

**TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY  
BOARD MEETING AGENDA**

**March 29, 2016, 9:00 a.m.**

**Regular Meeting**

350 Front Street, IDA Conference Room, Hempstead, N.Y.

**NEW BUSINESS - Applications, Transaction Resolutions and Presentations:**

- Presentation and Consideration of an Inducement Resolution for Engel Burman at Garden City LLC 9:15 a.m.
- Consideration of a Tenant Consent for Chicken Now at Valley Stream Green Acres
- Consideration of a Mortgage Consent for 1951 Realty/Jonathan Arnold

**NEW BUSINESS - Other:**

- Executive Directors Report
- Compliance Review 2015, PILOT Analysis and Employment Shortfalls
- Consideration of a Resolution to renew the Agency's membership with the LIA
- Consideration of a Resolution for the LIBDC Luncheon meeting April 4, 2016
- Consideration and adoption of 2015 Mission Statement and Measurement Report
- Consideration and adoption of the Agency's Investment Policy and Guidelines
- Consideration and adoption of the Agency's Standard Project Procedures
- Consideration of and adoption of the Agency's Operations and Accomplishments for 2015
- Consideration and adoption of Assessment of Internal Controls
- Consideration and adoption of the Purchasing Guidelines
- Consideration and adoption of the Property Disposition Policy
- Consideration and adoption of a Resolution appointing the Compliance/Contracting Officer
- Consideration and adoption of the Code of Ethics
- Consideration and Adoption of an amended Inter-municipal Agreement between the IDA and LDC
- Consideration of a Resolution authorizing the Agency's members to participate in the NYS EDC Annual Meeting in Cooperstown

**OLD BUSINESS:**

- Update Circulo de la Hispanidad
- Update Shor Yoshuv
- Discussion of International Shoppes project

READING AND APPROVAL OF MINUTES OF PREVIOUS MEETING:

- Consideration and Adoption of the Minutes of February 24, 2016

REPORT OF THE TREASURER:

- Financial Statements and Expenditure List —February 18 – March 22, 2016
- Consideration and Adoption of 2015 Audited Financial Statements
- Consideration and Adoption of 2015 Annual Financial Statement

EXECUTIVE SESSION:

ADJOURNMENT:

Chairman Approval: 3/18/16

*PROJECT ABSTRACT*  
*TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT*  
*AGENCY*

**Engel Burman at Garden City, LLC**  
**Project:**

Application Date: 2/22/16

Contact: Steven Krieger

Applicant Name and Address:

67 Clinton Rd.  
Garden City, New York 11530

Project Address:

1 MH Plaza, Axinn Avenue  
Garden City, New York 11530

Project: The applicant is seeking to demolish the current building located at 1 MH Plaza Axinn Ave. and construct an approximately 130,000 sq foot assisted living residential facility on approx. 4.07 acres with approximately 150 apartment units, approx. 40 which will be designated for occupants who are suffering from the onset of dementia and other conditions of severe memory loss. The project will consist of one, five to six story building.

Project Costs:

Approximate Amount: \$ 60,000,000.00

Land:	\$10,000,000.00
Sitework:	\$2,000,000.00
Building:	\$35,613,000.00
Machinery & Equipment:	\$600,000.00
Legal Fees:	\$200,000.00
Architectural/Engineering Fees:	\$1,400,00.00
Financial Charges:	\$3,000,000.00
Other (Permit Fees, Taxes and Developer Fee):	\$7,000,000.00
IDA Fee:	\$187,000.00

Employment:

Full and Part Time

Present	0	0
1 <sup>st</sup> Year	40	0
2 <sup>nd</sup> Year	55	0

Employment Creation of new 55 FTE positions by year 2

Benefits Seeking 15 Year PILOT, Sales Tax Exemption, MRT (Bonds)

Recommendation: 10 Year PILOT, Sales Tax Exemption, MRT (Bonds)

Benefit Analysis:

Sales Tax Exemption Renovation, Furnishing and Fixture:

\$600,000.00 x 8.625% = \$ 51,750.00

Current Tax Information:

Section: 44, Block: 73, Lots: 54

Parcels: 1

SD- 652

2016

Total Assessed Value: \$ 41,135.00

Total Market Value: \$ 4,113,500.00

Total Current Taxes:

General 2016: \$ 111,401.80

School 2015/2016: \$ 183,671.89

Village: N/A

Total Tax: \$ 295,073.69

(Waiting for Land Only Letter)

RESOLUTION

TOWN OF HEMPSTEAD  
INDUSTRIAL DEVELOPMENT AGENCY

LONG ISLAND ASSOCIATION  
MEMBERSHIP 2016

WHEREAS, the Town of Hempstead Industrial Development Agency endeavors to support business and community activities; and

WHEREAS, the Town of Hempstead Industrial Development Agency encourages its members and staff to interface with the business community; and

WHEREAS, the Agency seeks to promote the sharing and exchanging of information with other influential business leaders, bankers and real estate brokers in the Town of Hempstead and around Long Island and;

NOW, THEREFORE, BE IT

RESOLVED, that the Town of Hempstead Industrial Development Agency authorizes payment for the renewal of their membership to the Long Island Association, 300 Broadhollow Road, Suite 110W, Melville, New York, in an amount not to exceed \$400.00 and subject to the filing and approval of the necessary documentation, for the purpose of a 2016 membership expiring March 31<sup>st</sup> of 2017.

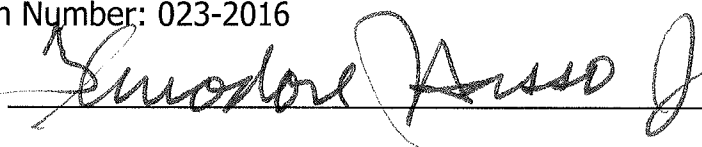
Adopted: March 29, 2016

(ayes) 6

(nays) 0

Resolution Number: 023-2016

Chairman



Emorye Russo

Approved as to available funds:

\_\_\_\_\_

Budget Line: Dues and Subscriptions

RESOLUTION  
TOWN OF HEMPSTEAD  
INDUSTRIAL DEVELOPMENT AGENCY  
NEW YORK STATE ECONOMIC DEVELOPMENT COUNCIL  
Otesaga Hotel  
Annual Meeting 2016  
Cooperstown, New York

WHEREAS, the Town of Hempstead Industrial Development Agency endeavors to continue to support business leaders and related activities to promote the Agency; and

WHEREAS, the Town of Hempstead Industrial Development Agency encourages it's board members and staff to interface with business leaders and the business community; and

WHEREAS, the Agency has in the past supported the efforts of the New York State Economic Development Council to promote the sharing and exchanging of information with other influential business leaders, bankers and real estate brokers, etc.;

NOW, THEREFORE, BE IT

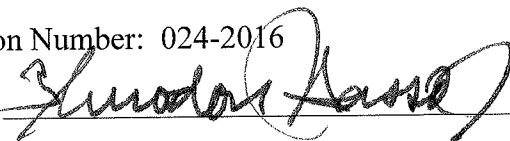
RESOLVED, that the Town of Hempstead IDA authorizes payment to New York State Economic Development Council, 111 Washington Street, Albany, New York and Otesaga Hotel, Lake Avenue, Cooperstown, New York , for attendance and participation at the NYS EDC Annual Meeting 2016, May 25-27, 2016 for an amount not to exceed \$1,1,00.00, per attendee, subject to the filing and approval of the appropriate documentation.

Adopted: March 29, 2016

(ayes) 6  
(nays) 0

Resolution Number: 024-2016

Chairman: \_\_\_\_\_



RESOLUTION

TOWN OF HEMPSTEAD  
INDUSTRIAL DEVELOPMENT AGENCY

IDA HOSTING LIBDC RECEPTION  
AND LUNCHEON MEETING IN 2016

WHEREAS, THE Town of Hempstead Industrial Development Agency endeavors to continue to support the business community within the Town of Hempstead and on Long Island and;

WHEREAS, the Agency has in the past supported the Long Island Business Development Council through the hosting of a luncheon meeting and;

WHEREAS, the Agency will enter into an agreement with the LIBDC to host a luncheon meeting on April 4, 2016 at Chateau Briand, Old Country Road, Carle Place, New York.

NOW, THEREFORE, BE IT

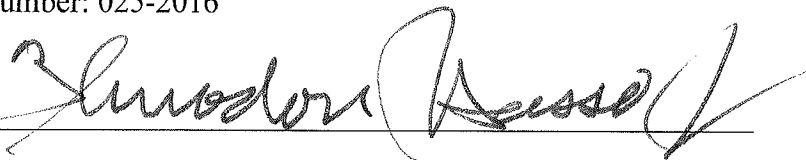
RESOLVED, the Agency approves the expenditure for an amount not to exceed \$2,500.00 to be paid to the LIBDC, PO Box 7609, Wantagh, New York, for the Luncheon meeting April 4, 2016.

Adopted: March 29, 2016

(ayes) 6  
(nays) 0

Resolution Number: 025-2016

Chairman: \_\_\_\_\_



# **Town of Hempstead Industrial Development Agency**

## **Mission Statement and Performance Measurements**

### **2015 Review**

Name of Public Authority: Town of Hempstead Industrial Development Agency

Mission Statement: Pursuant to the General Municipal Law of the State of New York the Town of Hempstead Industrial Development Agency ("Agency" or "IDA") was established under the laws of New York State to promote economic development and employment opportunities within the Town of Hempstead.

The Agency is a non-profit, quasi-governmental authority that functions in the public interest. The seven-member board over its 19 years of existence and through its enacted policies and procedures has operated with transparency and openness. The Agency has, and will, continue to advance its statutory mandate to encourage economic growth and business activity, while preserving the best interests of the Town of Hempstead and its residents.

This aggressive outreach is achieved through the Agency's online site and involvement by staff and board members with the business community at seminars and events. The board has approved annual advertising with a number of outlets including on Bloomberg Radio, which specifically addresses the business community.

The IDA believes that the most effective means to achieve its goals and reach its public purpose is to publicize the incentives that the agency provides. The key incentives include property tax relief, exemption from sales taxes and waivers of the mortgage recording tax.

Board members are actively involved in the development of our mission and in the ongoing evaluation of how well the agency is meeting its goals. During the year, the staff and board members discuss the contacts and proposed developments that have come to the IDA as well as the status of projects and the nature of what brought them to us. Discussions further involve how well we are meeting the needs of those who contact the Agency and the key role that our incentives play in this regard.

#### List of Performance Goals:

- Full compliance with all state disclosure requirements
- Annual analysis of the jobs created and economic activity generated through its projects by board members and staff to determine if the agency's mission statement is being realized
- Transparency of all operations
- Strict adherence by management of all internal controls
- Outreach to business community and public, in general, to make them aware of the IDA's existence and the benefits that the agency can provide



- Ongoing update of the internet as well as the advertising program to best ensure that outreach is full realized
  - Ensure interaction and outreach to elected officials in jurisdictions affected by the town IDA
1. Have the board members acknowledged that they have read and understood the mission of the public authority: Yes and more over each Board member is highly engaged in the authority and its mission to enhance economic development and job growth.
  2. Who has the power to appoint the management of public authority? The seven member board of directors appoint the management of the IDA
  3. If the Board appoints management, do you have a policy you follow when appointing the management of the public authority? There are five staff members currently . Each position requires a degree of expertise and specific qualifications for each title that the board and existing staff management have defined.
  4. Briefly describe the role of the Board and the role of management in the implementation of the mission. Members of the board were actively involved in the development and implementation of the mission. Prior to its adoption, the mission statement was reviewed by board members and staff, reviewed and discussed by the full board and staff. Pursuant to the New York State's Public Authorities Accountability Act of 2005, ("the Act") the day-to-day operation of the Agency is the specific obligation of its staff.

The "Act" reposes in the IDA Board of Directors direct oversight and control over the management staff. Thus, the board members are required to review and monitor financial and management controls and the operational activities of the IDA. The Board sets policy through its approval of resolutions and the projects that it induces to receive IDA benefits. Specifically, the Board members review and monitor the implementation of fundamental financial and management controls it establishes and enacts time and attendance rules and policies for staff salaries. The IDA Board is responsible for the adoption of the Code of Ethics that governs the activities of all members of the IDA, procedures and policies to protect employees from retaliation, and an indemnification policy covering all staff and board members. These have been in place for many years.

The Agency has established an independent Audit Committee, which has the responsibility to oversee all financial operations, as well as all reports and governmental disclosures prepared by the IDA. This Committee interacts with Sheehan and Company, the independent CPA firm that both conducts the annual audit and reviews all financial activities and transactions of the Agency on an ongoing basis throughout the year. The committee continually examines and revises the internal controls that are in place at the Agency to ensure not only that all operations are conducted pursuant to the highest ethical standards, but also that any conflicts of interest are avoided.

The Agency's Governance Committee seeks to ensure that the Agency follows and adopts best practices with respect to all IDA procedures, operations and policies. The

Committee members are attentive to government reforms and new initiatives adopted in both the public and private sectors to ensure that the IDA is both aware of such measures and adopts the most effective and efficient methodologies for the conduct of all Agency affairs.

5. Has the board acknowledged that they have read and understood the responses to each of these questions? Yes, each board member provided input into the development of the mission statement as well as the policies and performance goals of the Agency. At board meetings, there is discussion as to the progress of the Agency in meeting its performance goals, as well as a review of our performance policies and fulfillment of the mission statement.

Resolution: 012-2016

Adopted: March 29, 2016

Ayes 6  
Nays 0

Chairman:

A handwritten signature in dark ink, appearing to read "Linoel Russo", is written over a horizontal line that follows the "Chairman:" label.

***INVESTMENT POLICY & GUIDELINES***  
***TOWN OF HEMPSTEAD***  
***INDUSTRIAL DEVELOPMENT AGENCY***  
***(2016)***

**SCOPE**

This investment policy applies to all moneys and other financial resources of the IDA available for investment.

**OBJECTIVES**

The primary objectives of the Town of Hempstead Industrial Development Agency's (hereafter TOHIDA) investment policies are:

- To conform with all applicable federal, state, town and other legal requirements (legal)
- To adequately safeguard principal (safety)
- To provide sufficient liquidity to meet all operating requirements (liquidity)
- To obtain a reasonable rate of return (yield)

**DELEGATION OF AUTHORITY**

The TOHIDA board's responsibility for administration of the investment program is delegated to the Executive Director pursuant to resolution by the board. The Executive Director, with the assistance of the Investment Committee, establishes written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a database or records incorporating description and amounts of investments, transaction dates and other relevant information and to regulate the activities of subordinate employees.

**PRUDENCE**

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the TOHIDA to operate effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions

### DIVERSIFICATION

It is the policy of the TOHIDA to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

### INTERNAL CONTROLS

Subject to Investment Committee and Board approval, The Executive Director is responsible for establishing and maintaining an internal control structure to provide reasonable assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with the board's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

### DESIGNATION OF DEPOSITORIES

All banks and trust companies authorized for the deposit of monies by the Town of Hempstead.

### COLLATERALIZING OF DEPOSITS

In accordance with the provisions of General Municipal Law, §10, all deposits of TOHIDA, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

1. By a pledge of "eligible securities" with an aggregate "market value", or provided by General Municipal Law, §10, equal to a 105% of the aggregate amount of deposits.
2. By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with the deposits in favor of the TOHIDA for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.
3. By an eligible surety bond payable to the TOHIDA for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State whose claims – paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.
4. In lieu of, or in addition to, the deposit of eligible securities, the officers making a deposit may, in the case of an irrevocable letter of credit issued in favor of the local government by a federal home loan bank whose commercial papers and other unsecured short-term debt obligations are rated in the highest rating category by a least one nationally recognized statistical rating organization, accept such letter of credit payable to such local government as security for the payment of 100% of the

aggregate amount of public deposits from such officers and the agreed upon interest, if any.

#### SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by (the depository and/or a third party) bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure TOHIDA deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events, which will enable the TOHIDA to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the TOHIDA, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the TOHIDA or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the TOHIDA, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the TOHIDA a perfected interest in the securities.

#### PERMITTED INVESTMENTS

As authorized by General Municipal Law, §11, the TOHIDA shall authorize the Executive Director to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts
- Certificates of deposit
- Obligations of the United States of America
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America
- Obligations of the State of New York

Resolution #013-2016  
Adopted: 3/29/16  
Aye: 6  
Nay: 0

  
Chairman

# **Standard Project Procedures**

## **TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY**

1. Applications for new project, together with an Environmental Assessment Form, application fee a cost benefit analysis, a detailed breakdown of project costs and a narrative description of the project, must be submitted to the Agency no later than the Monday of the week before the Agency's Board meeting. Incomplete Applications will not be accepted and will not be placed on Agenda for consideration.
2. The attorney or law firm listed in the application as the applicant's attorney in connection with the HIDA financing will be expected to give the usual and customary opinions of borrowers Counsel in such IDA financing including, without limitation, zoning, site plan, public approvals, opinions and SEQR compliance opinions. If such attorneys are not willing or able to give such opinion, the applicant must engage competent and experienced counsel, satisfactory to HIDA, to render such opinions.
3. An application fee of \$1,500.00 will be required upon submission of application package.
4. The Agency will not move ahead of other governmental authorities until all necessary permits, variances, governmental approvals and site plans have been approved, and copies of such approvals have been submitted to the Agency. The Agency may induce a project prior to the Applicant receiving all necessary permits, variances, governmental approvals and site plans if the inducement resolution states that any final authorization of the project or the issuance Bonds will be subject to the Applicant having obtained all such necessary permits, variances, governmental approvals and site plans. The Agency will not hold a public hearing until all approvals have been granted and copies of the approvals received by the IDA.
5. The Agency reserves the right to request a copy of an appraisal by a licensed appraiser selected by the Agency prior to inducing a project or prior to granting final approval of a project.
6. The Agency reserves the right to request the status of any and all tax certiorari cases prior to inducing a project.
7. The Agency will not consider an inducement resolution for a project until the IDA completes a Cost Benefit Analysis and the Agency's Bond Counsel completes a SEQR review and the Agency is in a position to adopt a negative declaration with respect to SEQR. The Agency will not adopt preliminary inducement resolutions before SEQR is completed, except for (i) instances where a Lead Agency for SEQR has already been appointed and the adoption of a preliminary resolution is necessary for the Agency to be included in a coordinated SEQR review, or (ii) when a preliminary inducement resolution is required under the Internal Revenue Code (the "Code") for the issuance of tax-exempt bonds.
8. Enhanced benefits are based on policies set forth in the Agency's Uniform Tax Exemption Policy. Any PILOT Agreement, which provides for enhanced benefit shall include provisions for recapture or adjustment of benefits if a material change occurs (as defined in the PILOT agreement).
9. Prior to adopting a final authorizing resolution approving any transaction and the granting of economic benefits in connection therewith and the issuance of Bonds, the Agency shall hold a public hearing as required by the IDA Act and the Code. A stenographer will record the minutes and furnish them to the IDA to become part of the official record. The Executive Director and the Deputy Executive Director are hereby directed to publish public notices in a newspaper of general circulation in the Town of Hempstead. The Executive Director and the Deputy Executive Director are hereby authorized to pay the costs of such publication without the need of any further

approvals by this Board. The Executive Director and the Deputy Executive Director are further directed and authorized to mail notice of such public hearing to each affected tax jurisdiction as required by the IDA Act. Public Notices of Public Hearings shall be published after the Agency has adopted an inducement resolution for a project; provided, however, if in order to coordinate the 14-day public notice requirement under the IDA Act with the Agency's meeting schedule it is necessary to publish a public notice prior to inducement, then the Chairman or the Executive Director, upon consultation with Counsel to the Agency and Bond Counsel, may publish a public notice for such transaction.

10. The Agency will require a copy of an executed commitment agreement between the Applicant and the lender, a title report, a survey certified to the Agency, a Phase I Environmental Audit, certified copies of organizational documents of the applicant and if applicable a Phase II Environmental Audit, before a closing date can be scheduled.
11. All Applicants will require permission by the Agency in order to sublease any space within the Facility, subject to the applicable Agency fees.
12. Assignments must include the actual PILOT Schedule to be filed with the taxing jurisdictions.
13. The Agency will require a written agreement by the Applicant to remain within the Town of Hempstead for specified time frame and such agreement will state the number of jobs to be created or retained by the Applicant.
14. Use of the Sales Tax Exemption beyond the expiration date will require approval of the board. Extension of sales tax benefits will require a fee payable to the Agency.
15. Yearly compliance affidavits will be required by the Agency at the end of the calendar year. All projects will be required to provide certificates of insurance, no pending litigation certificates and annual audited or reviewed financial statements at the end of the fiscal year until the project terminates. An initial compliance fee will be required at the closing of each transaction. An annual compliance fee will be required each year thereafter for the life of the project. Upon the termination of the project, a termination fee will be required.
16. All projects must submit their ST-60's to the Agency for all contractors within 30 days of their appointment. The Agency shall report any failure by the applicant or any of its contractors to comply with this requirement to the New York Department of Taxation.
17. The Agency shall deliver all sales tax letters at the closing. Provided, however, if the Agency determines the sales tax letter should be delivered prior to closing but after the sales tax exemption has been approved by the Board following the Public Hearing for certain projects that establish a basis for such early sales tax letter, there will be stated in the sales tax letter an outside date to close the transaction. The sales tax letter will also include the stipulation that if the Applicant does not adhere to the guidelines specified within the sales tax letter, the Applicant will be reported to the New York State Department of Taxation and Finance by the Agency. The sales tax letter will also be revoked retroactively to the date of issuance if the transaction is not closed. The Agency will charge 50% of its fee for the project at the time the sales tax letter is delivered. Such fee will be non-refundable. Each sales tax letter shall state that it shall expire on the earlier of the completion of the Project or a specified date. In addition, sales tax letters for straight lease transactions shall also state that the sales tax exemption shall expire on the date that the Applicant has incurred a specific dollar amount of sales tax exemptions.
18. The Agency shall be furnished with copies of all instruments or agreements that are recorded with the County Clerk. The Title Company shall personally deliver to the County Clerk all documents

for recording. At that time the Title Company shall obtain a date stamped receipt from the County Clerk's Office for the filing, a copy of which shall be furnished to the Agency.

19. The Staff of the Agency shall circulate to all Board members, with copies to Agency Counsel and Bond Counsel, a draft Agenda, as approved by the Chairman, one week prior to the Agency's Board meeting. The Staff shall circulate a final Agenda no later than the end of business two days before a Board meeting. Copies of all resolutions to be adopted by the Board shall be attached to the final Agenda unless they were attached to the draft Agenda. The Board in its sole discretion may, but is not required to, consider matters brought to its attention at a meeting which were not included on the Final Agenda.
20. The Agenda for Board meetings shall follow the following format:
  - I. New Business/Transaction Resolutions, Applications and Presentations
  - II. New Business
  - III. Reading of the Minutes
  - IV. Old Business
  - V. Treasurer's Report
  - VI. Committee Reports
  - VII. Executive Session
  - VIII. Unfinished Business
  - IX. Adjournment
21. Except when it is necessary for the Board to go into an Executive Session, all meetings of the Board of the Agency shall be conducted in compliance with the New York State Open Meetings Law and shall be open to the Public.
22. No documents will be released until the Agency is paid in full.
23. The Board in its sole discretion may waive any of these procedures as may be necessary.

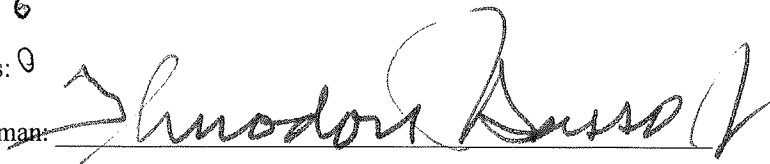
Resolution: 014-2016

Adopted: March 29, 2016

Ayes: 6

Nayes: 0

Chairman:





## Operations and Accomplishments Town of Hempstead Industrial Development Agency 2015

The Town of Hempstead IDA closed six projects during 2015. A number of proposals were filed with the Agency so while these did not close in this past year, the pending applications promise an active 2016.

One of the most exciting developments in which the Town of Hempstead IDA played an instrumental role was the rehabilitation, as well as the expansion, of the Green Acres Mall.

This major retail facility serving the western end of the county was in need of attention. The Macerich Company undertook the task.

A major initiative at the Mall commits \$46.2 million of capital improvements. The renovation includes the redesign of facades and mall entrances, new security and lighting, lot repaving, new roofs, new flooring and new elevators and escalators. Total project costs are expected to rise to \$79 million when the project is completed in fifteen years.

The Macerich Company is further acquiring 22.3 acres to construct a 220,600 square foot two story retail building with up to seven new pods for approximately 163,300 square feet for a combined total of 383,900 square feet of space. The total project amount is \$83.733 million.

Both of these project, although designated as "retail" qualify for IDA benefits as "tourist destinations" attracting much of its business outside of Nassau County.

Gabrielli Inwood, LLC received benefits to assist the company in acquiring and renovating an existing 10,000 square foot building. The business will use the space to expand its warranty and repair work of vehicles. The total project amount was \$3,690 million.

A manufacturing business, Columbia Equipment, LLC, located in Freeport, expanded its operations that consist of the construction of bus shelters.

The facility consists of two adjacent industrial buildings with a combined square footage of 316,820 and a total site area of 45,995 square feet. Total project costs were \$1,450 million.

Renovation of 990 Stewart Avenue in Garden City was made possible through IDA involvement. The six-story, 208,000 square foot building, lying on 4.87 acres is being upgraded with the lobby and common areas, restrooms and elevators receiving

attention. The project will further rehabilitate the parking deck and improve the site's aesthetic appeal through landscaping upgrades. Total project costs amounted to \$5.035 million.

Housing needs were addressed through Avalon Bay Communities Inc. The developers plan to construct 165 units of multi-family residences in Rockville Centre. The project calls for 53 studios, 46 one bedroom units, 36 two bedroom and 15 three bedroom units. Construction of the 251,827 square foot project cost \$51.576 million.

In this uncertain economic climate businesses remain leery to engage in major expansions. Economic activity continues to favor improvements to existing facilities.

The six developments that closed in 2015 realized total project costs of approximately \$224,550 million.

In the face of such realities, the Town of Hempstead IDA continues to aggressively advertise its message through various events and media including Bloomberg Radio which caters to the business and professional community.

The Town IDA currently oversees 83 projects and has retained and created, through its incentives, more than 11,000 permanent employment positions to the benefit of our economy.

Resolution: 015-2016

Adopted: March 29, 2016

AYES 6  
NAYS 0

  
Chairman

# TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY ASSESSMENT OF EFFECTIVENESS OF INTERNAL CONTROL STRUCTURE AND PROCEDURES (2016)

## **A. Mission & IDA's Major Business Functions:**

The mission of the Town of Hempstead IDA is to grow business and enhance job creation within its jurisdiction. The IDA seeks to accomplish these goals through the incentives authorized by the General Municipal Law and the IDA Act. These include property tax abatement through "Payments in Lieu of Taxes" (PILOTS) as well as exemption from both sales and use taxes to a project's construction and development costs and waiver the New York State Mortgage Recording Tax.

The IDA can provide assistance in both "straight lease" transactions with conventional financing or through bonds. IDA involvement in a project enhances the economic health of a wide range of private sector institutions beyond the benefits extended to the particular applicants. These include the financial sector, construction industry, employment with jobs of every categorization and the impact that such economic activity has on businesses.

## **B. Risks Associated with Agency's Operations:**

In any business where revenues are generated and payments made, there is an opportunity for fraud or theft.

The revenues generated by the transactions undertaken by the IDA are safeguarded through stringent agency controls. The Agency Administrator handles these finances in terms of checking and bank accounts. The CEO reviews and oversees such administrative operations independently. Resolutions for payment authorization are created by the CFO.

The purchase of any service is approved by the CFO who prepares a Resolution for consideration by the IDA Board. The Chairman of the Finance Committee, who is a member of the board, independently reviews all such financial activities.

Every transaction is considered as a high risk and receives such heightened procedural controls to prevent both the potential for abuse or lax treatment.

Ongoing discussions with the agency's auditors, who diligently question and scrutinize internal controls, reinforces the agency's preoccupation with functional risks.

### **C. Internal Control Systems In Place:**

The internal controls structure and procedures of the Town of Hempstead IDA are reviewed by the staff as well as by our independent accountants annually. These controls are adopted by both the committee and full board.

The Agency's established internal controls and procedures are the result of extensive discussions and review by our outside independent accountants who present a detailed questionnaire that addresses every aspect of IDA operations. Each of the IDA staff members and the Chairman of our Investment and Audit Committees respond to the inquiries by our accountants who then independently evaluate our operation and comment upon it in the annual report.

As part of its ongoing self-analysis of its operations, the IDA staff re-evaluate internal control procedures to ensure that a clear delineation of responsibilities were incorporated into all operations. These discussions and findings were reviewed by both board members and the IDA's independent auditors. For example, IDA monies are placed in various financial institutions in collateralized CD accounts. The administration of that cash and all check writing is the responsibility of the Agency Administrator. The CEO independently reviews all assets at financial institutions to insure that the accounts square with the office accounts. On an ongoing basis, the CEO reviews bank submissions to make sure that the collateral pledged to secure IDA deposits provides adequate security.

Furthermore, the staff discusses financial operations on a weekly, if not, on a more frequent basis. All expenditures are submitted by staff to the board for approval by resolution. Low cost purchases are itemized and these items, which normally include supplies (pens, paper, water cooler), are paid by check as well as pursuant to a standing resolution approved by the board. The CEO reviews all such payments made by the Agency Administrator.

The staff constantly updates the projected revenues and expenditures as well as the overall budget to ensure that the filings are consistent with the projections made prior to the fiscal year.

The Investment Chairman of the IDA Board is provided with all financial claims, payments and budget updates on a regular basis. The Investment Committee and each of the IDA Board members are presented with all such budgetary materials prior to each of its monthly meetings. Minor expenditures are explained pursuant to the standing resolution and specific expenditures are each approved by the board by resolution.

Any and all purchases of services and larger items are conducted pursuant to the IDA's Purchasing/Procurement Policy and Guidelines.

The Investment Policy is conducted pursuant to the resolutions enacted by our board and the laws of New York State that regulate governmental authorities and municipalities. Income generated is invested solely in prudent institutions, which are commercial banks, presently, that

offer the highest rate of return. Hence, such assets are fully protected against loss and constitute what can only be categorized as the lowest level of risk. The CEO periodically updates the rates offered by each of the commercial banks to guarantee the highest rate of return. Principal is reinvested periodically to reflect such fluctuation in the rates.

**D. Extent To Which The Internal Control System Is Effective:**

The division of responsibilities and the independent review, set forth in the Agency's procedures over its operation, create a multi-leveled structure that virtually precludes abuse and ensures the timely and quick exposure of any indiscretion.

Supporting this observation as to the excellence of the agency's internal control is the review completed by the Agency's outside accountants who question each employee as to the nature and effectiveness of the internal controls in place. Each employee justifies before the independent accountant, the manner in which the stated procedures and controls actually function. (See document from Sheehan & Company).

**E. Corrective Action:**

Any inappropriate action discovered within the agency operations is referred to the Agency's independent counsel for review and recommended action by the IDA Board.

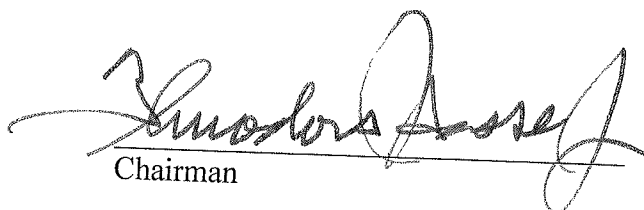
The Agency's Code of Conduct and Ethics determine the course to be adopted from internal discipline for minor infractions to referral to the District Attorney in the event of criminal activity.

Resolution #018-2016

Adopted:

Aye: 6

Nay: 0

  
Chairman

**PURCHASING GUIDELINES OF THE  
TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY**

The Agency shall make no purchases of supplies, equipment or materials nor shall the Agency contract for the purchase of supplies, equipment or materials except as follows:

- a. When the cost of the supply, equipment, services or material involved should reasonably be expected to cost in excess of ten thousand dollars (\$10,000), the item to be purchased shall be formally bid and the purchase made from the lowest responsible bidder.
- b. When the cost of the supply, equipment, services or material involved should reasonably be expected to cost in excess of three thousand dollars (\$3,000) but not more than ten thousand dollars (\$10,000), written price quotations shall be obtained from not fewer than three (3) vendors and the purchase made after all such quotations are evaluated by the Agency.
- c. When the cost of the supply, equipment, services or material involved should reasonably be expected to cost in excess of one thousand dollars (\$1,000) but not more than three thousand dollars (\$3,000), written price quotations shall be obtained from not fewer than two (2) vendors and the purchase made after all such quotations are evaluated by the Agency.
- d. When the cost of the supply, equipment, services or material involved should reasonably be expected to cost in excess of two hundred fifty dollars (\$250) but not more than one thousand dollars (\$1,000), oral price quotations shall be obtained from not fewer than two vendors (2) and the purchase made after all such quotations are evaluated by the Agency.
- e. No solicitation of price quotations shall be required in the following instances:
  - e-1. when the cost of the supply, equipment or material involved is two hundred fifty dollars (\$250) or less,
  - e-2. when the purchase is of professional services,
  - e-3. when the purchase is necessitated by a *bona fide* emergency, which emergency is described in writing by the Agency member or employee declaring same, ratified by telephone by not fewer than a majority of members and ratified by resolution at the next meeting of the Agency,
  - e-4. when the supply, equipment or material sought to be purchased is available only through a single source,

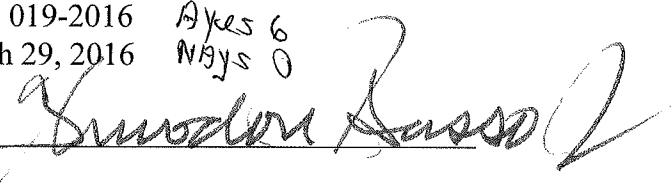
e-5. when the supply, equipment or material is being purchased from a correctional facility, another governmental Agency or an Agency serving the blind or severely handicapped, or at auction, or

e-6. when the supply, equipment or material is being purchased under a town, county or state contract.

As used in section e-3 hereof, the term "majority of members" shall mean a number of members equal to more than fifty percent (50%) of the difference between seven (7) and the number of IDA memberships, which are vacant at the time of the vote.

Resolution: 019-2016    Ayes 6  
Date: March 29, 2016    Nays 0

Chairman:

A handwritten signature in dark ink, appearing to read "Simon Rasso", is written over a horizontal line. The signature is fluid and cursive, with a large, sweeping flourish at the end.

## **Town of Hempstead Industrial Development Agency**

### **Property Disposition Policy**

In keeping with the policy of maintaining the highest standards of conduct and ethics and of operating in the most accountable and open manner, the Town of Hempstead Industrial Development Agency (the "Agency") will maintain adequate inventory controls and accountability systems for all Property (as such term is defined below) under its control. Furthermore, the Agency will Dispose (as such term is defined below) of Property in compliance with any applicable Law, Rule or Regulation (as such term is defined below). Failure to follow the provisions of this Property Disposition Policy will result in disciplinary action including possible termination of employment, dismissal from one's board or agent duties and possible civil or criminal prosecution if warranted.

#### **Definitions**

Contracting Officer shall mean the Deputy Executive Director/Chief Financial Officer of the Agency.

Dispose, Disposed or Disposal shall mean the transfer of title or any other beneficial interest in personal or real property in accordance with Section 2897 of the New York Public Authorities Law.

Law, Rule or Regulation: Any duly enacted statute, or ordinance or any rule or regulation promulgated pursuant to any federal, state or local statute or ordinance.

Property shall mean (a) personal property in excess of five thousand dollars (\$5,000.00) in value, (b) real property, and (c) any inchoate or other interest in such property, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party.

#### **Operative Policy**

##### **Inventory Controls and Accountability Systems**

The Contracting Officer of the Agency shall be responsible for the Agency's compliance with this Property Disposition Policy and the supervision and control of all Property Disposed of by the Agency. In addition, the Contracting Officer shall have the responsibility to insure the Agency operates in compliance with Title 5-A of the New York Public Authorities Law, including creating and maintaining adequate inventory controls and accountability systems for all Property under the control of the Agency and periodically inventorying such property to determine which, if any, property should be Disposed by the Agency. The Contracting Officer shall recommend to the Board any Property he or she deems suitable for Disposal.

##### **Disposition of Property**

Unless otherwise authorized by this Policy, the Agency shall Dispose of Property for not less than fair market value ("FMV") by sale, exchange, or transfer, for cash, credit, or other property, with or without warranty, and upon such terms and conditions as the Contracting Officer deems proper. Provided, however, that no disposition of real property, any interest in real property, or any other Property which because of its unique nature is not subject to fair market pricing shall be made unless an appraisal of the value of such Property has been made by an independent appraiser and included in the record of the transaction.

Unless otherwise authorized by this Policy, prior to disposing of Property or entering into a contract for the Disposal of Property, the Agency shall publicly advertise for bids for such Disposal or



contract for Disposal. The advertisement for bids shall be made at such a time prior to the Disposal or contract for Disposal, through such methods, and on such terms and conditions as shall permit full and free competition consistent with the value and nature of the Property. Such advertisement shall include the date, time and place the bids will be publicly disclosed by the Agency. The Agency shall award the contract with reasonable promptness to the most responsible bidder whose bid, conforming to the invitation for bids, is most advantageous to New York State (the "State"), price and other factors considered; provided, however, that Agency reserves the right to reject all such bids when it is in the public interest to do so.

The Agency may Dispose of Property or enter into contracts for the disposal of Property via RFP, negotiation or public auction without regard to the two (2) paragraphs immediately above, but subject to obtaining such competition as is feasible under the circumstances, if:

- the personal property involved is of a nature and quantity which, if Disposed of under the first two (2) paragraphs of this section, would adversely affect the state or local market for such Property, and the estimated FMV of such Property and other satisfactory terms of the Disposal can be obtained by negotiation;
- the FMV of the Property does not exceed fifteen thousand dollars (\$15,000.00);
- bid prices after advertising therefore are not reasonable, either as to all or some part of the Property, or have not been independently arrived at in open competition;
- the Disposal is to the State or any political subdivision of the State, and the estimated FMV of the Property and other satisfactory terms of the Disposal are obtained by negotiation;
- the Disposal is for an amount less than the estimated FMV of the Property, the terms of such Disposal are obtained by public auction or negotiation, the Disposal of the Property is intended to further the public health, safety or welfare or an economic development interest of the State or a political subdivision of the State, including but not limited to, the prevention or remediation of a substantial threat to public health or safety, the creation or retention of a substantial number of job opportunities, or the creation or retention of a substantial source of revenues, and the purpose and terms of the Disposal are documented in writing and approved by resolution of the Board; or
- such Disposal or related action is otherwise authorized by law.

The Agency shall file an explanatory statement with the comptroller, the director of the division of budget, the commissioner of general services and the legislature not less than ninety (90) days before the Agency Disposes the Property if the Property is personal property in excess of \$15,000, or real property that has a fair market value in excess of \$100,000. When the Property is Disposed by lease (or exchange), then the Agency shall file an explanatory statement when the Property is real property leased for a term of five (5) years or less with an estimated fair annual rent exceeding one-hundred thousand (\$100,000.00) in any given year, real property leased for a term greater than five (5) years with an estimated fair annual rent exceeding one-hundred thousand (\$100,000.00) for the entire lease term; or any real property or real and related personal property Disposed of by exchange, regardless of value, or any property any part of the consideration for which is real property.

#### Reporting Requirements

##### Annual Report

The Agency shall publish, at least annually, an Annual Report (the "Annual Report") listing all Property consisting of real property of the Agency. In addition, the Annual Report shall include a list and full description of all Property consisting of real and personal property Disposed of during such period covered by the Annual Report. The Annual Report shall include the price received by the Agency for the Property, in addition to the name of the purchaser for all such Property sold by the Agency during such period covered by the Annual Report.

The Agency shall deliver copies of the Annual Report with the comptroller, the director of the division of budget, the commissioner of general services and the legislature, and to the extent practicable, post such Annual Report on its website.

Property Disposition Policy

The Agency shall review and approve this Property Disposition Policy annually by resolution of the Board. On or before March 31 of each year, the Agency shall file with the Comptroller a copy of its Property Disposition Policy, including the name of the Contracting Officer appointed by the Agency. Upon such filing with the comptroller, the Agency shall post its Property Disposition Policy on its website.

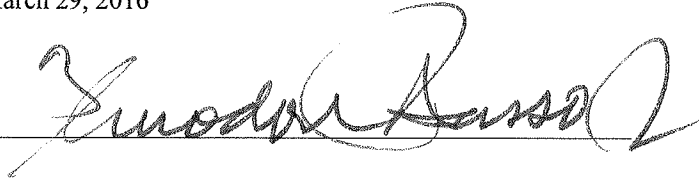
Resolution Number: 020-2016

Adopted: March 29, 2016

Aye: 6

Nay: 0

Chairman: \_\_\_\_\_

A handwritten signature in dark ink, appearing to read "Snodgrass", is written over a horizontal line that follows the "Chairman:" label.

RESOLUTION

TOWN OF HEMPSTEAD  
INDUSTRIAL DEVELOPMENT AGENCY

APPOINTMENT OF CONTRACTING OFFICER/COMPLIANCE OFFICER

WHEREAS, the Industrial Development Agency seeks to appoint a Contracting/Compliance Officer in accordance with the provisions of the Public Authorities Accountability Act and;

WHEREAS, by the adoption of this resolution a Contracting/Compliance Officer for the Town of Hempstead Industrial Development Agency shall be appointed;

NOW, THEREFORE, BE IT

RESOLVED, in compliance with the Public Authorities Accountability Act, the Board of the Town of Hempstead Industrial Development Agency hereby appoints Edie M. Longo, Deputy Executive Director/CFO as the Contracting /Compliance Officer for the Town of Hempstead Industrial Development Agency.

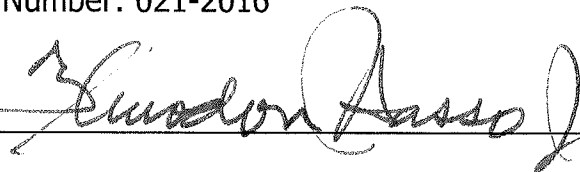
Adopted: March 29, 2016

(ayes) 6

(nays) 0

Resolution Number: 021-2016

Chairman: \_\_\_\_\_

A handwritten signature in dark ink, appearing to read "Edward Russo", is written over a horizontal line that serves as a signature line.

*TOWN OF HEMPSTEAD  
INDUSTRIAL DEVELOPMENT AGENCY*

***CODE OF ETHICS RESOLUTION***

WHEREAS, the Town of Hempstead Industrial Development Agency ("IDA"), by Resolution pursuant to the General Municipal Law of the State of New York, adopts a code of Ethics establishing rules and standards of ethical conduct for public officers, agents, and employees of the IDA; and

WHEREAS, recent amendments to the said General Municipal Law necessitate said Code of Ethics to conform thereto;

NOW, THEREFORE, BE IT

RESOLVED, that the Board of the IDA hereby adopts the following to be known as "The Code of Ethics for Officers, Agents and Employees of the Industrial Development Agency of the Town of Hempstead":

Article I – Conflicts of Interest Prohibited

Section I: No board member or employee of the IDA, whether paid or unpaid, shall

- (a) be or become interested, directly or indirectly, in any manner whatsoever, except by operation of law, in any business or professional dealings with the IDA or
- (b) Act as attorney, agent, broker, representative or employee in business or professional dealings with the IDA or any agency therefore for any person, firm or corporation, directly or indirectly, in any manner whatever.
- (c) Accept other employment or engage in any business transactions or make any investments, directly or indirectly, which creates a conflict with his official duties.

Section II: Notwithstanding the provisions hereinbefore set forth, any person serving the IDA without compensation shall not be deemed in violation of Section I above by reason of financial, professional or business interests provided such member recuses themselves from discussions regarding and voting on any such matters.

Article II – Gifts and Favors

Section I: No board member or employee of the IDA, whether paid or unpaid, shall accept any valuable gift, whether in the form of services, loan, thing or promise or in any other form from any person, firm or corporation, which, to their knowledge, is interested, directly or indirectly, in any manner whatsoever, in business or professional dealings with the IDA or any agency thereof.

**The IDA, or any affiliate, is prohibited from making, extending or arranging for loans or credit to any board member, officer or employee of the IDA**

#### Article III – Disclosure of Interest

Section I: Any board member or employee of the IDA, whether paid or unpaid, who has a direct or indirect financial or other private interest in any matter being considered by the IDA, and who participates in discussions before or gives opinions, shall publicly disclose on the official record the nature and extent of such interest.

Section II: Any board member or employee of the IDA, whether paid or unpaid, who has knowledge of any matter being considered by any board, agency, officer or employee of the IDA in which he has any direct or indirect financial or other private interest, shall be required to disclose, in writing, his interest in such board, agency, officer or employee and the nature and extent thereof.

Section III: A copy of every disclosure required under Sec. I and Sec. II above, including a copy of any transcript of such disclosure, shall be promptly transmitted by the board, agency, officer or employee receiving such disclosure to the Agency, who shall file same with the Executive Director, who shall maintain same as a public record.

#### Article IV – Disclosure of Confidential Information

Section I: No board member or employee of the IDA, whether paid or unpaid, shall disclose confidential information concerning the property, government or affairs of the IDA, or any other confidential information of an official character except when permitted or required by law, nor shall they use such information to advance the financial or other private interests of themselves or others.

#### Article V – Future Employment

Section I: No person who has served as a board member or employee of the IDA shall, within a period of two years after the termination of such service or employment, appear before the IDA, or receive compensation for any services rendered on behalf of any person, firm, corporation or association in relation to any case, proceeding or application with respect to which such person was directly concerned or in which they personally participated during the period of their service or employment or which was under his/her active consideration.

#### Article VI – Penalties

Section I: A violation of any of the provisions of this Code shall constitute cause for forfeiture of pay, suspension or removal from office or employment in the form and manner as provided by law.

Section II: Nothing in this Article shall limit any other penalties provided by law.

Article VII – Board of Ethics

Section I: A three member Board of Ethics is hereby created and established and shall be comprised of one board member of the Town of Hempstead IDA, Counsel to the IDA and one member who is not otherwise a board member or employee thereof. Each shall serve without compensation at the approval, appointment and pleasure of the IDA Board.

Resolution Number: 022-2016    AYES 6    NAY 0  
Adopted: 2/24/16

Chairman

A handwritten signature in dark ink, appearing to read "Blumadon Hasso", is written over a horizontal line.

Ethics Committee: John Ryan, Fred Parola, Danny Grodotzke, Ari Brown, Arlyn Eames

**HEMPSTEAD TOWN BOARD**

**Anthony J. Santino**  
Supervisor

**Council Members**  
**Dorothy L. Goosby**  
**Gary A. Hudes**  
**Edward A. Ambrosino**  
**Bruce Blakeman**  
**Erin King Sweeney**

**Nasrin Ahmad**  
Town Clerk

**Donald X. Clavin, Jr.**  
Receiver of Taxes

**INDUSTRIAL DEVELOPMENT  
AGENCY**

**Theodore P. Sasso, Jr.**  
CHAIRMAN

**Board Members**  
**Jonathan Kohan**  
**Ari Brown**  
**Danny Grodotzke**  
**Raymond Maguire**  
**Ann DeMichael**

**Frederick E. Parola**  
Executive Director  
Chief Executive Officer



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

**TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY**  
**ANNUAL ORGANIZATIONAL BOARD MEETING**  
**FEBRUARY 24, 2016, 9:00 a.m.**  
**Old Courthouse, 350 Front Street, 2<sup>nd</sup> Floor, Hempstead**

Agenda: Consideration of an Amended Authorizing Resolution for Promenade at Central, Consideration of a Preliminary Inducement Resolution for Hempstead 209 LLC, 9:15 a.m. Presentation, Executive Director's Report, Consideration of a Resolution to adopt an Amended Authorizing Resolution and re-adopt the PILOT Schedules for Open Link Financial and Flushing Bank, Compliance Review 2015, Consideration of a Resolution to change the March meeting date to March 29, 2016, Consideration of a Resolution to renew the Agency's membership with the LIBDC, Consideration of a Tenant Consent for HP Lynbrook, Discussion International Valley Stream Holdings LLC (International Shoppes), Update Circulo de la Hispanidad, Update Shor Yoshuv, Discussion of International Shoppes project, Consideration and Adoption of the Minutes of January 27, 2016, Report of the Treasurer, Executive Session

Those in attendance: Ted Sasso, Chairman  
Ari Brown, Vice Chairman  
Jonathan Kohan, Treasurer  
Danny Grodotzke, Secretary  
Ray Maguire, Member  
Ann DeMichael, Member  
Stacey Hargraves, Village Assessor, Village of Hempstead Member  
Charles Renfro, Village of Hempstead Member  
Alan Heuson, President, Ingraham Estates Civic Association,  
Village of Hempstead Member

Also in attendance: John E. Ryan, Agency Counsel  
William F. Weir, Nixon Peabody  
Frederick E. Parola, Executive Director/CEO  
Edie M. Longo, Deputy Executive Director/CFO  
Lorraine Rhoads, Agency Administrator  
Arlyn Eames, Deputy Financial Officer  
Michael Lodato, Deputy Agency Administrator  
Cheryl Petri, Office of the Supervisor

Excused: Luis Figueroa, Deputy Mayor, Incorporated Village of Hempstead

The meeting was called to order at 9:04 a.m. The Chairman declared a quorum was present.

The Promenade at Central: Ted Sasso made a motion to adopt an Amended Authorizing Resolution for The Promenade at Central, a multi-family housing project to be constructed at 49 North Central Avenue, Valley Stream, to include 43 total units and less than 10% retail space. This motion was seconded by Jonathan Kohan. All were in favor. Motion carried.

Ari Brown arrived at the meeting at 9:15 a.m.

The Chairman introduced the Village of Hempstead Members to hear and vote on the following project.

Hempstead 209 LLC: Dan Deegan (Forchelli, Curto, Deegan, Schwartz, Mineo, and Terrana) and the applicant, Adam Mann, made a presentation to the Board on the proposed Hempstead 209 LLC project. The applicant currently owns the building located at 209 Front Street in the Village of Hempstead, and is seeking to purchase adjacent parcels. The project entails a renovation and addition of square footage to the existing building and the creation of a parking area. 80 % of the building will be used as a Family Dollar store with an additional 20% rentable retail space. The properties all exist within an economically distressed area and former Empire Zone. The applicant is seeking a 15 year PILOT Agreement, Sales Tax Exemption and Mortgage Recording Tax Exemption. Agency staff has recommended a 10 year PILOT Agreement to run co-terminus with the Lease Agreement with Family Dollar. Ari Brown made a motion to adopt a Preliminary Inducement Resolution for this project. This motion was seconded by Ann DeMichael. All were in favor. Motion carried. This motion was approved by Stacey Hargraves, Charles Renfro and Alana Heuson, the representatives of the Village of Hempstead.

Executive Directors Report: Fred Parola updated the Board on the status of both active and inactive projects on the Executive Director's Report. The Executive Director also reported to the Board that he compared the Agency's Construction Wage Policy to that of the County IDA's and he found that they were substantially similar. He also advised the Board that new signs would be developed for placement at new project sites.

Openlink Financial LLC – PILOT Schedule: Ted Sasso made a motion to re-adopt the PILOT Schedule for Openlink Financial. This motion was seconded by Jonathan Kohan. All were in favor. Motion carried.

Flushing Bank LLC – PILOT Schedule: Ted Sasso made a motion to re-adopt the PILOT Schedule for Flushing Bank. This motion was seconded by Jonathan Kohan. All were in favor. Motion carried.

Compliance Review: Edie Longo updated the Board on the status of project compliance for 2015.

March meeting date: Ted Sasso made a motion to change the March meeting date to Tuesday, March 29, 2016. This motion was seconded by Ann DeMichael. All were in favor. Motion carried.

LIBDC Membership: Jonathan Kohan made a motion to renew the Agency's annual membership with the Long Island Business Development Council for 2016 for an amount not to exceed \$600.00. This motion was seconded by Ted Sasso. All were in favor. Motion carried.

HP Lynbrook: Ted Sasso made a motion to approve a Tenant Consent for HP Lynbrook. The company, New York Pharmacy Network LLC will occupy 2778 square feet of space at 444 Merrick Road, Lynbrook. This motion was seconded by Jonathan Kohan. All were in favor. Motion carried.

International Valley Stream Holdings LLC (International Shoppes): The Board was given copies of a letter from International Valley Stream Holdings LLC describing significant changes to the project



located at 500 and 540 Rockaway Avenue, Valley Stream. Bill Weir explained to the Members that since the changes to the original project were substantial, that the International Shoppes must submit a new application and all associated requirements.


Circulo de la Hispanidad: This item was tabled.

Shor Yoshuv: This item was tabled.

Minutes: Ray Maguire made a motion to adopt the Minutes of the meeting of January 27, 2016. This motion was seconded by Ari Brown. All were in favor. Motion carried.

Report of the Treasurer: The Board was furnished with copies of the Financial Statements and Expenditure List for January 21, 2016 – February 17, 2016. The Treasurer stated that all was in good order.

Jonathan Kohan made a motion to adjourn the meeting at 9:55 a.m. This motion was seconded by Ray Maguire. All were in favor. Motion carried.

  
\_\_\_\_\_  
Dan Grodotzke, Secretary  
March 29, 2016

**Town of Hempstead  
Industrial Development Agency**

**COMMUNICATION WITH THOSE CHARGED  
WITH GOVERNANCE**

**December 31, 2015**

---



A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

437 Madison Avenue, 29th Floor  
New York, NY 10022 • 212.962.4470  
165 Orinoco Drive, Brightwaters, NY 11718  
631.665.7040 • Fax: 631.665.7014  
15 South Bayles Avenue, Port Washington, NY 11050  
516.883.5510 • Fax: 516.767.7438

www.sheehancpa.com

March XX, 2016

To the Board of Directors  
Town of Hempstead Industrial Development Agency

We have audited the financial statements of the Town of Hempstead Industrial Development Agency (the Agency) for the year ended December 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 28, 2015. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. During 2015, the Agency adopted Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement 27*, effective for the year ending December 31, 2015. GASB Statement 68 significantly changes how governments measure and report the long-term obligations and annual costs associated with the pension benefits they provide. During 2015, the Agency also adopted GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement 68*. The objective of GASB Statement 71 is to address an issue regarding application of the transition provisions of GASB Statement 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

We noted no transactions entered into by the Agency for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Agency's financial statement was:

The Agency's estimate of the other post-employment benefit plan (OPEB) is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the OPEB estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

#### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial and communicate them to the appropriate level of management. We proposed several adjustments as a result of audit procedures, which have been submitted to management for review and approval. The attached journal entries were recorded by management.

#### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated March XX, 2016.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the Management Discussion and Analysis, Budgetary Comparison Schedule, Post-Employment Health Insurance Benefit Plan Schedule of Funding Progress, Schedule of the Agency's Proportionate Share of the Net Pension Liability, and Schedule of the Agency's Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We believe the following other matter that has come to our attention should be communicated to management:

### **Collateralization of Deposits**

The Agency's investment policy refers to the provisions of General Municipal Law regarding deposits of the Agency that exceed the amounts insured under the provisions of the Federal Deposit Insurance Act. These uninsured deposits shall be secured by a pledge of eligible securities with an aggregate market value equal to 110% of the aggregate amount of uninsured deposits. During our review of the collateral statements at year end, it was determined that the securities pledged and held by the financial institutions are less than 110%. We encourage you to review and revise the collateral agreements with the financial institutions to comply with the Agency's investment policy.

To the Board of Directors  
Town of Hempstead Industrial Development Agency  
Page 4

This information is intended solely for the use of the Board of Directors and management of Town of Hempstead Industrial Development Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Brightwaters, New York  
March XX, 2016

**Town of Hempstead Industrial Development Agency**  
**Adjusting Journal Entries**  
**December 31, 2015**

**Debit                      Credit**

**Adjusting Entry #1:**

To record a prior period adjustment to establish the beginning net pension liability, per the NYSLRS information provided for GASB 68.

Dr: Net position	\$ 61,269	
Cr: Net pension liability - proportionate share		\$ 61,269

**Adjusting Entry #2:**

To record pension activity as of the measurement date, March 31, 2015, per the NYSLRS information provided for GASB 68.

Dr: Deferred outflows of resources - Change in proportion and differences between Agency contributions and proportionate share	\$ 42,289	
Dr: Pension expense - proportionate share	\$ 52,026	
Dr: Deferred outflows of resources - net difference between projected and actual investment earnings	\$ 7,956	
Dr: Deferred outflows of resources - difference between expected and actual	\$ 1,466	
Cr: Net pension liability - proportionate share		\$ 103,737

**Adjusting Entry #3:**

To adjust net pension liability to actual (for prior year contributions) per GASB 68.

Dr: Net pension liability - proportionate share	\$ 119,201	
Cr: Net position		\$ 119,201

**Adjusting Entry #4:**

To reverse pension accrual and pension expense per GASB 68 par 33(c).

Dr: Accrued expenses	\$ 112,269	
Cr: Pension expense		\$ 112,269

**Town of Hempstead  
Industrial Development Agency**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**December 31, 2015**

---





A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

437 Madison Avenue, 29th Floor  
New York, NY 10022 • 212.962.4470  
165 Orhoco Drive, Brightwaters, NY 11718  
631.665.7040 • Fax: 631.665.7014  
15 South Bayles Avenue, Port Washington, NY 11050  
516.883.5510 • Fax: 516.767.7438

www.sheehancpa.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Town of Hempstead Industrial Development Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Hempstead Industrial Development Agency (the Agency) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated March XX, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors  
Town of Hempstead Industrial Development Agency

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brightwaters, New York  
March XX, 2016

**Town of Hempstead  
Industrial Development Agency**

**FINANCIAL REPORT**

**December 31, 2015 and 2014**

---

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

# **Town of Hempstead Industrial Development Agency**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of the Town of Hempstead Industrial Development Agency's (the Agency) financial performance provides an overview of the Agency's financial activities for the fiscal years ended December 31, 2015 and December 31, 2014. Please read this in conjunction with the basic financial statements and the accompanying notes to those financial statements.

### **Financial Highlights - 2015:**

- The assets and deferred outflows of the Agency exceeded its liabilities at December 31, 2015 by \$3,170,516.
- During the year ended December 31, 2015, the Agency implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement 68*. As a result, beginning net position increased by \$57,932. Additionally, the Agency recorded its proportionate share of net pension liabilities, as well as deferred outflows of resources related to pensions.
- The Agency's total assets decreased by \$2,582 in the year 2015. Total deferred outflows of resources increased by \$51,711. The Agency's total liabilities increased by \$21,486 in the year 2015.
- As of the close of the current year, the Agency reported net position of \$3,170,516, an increase of \$27,643 from the unadjusted 2014 amount (see Note 12 for restatement).

### **Financial Highlights - 2014:**

- The assets of the Agency exceeded its liabilities at December 31, 2014 by \$3,142,873.
- The Agency's total assets increased by \$608,765 in the year 2014. The Agency's total liabilities increased by \$106,810 in the year 2014.
- As of the close of 2014, the Agency reported net position of \$3,142,873, an increase of \$501,955 from 2013.

### **Basic Financial Statements:**

- The financial statements presented herein include all of the activities of the Agency.
- The financial statements present the financial picture of the Agency. The Agency applies full accrual accounting methods as used by similar business activities in the private

# Town of Hempstead Industrial Development Agency

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Basic Financial Statements (continued):

sector. These statements include all assets and deferred outflows of the Agency as well as liabilities, offering both short-term and long-term financial information.

- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the financial statements.
- The Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position report information about the Agency as a whole and about its activities. These statements include all assets, deferred outflows, liabilities and deferred inflows of the Agency using the accrual basis of accounting. All of the current year's revenues and expenses are then taken into account regardless of when cash is received or paid.

These two statements report the Agency's net position and changes in net position. The net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, which is one way to measure the Agency's financial health or financial position. Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating.

### Condensed Comparative Financial Statements - 2015:

#### Condensed Statements of Net Position at December 31,

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current assets	\$3,846,419	\$3,853,877	\$ (7,458)	(0.19)%
Property and equipment	57,286	52,410	4,876	9.30
Total assets	<u>3,903,705</u>	<u>3,906,287</u>	<u>(2,582)</u>	(0.07)
Deferred outflows of resources	<u>51,711</u>	-	<u>51,711</u>	100.00
Current liabilities	10,883	131,568	(120,685)	(91.73)
Long-term liabilities	774,017	631,846	142,171	22.50
Total liabilities	<u>784,900</u>	<u>763,414</u>	<u>21,486</u>	2.81
Net position:				
Net investment in capital assets	57,286	52,410	4,876	9.30
Unrestricted	3,113,230	3,090,463	22,767	7.37
Total net position	<u>\$3,170,516</u>	<u>\$3,142,873</u>	<u>\$ 27,643</u>	0.88%

# Town of Hempstead Industrial Development Agency

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Condensed Comparative Financial Statements - 2015 (continued):

#### Condensed Statements of Revenues, Expenses and Change in Net Position for the Years Ended December 31,

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Total operating revenue	\$941,505	\$1,551,357	\$(609,852)	(39.31)%
Total operating expenses	977,634	1,054,247	(76,613)	(7.27)
Operating income (loss)	(36,129)	497,110	(533,239)	(107.27)
Non-operating income	5,840	4,845	995	20.54
Change in net position	<u>\$ (30,289)</u>	<u>\$ 501,955</u>	<u>\$(532,244)</u>	(106.03)%

### Analysis of Net Position and Results of Operations - 2015:

- Cash and cash equivalents decreased by \$13,506 from the prior year as a result of operating activities.
- The Agency's 2015 net position decreased by \$30,289 from the 2014 restated net position (see Note 12).
- The Agency acquired property and equipment in the amount of \$12,109 during 2015.
- In 2015, the Agency recorded deferred outflows of resources of \$51,711 resulting from the implementation of GASB Statement 68 and the recording of the Agency's proportionate share of the net pension liability.
- The Agency received \$6,750 of reimbursement for shared expense, including rent and supplies, from the Town of Hempstead Local Development Corporation.
- Generally, operating expenses remained consistent with the prior year.
- The effects of implementation of GASB Statement 68 are not reflected in the 2014 expenses or 2014 Statement of Net Position as this information was not available. In the current year, pension expense decreased by \$67,175 and accounts payable and accrued expenses decreased by \$110,771, largely a result of the implementation of GASB Statement 68 in 2015.

# Town of Hempstead Industrial Development Agency

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Analysis of Balances and Transactions - 2015:

- The Agency reported net position of \$3,170,516, which is \$27,643 higher than the 2014 unadjusted balance (see Note 12 for restatement).

### Budgetary Analysis - 2015:

- Fees for services had a deficiency compared to the budget by \$10,839. There were nine project closings during the year in addition to other fees collected for existing agreements compared to fourteen in prior year.
- Pension expense was under budget by \$67,224, a result of the implementation of GASB Statement 68 during 2015.
- Total expenses exceeded the budget by \$21,790.

### Condensed Comparative Financial Statements - 2014:

#### Condensed Statements of Net Position at December 31,

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current assets	\$3,853,877	\$3,327,267	\$616,610	19.05%
Property and equipment	52,410	60,255	(7,845)	(13.02)
Total assets	<u>3,906,287</u>	<u>3,297,522</u>	<u>608,765</u>	18.47%
Current liabilities	131,568	128,258	3,310	2.58%
Long-term liabilities	631,846	528,346	103,500	19.59
Total liabilities	<u>763,414</u>	<u>656,604</u>	<u>106,810</u>	16.27
Net position:				
Net investment in capital assets	52,410	60,255	(7,845)	(13.02)
Unrestricted	<u>3,090,463</u>	<u>2,580,663</u>	<u>509,800</u>	19.76
Total net position	<u>\$3,142,873</u>	<u>\$2,640,918</u>	<u>\$501,955</u>	19.01



# Town of Hempstead Industrial Development Agency

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Condensed Comparative Financial Statements - 2014 (continued):

#### Condensed Statements of Revenues, Expenses and Change in Net Position for the Years Ended December 31,

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Total operating revenue	\$1,551,357	\$1,113,753	\$437,604	39.29%
Total operating expenses	<u>1,054,247</u>	<u>1,023,449</u>	<u>(30,798)</u>	(3.01)
Operating income	497,110	90,304	406,806	450.49
Non-operating income	<u>4,845</u>	<u>4,953</u>	<u>(108)</u>	(2.18)
Change in net position	<u>\$ 501,955</u>	<u>\$ 95,257</u>	<u>\$406,698</u>	426.95%

### Analysis of Net Position and Results of Operations - 2014:

- Cash and cash equivalents increased by \$614,258 from the prior year as a result of operating activities.
- The Agency's 2014 net position increased by \$501,955 from the 2013 net position.
- The Agency did not acquire any new property and equipment during 2014.
- The Agency received \$6,657 of reimbursement for shared expense, including rent and supplies, from the Town of Hempstead Local Development Corporation.
- Generally, operating expenses remained consistent with the prior year. The New York State Retirement System pension contribution increased as the contribution rates increased for participants. The Agency's advertising costs decreased from the prior year as in the prior year costs were incurred to redesign the Agency's website. In addition, the Agency has been monitoring its advertising costs and decreasing them when able.

### Analysis of Balances and Transactions - 2014:

- The Agency reported net position of \$3,142,873, which is \$501,955 higher than in 2013.

# **Town of Hempstead Industrial Development Agency**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Budgetary Analysis - 2014:**

- Fees for services exceeded the budget by \$562,707. There were fourteen project closings during the year in addition to other fees collected for existing agreements.
- Total expenses exceeded the budget by \$62,097.
- Reimbursed expenses represent payment to the Town of Hempstead Local Development Corporation for past-employment costs of an employee of the Agency. This was not budgeted for as it occurred as a result of a resolution passed during the year.

### **Economic Factors and Next Year's Budget:**

The Agency has budgeted revenues and expenses of \$955,700 for the 2016 budget, a decrease of \$144 from the adopted 2015 budget.

**Town of Hempstead  
Industrial Development Agency**

**FINANCIAL STATEMENTS  
AND  
AUDITOR'S REPORT**

**December 31, 2015 and 2014**

---

## TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS:	
STATEMENTS OF NET POSITION .....	4
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION .....	6
STATEMENTS OF CASH FLOWS .....	8
NOTES TO FINANCIAL STATEMENTS .....	10
REQUIRED SUPPLEMENTARY INFORMATION:	
BUDGETARY COMPARISON SCHEDULES .....	33
POST-EMPLOYMENT HEALTH INSURANCE BENEFIT PLAN SCHEDULE OF FUNDING PROGRESS .....	35
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY .....	36
SCHEDULE OF THE AGENCY'S CONTRIBUTIONS .....	37
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	38



A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

437 Madison Avenue, 29th Floor  
New York, NY 10022 • 212.962.4470  
165 Orinoco Drive, Brightwaters, NY 11718  
631.665.7040 • Fax: 631.665.7014  
15 South Bayles Avenue, Port Washington, NY 11050  
516.883.5510 • Fax: 516.767.7438

www.sheehancpa.com

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Town of Hempstead Industrial Development Agency

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Town of Hempstead Industrial Development Agency (the Agency), as of and for the years ended December 31, 2015 and 2014 and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2015 and 2014 and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

The Agency's financial statements for the year ended December 31, 2015 reflect the provisions of Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement 27*, and Governmental Accounting Standards Board Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement 68*. The Agency has implemented the requirements of these statements in accordance with their required effective dates. Refer to Note 12 in the accompanying financial statements for the impact of this implementation. Our opinion is not modified with respect to this matter.

## **Other Matters**

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, Post-Employment Health Insurance Benefit Plan Schedule of Funding Progress, Schedule of the Agency's Proportionate Share of the Net Pension Liability and Schedule of the Agency's Contributions on pages i through vi and 33 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors  
Town of Hempstead Industrial Development Agency  
Page 3

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March XX, 2016 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Brightwaters, New York  
March XX, 2016

**Town of Hempstead  
Industrial Development Agency**

**STATEMENTS OF NET POSITION**

**December 31, 2015 and 2014**

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 3,836,594	\$ 3,850,100
Fees receivable	1,000	500
Other receivable	8,825	3,277
Total current assets	<u>3,846,419</u>	<u>3,853,877</u>
<b>Property and equipment:</b>		
Furniture and equipment	146,148	140,389
Less accumulated depreciation	<u>88,862</u>	<u>87,979</u>
Property and equipment, net	<u>57,286</u>	<u>52,410</u>
Total assets	<u>3,903,705</u>	<u>3,906,287</u>

<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Changes in proportion and differences between Agency contributions and proportionate share of contributions	42,289	-
Net difference between projected and actual investment earnings on pension plan investments	7,956	-
Differences between expected and actual experience	<u>1,466</u>	<u>-</u>
Total deferred outflows of resources	<u>51,711</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>3,955,416</u>	<u>3,906,287</u>

See notes to financial statements



**Town of Hempstead  
Industrial Development Agency**

**STATEMENTS OF NET POSITION**

**December 31, 2015 and 2014**

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b><u>LIABILITIES</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 10,883	\$ 121,654
Due to affiliate	-	9,914
Total current liabilities	<u>10,883</u>	<u>131,568</u>
<b>Long-term liabilities:</b>		
Compensated absences	332,894	305,202
Post-employment health benefits	395,318	326,644
Net pension liability - proportionate share	45,805	-
Total long-term liabilities	<u>774,017</u>	<u>631,846</u>
Total liabilities	<u>784,900</u>	<u>763,414</u>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	57,286	52,410
Unrestricted	<u>3,113,230</u>	<u>3,090,463</u>
Total net position	<u>\$ 3,170,516</u>	<u>\$ 3,142,873</u>

See notes to financial statements

**Town of Hempstead  
Industrial Development Agency**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Operating revenues:</b>		
Fees for services	\$ 941,505	\$ 1,551,357
Total operating revenues	<u>941,505</u>	<u>1,551,357</u>
<b>Operating expenses:</b>		
Salaries	542,866	530,398
Payroll taxes	38,951	37,221
Reimbursed expenses	-	26,904
Pension expense	52,026	119,201
Compensated absences	27,692	34,826
Health insurance	71,167	67,866
Post-employment health benefits	68,674	68,674
Contractual and professional fees	30,675	24,250
Advertising	75,320	75,020
Rent	24,164	24,215
Office and related expenses	24,361	22,655
Meetings and travel	11,213	11,008
Dues and subscriptions	3,292	4,164
Depreciation and amortization	7,233	7,845
Total operating expenses	<u>977,634</u>	<u>1,054,247</u>
Operating income (loss)	<u>(36,129)</u>	<u>497,110</u>
<b>Non-operating income:</b>		
Interest income	<u>5,840</u>	<u>4,845</u>
Change in net position	(30,289)	501,955

See notes to financial statements

**Town of Hempstead  
Industrial Development Agency**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Net position, January 1 (as previously presented)	<u>\$ 3,142,873</u>	<u>\$ 2,640,918</u>
Net position, January 1 (as restated, see Note 12)	<u>3,200,805</u>	<u>-</u>
Net position, December 31	<u>\$ 3,170,516</u>	<u>\$ 3,142,873</u>

See notes to financial statements

-7-

**Town of Hempstead  
Industrial Development Agency**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2015 and 2014**

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Cash flows from operating activities:</b>		
<b>Cash received:</b>		
From providing services	\$ 941,005	\$ 1,551,857
<b>Cash payments:</b>		
Contractual services	(322,950)	(341,785)
Personal services and employee benefits	(625,292)	(600,659)
Net cash provided (used) by operating activities	(7,237)	609,413
<b>Cash flows from capital and related financing activities:</b>		
Purchase of equipment	(12,109)	-
Net cash used by capital and related financing activities	(12,109)	-
<b>Cash flows from investing activities:</b>		
Interest income	5,840	4,845
Net cash provided by investing activities	5,840	4,845
Net increase (decrease) in cash and cash equivalents	(13,506)	614,258
Cash and cash equivalents, January 1	3,850,100	3,235,842
Cash and cash equivalents, December 31	<u>\$ 3,836,594</u>	<u>\$ 3,850,100</u>

See notes to financial statements

-8-

**Town of Hempstead  
Industrial Development Agency**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2015 and 2014**

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (36,129)	\$ 497,110
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>		
Depreciation	7,233	7,845
Change in assets, deferred outflows of resources and liabilities:		
(Increase) decrease in assets:		
Prepaid expenses	-	425
Fee receivable	(500)	500
Other receivable	(5,548)	(3,277)
(Increase) in deferred outflows of resources	(51,711)	-
Increase (decrease) in liabilities:		
Accrued expenses	(110,771)	(6,604)
Due to affiliate	(9,914)	9,914
Compensated absences	27,692	34,826
Post-employment health benefits	68,674	68,674
Net pension liability - proportionate share	103,737	-
Total adjustments	<u>28,892</u>	<u>112,303</u>
Net cash provided (used) by operating activities	<u>\$ (7,237)</u>	<u>\$ 609,413</u>

See notes to financial statements

# Town of Hempstead Industrial Development Agency

## NOTES TO FINANCIAL STATEMENTS

1. **Summary of significant accounting policies:**

The financial statements of the Town of Hempstead Industrial Development Agency (the Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**Financial reporting entity:** The Agency was created in 1971 by the Town Board of the Town of Hempstead, under the provisions of the Laws of New York State. The Agency is authorized and empowered by the provisions of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 529 of the Laws of 1971 of the State of New York to undertake projects and to lease or sell properties. The purpose of the Agency is to provide benefits that reduce costs and financial barriers to the creation and to the expansion of business and to enhance the number of jobs in the Town of Hempstead.

The Agency is governed by a seven member Board of Directors whose members are appointed by the Town of Hempstead Town Board and is considered a New York State public benefit corporation.

All governmental activities and functions performed by the Agency are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity includes functions and activities over which appointed Agency directors exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designations of management and ability to significantly influence operations and accountability for fiscal matters.

**Basis of accounting:** The Agency utilizes the accrual basis of accounting and the flow of all economic resources (measurement focus). The basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises and revenues are recorded when earned and expenses are recorded when incurred. Under this basis of accounting and measurement focus, the Agency applies all GASB pronouncements and GAAP, except those that conflict with a GASB pronouncement.

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies (continued):**

**Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Deferred outflows/inflows of resources:** GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resource is a consumption of net assets that applies to future period(s) and as such, will not be recognized as an outflow of resources (expense) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future periods and, as such, will not be recognized as an inflow of resources (revenue) until that time.

**Cash and cash equivalents:** For purposes of the Statements of Cash Flows, investments with maturities of three months or less, when purchased, are considered cash equivalents.

**Property and equipment:** Property and equipment is stated at cost and is being depreciated using the straight-line method over the useful lives of the assets, which are 5 and 15 years.

**Equity classifications:** Equity is classified as net position and displayed in 3 components:

- a. **Net investment in capital assets:** Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted net position:** Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation. As of December 31, 2015 and 2014, the Agency has no balance in this classification.

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies (continued):**

**Equity classifications (continued):**

- c. Unrestricted net position:** All other balances in net position that do not meet the definition of "restricted" or "net investment in capital assets".

**Advertising costs:** Advertising costs are charged to operations when incurred. Advertising costs for the years ended December 31, 2015 and 2014 were \$75,320 and \$75,020, respectively.

**Budgetary data:** The Agency adopts an annual budget to facilitate budgetary control and operational evaluations.

**Newly adopted accounting standards:** The Agency has adopted all current standards of the GASB that are applicable. During 2015, the Agency adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement 27*, effective for the year ending December 31, 2015. GASB Statement 68 significantly changes how governments measure and report the long-term obligations and annual costs associated with the pension benefits they provide.

During 2015, the Agency also adopted GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement 68*. The objective of GASB Statement 71 is to address an issue regarding application of the transition provisions of GASB Statement 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**2. Conduit debt obligations, Industrial Revenue Bond transactions:**

The Agency issues Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial, recreational and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Agency, the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.



# **Town of Hempstead Industrial Development Agency**

## **NOTES TO FINANCIAL STATEMENTS**

### **2. Conduit debt obligations, Industrial Revenue Bond transactions (continued):**

As of December 31, 2015 and 2014, outstanding debt induced by the Agency and issued by other entities amount to approximately \$135,875,821 and \$177,748,861, respectively. Debt service is paid directly to the lender by the entity that incurred the supplemental debt. The Agency has no liability or contingent liability for payment.

### **3. Payments in lieu of taxes and funds due to municipalities:**

The Town of Hempstead Comptroller's Office collects the payments in lieu of taxes (PILOT) from the borrowing companies. The receipts are deposited into the Town of Hempstead Comptroller's office bank account and subsequently disbursed to the appropriate taxing jurisdictions.

### **4. Cash and cash equivalents:**

The statutes of the State of New York govern the Agency's investment policies. Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Executive Director is authorized to invest monies not required for immediate expenditure. Permissible investments include special time deposit accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, and obligations of New York State. Collateral is required for deposits, including certificates of deposit and special time deposits, equal to 110% of the aggregate amount of uninsured deposits. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

GASB Statement 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- Uncollateralized
- Collateralized with securities held by the pledging financial institution in the Agency's name; or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Agency's name.

At December 31, 2015, the Agency's bank balances totaled \$3,838,566. This amount is exclusive of petty cash of \$64. Of the bank balances, \$1,038,621 was covered by federal

# Town of Hempstead Industrial Development Agency

## NOTES TO FINANCIAL STATEMENTS

**4. Cash and cash equivalents (continued):**

deposit insurance and \$2,799,945 was secured by collateral held by the pledging financial institution's agent, a third-party financial institution, but not in the Agency's name.

**5. Lease obligations:**

The Agency leases its office space from the Town of Hempstead in the building located at 350 Front Street, Suite 240, Hempstead, New York. Rent expense for the years ended December 31, 2015 and 2014 was \$24,164 and \$24,215, respectively. The Agency pays rent on a month-to-month basis.

**6. Property and equipment:**

Activity for furniture and equipment for the year ended December 31, 2015 is summarized as follows:

	<b>Balance December 31, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2015</b>
Equipment	\$ 15,272	\$12,109	\$ (6,350)	\$ 21,031
Furniture and fixtures	26,703	-	-	26,703
Leasehold improvements	98,414	-	-	98,414
	140,389	12,109	(6,350)	146,148
Accumulated depreciation	(87,979)	(7,233)	6,350	(88,862)
Net	<u>\$ 52,410</u>	<u>\$ 4,876</u>	<u>\$ -</u>	<u>\$ 57,286</u>

Activity for furniture and equipment for the year ended December 31, 2014 is summarized as follows:

	<b>Balance December 31, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2014</b>
Equipment	\$ 15,272	\$ -	\$ -	\$ 15,272
Furniture and fixtures	26,703	-	-	26,703
Leasehold improvements	98,414	-	-	98,414
	140,389	-	-	140,389
Less accumulated depreciation	(80,134)	(7,845)	-	(87,979)
Net	<u>\$ 60,255</u>	<u>\$ (7,845)</u>	<u>\$ -</u>	<u>\$ 52,410</u>

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**6. Property and equipment (continued):**

Depreciation expense for the years ending December 31, 2015 and 2014 was \$7,233 and \$7,845, respectively.

**7. Pension plan:**

**Plan description:** The Agency participates in the New York State and Local Employees' Retirement System (ERS) which is part of the New York State and Local Retirement System (the System). This is a cost-sharing, multiple-employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Agency also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**Benefits provided:** The System provides retirement benefits as well as death and disability benefits.

**Tiers 1 and 2**

**Eligibility:** Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55 and the full benefit age for Tier 2 is 62.

**Benefit calculation:** Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service.

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**7. Pension plan (continued):**

**Tiers 1 and 2 (continued):**

**Benefit calculation (continued):**

Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the NYSRSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

**Tiers 3, 4 and 5**

**Eligibility:** Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

**Benefit calculation:** Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tiers 3, 4 and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

7. **Pension plan (continued):**

**Tier 6**

**Eligibility:** Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

**Benefit calculation:** Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

**Ordinary Disability Benefits**

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

**Accidental Disability Benefits**

For all eligible Tier 1 and Tier 2 ERS members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

**Ordinary Death Benefits**

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**7. Pension plan (continued):**

**Post-Retirement Benefit Increases**

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

**Contributions:** The System is non-contributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership and employees who joined on or after January 1, 2010 who generally contribute 3% of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions made during the current year and two preceding years were equal to 100% of the contributions required and were as follows:

2015	\$119,201
2014	118,388
2013	105,799

The Agency's 2016 invoice to the System for \$112,269 is due February 1, 2016 and was paid subsequent to year end. In accordance with the provisions of GASB Statement 68, those contributions are not recognized as pension expense in the accompanying financial statements and will be reflected as a reduction of the Agency's proportionate share of the net pension liability in 2016.

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**7. Pension plan (continued):**

**Contributions (continued):**

Chapter 57 of the Laws of 2013 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for up to 12 years in accordance with the following stipulations:

- The maximum amount an employer can amortize is the difference between the normal annual contribution (total bill, excluding payments for deficiency, group life, previous amortizations, incentive costs and prior year adjustments) and the graded contribution.
- For subsequent State Fiscal Years (SFYs), the graded rate will increase or decrease by up to one-half of 1% depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- The interest rate will be set annually and will be comparable to a 12-year U.S. Treasury Bond plus 1%.
- For subsequent SFYs in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program.

**Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions:** At December 31, 2015, the Agency reported a liability of \$45,805 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2015, the Agency's proportion was .0013559%.

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**7. Pension plan (continued):**

**Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued):**

For the year ended December 31, 2015, the Agency recognized pension expense of \$52,026. At December 31, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 1,466	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	7,956	-
Changes in proportion and differences between Agency contributions and proportionate share of contributions	<u>42,289</u>	<u>-</u>
Total	<u>\$ 51,711</u>	<u>\$ -</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ended March 31:</u></b>	<b><u>Amount</u></b>
2016	\$12,928
2017	12,928
2018	12,928
2019	12,928



**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**7. Pension plan (continued):**

**Actuarial assumptions:** The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions:

Inflation	2.7%
Salary increases	4.9%
Investment rate of return (net of investment expense, including inflation)	7.5%

Annuitant mortality rates are based on April 1, 2005 - March 31, 2010 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	7.30%
International equity	8.55%
Private equity	11.00%
Real estate	8.25%
Absolute return strategies	6.75%
Opportunistic portfolio	8.60%
Real assets	8.65%
Bonds and mortgages	4.00%
Cash	2.25%
Inflation-indexed bonds	4.00%

# Town of Hempstead Industrial Development Agency

## NOTES TO FINANCIAL STATEMENTS

7. **Pension plan (continued):**

**Discount rate:** The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the proportionate share of the net pension liability to the discount rate assumption:** The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Assumption <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Agency's proportionate share of the net pension liability (asset)	\$305,309	\$45,805	\$(173,281)

**Pension plan fiduciary net position:** The components of the current-year net pension liability of the employers as of March 31, 2015, were as follows:

	(Dollars in Thousands) <b>Employees' Retirement System</b>
Employers' total pension liability	\$ 164,591,504
Plan net position	<u>(161,213,259)</u>
Employers' net pension liability	<u>\$ 3,378,245</u>
Ratio of plan net position to the employers' total pension liability	97.9%

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**8. Liability for compensated absences:**

The Agency, in conformity with the Town of Hempstead collective bargaining agreement, maintains a policy which permits employees to accumulate a limited amount of earned but unused vacation leave and sick time, which will be used in future years or paid upon separation from the Agency's service. Upon termination, an employee hired before January 1, 2013 will be paid for a maximum of 800 hours of vacation time. An employee hired after January 1, 2013 will be paid for a maximum of 400 hours of vacation time, upon termination.

Sick time will be paid in accordance with a schedule based upon years of completed service, up to 1,600 hours if hired before January 1, 2013. If hired after this date the maximum paid sick time will be up to 800 hours. The cost of accumulated vacation and sick leave, as well as an amount for salary related payments (i.e. Social Security and Medicare taxes) is recorded as a liability and expense when accrued.

The liability for compensated absences as of December 31, 2015 and 2014 is as follows:

	<u><b>2015</b></u>	<u><b>2014</b></u>
Balance, January 1	\$305,202	\$270,376
Additions	<u>27,692</u>	<u>34,826</u>
Balance, December 31	<u><b>\$332,894</b></u>	<u><b>\$305,202</b></u>

Additions and deletions to compensated absences are shown net, since it is impractical to determine these amounts separately.

**9. Expenses and fees for bonds and straight leases:**

All expenses incurred by the Agency for notices, court recorders, meeting rooms, underwriting, trustees, legal, issuance of bonds and notes and straight leases are for the account of, and reimbursed by, the applicant.

The Agency's minimum fees are as follows:

1. **Application fee:** The Agency charges a non-refundable fee of \$1,500 at the time of receiving a formal application for assistance.

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

9. **Expenses and fees for bonds and straight leases (continued):**

2. **Administrative fee:** The Agency charges one time administrative fees as follows:

	<b><u>Percentage of Value</u></b>
Tax exempt bonds, taxable bonds and straight lease fee:	
Up to \$30,000,000	0.6%
\$30,000,000 and over	0.1%

A transaction less than \$1,500,000 in total (all project costs) may be considered for a special straight-lease which would have an agency fee of \$5,000 or less.

For taxable bonds and straight lease transactions, the minimum fee is based on the amount of bonds, the amount of the total project costs or the amount of the increased value of the assets under a straight lease plus the amount of all anticipated capital improvements and/or equipment to be purchased for which the applicant receives benefits from the Agency.

25% of the fees are collected upon the issuance of the sales tax letter and the balance at closing.

3. **Annual compliance fees:** The Agency charges an annual compliance fee of \$1,000 for the term of bonds or straight lease. This non-refundable annual fee is paid in advance on the first day of each year. The fee covers the cost of annual reporting and monitoring of the transaction. The fee is subject to periodic review and can be adjusted at the discretion of the Agency. The Agency also charges an initial compliance fee of \$2,500, which is paid at closing.

4. **Agency Counsel's fee:** The fee for Agency Counsel is approximately 0.1% of the amount of the bonds, the amount of the total project costs or the amount of the increased value of the assets under a straight lease plus the amount of all anticipated capital improvements and/or equipment to be purchased for which the applicant will receive benefits from the Agency. The applicant pays the Agency Counsel's fee.

5. **Bond Counsel fee:** The applicant pays the Bond Counsel fee.

6. **Miscellaneous fees:**

	<b><u>Minimum Amount</u></b>
Extension of inducement	\$250

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

9. **Expenses and fees for bonds and straight leases (continued):**

6. **Miscellaneous fees (continued):**

	<b><u>Minimum Amount</u></b>
Document processing	\$750 - \$1,500
*Amendments, waivers, subordinate and collateral mortgage assignments, leases and sub-leases, etc.	\$500
Termination fee	\$500
Consent, 2 <sup>nd</sup> mortgages and other financings	set by Board on a case to case basis
 <b><u>Percentage of value</u></b>	
*Refinance bonds	0.600%
*Assumption of outstanding bonds	0.125%

\* These fees are subject to adjustment at the discretion of the Agency, based on the complexity of the transaction involved.

The Agency recognizes its fees for services as operating revenues. Non-operating income results from activities not related to these transactions.

10. **Post-employment health insurance benefit plan:**

**Plan description:** During 2008, the Agency established a post-employment health insurance benefit plan for retired employees of the Agency. The plan is a single-employer defined benefit health insurance plan administered by the Agency. The plan provides health insurance coverage to all eligible retirees and their eligible dependents. For a retiree to be eligible, he/she should have a minimum of ten years of service with any public employer in the State of New York and have a minimum of five full years of service in the Agency. There are currently three active participants in the plan. All financial activities of the plan are included in the financial statements of the Agency. The plan does not issue a separate financial report.

**Funding policy:** The plan is non-contributory for employees and retirees. The funding requirements of the plan will be met by contributions from the Agency. For 2015 and 2014, the Agency's annual other post-employment benefit cost was \$68,674. At December 31, 2015 and 2014, the plan was unfunded. The Agency is informally setting aside funds with the intention that they be applied toward this future liability.

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**10. Post-employment health insurance benefit plan (continued):**

**Annual OPEB cost and net OPEB obligation:** The Agency's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following shows the components of the Agency's annual OPEB cost for 2015 and 2014, the amount actually contributed to the plan and changes in the Agency's net OPEB obligation to the plan:

	<u>2015</u>	<u>2014</u>
Annual required contribution	\$ 72,700	\$ 72,700
Interest on net OPEB obligation	10,319	10,319
Adjustment to annual required contribution	<u>(14,345)</u>	<u>(14,345)</u>
Annual OPEB cost (expense)	68,674	68,674
Contributions made	<u>-</u>	<u>-</u>
Increase in net OPEB obligation	68,674	68,674
Net OPEB obligation - beginning of year	<u>326,644</u>	<u>257,970</u>
Net OPEB obligation - end of year	<u>\$395,318</u>	<u>\$326,644</u>

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the years ending December 31, 2008 - December 31, 2015 was as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/08	\$23,700	0%	\$ 23,700
12/31/09	\$23,700	0%	\$ 47,400
12/31/10	\$23,700	0%	\$ 71,100
12/31/11	\$62,290	0%	\$133,390
12/31/12	\$62,290	0%	\$195,680
12/31/13	\$62,290	0%	\$257,970
12/31/14	\$68,674	0%	\$326,644
12/31/15	\$68,674	0%	\$395,318

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**10. Post-employment Health Insurance Benefit Plan (continued):**

**Funded status and funding progress:** As of January 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$528,900 and the actuarial value of assets earmarked for benefits was \$-0- resulting in an underfunding in the amount of \$528,900.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial methods and assumptions:** Projections of benefits for financial reporting purposes are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and plan members) at the time of each valuation and on the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Actuarial methods:**

Actuarial cost method: Projected Unit Credit Cost Method

Method used to determine the actuarial value of assets: Market Value

**Assumptions:**

Discount rate: 4.0%

Investment return: not applicable

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**10. Post-employment Health Insurance Benefit Plan (continued):**

**Assumptions (continued):**

Projected salary increases: not applicable

**Healthcare cost trend rate:**

<b><u>Valuation Year Ending 12/31</u></b>	<b><u>NYSHIP Inflation Rate</u></b>	<b><u>NYSHIP Medicare Trend</u></b>	<b><u>Medicare Part B Trend</u></b>
2014-2015	5.10%	0.50%	0.00%
2015-2016	5.60%	5.70%	5.00%
2016-2017	5.90%	6.10%	5.00%
2017-2018	5.40%	5.40%	5.00%
2018-2019	5.50%	5.50%	5.00%
2019-2020	5.60%	5.50%	5.00%
2020-2022	5.80%	5.40%	5.00%
2022-2025	5.70%	5.40%	5.00%
2025-2026	6.30%	5.40%	5.00%
2026-2029	6.40%	5.40%	5.00%
2029-2033	6.30%	5.40%	5.00%
2033-2036	6.30%	5.50%	5.00%
2036-2037	6.10%	5.40%	5.00%
2037-2038	6.00%	5.30%	5.00%
2038-2039	5.90%	5.30%	5.00%
2039-2040	5.90%	5.50%	5.00%
2040-2042	5.80%	5.50%	5.00%
2042-2044	5.70%	6.20%	5.00%
2044-2045	5.70%	6.10%	5.00%
2045-2048	5.60%	6.00%	5.00%
2048-2051	5.50%	5.90%	5.00%
2051-2053	5.50%	5.80%	5.00%
2053-2054	5.40%	5.80%	5.00%
2054-2058	5.40%	5.70%	5.00%
2058-2060	5.40%	5.60%	5.00%
2060-2062	5.30%	5.60%	5.00%
2062-2063	5.20%	5.50%	4.90%
2063-2064	5.10%	5.30%	4.90%
2064-2065	5.00%	5.20%	4.80%



**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**10. Post-employment Health Insurance Benefit Plan (continued):**

**Assumptions (continued):**

**Healthcare cost trend rate (continued):**

<u>Valuation Year Ending 12/31</u>	<u>NYSHIP Inflation Rate</u>	<u>NYSHIP Medicare Trend</u>	<u>Medicare Part B Trend</u>
2065-2066	5.00%	5.10%	4.70%
2066-2067	4.90%	5.10%	4.70%
2067-2068	4.80%	5.00%	4.60%
2068-2069	4.70%	4.90%	4.50%
2069-2070	4.60%	4.80%	4.50%
2070-2071	4.60%	4.70%	4.40%
2071-2086	4.50%	4.60%	4.30%
2086-2090	4.50%	4.50%	4.30%
2090 and onward	4.40%	4.50%	4.30%

**Retirement rates:**

(including post age 55 disability)

<u>Age</u>	<u>Age at least 55 and service less than 20 years of service</u>	<u>Age at least 55 or service greater than 20 years of service</u>
55	5%	30%
56-58	5%	20%
59-60	6%	20%
61	10%	30%
62	15%	40%
63-64	15%	25%
65	20%	30%
66	15%	30%
67-69	15%	25%
70	100%	100%

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**10. Post-employment Health Insurance Benefit Plan (continued):**

**Assumptions (continued):**

Mortality: RP 2000 Combined, sex distinct, with full generational projection using Scale AA.

**Amortization method:** A 30 year closed amortization period is being used. The remaining amortization period at December 31, 2015 and 2014 was 22 years and 23 years, respectively.

**11. Related party transactions:**

The Agency shares its office space with the Town of Hempstead Local Development Corporation (the Corporation), a related party. The Agency and the Corporation have the same executive and deputy executive directors.

The Agency and the Corporation have an agreement in which the Corporation reimburses the Agency for shared costs, including office space, supplies and telephone. These expenses have been reflected in the appropriate expense categories. Amounts paid to the Agency for the years ended December 31, 2015 and 2014 were \$6,750 and \$6,657, respectively. In addition, during the year ended December 31, 2015, the Corporation reimbursed the Agency \$5,500 for advertising expenses. At December 31, 2015 and 2014, the Agency had a receivable of \$8,825 and \$3,277, respectively, for amounts owed from the Corporation which is reflected on the Statements of Net Position as other receivable.

During the year ended December 31, 2014, the Agency passed a resolution to reimburse the Corporation for prior years' salary and related payroll taxes when the Corporation had an employee. This amount was determined to be \$26,904, \$9,914 of which is shown on the Agency's 2014 Statement of Net Position as due to affiliate.

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**12. Prior period adjustment:**

The following restatement was performed to net position at the beginning of 2015 due to a change in accounting principle resulting from the adoption of GASB Statement 68:

Net position at January 1, 2015, as previously stated	\$ 3,142,873
Adjustment for Agency contributions made during the measurement period	119,201
Less net pension liability	<u>(61,269)</u>
Net position at January 1, 2015, as restated	<u>\$ 3,200,805</u>

The Agency presents comparative financial statements for the years ended December 31, 2015 and 2014. As it is not practical for the Agency to determine the amounts of all deferred inflows of resources and deferred outflows of resources related to pensions for the year ended December 31, 2014, the cumulative effect of applying this statement is reported as a restatement of beginning net position for the year ended December 31, 2015, the earliest period restated. The December 31, 2014 financial statements have not been restated.

**13. New pronouncements:**

The GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. The primary objective of GASB Statement 75 is to improve accounting and financial reporting for postemployment benefits other than pensions (OPEB). GASB Statement 75 replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement become effective for the Agency for the year ended December 31, 2018.

**Town of Hempstead  
Industrial Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

**13. New pronouncements (continued):**

The GASB has issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of GASB Statement 76 is to identify, in the context of the current governmental financial reporting environment, the hierarchy of GAAP. The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. GASB Statement 76 supersedes GASB Statement 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this statement become effective for the Agency for the year ended December 31, 2016.

The Corporation is currently evaluating the impact of the above pronouncements.

**Town of Hempstead  
Industrial Development Agency**

**BUDGETARY COMPARISON SCHEDULE**

**For the Year Ended December 31, 2015**

	<u>Budgetary Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fees for services	\$ 952,344	\$ 952,344	\$ 941,505	\$ (10,839)
Interest income	3,500	3,500	5,840	2,340
Total revenues	<u>955,844</u>	<u>955,844</u>	<u>947,345</u>	<u>(8,499)</u>
<b>Expenses:</b>				
Salaries	505,000	505,000	542,866	(37,866)
Payroll tax	39,184	39,184	38,951	233
Pension expense	119,250	119,250	52,026	67,224
Compensated absences	35,000	35,000	27,692	7,308
Health insurance	74,925	74,925	71,167	3,758
Post-employment health benefits	-	-	68,674	(68,674)
Contractual and professional fees	31,500	31,500	30,675	825
Advertising	75,320	75,320	75,320	-
Rent	26,500	26,500	24,164	2,336
Office and related expenses	25,580	25,580	24,361	1,219
Meetings and travel	12,950	12,950	11,213	1,737
Dues and subscriptions	3,400	3,400	3,292	108
Depreciation and amortization	7,235	7,235	7,233	2
Total expenses	<u>955,844</u>	<u>955,844</u>	<u>977,634</u>	<u>(21,790)</u>
<b>Excess (deficiency) of revenues over (under) expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,289)</u>	<u>\$ (30,289)</u>

**Town of Hempstead  
Industrial Development Agency**

**BUDGETARY COMPARISON SCHEDULE**

**For the Year Ended December 31, 2014**

	<u>Budgetary Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fees for services	\$ 988,650	\$ 988,650	\$ 1,551,357	\$ 562,707
Interest income	3,500	3,500	4,845	1,345
Total revenues	<u>992,150</u>	<u>992,150</u>	<u>1,556,202</u>	<u>564,052</u>
<b>Expenses:</b>				
Salaries	555,000	555,000	530,398	24,602
Payroll tax	37,287	37,287	37,221	66
Reimbursement expenses	-	-	26,904	(26,904)
Pension expense	119,201	119,201	119,201	-
Compensated absences	30,000	30,000	34,826	(4,826)
Health insurance	71,800	71,800	67,866	3,934
Post-employment health benefits	-	-	68,674	(68,674)
Contractual and professional fees	25,000	25,000	24,250	750
Advertising	75,020	75,020	75,020	-
Rent	26,500	26,500	24,215	2,285
Office and related expenses	23,578	23,578	22,655	923
Meetings and travel	12,600	12,600	11,008	1,592
Dues and subscriptions	4,164	4,164	4,164	-
Depreciation and amortization	12,000	12,000	7,845	4,155
Total expenses	<u>992,150</u>	<u>992,150</u>	<u>1,054,247</u>	<u>(62,097)</u>
<b>Excess (deficiency) of revenues over (under) expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 501,955</u>	<u>\$ 501,955</u>

**Town of Hempstead  
Industrial Development Agency**

**POST-EMPLOYMENT HEALTH INSURANCE BENEFIT PLAN  
SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Accrued Liability (UAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAL as a Percentage of Covered Payroll</b>
1/1/2008	\$ -	\$ 255,700	\$ 255,700	0.0%	N/A	N/A
1/1/2011	-	401,500	401,500	0.0%	N/A	N/A
1/1/2014	-	528,900	528,900	0.0%	N/A	N/A

**Town of Hempstead  
Industrial Development Agency**

**SCHEDULE OF THE AGENCY'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY**

**New York State and Local Retirement System Pension Plan  
Last Fiscal Year\***

	<u>2015</u>
Agency's proportion of the net pension liability	0.0013559%
Agency's proportionate share of the net pension liability	\$ 45,805
Agency's covered-employee payroll	542,866
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	8.4%
Plan fiduciary net position as a percentage of the total pension liability	97.9%

\* The amounts presented for each fiscal year were determined as of the System's measurement date, March 31st.



**Town of Hempstead  
Industrial Development Agency**

**SCHEDULE OF THE AGENCY'S CONTRIBUTIONS**

**New York State and Local Retirement System Pension Plan  
Last Fiscal Year\***

	<b><u>2015</u></b>
Contractually required contribution	\$ 119,201
Contributions in relation to the contractually required contribution	<u>(119,201)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Agency's covered-employee payroll	\$ 542,866
Contributions as a percentage of covered-employee payroll	21.96%

\* The amounts presented for each fiscal year were determined as of the fiscal year end.