

**DATA INPUT SHEET - COMMERCIAL DEVELOPMENT**

Applicant:	Valley Stream Green Acr	X
Address:	2034 Green Acres Roa	X
City:	Valley Stream Green Acr	X
Zip Code:	11580	X
Today's Date		X
Application Date	August 15, 2014	X

**APPLICATION REQUEST**

Purpose:	Renovation/Construction	
New Building	\$ -	X
Building Expansion	\$ -	X
Total	\$ -	
Construction Costs	\$ 79,064,826	X
Equipment Costs		X
Total	\$ 79,064,826	
Jobs Retained-Operation	2774	X
Est. Jobs Created-Operation	0	X
Total	2774	
Wages at the time of Application	\$ -	X
Operating Wages	\$ 141,474,000	X
Real Property Taxes- 15 years	\$ 323,188,600	X
Input Real Property Tax rate on line 28		
10 year PILOT Years 1-3	\$0	X
PILOT Years 4-10	\$0	
Input Real Property Tax rate on line 32		
15 Year PILOT Years 1-3	\$ 41,100,000	X
PILOT Years 4-15	\$ 183,212,741	
Sales Tax Rate	0.08625	
Sales Tax Abatement	\$ 76,930,000	X
Mortgage Tax Rate	0.015	
Mortgage to be Held	\$ -	X

**INDUSTRIAL DEVELOPMENT AGENCY****ECONOMIC ANALYSIS MODEL (THIDA-RevV2, 4-1-12)**

# **COMMERCIAL APPLICATION**

**Applicant**  
**Valley Stream Green Acres LLC**  
**2034 Green Acres Road S.**  
**Valley Stream Green Acres LLC**  
**11580**

**Application Date**  
**August 15, 2014**

**Date of Calculations**  
**December 12, 2014**

**Dr. Thomas Conoscenti & Associates, Inc.**  
**Copyright April 2012**

# TOWN OF HEMPSTEAD ANALYSIS INDEX

Valley Stream Green Acres LLC

## COST BENEFIT ANALYSIS-SUMMARY

### COSTS

Mortgage Tax Abatement	\$0
Sales Tax Abatement	\$375,000
Tax Abatement Net Pilot(10 Years)	\$0
Tax Abatement Net Pilot (15 Years)	\$667,333,697
<b>Total Costs</b>	<b>\$667,708,697</b>

### BENEFITS

Number of New Employees	0
Economic Impact-Construction	\$379,511,165
Salary Impact-Construction	<u>\$297,283,746</u>
<b>Total</b>	<b>\$676,794,911</b>
Economic Impact-Operations	\$663,159,375
Salary Impact-Operations	<u>\$569,432,850</u>
<b>Total</b>	<b><u>\$1,232,592,225</u></b>
Construction	
Sales Tax Revenues Construction (8.625%)	\$6,819,341
Sales Tax Revenues-Wages & Salaries(8.625%)	<u>\$15,384,434</u>
<b>Total Sales Taxes</b>	<b>\$22,203,775</b>
Operations	
Sales Tax Revenues-Wages & Salaries(8.625%)	\$29,468,150
Sales Tax Revenues Equipment (8.625%)	<u>\$0</u>
<b>Total</b>	<b>\$29,468,150</b>
<b>Total Sales Taxes</b>	<b>\$51,671,925</b>

<b>TOTAL BENEFITS TO THE LOCAL ECONOMY</b>	<b>\$2,012,730,936</b>
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<b>Net Cost/Benefit To Local Economy ( Plus/Minus)</b>	<b>\$1,345,037,761</b>
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Table 1

**TOWN OF HEMPSTEAD IDA- Commercial Economic Impact Model**  
**CONSTRUCTION IMPACT**

<b>IDA Project-Construction \$</b>	<b>\$79,064,826</b>
<i><b>Economic Impact</b></i>	
Effects of Spending Phase 1	\$79,064,826
Effects of Spending Phase II	<u>\$237,194,478</u>
Total Impact Phase 1 & 2	\$316,259,304
Ongoing Effect	<u>\$63,251,861</u>
<b>Total Impact</b>	<b>\$379,511,165</b>
<i><b>Economic Impact-Wages &amp; Salaries</b></i>	
Effects of Spending Phase 1	\$71,158,343
Effects of Spending Phase II	<u>\$213,475,030</u>
Total Impact	\$284,633,374
Ongoing Annual W/S Effect	<u>\$12,650,372</u>
<b>Total Impact</b>	<b>\$297,283,746</b>
<i><b>Economic Impact-Jobs</b></i>	
Effects of Spending Phase 1	949
Effects of Spending Phase II	<u>#REF!</u>
Total Impact	54
Ongoing Annual Job Effect	<u>281</u>
<b>Total Impact</b>	<b>335</b>
<i><b>Economic Impact-F/S Taxes</b></i>	
Effects of Spending Phase I	\$17,789,586
Effects of Spending Phase II	<u>\$53,368,758</u>
Total	\$71,158,343
Ongoing Annual F/S Effect	<u>\$3,162,593</u>
<b>Total Impact</b>	<b>\$74,320,936</b>
Federal Marginal Rate- 20%, State Marginal Rate 5%\$ Average Total = 25%	
Sales Tax Revenues Construction (8.625%) (1)	\$6,819,341
Sales Tax Revenues-Wages & Salaries(8.625%)(2)	\$15,384,434
<b>Total Sales Taxes</b>	<b>\$22,203,775</b>
<i>1 - Sales Tax Revenues -Construction at 60% (2) Revenues assumes 50% consumption</i>	
Pilot (Sum 1-3 Years)-10 Years	<u>#REF!</u>
Pilot (Sum 1-3 Years)-15 Years	<u>\$123,300,000</u>
Pilot Sum (3-10)	\$0
Pilot Sum (3-15)	#REF!
<b>Total Net Pilot (3-10)</b>	<b>\$0</b>
<b>Total Net Pilot (3-15)</b>	<b>\$667,333,697</b>

*Note: Due to internal rounding, totals may not add up.*

Table 2  
**TOWN OF HEMPSTEAD IDA- Commercial Economic Impact Model**  
**ANNUAL OPERATIONS IMPACT MODEL-COMMERCIAL**

IDA Equipment \$	\$0
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Total Estimated Wages & Salary Cost	
W & S--At time of application	\$0
W & S--Created-Actual	<u>\$141,474,000</u>
<b>Total Actual Wages &amp; Salaries</b>	<b>\$141,474,000</b>

Jobs Retained--Original	2,774
Jobs Created--Actual	<u>0</u>
<b>Total Jobs</b>	<b>2,774</b>

***Economic Regional Impact-Income***

Effects of Spending Phase 1	<u>\$141,474,000</u>
Effects of Spending Phase II	<u>\$389,053,500</u>
<b>Total Impact Phase 1 &amp; 2</b>	<b>\$530,527,500</b>
Ongoing Effect	<u>\$132,631,875</u>
<b>Total Economic Impact</b>	<b>\$663,159,375</b>

***Economic Impact-Wages & Salaries***

Effects of Spending Phase 1	\$141,474,000
Effects of Spending Phase II	<u>\$353,685,000</u>
<b>Total Impact</b>	<b>\$495,159,000</b>
Ongoing Annual W/S Effect	<u>\$74,273,850</u>
<b>Total Wage &amp; Salary Impact</b>	<b>\$569,432,850</b>

***Economic Impact-Jobs***

Effects of Spending Phase 1	2,774
Effects of Spending Phase II	<u>4,161</u>
<b>Total Impact</b>	<b>6,935</b>
Ongoing Annual Job Effect	<u>1,040</u>
<b>Total Job Impact</b>	<b>7,975</b>

***Economic Impact-F/S Taxes***

Effects of Spending Phase I	\$35,368,500
Effects of Spending Phase II	<u>\$88,421,250</u>
<b>Total</b>	<b>\$123,789,750</b>
Ongoing Annual F/S Effect	<u>\$4,642,116</u>
<b>Total F/S Taxes</b>	<b>\$128,431,866</b>

Federal Marginal Rate- 20%, State Marginal Rate 5%\$ Average Total = 25%

Sales Tax Revenues-Wages & Salaries (ATR)(2)	\$29,468,150
Sales Tax Revenues Equipment (8.625%) (3)	<u>\$0</u>
<b>Total Sales Tax Revenues</b>	<b>\$29,468,150</b>

***Note: Due to internal rounding, totals may not add up.***

- 1 - Equipment not made on L.I. but is taxable.*
- 2- Sales Tax Revenues assumes 50% taxable consumption*
- 2- Sales Tax Revenues assume 60% abatement*

**End of Model**

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NOTICE OF PUBLIC HEARING  
IN THE MATTER OF VALLEY STREAM  
GREEN ACRES LLC

-----x

123 South Central Avenue  
Valley Stream, New York  
  
December 15, 2014  
10:40 a.m.

B E F O R E:  
  
FREDERICK PAROLA, Executive Director and  
Chief Executive Officer

Denise Mantekas,  
Court Reporter

1  
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3 A P P E A R A N C E S:

4  
5 TOWN OF HEMPSTEAD INDUSTRIAL  
6 DEVELOPMENT AGENCY

7 Representing the  
8 INDUSTRIAL DEVELOPMENT AGENCY  
9 350 Front Street  
10 Hempstead, New York 11530  
11 BY: FREDERICK E. PAROLA, CEO  
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1 Proceedings

2 MR. PAROLA: Good morning. My  
3 name is Fred Parola. I'm the  
4 Executive Director and CEO of the  
5 Town of Hempstead Industrial  
6 Development Agency.

7 This public hearing is being  
8 held to discuss certain benefits  
9 requested by Valley Stream Green  
10 Acres LLC, a limited liability  
11 company that is seeking to make  
12 improvements to an existing facility  
13 known as Green Acres Major Shopping  
14 Area. I will read the Notice of  
15 Public Hearing.

16 "Notice of Public Hearing.  
17 Notice is hereby given that a public  
18 hearing pursuant to Title 1 of  
19 Article 18-A of the New York State  
20 General Municipal Law will be held  
21 by the Town of Hempstead Industrial  
22 Development Agency ("the Agency") on  
23 the 15th day of December, 2014, at  
24 10:30 a.m., local time, at Valley  
25 Stream Village Hall, 123 South

1 Proceedings

2 Central Avenue, Valley Stream, New  
3 York, in connection with the  
4 following matters:

5 Valley Stream Green Acres LLC,  
6 a limited liability company,  
7 organized and existing under the  
8 laws of the State of Delaware, on  
9 behalf of itself and/or the  
10 principals of Valley Stream Green  
11 Acres LLC and/or entity formed or to  
12 be formed on behalf of any of the  
13 foregoing (collectively, the  
14 "Company") has applied to the Agency  
15 to enter into a transaction in which  
16 the Agency will assist in the  
17 acquisition of an approximately  
18 71.87 acre parcel of land located at  
19 2034 Green Acres Road South, Valley  
20 Stream, New York 11581 and known as  
21 Green Acres Mall (the "Land"), the  
22 renovation, equipping and furnishing  
23 of an approximately 1,112,419 square  
24 foot building located thereon  
25 including, but not limited to,

1 Proceedings

2 upgrading surface parking lot,  
3 replacing the roof, purchasing new  
4 CCTV security equipment, replacing  
5 exterior and interior lighting,  
6 redesigning facades and mall  
7 entrances, upgrading interior  
8 flooring, replacing the HVAC and  
9 installing new soft seating and food  
10 court furniture (the "Equipment" and  
11 "Improvements"; and together with  
12 the Land, the "Facility"), all to be  
13 leased by the Agency to the company,  
14 for further sublease by the Company  
15 to individual tenants of the  
16 Facility and used by the Company as  
17 a retail destination mall. The  
18 Facility will be initially owned,  
19 operated and/or managed by the  
20 Company.

21 The Agency contemplates that it  
22 will provide financial assistance to  
23 the Company in the form of  
24 exemptions from mortgage recording  
25 taxes in connection with the

1 Proceedings

2 financing or any subsequent  
3 refinancing of the Facility,  
4 exemptions from sales and use taxes  
5 and abatement of real property  
6 taxes, consistent with the policies  
7 of the Agency.

8 A representative of the Agency  
9 will, at the above-stated time and  
10 place, hear and accept written  
11 comments from all persons with views  
12 in favor of or opposed to either the  
13 proposed financial assistance to the  
14 Company or to the location or nature  
15 of the Facility. At the hearing,  
16 all persons will have the  
17 opportunity to review the  
18 application for financial assistance  
19 filed by the Company with the Agency  
20 and an analysis of the costs and  
21 benefits of the proposed Facility."

22 If there are any interested  
23 parties, we will be delighted to  
24 take their testimony at this time.

25 Noting that we've had no

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Proceedings

witnesses at 11:05, I hereby close  
this public hearing with respect to  
Green Aces Mall sine die.

(Time noted: 11:05 a.m.)

1  
2 CERTIFICATION  
3

4 I, DENISE MANTEKAS, a Notary Public  
5 in and for the State of New York, do hereby certify:

6 THAT the witness whose testimony is herein  
7 before set forth, was duly sworn by me; and

8 THAT the within transcript is a true record  
9 of the testimony given by said witness.

10 I further certify that I am not related,  
11 either by blood or marriage, to any of the parties  
12 to this action; and

13 THAT I am in no way interested in  
14 the outcome of this matter.

15 IN WITNESS WHEREOF, I have hereunto  
16 set my hand this 15th day of December, 2014.  
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19 -----  
20 DENISE MANTEKAS  
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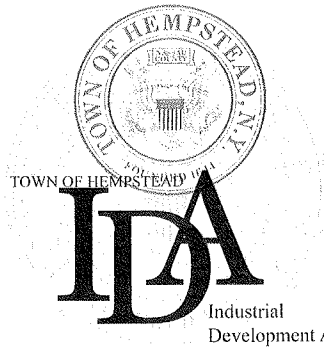
HEMPSTEAD TOWN BOARD

KATE MURRAY  
SUPERVISOR

COUNCIL MEMBERS  
ANTHONY J. SANTINO  
ANGIE M. CULLIN  
DOROTHY L. GOOSBY  
GARY HUDES  
JAMES DARCY  
EDWARD A. AMBROSINO

NASRIN G. AHMAD  
TOWN CLERK

DONALD X. CLAVIN, JR.  
RECEIVER OF TAXES



350 FRONT STREET, HEMPSTEAD, NY 11550-4037  
(516) 489-5000 EXT. 4200 • FAX: (516) 489-3179

INDUSTRIAL  
DEVELOPMENT  
AGENCY

THEODORE P. SASSO, JR.  
CHAIRMAN

BOARD MEMBERS  
PAUL CONTE  
JONATHAN KOHAN  
ARI BROWN  
DANNY GRODOTZKE  
RICHARD A. BIANCULLI  
RAYMOND F. MAGUIRE

FREDERICK E. PAROLA  
EXECUTIVE DIRECTOR  
CHIEF EXECUTIVE  
OFFICER

FORM OF NOTICE LETTER FOR DEVIATIONS FROM  
UNIFORM TAX EXEMPTION POLICY

December 4, 2015

Honorable Kate Murray, Supervisor  
Town of Hempstead  
One Washington Street  
Hempstead, New York 11550

Honorable Edwin A. Fare, Mayor  
Village of Valley Stream  
123 South Central Avenue  
Valley Stream, New York 11580

Dr. Nicholas A. Stirling  
Superintendent of Schools  
Valley Stream School District 30  
175 North Central Avenue  
Valley Stream, New York 11580

Honorable Edward Mangano  
Nassau County Executive  
One West Street  
Mineola, New York 11501

Re: **Town of Hempstead Industrial Development Agency  
(Valley Stream Green Acres LLC Facility)**

Valley Stream Green Acres LLC, a limited liability company, organized and existing under the laws of the State of Delaware, on behalf of itself and/or the principals of Valley Stream Green Acres LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Company**”), has applied to the Agency to enter into a transaction in which the

Agency will assist 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**"), the renovation, equipping and furnishing of an approximately 1,112,419 square foot building located thereon including, but not limited to, upgrading surface parking lot, replacing the roof, purchasing new CCTV security equipment, replacing exterior and interior lighting, redesigning facades and mall entrances, upgrading interior flooring, replacing the HVAC and installing new soft seating and food court furniture (the "**Equipment**" and "**Improvements**"; and together with the Land, the "**Facility**"), all to be leased by the Agency to the Company, for further sublease by the Company to individual tenants of the Facility and used by the Company as a retail destination mall. The Facility will be initially owned, operated and/or managed by the Company. In connection therewith, the Agency will acquire a leasehold interest in the Facility and will provide financial assistance to the Company in the form of exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing of the Facility, exemptions from sales and use taxes and abatement of real property taxes, consistent with the policies of the Agency.

The Company has requested that the Agency grant a payment in lieu of tax agreement (the "**PILOT Agreement**"), to provide additional financial assistance to the Company in the form of abatements of real property taxes for an initial term of ten (10) years, with a possible five (5) year extension at the discretion of the Agency if the Company achieves or exceeds certain employment numbers at the Facility, for a total term of up to fifteen (15) years following the completion of the acquisition, construction and equipping of the Facility. The requested financial assistance deviates from the Agency's Uniform Tax Exemption Policy (the "**Policy**") adopted on September 12, 2002, as amended on May 30, 2012, because the proposed PILOT Agreement will be for an initial term of ten (10) years with a provision to permit an extension of an additional five (5) years, subject to the Agency's approval. In accordance with the Agency's policy, the requested PILOT Agreement will set a fixed PILOT amount subject to annual escalations throughout the term of the PILOT Agreement. Copies of the proposed fifteen (15) year PILOT Schedule are available at the office of the Agency and will be available at the Public Hearing and Agency Board Meeting described below. The Agency proposes to deviate from the Policy because the Facility will provide jobs for the residents of the Town of Hempstead and the project would not be economically viable without a fifteen (15) year PILOT with fixed PILOT payments subject to periodic escalations.

The Agency will hold a public hearing (the "**Public Hearing**") relating to the Facility on December 15, 2014 at 10:30 a.m., local time, at Valley Stream Village Hall, 123 South Central Avenue, Valley Stream, New York, in connection with the requested PILOT Deviation. Attached is a copy of the Notice of Public Hearing describing the project and the additional financial assistance requested by the Company as Exhibit A. The Notice of Public Hearing was published in Newsday on December 5, 2014.

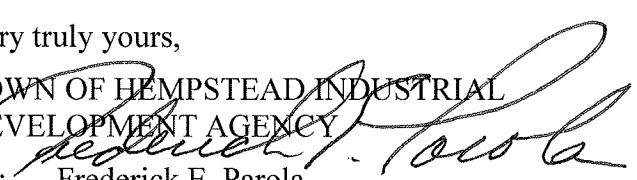
The Board of the Agency will consider a resolution approving the financial assistance to be granted to the Company, including the fifteen (15) year PILOT Agreement, at the Agency's Board Meeting (the "**Board Meeting**") on December 17, 2014 at 11:00 a.m. local time, at 350 Front Street, 2<sup>nd</sup> Floor, Hempstead, New York 11550.



You and your representative are welcome to attend such Public Hearing on December 15, 2014 and/or the Agency's Board Meeting on December 17, 2014 at which time you will have an opportunity, both orally and in writing, to present your views with respect to the requested financial benefits. We are providing this notice to you, pursuant to Sections 859-a and 874 of the New York General Municipal Law, as the chief executive officer of an affected tax jurisdiction within which the project is located.

Very truly yours,

TOWN OF HEMPSTEAD INDUSTRIAL  
DEVELOPMENT AGENCY

By:  Frederick E. Parola  
Title: Executive Director and Chief  
Executive Officer

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## NOTICE OF PUBLIC HEARING

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**NOTICE IS HEREBY GIVEN** that a public hearing pursuant to Title 1 of Article 18-A of the New York State General Municipal Law will be held by the Town of Hempstead Industrial Development Agency (“the **Agency**”) on the 15th day of December, 2014, at 10:30 a.m., local time, at Valley Stream Village Hall, 123 South Central Avenue, Valley Stream, NY in connection with the following matters:

Valley Stream Green Acres LLC, a limited liability company, organized and existing under the laws of the State of Delaware, on behalf of itself and/or the principals of Valley Stream Green Acres LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Company**”), has applied to the Agency to enter into a transaction in which the Agency will assist 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**”), the renovation, equipping and furnishing of an approximately 1,112,419 square foot building located thereon including, but not limited to, upgrading surface parking lot, replacing the roof, purchasing new CCTV security equipment, replacing exterior and interior lighting, redesigning facades and mall entrances, upgrading interior flooring, replacing the HVAC and installing new soft seating and food court furniture (the “**Equipment**” and “**Improvements**”; and together with the Land, the “**Facility**”), all to be leased by the Agency to the Company, for further sublease by the Company to individual tenants of the Facility and used by the Company as a retail destination mall. The Facility will be initially owned, operated and/or managed by the Company.

The Agency contemplates that it will provide financial assistance to the Company in the form of exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing of the Facility, exemptions from sales and use taxes and abatement of real property taxes, consistent with the policies of the Agency

A representative of the Agency will, at the above-stated time and place, hear and accept written comments from all persons **with** views in favor of or opposed to either the proposed financial assistance to the Company or the location or nature of the Facility. At the hearing, all persons will have the opportunity to review the application for financial assistance filed by the Company with the Agency and an analysis of the costs and benefits of the proposed Facility.

Dated: December 5, 2014

TOWN OF HEMPSTEAD INDUSTRIAL  
DEVELOPMENT AGENCY

By: Frederick E. Parola  
Title: Executive Director  
and Chief Executive Officer

FORM OF NOTICE LETTER FOR DEVIATIONS FROM  
UNIFORM TAX EXEMPTION POLICY

December 4, 2015

Dr. William Heidenreich  
Superintendent of Schools  
Valley Stream Central HS District  
One Kent Road  
Valley Stream, NY 11580

Re: **Town of Hempstead Industrial Development Agency**  
**(Valley Stream Green Acres LLC Facility)**

Valley Stream Green Acres LLC, a limited liability company, organized and existing under the laws of the State of Delaware, on behalf of itself and/or the principals of Valley Stream Green Acres LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Company**”), has applied to the Agency to enter into a transaction in which the Agency will assist 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**”), the renovation, equipping and furnishing of an approximately 1,112,419 square foot building located thereon including, but not limited to, upgrading surface parking lot, replacing the roof, purchasing new CCTV security equipment, replacing exterior and interior lighting, redesigning facades and mall entrances, upgrading interior flooring, replacing the HVAC and installing new soft seating and food court furniture (the “**Equipment**” and “**Improvements**”; and together with the Land, the “**Facility**”), all to be leased by the Agency to the Company, for further sublease by the Company to individual tenants of the Facility and used by the Company as a retail destination mall. The Facility will be initially owned, operated and/or managed by the Company. In connection therewith, the Agency will acquire a leasehold interest in the Facility and will provide financial assistance to the Company in the form of exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing of the Facility, exemptions from sales and use taxes and abatement of real property taxes, consistent with the policies of the Agency.

The Company has requested that the Agency grant a payment in lieu of tax agreement (the “**PILOT Agreement**”), to provide additional financial assistance to the Company in the form of abatements of real property taxes for an initial term of ten (10) years, with a possible five (5) year extension at the discretion of the Agency if the Company achieves or exceeds certain employment numbers at the Facility, for a total term of up to fifteen (15) years following the completion of the acquisition, construction and equipping of the Facility. The requested financial assistance deviates from the Agency’s Uniform Tax Exemption Policy (the “**Policy**”) adopted on September 12, 2002, as amended on May 30, 2012, because the proposed PILOT Agreement will be for an initial term of ten (10) years with a provision to permit an extension of an additional five (5) years, subject to the Agency’s approval. In accordance with the Agency’s policy, the requested PILOT Agreement will set a fixed PILOT amount subject to annual escalations throughout the term of the PILOT Agreement. Copies of the proposed fifteen (15) year PILOT Schedule are available at the office of the Agency and will be available at the Public Hearing and Agency Board Meeting described below. The Agency proposes to deviate from the Policy because the Facility will provide jobs for the residents of the Town of Hempstead and the project would not be economically viable without a fifteen (15) year PILOT with fixed PILOT payments subject to periodic escalations.

The Agency will hold a public hearing (the “**Public Hearing**”) relating to the Facility on December 15, 2014 at 10:30 a.m., local time, at Valley Stream Village Hall, 123 South Central Avenue, Valley Stream, New York, in connection with the requested PILOT Deviation. Attached is a copy of the Notice of Public Hearing describing the project and the additional financial assistance requested by the Company as Exhibit A. The Notice of Public Hearing was published in Newsday on December 5, 2014.

The Board of the Agency will consider a resolution approving the financial assistance to be granted to the Company, including the fifteen (15) year PILOT Agreement, at the Agency’s Board Meeting (the “**Board Meeting**”) on December 17, 2014 at 11:00 a.m. local time, at 350 Front Street, 2<sup>nd</sup> Floor, Hempstead, New York 11550.

You and your representative are welcome to attend such Public Hearing on December 15, 2014 and/or the Agency’s Board Meeting on December 17, 2014 at which time you will have an opportunity, both orally and in writing, to present your views with respect to the requested financial benefits. We are providing this notice to you, pursuant to Sections 859-a and 874 of the New York General Municipal Law, as the chief executive officer of an affected tax jurisdiction within which the project is located.

Very truly yours,

TOWN OF HEMPSTEAD INDUSTRIAL  
DEVELOPMENT AGENCY

By: Frederick E. Parola  
Title: Executive Director and Chief  
Executive Officer



Analyze. Advise. Act.

99 Hudson Street, 3rd Floor, New York, NY 10013-2815  
T: 212-977-5597 | F: 212-977-6202 | [www.hraadvisors.com](http://www.hraadvisors.com)

## MEMORANDUM

To: Doug Morrow, Vice President, Development, Macerich

From: HR&A Advisors, Inc.

Date: August 15, 2014

Re: Economic impact analysis of Green Acres Commons

## SUMMARY

Macerich proposes to develop a 383,900 square foot, \$105 million retail center on a 20-acre site adjacent to the Green Acres Mall along Sunrise Highway in Nassau County, New York. The creation of a retail center, tentatively named Green Acres Commons, will transform a blighted property, currently home to an outdated and underperforming movie theater and parking lot, into a vibrant, modern shopping center.

In 2012, Macerich purchased the 1.2 million square foot Green Acres Mall. Macerich is an experienced owner and operator of 53 properties nationwide and more than 57 million leasable square feet. Macerich acquired the 20-acre site adjacent to Green Acres Mall in 2013, strengthening their presence in the Town of Hempstead. Macerich brings not only national tenant relationships, but also operational excellence demonstrated over their 40 year track record.

The existing movie theater on the proposed project site has been troubled with crime, flagging performance, and generates limited tax revenue. The redevelopment of the site into a shopping center will complement and enhance the profile of Sunrise Highway, an important Nassau County retail corridor. Macerich anticipates that Green Acres Commons will serve as a regional destination, as does Green Acres Mall. A recent survey found that 73 percent of shoppers to Green Acres Mall travel from outside Nassau County, as shown in Attachment A.

Macerich engaged HR&A to evaluate the economic and fiscal impacts of the Green Acres Commons project. Our analysis estimates that Green Acres Commons would have the following impacts:

### Economic Impacts in Nassau County

- \$110 million in economic activity during the construction period including direct, indirect, and induced impacts
- \$120 million in annual economic activity once operational, including direct, indirect, and induced impacts
- 475 direct and 225 indirect and induced full-time equivalent (FTE) job-years during construction

- 920 direct and 240 indirect and induced full-time equivalent (FTE) jobs during operations
- \$5.9 million in annual County sales tax once operational
- Nassau County real estate tax above and beyond the current real estate tax generated at the site, in accordance with an agreed upon PILOT schedule.

#### **Economic Impacts in the Town of Hempstead**

- \$98 million in economic activity construction activity including direct, indirect, and induced impacts
- \$101 million in annual economic activity including direct, indirect, and induced impacts
- 455 direct and 175 indirect and induced full-time equivalent (FTE) job-years during construction
- 835 direct and 180 indirect and induced full-time equivalent (FTE) jobs during operations

#### **MARKET SUPPORT**

A retail gap analysis demonstrates a significant opportunity to capture retail spending that is lost to areas outside the Town of Hempstead and Nassau County. As shown in Figure 1 below, retail spending potential exceeds current sales by \$500 million within the Town of Hempstead and by \$1.4 billion within Nassau County.

**Figure 1a - Nassau County Unmet Spending Potential**

	<b>Demand</b>	<b>Supply</b>	<b>Unmet Spending Potential</b>
	(Retail Potential)	(Retail Sales)	
Retail Trade	\$18,606,000,000	\$17,647,000,000	\$959,000,000
<u>Food &amp; Drink</u>	<u>\$2,059,000,000</u>	<u>\$1,648,000,000</u>	<u>\$411,000,000</u>
Total Retail Trade and Food & Drink	\$20,665,000,000	\$19,296,000,000	\$1,370,000,000

**Figure 1b - Town of Hempstead Unmet Spending Potential**

	<b>Demand</b>	<b>Supply</b>	<b>Unmet Spending Potential</b>
	(Retail Potential)	(Retail Sales)	
Retail Trade	\$9,346,000,000	\$9,032,000,000	\$314,000,000
<u>Food &amp; Drink</u>	<u>\$1,035,000,000</u>	<u>\$875,000,000</u>	<u>\$160,000,000</u>
Total Retail Trade and Food & Drink	\$10,381,000,000	\$9,906,000,000	\$474,000,000

Source: ESRI

Real estate performance data from CoStar indicates a significant undersupply of large shopping centers in Nassau County. The vacancy rate of large shopping centers (over 100,000 square feet) has ranged from two to three percent (representing minor, frictional vacancy) in recent years, even during the economic slowdown. This can be attributed to a lack of supply, with only three percent growth in inventory (435,000 square feet) from 2006 to 2013, according to CoStar, as shown in Figure 2.

**Figure 2 - Large Shopping Center (>100,000 SF) Market Conditions, Nassau County, 2006-2013**

	2006	2007	2008	2009	2010	2011	2012	2013
Vacancy	2.0%	1.5%	1.5%	3.0%	3.1%	3.0%	3.1%	2.7%
Inventory	15,214,609	15,308,249	15,335,456	15,417,077	15,417,077	15,417,077	15,475,264	15,649,824

Source: CoStar

### ECONOMIC IMPACTS

Green Acres Commons will be a \$105 million, 383,900 square foot retail center. Figure 3 presents a breakdown of the development costs. The \$105 million total development cost includes \$84 million for land acquisition, site work, vertical development costs, and soft costs and \$21 million in additional cost to build the full project. HR&A utilized \$78 million of the \$105 million project to estimate one-time economic impacts, excluding land cost and Macerich's internal/predevelopment costs.

**Figure 3 - Plaza at Green Acres, Development Costs**

Project Costs	Cost
Land	\$22,633,880
Site Work	\$13,693,284
Building	\$29,899,054
Soft Costs	\$2,267,628
<u>Tenant Improvements</u>	<u>\$15,000,000</u>
<b>Subtotal</b>	<b>\$83,493,846</b>
Additional Development Costs	\$21,506,154
<b>Total</b>	<b>\$105,000,000</b>

Source: Macerich, June 2014

Macerich plans to attract a mix of clothing, food & beverage, sporting good, furniture, and other tenants over a total leasable area of 335,000 square feet. These tenants are projected to generate \$154 million in annual sales as shown in Figure 4 below, which is used to estimate ongoing economic impacts.

**Figure 4 - Plaza at Green Acres, Projected Annual Sales**

<b>Retail Category</b>	<b>Leasable SF</b>	<b>Projected Sales</b>
Furniture and Home Furnishings	45,700	\$22,000,000
Food and Beverage	16,500	\$16,500,000
Food Services and Drinking Places	23,600	\$20,000,000
Clothing and Accessories	106,100	\$49,000,000
Sporting Goods, Hobby and Music	82,700	\$31,000,000
General Merchandise	26,200	\$12,000,000
<u>Fitness and Recreational Sports</u>	<u>34,100</u>	<u>\$3,000,000</u>
<b>Total</b>	<b>334,900</b>	<b>\$153,500,000</b>

*Source: Macerich, June 2014; HR&A Advisors*

HR&A employed the Impact analysis for PLANning (IMPLAN) input-output model for Nassau County and the constituent Town of Hempstead zip codes, created by MIG, Inc. (formerly Minnesota IMPLAN Group, Inc.), to analyze the project's economic impacts from both construction and operations. For each dollar of spending in the economy, IMPLAN traces the pattern of commodity purchases and sales between 440 industries within the specified geography. The IMPLAN model is used to conduct economic impact analyses by leading public and private sector organizations across the United States.

The analysis estimates economic output, job creation, and wages paid to employees at the following levels:

- *Direct impacts* resulting from project construction and operations spending
- *Indirect impacts* resulting from industry-to-industry transactions resulting from project construction and operations
- *Induced impacts* resulting from employee spending in the economy, including employees of directly and indirectly affected businesses



Figure 5a and Figure 5b present a summary of the projected economic impacts of Green Acres Commons to Nassau County and the Town of Hempstead economies.

**Figure 5a - Economic Impacts in Nassau County<sup>1,2</sup>**

<b>Economic Output</b>	<b>One-Time Construction</b>	<b>Annual Operations</b>
Direct	\$72,000,000	\$76,000,000
Indirect	\$13,000,000	\$24,000,000
<u>Induced</u>	<u>\$25,000,000</u>	<u>\$20,000,000</u>
<b>Total</b>	<b>\$110,000,000</b>	<b>\$120,000,000</b>

<b>Employment</b>		
Direct Jobs	475 Job Years	920 Jobs (FTE)
Indirect Jobs	75 Job Years	120 Jobs (FTE)
<u>Induced Jobs</u>	<u>150 Job Years</u>	<u>120 Jobs (FTE)</u>
<b>Total Jobs</b>	<b>700 Job Years</b>	<b>1,160 Job Years</b>
Total Compensation	\$49,000,000	\$39,000,000
Average Compensation	\$60,000	\$43,000

Source: IMPLAN, HR&A Advisors

**Figure 5b - Economic Impacts in the Town of Hempstead<sup>3</sup>**

<b>Economic Output</b>	<b>One-Time Construction</b>	<b>Annual Operations</b>
Direct	\$70,000,000	\$70,000,000
Indirect	\$10,000,000	\$17,000,000
<u>Induced</u>	<u>\$19,000,000</u>	<u>\$14,000,000</u>
<b>Total</b>	<b>\$99,000,000</b>	<b>\$101,000,000</b>

<b>Employment</b>		
Direct Jobs	455 Job Years	835 Jobs (FTE)
Indirect Jobs	55 Job Years	90 Jobs (FTE)
<u>Induced Jobs</u>	<u>120 Job Years</u>	<u>90 Jobs (FTE)</u>
<b>Total Jobs</b>	<b>630 Job Years</b>	<b>1,015 Job Years</b>
Total Compensation	\$46,000,000	\$33,000,000
Average Compensation	\$62,000	\$43,000

Source: IMPLAN, HR&A Advisors

<sup>1</sup> As noted in the Figure 5a, during the construction period, there are 700 annual FTE jobs created in Nassau County, or 740 full-time and part-time jobs. During the annual operations, there are 1,160 annual FTE jobs created in Nassau County, or 1,350 full-time and part-time jobs.

<sup>2</sup> A job year is the standard output for construction impacts in IMPLAN economic impact models. A job year is the equivalent of one year of work completed by one person at 2,080 hours per year.

<sup>3</sup> As noted in the Figure 5b, during the construction period, there are 630 annual FTE jobs created in the Town of Hempstead, or 665 total full-time and part-time jobs. During the annual operations, there are 1,015 annual FTE jobs created in the Town of Hempstead, or 1,180 full-time and part-time jobs.

## FISCAL IMPACTS

Sales at the project will generate sales tax revenue for Nassau County. HR&A assumes 90 percent of sales will be subject to sales tax at the 4.25 percent rate, as shown in Figure 6<sup>4</sup>. Grocery sales are not taxable in Nassau County. HR&A utilized US Census Bureau data to identify the portion of total sales that are grocery-related (ten percent).<sup>5</sup> As a result, the project will generate \$5.9 million annually in total sales tax to Nassau County.

**Figure 6 - Sales Tax in Nassau County**

<b>Retail Category</b>	<b>Annual Estimated Sales</b>	<b>% Non-Taxable</b>	<b>Annual Taxable Sales</b>	<b>Annual Sales Tax</b>
Furniture and Home Furnishings	\$22,000,000	0.6%	\$21,868,000	\$929,000
Food and Beverage	\$16,500,000	69.6%	\$5,016,000	\$213,000
Food Services and Drinking Places	\$20,000,000	0.0%	\$20,000,000	\$850,000
Clothing and Accessories	\$49,000,000	0.1%	\$48,951,000	\$2,080,000
Sporting Goods, Hobby and Music	\$31,000,000	1.3%	\$30,597,000	\$1,300,000
General Merchandise	\$12,000,000	19.9%	\$9,612,000	\$409,000
<u>Fitness and Recreational Sports</u>	<u>\$3,000,000</u>	4.8%	<u>\$2,856,000</u>	<u>\$121,000</u>
<b>Total</b>	<b>\$153,500,000</b>		<b>\$138,900,000</b>	<b>\$5,902,000</b>

Source: HR&A Advisors

The project will also generate real estate tax revenue to Nassau County and the Town of Hempstead above and beyond current real estate tax generated at the site, \$823,000 for Nassau County.<sup>6</sup> The revenue stream will be established in the PILOT schedule to be determined.

<sup>4</sup> Nassau County rate of 8.625% less NY State and MCTD portions of the tax at 4% and 0.375% respectively

<sup>5</sup> US Census Bureau, 2007 Economic Census

<sup>6</sup> 2013 Nassau County real estate taxes on lots 3,7,8, and an HR&A estimated of a share (1/6) of lot 15, in section 39, Block 553 of the 2013 Nassau County Tax Roll

## **ATTACHMENTS**

Attachment A: Green Acres Mall Shopper Survey

Attachment B: Project Economics

### **Attachment A**

A survey of shoppers to Green Acres Mall conducted by Macerich in October 2013 found that 73 percent of respondents travel to the mall from outside Nassau County, affirming Green Acres Mall is a destination draw.

#### **Green Acres Mall Survey of Sales and Traffic Origin, October 2013**

<b><u>Shopper Origin</u></b>	<b><u>Sales</u></b>	<b><u>Traffic</u></b>
Queens County	51%	54%
Kings County	5%	8%
Other	9%	7%
<u>International</u>	<u>6%</u>	<u>4%</u>
Outside Nassau County	73%	73%
Nassau County	27%	27%
Total	100%	100%

### Attachment B

The economics of development for Green Acres Commons are challenging. When assessing the returns of a potential development project, Macerich typically looks at unlevered return on cost, net of project incentives, with a focus on annual unlevered returns on cost over the early years following stabilization.<sup>7</sup> Current estimates for the \$105M project indicate a return on cost below typical retail development thresholds.

Consistent with investments across their portfolio, Macerich typically invests in projects that yield a return on cost of at least 10 percent to 11 percent. As a national retail company, Macerich decides amongst a wide range of investments and all projects compete for capital. As a public company they are obligated to provide adequate returns to their shareholders. Given the unique co-location opportunity adjacent to the Green Acres Mall, Macerich is looking to achieve a minimum threshold of a first-year unlevered return on cost of 11 percent; however, the current project delivers a return of 7 to 7.5 percent, as shown below. A PILOT that reduces real estate tax payments will help to both bring this project to a market feasible return and meet the Macerich Board's threshold for investment.

Green Acres Commons Total Development Cost	\$105,000,000
<u>2018 Net Operating Income</u>	<u>\$7,500,000</u>
Return on Costs	7.1%

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<sup>7</sup> Macerich focuses on unlevered return on cost to evaluate project feasibility because it has the ability to finance projects entirely on its balance sheet; though it may take advantage of private capital should terms be attractive at the time of project financing. Macerich's ability to finance projects entirely on its balance sheet brings additional security in project execution as it is not reliant upon the state of capital markets at the time of project financing.