees in the Town of Hempstead. Without financial assistance from the Agency, the Applicant stated that it would not have undertaken the Project and therefore any increase in jobs beyond the Counterfactual analysis would not be created. Therefore, these 820 jobs are net new jobs to the Town of Hempstead. The table below outlines the impact that the jobs associated with the Project will have on the Town of Hempstead in terms of direct, indirect, and total employment and wages.

Net New Jobs Created by Project	
	On-Site Employment
Prior to Project	**2,774**
After Project Green Acres Mall	2,894
After Project Green Acres Commons	700
After Project	**3,594**
Net New Jobs	**820**

Source: Camoin Associates, PARIS Reporting

Based on the calculations show above, the Project will have resulted in 820 net new direct jobs in the Town of Hempstead[8]. Taking into account the additional indirect and induced economic impacts on the Town of Hempstead from those direct jobs, total employment created by the project is estimated at 1,003 jobs, and over $10 million in annual earnings and about $98.4 million in total sales would be generated as a result of the Project.

[7] Camoin Associates looked at a number of different retail employee per square foot models to determine an assumption for the total number of employees to be generated by the Green Acres Commons project. The models range from 540 to 960; thus, an average of approximately 700 was used.

[8] This analysis is based on the following zip codes: 11001, 11003, 11010, 11096, 11509, 11510, 11516, 11520, 11530, 11549, 11550, 11552, 11553, 11554, 11557, 11558, 11559, 11561, 11563, 11565, 11566, 11570, 11572, 11575, 11580, 11581, 11590, 11598, 11710, 11714, 11756, 11783, and 11793.

Annual Economic Impact - Project Occupation			
	Direct	Indirect	Total
Jobs	820	183	1,003
Earnings	$ 8,328,705	$ 1,832,315	$ 10,161,020
Sales	$ 69,795,972	$ 28,611,138	$ 98,407,110

Source: EMSI, Camoin Associates

Fiscal Impact Analysis

In addition to the economic impact of the Project on the local economy (outlined above), there is also a fiscal impact in terms of annual property tax and sales tax generation. The following section of the analysis outlines the impact of the completion of the Project on the local taxing jurisdictions in terms of the cost and/or benefit to municipal budgets, including but not limited to the School District and individual taxpayer.

Payment in Lieu of Taxes (PILOT)

The Applicant applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement for the Project. The Applicant received a fifteen-year payment schedule that includes a ten-year schedule with a five-year extension predicated upon the continued job compliance commitments agreed to in the application submitted to the Agency. The following analysis assumes that the full fifteen-year PILOT schedule is completed.

Based on the terms of the PILOT as proposed, Camoin Associates calculated the potential payments received from the Project associated with the PILOT agreement to each of the affected jurisdictions. The percent paid to each jurisdictions was provided by the Town of Hempstead's Comptroller Office.

Factual - PILOT				
Year	Total PILOT*	School	General	Village
		72.71%	26.84%	0.05%
2017	$ 14,140,000	$ 10,281,194	$ 3,795,176	$ 6,387
2018	$ 14,508,000	$ 10,548,767	$ 3,893,947	$ 6,553
2019	$ 14,954,000	$ 10,873,053	$ 4,013,654	$ 6,755
2020	$ 15,400,000	$ 11,197,340	$ 4,133,360	$ 6,956
2021	$ 15,400,000	$ 11,197,340	$ 4,133,360	$ 6,956
2022	$ 16,300,000	$ 11,851,730	$ 4,374,920	$ 7,363
2023	$ 16,300,000	$ 11,851,730	$ 4,374,920	$ 7,363
2024	$ 16,300,000	$ 11,851,730	$ 4,374,920	$ 7,363
2025	$ 16,300,000	$ 11,851,730	$ 4,374,920	$ 7,363
2026	$ 16,300,000	$ 11,851,730	$ 4,374,920	$ 7,363
2027**	$ 17,632,676	$ 12,820,719	$ 4,732,610	$ 7,965
2028	$ 18,102,616	$ 13,162,412	$ 4,858,742	$ 8,177
2029	$ 18,585,863	$ 13,513,781	$ 4,988,446	$ 8,395
2030	$ 19,356,940	$ 14,074,431	$ 5,195,403	$ 8,744
2031	$ 20,159,646	$ 14,658,079	$ 5,410,849	$ 9,106
Total	**$ 249,739,741**	**$ 181,585,766**	**$ 67,030,146**	**$ 112,809**
Annual Average	**$ 16,649,316**	**$ 12,105,718**	**$ 4,468,676**	**$ 7,521**

* Includes PILOT payments for the Green Acres Mall and Green Acres Commons

**Assumes PILOT is extended after first 10 years.

Source: Town Comptroller, Camoin Associates

Tax Policy Comparison

Without financial assistance from the Agency, Camoin Associates assumes that the Applicant would not have undertaken the Project (including both the renovation of the Green Acres Mall and the redevelopment of the Green Acres Commons). Furthermore, the Applicant has filed tax certiorari petitions for CY 2011, 2012, 2013, 2014, 2015, and 2016 to challenge the current assessed valuation of the Green Acres Mall which remain pending. When those proceedings reach their conclusion, the Green Acres Mall will be reassessed. To calculate the "otherwise-applicable" property taxes for this Counterfactual case, we have to assume a value of the reduced assessment that will result from the proceedings[9]. In our analysis we have relied upon an analysis provided to the IDA by Herman, Katz, Cangemi & Clyne, LLP, tax certiorari counsel. We understand that this is the same analysis the IDA relied upon in formulating the PILOT agreements such that the first PILOT payments would be of the same amount as the estimate of otherwise-applicable taxes due on the reassessed value of the Project.

Based on that analysis, and assuming an annual increase to the tax rate of 2%[10] (holding taxable value constant), the following table outlines the estimated tax payments that would be made without the Project. Note that we did not include tax payments related to the Green Acres Commons site as the Commons would not have been built without the inducement by the IDA.

Counterfactual - Stabilized				
Year	Total Taxes	School	General	Village
		72.71%	26.84%	0.05%
2017	$ 13,700,000	$ 9,961,270	$ 3,677,080	$ 6,188
2018	$ 13,974,000	$ 10,160,495	$ 3,750,622	$ 6,312
2019	$ 14,253,480	$ 10,363,705	$ 3,825,634	$ 6,438
2020	$ 14,538,550	$ 10,570,979	$ 3,902,147	$ 6,567
2021	$ 14,829,321	$ 10,782,399	$ 3,980,190	$ 6,699
2022	$ 15,125,907	$ 10,998,047	$ 4,059,793	$ 6,832
2023	$ 15,428,425	$ 11,218,008	$ 4,140,989	$ 6,969
2024	$ 15,736,994	$ 11,442,368	$ 4,223,809	$ 7,109
2025	$ 16,051,734	$ 11,671,215	$ 4,308,285	$ 7,251
2026	$ 16,372,768	$ 11,904,640	$ 4,394,451	$ 7,396
2027	$ 16,700,224	$ 12,142,733	$ 4,482,340	$ 7,544
2028	$ 17,034,228	$ 12,385,587	$ 4,571,987	$ 7,694
2029	$ 17,374,913	$ 12,633,299	$ 4,663,427	$ 7,848
2030	$ 17,722,411	$ 12,885,965	$ 4,756,695	$ 8,005
2031	$ 18,076,859	$ 13,143,684	$ 4,851,829	$ 8,165
Total	**$ 236,919,812**	**$ 172,264,395**	**$ 63,589,277**	**$ 107,018**
Annual Average	**$ 15,794,654**	**$ 11,484,293**	**$ 4,239,285**	**$ 7,135**

* Assumes 2% annual increase

Source: Town Comptroller, Camoin Associates

9 Based upon past practices and having reviewed the tax certiorari materials provided to us, we conclude that it is likely that the Green Acres Mall tax assessment for the years listed will be reduced.

10 The tax rate is increased by 2.00% annually, the maximum inflation factor that can be reasonably anticipated into the future. New York State property tax cap legislation limits tax levy growth to an inflation factor set by the State or 2.00%, whichever is less, the amount by which a government entity may increase its annual tax levy (certain exceptions apply). Although in recent years the inflation factor has been less than 2.00%, using 2.00% for the purposes of comparing future otherwise applicable property tax payments without the Project to the proposed PILOT schedule provides a conservative estimate of the Project's benefit/cost to the Town.

The table below calculates the benefit (or cost) to the affected taxing jurisdictions as the difference between the PILOT payments associated with the Project and the property tax payments without the Project. Over the course of the proposed PILOT term, the average annual collection by local jurisdictions would be approximately $854,662 more in PILOT revenue than property taxes without the Project. The total benefit to the affected taxing jurisdictions of the PILOT agreement over fifteen years would be $12.8 million.

Tax Policy Comparison			
	A	B	C
Year	Counterfactual Property Tax Payment	PILOT Payment	Benefit (Cost) to Jurisdictions of Project (Col. B - Col. A)
2017	$ 13,700,000	$ 14,140,000	$ 440,000
2018	$ 13,974,000	$ 14,508,000	$ 534,000
2019	$ 14,253,480	$ 14,954,000	$ 700,520
2020	$ 14,538,550	$ 15,400,000	$ 861,450
2021	$ 14,829,321	$ 15,400,000	$ 570,679
2022	$ 15,125,907	$ 16,300,000	$ 1,174,093
2023	$ 15,428,425	$ 16,300,000	$ 871,575
2024	$ 15,736,994	$ 16,300,000	$ 563,006
2025	$ 16,051,734	$ 16,300,000	$ 248,266
2026	$ 16,372,768	$ 16,300,000	$ (72,768)
2027	$ 16,700,224	$ 17,632,676	$ 932,452
2028	$ 17,034,228	$ 18,102,616	$ 1,068,388
2029	$ 17,374,913	$ 18,585,863	$ 1,210,950
2030	$ 17,722,411	$ 19,356,940	$ 1,634,529
2031	$ 18,076,859	$ 20,159,646	$ 2,082,787
Total	**$ 236,919,812**	**$ 249,739,741**	**$ 12,819,929**
Annual Average	**$ 15,794,654**	**$ 16,649,316**	**$ 854,662**

Source: Camoin Associates

Other Exemptions

The PILOT program offers the Applicant savings in terms of property tax benefits, but there are other benefits to working with the Agency including a sales tax exemption on construction materials and furniture, fixtures, and equipment and a mortgage recording tax exemption.

Based on information provided by the Applicant, the construction related to this Project will have included nearly $63 million in taxable sales.[11] A sales tax exemption on these purchases will result in a savings of $2.6 million over 15 years for the Applicant, including $89,500 that would have gone to the Town of Hempstead.

Sales Tax Exemption		
Total Taxable Sales Related to Construction	$	63,073,985
Total County Sales Tax Rate		4.25%
Total Sales Tax Exemption	$	2,680,644
Sales Tax Rate for Portion Distributed to Towns and Cities*		0.25%
Total County Sales Tax Distributed to Towns and Cities	$	157,685
Percent of Distribution to Towns and Cities due to Hempstead**		57%
Total Town of Hempstead Sales Tax Lost Due to Project***	$	89,436

* Nassau County distributes sales tax revenue as follows:
First 3.00%: Retained by County.
Additional 0.75%: The County distributes one-third to fund a local government assistance program for the three towns and two cities within the County. The assistance is distributed quarterly, on a per capita basis, based on the most recent decennial census. Villages also receive assistance, in an amount not to exceed one-sixth of the 0.75% remaining after the towns and cities have received their funding.
Additional 0.50%: Retained by County.
Source: Local Government Sales Taxes in New York State: 2015 Update

** Based on population distribution among the three towns and two cities at the 2010

*** The Town of Hempstead receives 3.34% of the total sales tax received by Nassau County.

The additional incentives offered by the IDA will benefit the Applicant but will not negatively affect the Town because, without the Project, the Town would not receive any of the sales tax associated with construction. The Applicant will also be offered a mortgage tax exemption, which will have no financial impact on the Town of Hempstead.

Sales Tax Revenue - Renovation Phase

The one-time renovation phase earnings described by the total economic impact of the construction work (described in above section) would lead to additional sales tax revenue for the County and then distributed to the Town. It is assumed that 70%[12] of the construction phase earnings would be spent within Nassau County and that 25% of those purchases would be taxable.

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[11] Information from the Applicant shows that they expect approximately 45% of the total cost of the Green Acres Commons project are on taxable goods so this percentage was applied to the full construction cost.

[12] A retail leakage analysis of Nassau County suggests that a vast majority of the goods and services that employees will be purchasing are available within the county (food, clothing, vehicles, computers, etc.), but there still will be some outside spending on travel and through purchases made online and in neighboring counties. Based on third-party proprietary retail spending data, 70% is a reasonable assumption for the amount of in-county spending. (Source: ESRI Business Analysis Online Retail Market Profile)

One-Time Sales Tax Revenue Construction Phase Employment		
Total New Earnings	$	17,358,945
Amount Spent in County (70%)	$	12,151,262
Amount Taxable (25%)	$	3,037,815
County Sales Tax Rate		4.25%
New County Sales Tax Revenue	$	129,107
Percent of County Revenue to Town		3.34%
New Town Sales Tax Revenue	$	4,312

Source: Camoin Associates

As a result of the renovation phase employment, the County would receive approximately $129,107 for the County in new sales tax revenue from the economic impacts of construction including $4,312 distributed to the Town of Hempstead.

Sales Tax Revenue - Ongoing Building Occupation

Employee Earnings

The additional earnings described by the total economic impact of the ongoing occupation (see the previous section) would lead to additional sales tax revenue for the Town. It is assumed that 70%[13] of the earnings would be spent within Nassau County and that 25% of those purchases would be taxable.

Annual Sales Tax Revenue - Occupation Phase Earnings from New Employment		
Total New Earnings	$	10,161,020
Amount Spent in County (70%)	$	7,112,714
Amount Taxable (25%)	$	1,778,179
County Sales Tax Rate		4.25%
New County Sales Tax Revenue	$	75,573
Percent of County Revenue to Town		3.34%
New Town Sales Tax Revenue	$	2,524

Source: Camoin Associates

Under these assumptions, the County would receive approximately $75,573 each year in new tax revenue from the economic impacts of the Project, of which $2,500 would go to the Town of Hempstead.

On-Site Net New Sales

Purchases on-site will result in additional sales tax revenue for the County and the Town. Based on information reported in the Applicant's annual report, the Green Acres Mall generates nearly $650 in sales per square foot. With over 2 million square feet, that is a total of over $1.4 billion in sales.

Annual Sales On-Site	
Average Sales Per Square Foot	$643
Total Square Feet	2,182,900
Total Annual Sales On-Site	$1,403,604,700

Source: Macerich 2015 Annual Report

[13] See previous footnote

In an earlier section of this analysis, we determined that 820 of the 3,594 employees at the Project would be net new as a result of the Project, therefore we assume a similar proportion of the sales occurring on-site are net new, or 23%. Of the $1.4 billion in sales, 23% is considered to be net new to the County and Town. These are sales that but for the completion of the Project would not occur. The $320 million in net new annual sales will result in $13 million in sales tax revenue for the County, including $454,600 distributed to the Town.

Annual Sales Tax Revenue - Occupation Phase Net New Sales	
Total Annual On-Site Sales	$1,403,604,700
Percent Net New Sales	23%
Net New On-Site Sales	$ 320,243,699
County Sales Tax Rate	4.25%
New County Sales Tax Revenue	$ 13,610,357
Percent of County Revenue to Town	3.34%
New Town Sales Tax Revenue	$ 454,586

Total Annual Sales Tax Revenue

The following table calculates the total sales tax revenue that will be earned by the County and distributed to the Town of Hempstead as a result of the Project.

Sales Tax Revenue		
Temporary Construction		
	County	Town
Earnings	$ 129,107	$ 4,312
Annual*	**$ 8,607**	**$ 287**
Annual Impact		
	County	Town
Employment	$ 75,573	$ 2,524
On-Site Sales	$ 13,610,357	$ 454,586
Total Annual Revenue	**$ 13,685,930**	**$ 457,110**

* Based on 15 years of construction

Source: Camoin Associates

Attachment A

What is economic impact analysis?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial "change in final demand". To understand the meaning of "change in final demand", consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells $1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is $1 million because dollars are flowing in from outside the United States and are therefore "new" dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the "Direct Effects" of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer's vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will "leak out". What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of spending. These sets of industry-to-industry purchases are referred to as the "Indirect Effects" of the change in final demand.

Finally, the widget manufacturer has employees who will naturally spend their wages. As with the Indirect Effects, the wages spent will either be for local goods and services or will "leak" out of the economy. The purchases of local goods and services will then stimulate other local economic activity; such effects are referred to as the "Induced Effects" of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial $1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects and the Induced Effects. The ratio between Direct Effects and Total Effects (the sum of Indirect and Induced Effects) is called the "multiplier effect" and is often reported as a dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar ($1) of change in final demand, an additional $1.40 of indirect and induced economic activity occurs for a total of $2.40.

Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the "local economy" is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the $1 million of widgets being purchased by Canadians is not causing total North American demand to increase by $1 million. Presumably, those Canadian purchasers will have $1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many "new" dollars the producer would be causing to occur domestically.

Attachment B

Addendum on School District Tax Implications

As an addendum to our analysis, Camoin Associates was asked to research the impact of the Project on the typical school district taxpayer in the various school districts directly or indirectly affected by the Project. We began first by quantifying how the average school tax bill changed from year-to-year for the three school districts in question for the typical Class 1 property owner (i.e. average single family home). Indeed, using information provided to us by the Nassau County Board of Assessors, we found that the 2016/2017 tax bill increased by $324, $322 and $758 for the average single-family home in 2016/2017 for school districts 13, 24 and 30, respectively, as shown in the table below.

Class 1 Property - Tax Burden Change from 2015/2016 to 2016/2017					
SD13					
Year	Tax Rate	Average AV	Average Tax Bill	% Increase	Taxable AV
2015/2016	$ 916.905	$ 768	$ 7,042		$ 6,714,291
2016/2017	$ 983.473	$ 749	$ 7,366	4.61%	$ 6,539,451
Change			$ 324		
SD24					
Year	Tax Rate	Average AV	Average Tax Bill	% Increase	Taxable AV
2015/2016	$ 842.868	$ 740	$ 6,237		$ 2,702,195
2016/2017	$ 904.689	$ 725	$ 6,559	5.16%	$ 2,645,924
Change			$ 322		
SD30					
Year	Tax Rate	Average AV	Average Tax Bill	% Increase	Taxable AV
2015/2016	$ 842.643	$ 736	$ 6,202		$ 3,247,623
2016/2017	$ 962.609	$ 723	$ 6,960	12.22%	$ 3,183,890
Change			$ 758		

Source: Nassau County Board of Assessors, Camoin Associates

However, it is not correct to assume that these increases are due solely to the Project's inducement by the IDA. In fact, we can accurately quantify a number of other effects that are at play.

Under-Counting of PILOT Revenues by SD30 and the CHSD

As shown below, between the Green Acres Mall and the Green Acres Commons, PILOT payments due to SD30 in the current year total $10,242,751. These are payments the property owner is legally liable to make to the school district similar to the obligations of any other property owner.

Actual PILOT to be Received	
Green Acres Mall	$ 9,961,530
Green Acres Commons	$ 281,222
	$ 10,242,751

Source: Tax Bills, Camoin Associates

It appears that both the CHSD and SD30 intentionally <u>undercounted</u> the amount of PILOT revenue that each would receive from the Project by over $3 million.

Difference Between Budgeted and Actual PILOT Payments			
Budgeted PILOT Figures Used by SD30 and CHSD			
SD30 To CHSD	$	3,870,878	54.5%
SD30 Retained	$	3,230,791	45.5%
Total	$	7,101,669	
Figures Corrected for Actual PILOT to be Received			
SD30 To CHSD	$	5,582,975	54.5%
SD30 Retained	$	4,659,776	45.5%
Total	$	10,242,751	
Difference or "Excess Levy"			
SD30 To CHSD	$	1,712,097	
SD30 Retained	$	1,428,985	
Total	$	3,141,082	

Source: Tax Bills, CHSD Letter Dated Nov 8, 2016, SD30 Letter Dated November 4, 2016, Camoin Associates

The CHSD and SD30 provided an explanation for this intentional undercounting in letters which are attached to this report. By doing so, both the CHSD and SD30 essentially had to levy $3 million more in property tax than they actually needed [see note].[14] We have recreated the budgets of the CHSD and SD30 below, showing how those budgets should have appeared if the PILOT payments due and payable to SD30 had been accounted for in entirety.

[14] Note that SD13, SD24 and SD30 all levy property tax both for their own needs and on behalf of the CHSD which cannot impose its own tax. PILOT payments are treated in the same manner as property tax in that a portion is retained by SD30 and a portion is remitted to the CHSD. For ease of reference, we refer to the CHSD levy, when, in fact, it is the levy of the underlying school districts that is then transmitted to the CHSD as per the law of 1908 governing such arrangements.

Central High School District - Budget versus Actual PILOT Payments									
Figures Used to Calculate Revenue Budget									
		2015/2016	%		2016/2017	%		Change	% Change
SD30 Levy for CHSD	$	31,368,179	37.44%	$	24,276,285	30.32%	$	(7,091,894)	-22.61%
SD24 Levy for CHSD	$	18,951,626	22.62%	$	20,149,365	25.16%	$	1,197,739	6.32%
SD13 Levy for CHSD	$	33,453,472	39.93%	$	35,646,535	44.52%	$	2,193,063	6.56%
Total Levy	$	83,773,277	100.00%	$	80,072,185	100.00%	$	(3,701,092)	-4.42%
Local Revenues	$	7,326,141		$	11,167,015		$	3,840,874	52.43%
Non-Tax Revenues	$	18,602,722		$	19,971,826		$	1,369,104	7.36%
Total Revenue	$	109,702,140		$	111,211,025		$	1,508,885	1.38%
Figures Corrected for Actual PILOT to be Received									
		2015/2016	%		2016/2017	%		Change	% Change
SD30 Levy for CHSD	$	31,368,179	37.44%	$	23,757,211	30.32%	$	(7,610,968)	-24.26%
SD24 Levy for CHSD	$	18,951,626	22.62%	$	19,718,533	25.16%	$	766,907	4.05%
SD13 Levy for CHSD	$	33,453,472	39.93%	$	34,884,344	44.52%	$	1,430,872	4.28%
Total Levy	$	83,773,277	100.00%	$	78,360,088	100.00%	$	(5,413,189)	-6.46%
Local Revenues	$	7,326,141		$	12,879,112		$	5,552,971	75.80%
Non-Tax Revenues	$	18,602,722		$	19,971,826		$	1,369,104	7.36%
Total Revenue	$	109,702,140		$	111,211,025		$	1,508,885	1.38%
Difference									
		2015/2016	%		2016/2017	%		Change	% Change
SD30 Levy for CHSD	$	-		$	(519,074)				-1.65%
SD24 Levy for CHSD	$	-		$	(430,832)				-2.27%
SD13 Levy for CHSD	$	-		$	(762,191)				-2.28%
Total Levy	$	-		$	(1,712,097)				-2.04%
Local Revenues	$	-		$	1,712,097				23.37%
Non-Tax Revenues	$	-		$	-				0.00%
Total Revenue	$	-		$	-				0.00%

Sources: CHSD Letter Dated Nov 8, 2016, CHSD Budget 2016/2017, SD30 Letter Dated November 4, 2016 Camoin Associates

As shown, in each instance, the levies each of the school districts raised to fund the CHSD were significantly higher due to the under-budgeting for the PILOT payments. Specifically, the SD30 levy for the CHSD was $519,074 higher, the SD24 levy for the CHSD was $430,832 higher, and the SD13 levy for the CHSD was $762,191 higher than would otherwise have been had the PILOT be recorded at value.

School District 30 - Budget versus Actual PILOT Payments						
Figures Used to Calculate Revenue Budget						
	2015/2016	%	2016/2017	%	Change	% Change
Property Tax Revenues	$ 26,181,183	76.89%	$ 23,054,030	66.99%	$ (3,127,153)	-11.94%
PILOT Revenue	$ 484,182	1.42%	$ 3,682,653	10.70%	$ 3,198,471	660.59%
All Other Revenues	$ 7,384,751	21.69%	$ 7,679,377	22.31%	$ 294,626	3.99%
Total	$ 34,050,116	100.00%	$ 34,416,060	100.00%	$ 365,944	1.07%
Figures Corrected for Actual PILOT to be Received						
	2015/2016	%	2016/2017	%	Change	% Change
Property Tax Revenues	$ 26,181,183	76.89%	$ 21,625,045	62.83%	$ (4,556,138)	-17.40%
PILOT Revenue	$ 484,182	1.42%	$ 5,111,638	14.85%	$ 4,627,456	955.73%
All Other Revenues	$ 7,384,751	21.69%	$ 7,679,377	22.31%	$ 294,626	3.99%
Total Revenue	$ 34,050,116	100.00%	$ 34,416,060	100.00%	$ 365,944	1.07%
Difference						
	2015/2016	%	2016/2017	%	Change	% Change
Property Tax Revenues	$ -	0.00%	$ (1,428,985)	-4.15%	$ (1,428,985)	-5.46%
PILOT Revenue	$ -	0.00%	$ 1,428,985	4.15%	$ 1,428,985	295.13%
All Other Revenues	$ -	0.00%	$ -	0.00%	$ -	0.00%
Total	$ -	0.00%	$ -	0.00%	$ -	0.00%

Sources: CHSD Letter Dated Nov 8, 2016, CHSD Budget 2016/2017, SD30 Letter Dated November 4, 2016 Camoin Associates

Likewise, as show above, SD30's own budget undercounted PILOT revenues and thus SD30 had to raise its levy by $1,428,985. We refer to these amounts as the "Excess Levy" hereafter. We then compare those excess levy figures against the total levy for each of the school districts as shown below.

Excess Property Tax Levy Impacts	
SD13	
Excess SD13 Levy for CHSD	$ 762,191
Total Levy of SD13	$ 70,571,308
Total Levy of SD13 w/o Excess	$ 69,809,117
Excess as Percent Increase	1.09%
SD24	
Excess SD24 Levy for CHSD	$ 430,832
Total Levy of SD24	$ 40,149,963
Total Levy of SD24 w/o Excess	$ 39,719,131
Excess as Percent Increase	1.08%
SD30	
	Excess Levy
Excess SD30 Levy for CHSD	$ 519,074
Excess SD30 Levy for SD30	$ 1,428,985
Total Excess Levy for SD30	$ 1,948,059
Total Levy of SD30	$ 47,341,004
Total Levy of SD30 w/o Excess	$ 45,392,945
Excess as Percent Increase	4.29%

We therefore conclude that this caused SD13's levy to increase 1.09%, SD24's levy to increase 1.08% and SD30's levy to increase 4.29% over what would have been required had the PILOT be recorded at value.

General Increase to School District Budgets

A second factor has to do with the fact that each of the school districts increased their budget from 2015/2016 to 2016/2017.

Weighted Average Increase in Budget by School District										
	Total Rev 15/16	Total Rev 16/17	Increase	% Increase	Prop tax Retained by SD	Prop Tax Remitted to CHSD	% Retained by SD	% Remitted to CHSD	CHSD Change	Weighted Average
SD13	$ 46,966,691	$ 48,246,922	$ 1,280,231	2.73%	$ 34,896,345	$ 35,646,535	49.47%	50.53%	1.38%	2.05%
SD24	$ 27,232,372	$ 27,774,154	$ 541,782	1.99%	$ 19,965,137	$ 20,149,365	49.77%	50.23%	1.38%	1.68%
SD30	$ 34,050,116	$ 34,416,060	$ 365,944	1.07%	$ 23,054,030	$ 24,276,285	48.71%	51.29%	1.38%	1.23%
CHSD	$ 109,702,140	$ 111,211,025	$ 1,508,885	1.38%						

To determine how much taxpayers were affected by this, we calculated a weighted average increase of the overall combined local budget and central high school budget. That allowed us to assume a weighted average budget increase of 2.05%, 1.68% and 1.23% for taxpayers in SD13, SD24 and SD30, respectively.

Impact on Class 1 Homeowners from Known Causes

To better illustrate these impacts, we translated them into the impact on a typical Class 1 property owner in each school district. We combined the overall increase by school district with the results of the excess levy calculations and the budget increases to arrive at the table below.

Sources of Impact to Typical Class 1 Property Owner - 2015/2016-2016/2017 by SD		
SD13	Percentage Increase - All Classes	Impact on Avg Bill - Class One Property
Total Increase to Avr Class 1 Property Owner	4.61%	$ 324
Impact Due to Excess Levy	1.09%	$ 77
Impact Due to SD13 and CHSD Budget Increases	2.05%	$ 144
Balance, net of known impacts	1.47%	$ 103
SD24	Percentage Increase - All Classes	Impact on Avg Bill - Class One Property
Total Increase to Avr Class 1 Property Owner	5.16%	$ 322
Impact Due to Excess Levy	1.08%	$ 68
Impact Due to SD24 and CHSD Budget Increases	1.68%	$ 105
Balance, net of known impacts	2.39%	$ 149
SD30	Percentage Increase - All Classes	Impact on Avg Bill - Class One Property
Total Increase to Avr Class 1 Property Owner	12.22%	$ 758
Impact Due to Excess Levy	4.29%	$ 266
Impact Due to SD30 and CHSD Budget Increases	1.23%	$ 76
Balance, net of known impacts	6.70%	$ 415

Note: Total Revenues at SD30 increased by 1.07% from 2015/2016-2016/2017, and 1.38% at the CHSD. We have used a weighted average based on the proportional amount of property tax levy going to each. The same methodology applies to SD13 and SD24 figures.

So, for the average SD13 resident taxpayer, this year's increase of $324 can be partially accounted for by the excess levy ($77 of impact) and the general budget increases at SD13 and the CHSD ($144 of impact). The remaining impact of $103 is explained in the following section for SD13 as well as SD24 and SD30.

Other Factors Contributing to Increases

After accounting for the above two effects, we are left with the balance of $103, $149 and $415 of impact for the typical Class 1 property owner in SD13, SD24 and SD30, respectively. There are a multitude of other factors that could account for all or a portion of these balances. Examples of possible factors include: (1) additions or reductions to the taxable property base in each community not related to the Project, spreading the tax burden out over more or less tax base, (2) changes in the amount of PILOT payments each community would receive in the current year from other PILOT-exempted properties such as LIPA's properties, (3) changes to other school district revenue sources, such as state aid, non-property tax revenues, (4) use of fund balance in this year or in the 2015/2016 tax year, (5) changes to the base allocation that distributes the property tax burden across the four property classes, etc. It is beyond the scope of our analysis to investigate all of these various factors. There is no doubt, however, that these other factors played a role in the impact to Class 1 property owners in each district.

There is one other factor that is at play that we have examined on a preliminary basis, which is the anticipated change in the underlying assessed value of the Project. As noted elsewhere in this report, the Green Acres Mall's tax assessment is being challenged through a number of tax certiorari proceedings, the likely outcome of which is that its assessed value (applicable to the current tax year) will be reduced substantially. It is our understanding that the IDA induced the Project such that the amount owed in PILOT payments for the 2016/2017 school tax year to SD30 (for both the benefit of SD30 and the CHSD) by the Green Acres Mall approximates the otherwise-applicable property tax payment to SD30. This assumption appears reasonable and is based on an analysis provided to the IDA by Herman, Katz, Cangemi & Clyne, LLP.

Should that assumption prove correct, we can arrive at a number of additional conclusions about impacts to school district tax payers.

- The first and most important is that all taxpayers across SD13, SD24 and SD30 will be paying more in property tax in future years because the Project will be paying less than it did in previous years. However, it is critical to note that this is due not to the IDA's inducement but to the change in assessment of the mall. In other words, <u>this change would have occurred whether or not the IDA had acted</u>.
- Secondly, the proportion of how much SD13, SD24 and SD30 each pay to the CHSD has changed because the proportion is based on taxable assessed valuation in each district. This means that SD13 and SD24 will pay a somewhat higher proportion and SD30 a lower proportion due to the reduction in taxable assessed value associated with the Green Acres Mall. However, as noted above, <u>this change would have occurred whether or not the IDA had acted</u>.
- Finally, there are <u>temporary</u> impacts of the IDA's inducement: it accelerated the timing of the above two changes. By exempting the property under a PILOT, the taxable assessed valuation of SD30 dropped in the current tax year and not in the future tax year when the assessment rolls will change at the conclusion of the tax certiorari proceedings. This leads to two further points:
  - The Project would have paid tax on the value of its current (over-) assessment, to be refunded to it at the termination of the tax certiorari proceedings, thus the cost of this that would have been borne in a future year was instead borne in the current tax year, and

- The proportion of tax paid by SD13, SD24 and SD30 to the CHSD changed in the current tax year instead of a future tax year.

To conclude, some of the impact to Class 1 property owners in SD13, SD24 and SD30, can be explained by a number of factors, including an intentional under-budgeting for PILOT payments by the school districts, a general increase in school district budgets and other internal school district financial considerations. Furthermore, the largest portion of the impact can be attributed to the anticipated reassessment of the Green Acres Mall that would have occurred with or without action by the IDA. If the tax certiorari proceeding is resolved as anticipated, the IDA's actual abatement itself can be considered to have had only a minor (and positive[15]) net impact as shown elsewhere in this report. However, the IDA in effect accelerated some of those changes which would have otherwise occurred in a future tax year.

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[15] See "Tax Policy Comparison" table in the body of the report showing an average annual benefit of $854,662 of PILOT revenues above and beyond the otherwise-applicable property taxes.

Attachment C

Letters from School District 30 and the Central High School District

VALLEY STREAM UNION FREE SCHOOL DISTRICT THIRTY
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November 4, 2016

BY EMAIL/PRIORITY CERTIFIED MAIL

Rachel Selsky, AICP
Senior Economic Development Specialist
Camoin Associates, Inc.
206 Sherwood Circle, Brattleboro, VT 05301

Dear Ms. Selsky,

Please allow this letter to serve as a response to your request for information from the Valley Stream 30 School District regarding its budgeting practices with regard to the Green Acres Mall PILOT.

Under Education Law 2023-a, the District is obligated to prepare a good faith estimate of the revenue it will receive in PILOTs for the upcoming school year, not an assumption. This estimate must take into account numerous variables including the potential that the revenue from a PILOT property may be reduced as the result of actions beyond the control of the District. To date, the District has not been informed of the actual amount it will receive from the Green Acres Mall PILOT nor has there been any assurance that such amount will not be changed as the result of the tax certiorari settlements which the Town of Hempstead IDA has publicly stated will soon take place. The Town of Hempstead IDA has stated that the mall was "over-assessed" and that the tax certiorari cases on the mall "are expected to be settled in the coming months," rendering it a virtual certainty, that as the result of the tax certiorari proceeding or the settlement thereof, the PILOT will be reduced by the Town of Hempstead IDA.

For the 2016/2017 school year the District estimated it would receive approximately 50% of the Green Acres Mall PILOT, or $7,101,669 of which $3,870,878 would be apportioned to the Central High School District and the remaining $3,230,791 for the District. As this is the first year of the PILOT, the District has no historical data on the revenue it will receive from this PILOT. Last year, following the completion of a tax certiorari proceeding, the Town of Hempstead IDA amended its PILOT Agreement mid-year with J and C Autoworld to reduce the amount owed on the property such that the total amount received by the District was approximately 76% of the reduced PILOT but only 50% of the amount of the original PILOT. Therefore, the District, received approximately 50% of the J and C Autoworld PILOT. The basis for the estimate of the Green Acres Mall was this historical data on the J and C Autoworld PILOT issued by the Town of Hempstead IDA as well as the fact that the tax certiorari proceedings pending on the Green Acres Mall seek a 90% reduction in assessed value.

With regard to your inquiry about the District's required contribution to the Central High School District, I believe you are inquiring about the District's proportionate share of the Central High School District's tax levy. Under Education Law 1908, the tax levy is statutorily apportioned to each district according to the amount of the assessed valuation of the taxable property in such district as it bears to the total assessed valuation of all the school districts included in the central high school district, as appears from the last preceding assessment roll. Under this statutory formula, Valley Stream 30's contribution to the Central High School District Levy went from approximately 37.4% in 2015-2016 to 30.3% in 2016-2017.

With regard to your inquiry as to the LIPA PILOT, the District received $395,963.80 in the 2015/2016 school year. The District's good faith estimate for LIPA PILOTs was $410,050.41 for the 2016-2017 school year based on the Nassau County bill to LIPA in 2015/2016.

I have attached the relevant documents supporting the District's determination. I trust the analysis you are preparing for the Town of Hempstead IDA will consider this information, as well as the possibility that the Green Acres Mall PILOT could be reduced following reduction of assessed value of the Green Acres Mall as the result of the many years of pending tax certiorari proceedings on the property. I request that we be provided with a copy of the report upon its completion.

Sincerely,

Nicholas A. Stirling, Ph.D.
Superintendent of Schools

c: Board of Education
Enclosures:

1. Education Law §1908
2. Education Law §2023-a
3. New York State Comptroller's Guidance on Estimating PILOT Revenues
4. J and C Autoworld Original PILOT Agreement
5. J and C Autoworld Amended PILOT Agreement
6. Town of Hempstead IDA Statement Regarding Green Acres Mall
7. Tax Certiorari Petition for Green Acres Mall filed in April of 2016
8. Green Acres Mall PILOT Agreement
9. Green Acres Adjacent PILOT Agreement

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November 8, 2016

VIA OVERNIGHT MAIL

Rachel Selsky, AICP
Senior Economic Development Specialist
Camoin Associates, Inc.
206 Sherwood Circle, Brattleboro, VT 05301

Dear Ms. Selsky,

Please allow this letter to serve as a response to your request for information regarding the District's budgeting practices with regard to the Green Acres Mall PILOT.

I have spoken with the Superintendent at Valley Stream Union Free School District 30 with regard to the response he has submitted to you and I concur with the explanation he has provided. Valley Stream Central High School District worked closely with District 30 in preparing these estimates for the 2016/2017 school year based on the same information. I join in his request that your analysis take into consideration the detailed information which he previously provided. I will add the following responses to your specific questions:

The 2015/2016 tax levy for the Central High School District was $83,773,277 and the breakdown between the three component districts was $31,368,179 for SD 30 (approx 37.44%), $18,951,626 for SD 24 (22.62%) and $33,453,472 for SD 13 (approx 39.93%).

The 2016/2017 tax levy for the Central High School District was $80,072,185 and the breakdown between the three component districts was $24,276,285 for SD 30 (approx. 30.31%), $20,149,365 (approx. 25.16%) for SD 24 and $35,646,535 for SD 13 (approx 44.52%).

For the 2016/2017 school year Valley Stream 30 estimated it would receive approximately 50% (50.2239643%) of the Green Acres Mall PILOT or $7,101,669 of which the Central High School District estimated it would receive approximately 54.5% or $3,870,878.

Under the tax cap the District's maximum allowable tax levy is reduced by the amount of estimated PILOTs including those from the Green Acres Mall.

During the 2015/2016 school year, many LIPA properties were made tax exempt under New York State Public Authorities Law §1020-q.

The tax bills for SD 30 are based on a combined school tax rate for both the Central High School District and the SD 30.

PILOTs are distributed to the Central High School District in the same proportion as the tax levy is distributed from each of the component districts. For example if the Central High School District is 54.5% of a component district's school tax levy, then the Central High School District will also receive 54.5% of the PILOTs received by that district.

I trust this information along with the information previously provided by District 30 will be considered as part of your analysis. I request we be provided with a copy of the report upon its completion.

Sincerely,

William Heidenreich

Dr. William Heidenreich

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