MINUTES – AGENCY MEETING – June 19, 2012

Time & Place: 12:00 Noon, Ebenezer Watts Conference Center,
49 S. Fitzhugh Street, Rochester, New York

Board Present: S. Moore (Acting Chair), A. Burr, R. Gerbracht, H. Stuart

Also Present: J. Seil (Executive Director), R. Yolevich (Monroe County Legislature),
E. Liberti, M. Townsend, Esq.

Acting Chair Moore called the meeting to order and led the Pledge of Allegiance.

Acting Chair Moore opened the Public Forum. Mr. Joseph Shields of Ferrara, Fiorenza, Larrison, Barrett & Reitz PC, representing the Greece Central School District (GCSD) noted that the GCSD adopted a resolution objecting to the application for the custom PILOT, both the February 2012 proposed 30 year PILOT and today's revised 25 year PILOT, requested by Greece Town Mall. Mr. Shields offered further comment noting concerns about the inclusion of outparcels under the proposed PILOT agreement, as well as concerns about the PILOT Analysis prepared by The Bonadio Group. Mr. Shields noted that The Bonadio Group analysis concluded that the GCSD would be held harmless. Mr. Shields noted that GCSD engaged a real estate appraiser and financial analyst to conduct their own analysis which concluded that there would be a loss of $6 Million - $8 Million in real property tax revenues under the proposed PILOT agreement. Mr. Shields, referencing the "Uniform Tax Exemption Policy which says it will not approve a special PILOT program unless each of the taxing jurisdictions consent", on behalf of the GSCD requested that the board decline to approve the proposed PILOT deviation. Mr. Shields noting the JobsPlus program, which was approved for the DiMarco project on West Ridge Road, asked if the analysis had been completed to determine if that program works for this project. Mr. Shields requested that the attached exhibits (Exhibit A – Thurston and Exhibit B - Blue Horizons),and transcripts of both public hearings and today's public forum (to be provided by Mr. Shields) be made part of the record. Mr. Shields noted that his client has not received an updated Bonadio analysis which was referenced in earlier public hearings. Mr. Shields noted that he had written to counsel on May 25, 2012 (Exhibit C attached) requesting a meeting and that no response has been received. He asked that this letter be included in the public record.

Todd Thurston, MAI, of Thurston Casale & Ryan LLC representing the GCSD offered comments regarding the analysis prepared by the Bonadio Group and concluded that the structure of the PILOT will result in an economic burden to the district with a loss to the school district of future tax receipts of $6 Million to $8.6 Million over the 25 year life of the PILOT.

Tim Poley, Blue Horizons Strategies Inc., representing the GCSD offered comments regarding the analysis prepared by the Bonadio Group and concluded that the proposed PILOT, which encompasses the main mall, Target, McDonald's, Regal Theater and the former Bon Ton, and concluded that the amount of projected investment does not warrant a 25 year PILOT and that JobsPlus program may be a better and more appropriate program for this project. Mr. Poley requested that the board consider the full financial impacts of the proposed project noting the need for a high degree of due diligence and financial scrutiny before entering into a long term PILOT agreement.

Executive Director Seil read in to the record, the remarks of the Town of Greece Supervisor, Honorable John Auburger, which were delivered at the Public Hearing of June 18, 2012 in the Town of Greece. Mr. Auburger notes that the Town of Greece is in favor of the PILOT agreement as it secures a steady stream of tax revenue without the uncertainty of decreasing values, and will have a positive impact on sales tax revenue and will provide employment opportunities for the residents of Greece. Supervisor Auburger noted assessments are not correlated to the rate of inflation; they are market driven.

Mr. Thomas Bonadio, The Bonadio Group, offered comments regarding The Bonadio Group report, noting that it was not intended as an appraisal, the decline in local commercial real estate values in upstate New York, and that in light of recently imposed tax levy cap, the proposed PILOT represents a steady stream of income to the school district. Mr. Bonadio noted the appraisal provided by Mr. Thurston assumes inflation drives assessment and that is not the case in Monroe County.

Dennis Wilmot, Wilmorite Inc., offered comments regarding the project. Mr. Wilmot noted that required financial information for the mall and the proposed project had been provided to COMIDA. Mr. Wilmot expressed umbrage at the remarks that compared this project to the Destiny USA project in Syracuse. Mr. Wilmot asserted that the Destiny project is the beneficiary of PILOT Increment Financing, whereas this project in seeking only a PILOT agreement. Mr. Wilmot asserted that such mall redevelopment projects are not typically financeable, and that aged malls require greater investment and inducement by the landlord to attract retailers and restaurants to less than ideal space. Mr. Wilmot noted that his income potential is significantly handicapped. Mr. Wilmot asserts that the PILOT promises the 45 year old mall's continued vitality for 25 years. Mr. Wilmot noted that the additional job generation that the project will create must not be overlooked. Mr. Wilmot stated that if the company is unable to secure an agreement for this PILOT, the company will be unable to move ahead with the project and will continue to pursue the grievance that has been filed on the current assessment of the BonTon parcel.

There being no further speakers, the Public Forum was closed.

Mike Loewke of Loewke Brill Consulting Group, Inc. presented the Monitoring Report for the period of May 1, 2012 – May 31, 2012. During that time, 82 monthly visits and 3 follow up visits were conducted. Of the 705 workers that were identified, one was noncompliant on the initial visit. As of May 31, 2012 all monitored sites were compliant. Loewke & Brill delivered signs to 2 new projects.

J. Seil presented the following applications for agency consideration:

A.I. Armitage, LLC ($155,000 Lease/Leaseback with JobsPlus)
CM Armitage Inc. ($ 45,000 Sales Tax Only)

The company was represented by Craig Armitage. A.I. Armitage, LLC (Armitage) is proposing to develop an approximately 1/2 acre parcel in the town of Irondequoit and to construct a 5,000 square foot commercial building to house a related entity, C.M. Armitage Inc., (CMA) an electrical contractor. CMA provides electrical contracting services to residential, industrial and commercial projects. Recent CMA projects include the Homewood Suites in Greece and the Temple Building in downtown Rochester. The $200,000 project is projected to add 7 FTEs to the existing 10 FTEs. CMA is seeking sales tax exemption on equipment, furniture and fixtures for the new headquarters facility. Armitage is seeking approval of the JobsPlus property tax abatement. Upon inquiry by the Chair, the applicant representative confirmed that they are aware of the Local Labor requirements. After a brief discussion and on a motion made by H. Stuart and seconded by A. Burr, a resolution was adopted approving SEQR for the subject property. All Aye. On a motion made by R. Gerbracht and seconded by A. Burr, an inducement resolution was adopted approving subject project. All Aye.

Casa Larga Vineyards (EquiPlus)

The company was represented by Steve Richards. Casa Larga Vineyards (Casa Larga) is a family owned winery established by Andrew Colaruotolo in 1974 and is now owned by Antoinette Colaruotolo. Casa Larga is located on 45 acres in the Town of Perinton and currently produces 34,000 gallons of wine annually. Casa Larga intends to invest $92,888 to purchase equipment including a pressurized bottling line, wine vessels and wine barrels for a new product line. Additionally, Casa Larga is proposing to invest another $52,913 to make internal renovations and repairs to their 4,848 square foot winery facility. The total investment for this project is $145,801. Casa Larga currently employs 31 FTE and expects to create 2 new full-time positions. Casa Larga has been approved for the GreatRate program through Monroe County Industrial Development Corporation and is seeking approval of the EquiPlus program. Upon inquiry by the Chair, the applicant representative confirmed that they are aware of the Local Labor requirements. After a brief discussion and on a motion made by H. Stuart and seconded by R. Gerbracht, an inducement resolution was adopted approving subject project. All Aye.

Innovative Data Processing Solutions, Ltd. (EquiPlus)

The company was represented by Russell Cattat. Innovative Data Processing Solutions, LTD (IDPS) is a technology service provider that develops software, network and web solutions for businesses in upstate New York. IDPS will be investing $35,422 to purchase equipment consisting of laptops, phones and software, and another $30,000 to renovate an additional 1787 square feet in order to accommodate their expected growth. IDPS currently employs 55 FTE and expects to create 5 new full-time positions. IDPS has been approved for the GreatRate program through Monroe County Industrial Development Corporation and is seeking approval of the EquiPlus program. Upon inquiry by the Chair, the applicant representative confirmed that they are aware of the Local Labor requirements. After a brief discussion and on a motion made by A. Burr and seconded by R. Gerbracht, an inducement resolution was adopted approving subject project. All Aye.

Toshiba Business Solutions (EquiPlus)

The company was represented by Jeff Fasoldt. Toshiba Business Solutions, (USA) Inc. (TBS) has outgrown its combined space at their current facilities on Atlantic Avenue and at Metro Park, and will be leasing approximately 20,000 square feet of space at 180 Kenneth Dr. in the Town of Henrietta. TBS sells and leases office equipment and also designs and installs computerized presentation systems for corporations. TBS will be investing $375,000 in office and computer equipment, phones and an alarm system. TBS has been approved for the GreatRebate program through Monroe County Industrial Development Corporation and is seeking approval of the EquiPlus program. After a brief discussion and on a motion made by H. Stuart and seconded by R. Gerbracht, an inducement resolution was adopted approving subject project. All Aye.

1150 Lee Road LLC (Lease/Leaseback with Custom PILOT)

The company was represented by Dave Stoklosa. LiDestri Foods, Inc. (LiDestri) is a private label and contract manufacturer of food products, primarily sauces, dips and salsas. Headquartered in Fairport NY, LiDestri has manufacturing facilities in Fairport, Rochester; Pennsylvania, New Jersey and California. In October 2009, LiDestri purchased a former Kodak building in the Eastman Business Park in the Town of Greece, and relocated its Dundee NY and Pennsauken NJ operations to the new location. Since that time, LiDestri has invested over $50 Million to upgrade the facility into a state of the art spirits and sauce plant. The new project will include the purchase and equipping of a 397,940 square foot former Kodak facility on 20 acres at the Eastman Business Park. The new facility will provide additional warehouse capacity and enable additional manufacturing and new business opportunities at the Lee Road campus. The $11,050,000 project will impact 584 jobs locally and is projected to create 70 new FTE over three years. Upon inquiry by the Chair, the applicant representative confirmed that they are aware of the Local Labor requirements. After a brief discussion and on a motion made by A. Burr and seconded by R. Gerbracht, an inducement resolution was adopted approving subject project. All Aye.

Greece Ridge Mall L.P.

Public Hearings were held in the Town of Greece on June 18, 2012. After a brief discussion and on a motion made by R. Gerbracht and seconded by A. Burr, a resolution was adopted to table the vote on the special PILOT. All Aye. On a motion made by A. Burr and seconded by H. Stuart, a resolution was adopted authorizing the Executive Director to execute and deliver a tolling agreement which agrees to waive for sixty days the right to claim that litigation should be dismissed due to the expiration of a statute of limitations.

On motion made by H. Stuart and seconded by R. Gerbracht, minutes for the meeting of May 15, 2012 were reviewed and adopted and approved. All Aye.

M. Townsend, Board Counsel, presented the following items for Agency Action:

Terminations:

-Omega Consolidated – End of PILOT term
-Datrose – End of PILOT term
-Graver Technologies – End of PILOT term
-St. Simon's Terrace – End of PILOT term
-Nixon Peabody – by Request

On a motion made by H. Stuart and seconded by R. Gerbracht, a resolution was adopted approving the termination of the above named projects. All Aye.

Miscellaneous:

-747 S. Clinton LLC

On a motion made by H. Stuart and seconded by A. Burr, a resolution was adopted approving a $13,931 increase in project costs to $1,563,931. All Aye.

- Rochester Homebuilders

On a motion made by H. Stuart and seconded by A. Burr, a resolution was adopted approving Steuben Trust as subtenant. All Aye.

There being no further business, the meeting was adjourned.

THURSTON, CASALE & RYAN, LLC

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June 14, 2012

Mr. Joseph G. Shields, Esq.
Ferrara, Fiorenza, Larrison, Barrett & Reitz, P.C.
5010 Campuswood Drive
East Syracuse, New York 13057

Re: Greece Ridge Mall Analysis
Town of Greece; Monroe County

Dear Mr. Shields:

At your request, I have completed a review of the COMIDA application and "Financial Analysis of Greece Ridge, LLC" by Bonadio & Co., LLP ("Bonadio Report") on the above referenced property.

First, as required by Standards 4 and 5 of the Uniform Standards of Professional Appraisal Practice governing real property appraisal consulting:

Client/Intended User:	Joseph G. Shields, Esq. and applicable representatives of the Greece School District
Intended Use:	Review available COMIDA documents to assess whether conclusions are reasonable and factually accurate
Effective Date of Assignment:	June 2012
Property Description:	Regional Mall containing 1,500,000+ sq.ft. and comprised of five tax parcels: Main Shopping Center (074.18-4-7.113), Hoyt's (074.14-4-13.11), McDonalds (074.19-1-7), Target (074.18-4-12.21), and BonTon (074.190-0001-006).
Scope of Work:	1) reviewed project's COMIDA application; 2) reviewed Bonadio Report; 3) researched local assessment and tax rate information; and 4) summarized my findings herein.
Extraordinary Assumptions:	None
Hypothetical Conditions:	None

COMIDA Application:

Total costs are reported at $11.4 million, inclusive of construction costs, property acquisition, soft costs, and tenant improvements:

VII. PROJECT COSTS AND FINANCING

A. Estimate the costs necessary for the construction, acquisition, rehabilitation, improvement and/or equipping of the project.

Estimated Costs Eligible for Sales Tax Exemption Benefit			
a.	Building Construction or Renovation Costs	a. $	5,305,750
b.	Sitework	b. $	
c.	Non-manufacturing equipment	c. $	
d.	Furniture, Fixtures	d. $	
e.	Other (specify)	e. $	
f.	Subtotal	f. $	5,305,750
Estimated Costs Not Subject to Sales Tax			
g.	Land and/or Building Purchase	g. $	3,250,000
h.	Manufacturing Equipment	h. $	
i.	Soft Costs (Legal, Architect, Engineering)	i. $	2,150,000
j.	Other (specify) Tenant Allowances	j. $	698,000
k.	Subtotal	k. $	6,098,000
Total Project Costs		f. + k. $	11,403,750

It is beyond the scope of this assignment to assess how much of these costs relate to value, but greater detail would be needed to confirm that each component is market based [i.e. soft costs, for example, appear inflated at 41% of construction costs ($2.15M ÷ $5.3M)].

Also notable in the table is the BonTon conveyance. It will largely be redeveloped in conjunction with the proposed project. For comparison purposes, other significant land developments along West Ridge Road over the last decade are:

LARGE LAND CONVEYANCES ALONG WEST RIDGE ROAD CORRIDOR OVER LAST DECADE					
Address	Sale Date	Sale Price	Acreage	Price/Ac. (R)	Comments
Greece Ridge Mall	**2012+-**	**$3,250,000**	**9.77**	**$333,000**	**Former BonTon**
3968 W. Ridge Rd	Feb-09	1,200,000	3.51	342,000	Vacant site near Kohl's
1877 W. Ridge Rd	Nov-07	2,630,000	5.01	525,000	Redevelopment of Auto Dealership
4100 W. Ridge Rd	Dec-03	2,700,000	8.25	327,000	Kohl's Site
3150 W. Ridge Rd	Mar-02	9,800,000	12.53	782,000	Lowe's Site

At $333,000 per Ac., the BonTon purchase is positioned at the low end of the range (roughly equivalent to Kohl's site west of Elmgrove Road).

This conveyance was one of three BonTon locations reportedly acquired by Wilmorite. Further research will be required to determine whether package pricing resulted in a below market conveyance.

Bonadio Report:

The financial analysis prepared on behalf of COMIDA relied on three main methodologies to assess the impacts of the PILOT: "growth" of assessments, comparison of tax collections, and opportunity costs of future taxes. Each are addressed as follows (**Bonadio conclusions are shaded**):

- Impact of Growth on Assessments (pg 2, Exhibits A & B).
  - Compares Mall's contribution to total Town assessment in 2007 (1.99%) with 2012 (1.86%).
  - Compares actual tax bill in 2005/06 ($2,259,815) to 2011/12 ($2,067,734).
  - Concludes that taxes have been decreasing over the last 6-7 years.

Response: First two bullets appear factually correct. However, the 2005/06 tax bill represents the highest amount to date. All subsequent billings have been less, in part due to increasing assessments town wide (1.3% annually), which has mitigated growth in the school tax rate.

Since the PILOT will extend for 25+ years, focusing on changes over the last 6 to 7 is imprudent. Refer to the following for a longer study period:

ACTUAL TAX COLLECTIONS SINCE 1999 ON MALL PARCELS			
Year	Combined Assmt	Total School Bill (R)	Annual Change
1999-2000	$87,256,000	$1,615,000	
2000-2001	$90,150,100	1,804,000	11.7%
2001-2002	$90,335,900	1,876,000	4.0%
2002-2003	$90,335,900	1,992,000	6.2%
2003-2004	$92,135,900	2,075,000	4.2%
2004-2005	$92,525,900	2,160,000	4.1%
2005-2006	$91,675,900	2,260,000	4.6%
2006-2007	$91,804,900	2,106,000	-6.8%
2007-2008	$91,804,900	2,130,000	1.1%
2008-2009	$90,754,900	2,029,000	-4.7%
2009-2010	$90,754,900	1,969,000	-3.0%
2010-2011	$90,754,900	2,046,000	3.9%
2011-2012	$90,765,100	2,068,000	1.1%
2012-2013	$91,832,100	2,147,000*	3.8%
Average Annual Change (1999-2012)			**2.3%**

*Tentative Amount

Over the last 14 years, school taxes have actually increased an average of **2.3% annually** or **$530,000±** total. <u>Thus, any projections based on declining/stable taxes will result in false conclusions to the detriment of the school district.</u>

- Comparison of Real Property Tax Payments to PILOT (Impact of Growth on Assessments (pg 2-3, Exhibits C through E).
    - Year 1 PILOT payment is $35,000± higher than 2011-12 collections.
    - Proposed PILOT payment will increase 3% every 5 years (Note: revised to 0.6% per year in recent proposal).
    - Assumes real estate taxes will not increase over next 30 years (Note: revised to 25 years in recent proposal)
    - Based on inputs above, concludes that PILOT will result in $3.1M more to municipalities ($1.9M to school) on a discounted basis over 30 years.

Response: First, the $35,000 increase equates to $950,000 in assessed value ($35,000 ÷ $36.87 tax rate). This corresponds to less than 10% of proposed improvements ($950K ÷ $11.4M).

Second, 3% increase every 5 years equates to 0.6% annually. This is just one-quarter of what has taken place since 1999 (see preceding table).

Third, between 1999 and 2012, school taxes increased $530,000±. Projecting flat trends for 25+ years is simply not credible and will result in false conclusions.

Lastly, present value comparison is corrected as follows:

PROJECTED SCHOOL TAXES OVER 30-YR PILOT			
	Estimated School Taxes		Proposed
Tax Year	At Historical Incr. (2.3%)	Based on 2% Tax Cap	PILOT (At Stepped Incr.)
2012	$2,147,000	$2,147,000	$2,089,577
2013	2,196,381	2,189,940	2,089,577
2014	2,246,898	2,233,739	2,089,577
2015	2,298,577	2,278,414	2,089,577
2016	2,351,444	2,323,982	2,089,577
2017	2,405,527	2,370,462	2,152,264
2018	2,460,854	2,417,871	2,152,264
2019	2,517,454	2,466,228	2,152,264
2020	2,575,355	2,515,553	2,152,264
2021	2,634,588	2,565,864	2,152,264
2022	2,695,184	2,617,181	2,216,832
2023	2,757,173	2,669,525	2,216,832
2024	2,820,588	2,722,916	2,216,832
2025	2,885,462	2,777,374	2,216,832
2026	2,951,828	2,832,921	2,216,832
2027	3,019,720	2,889,579	2,283,337 *
2028	3,089,174	2,947,371	2,283,337 *
2029	3,160,225	3,006,318	2,283,337 *
2030	3,232,910	3,066,444	2,283,337 *
2031	3,307,267	3,127,773	2,283,337 *
2032	3,383,334	3,190,328	2,351,837
2033	3,461,151	3,254,135	2,351,837
2034	3,540,757	3,319,218	2,351,837
2035	3,622,194	3,385,602	2,351,837
2036	3,705,504	3,453,314	2,351,837
2037	3,790,731	3,522,380	2,422,392 *
2038	3,877,918	3,592,828	2,422,392 *
2039	3,967,110	3,664,685	2,422,392 *
2040	4,058,354	3,737,979	2,422,392 *
2041	4,151,696	3,812,739	2,422,392 *
Totals	**$91,312,358**	**$87,099,663**	**$67,581,195** *
PV of Pmts	$38,041,000	$36,747,000	$30,271,000 *
Decrease	**($7,770,000)**	**($6,476,000)**	

*Math errors noted in Bonadio Schedule (corrected)

Based on the PILOT as originally proposed, monies to the school district will <u>decline</u> on a present value basis between **$6.5M to $7.8M**, depending on the growth rate used.

Based upon COMIDA's proposed revisions (25 years @ 0.6% per year), schedule is modified as follows:

PROJECTED SCHOOL TAXES OVER 25-YR PILOT (REVISED)			
Tax Year	Estimated School Taxes At Historical Increases (2.3%)	Estimated School Taxes Based on 2% Tax Cap	Proposed PILOT (@0.6%/yr)
2012	$2,147,000	$2,147,000	$2,089,577
2013	2,196,381	2,189,940	2,102,114
2014	2,246,898	2,233,739	2,114,727
2015	2,298,577	2,278,414	2,127,416
2016	2,351,444	2,323,982	2,140,180
2017	2,405,527	2,370,462	2,153,021
2018	2,460,854	2,417,871	2,165,939
2019	2,517,454	2,466,228	2,178,935
2020	2,575,355	2,515,553	2,192,008
2021	2,634,588	2,565,864	2,205,161
2022	2,695,184	2,617,181	2,218,391
2023	2,757,173	2,669,525	2,231,702
2024	2,820,588	2,722,916	2,245,092
2025	2,885,462	2,777,374	2,258,563
2026	2,951,828	2,832,921	2,272,114
2027	3,019,720	2,889,579	2,285,747
2028	3,089,174	2,947,371	2,299,461
2029	3,160,225	3,006,318	2,313,258
2030	3,232,910	3,066,444	2,327,137
2031	3,307,267	3,127,773	2,341,100
2032	3,383,334	3,190,328	2,355,147
2033	3,461,151	3,254,135	2,369,278
2034	3,540,757	3,319,218	2,383,493
2035	3,622,194	3,385,602	2,397,794
2036	3,705,504	3,453,314	2,412,181
Totals	**$71,466,549**	**$68,769,052**	**$56,179,537**
PV of Pmts	$34,156,000	$33,157,000	$28,225,000
Decrease	**($5,931,000)**	**($4,932,000)**	

Proposed changes will still result in a <u>decline</u> between **$4.9M to $5.9M** on a present value basis.

<u>Agreement will not result in a fiscal benefit to the school district of any kind</u>.

- Impact of Parcel Development on Future Taxes (pg3, Exhibit F)
  - Alternative valuation that considers opportunity cost of PILOT to school district.
  - Estimates otherwise assessable improvements at $7,250,000, $3,050,000 more than the BonTon's current level.
  - Computes corresponding tax increase of $69,500± ($3,050,000 x $22.781153 per $1,000 assessed)

Response: Essentially, this analysis projects taxes that district would forgo as a result of the PILOT.

First, $7.25M is used as basis for new assessment, which excludes "land" component and tenant improvements. For valuation purposes, both would be included (at market amounts). Thus, the Bonadio Report's "conservative" calculation excludes more than $4M.

Just as before, spreadsheet does not consider any tax appreciation, contrary to known facts. Based on historical/statutory tax increases, along with a full project alternative, table is revised as:

Tax Year	PREMISED ON $3,050,000 ASSMT INCREASE			PREMISED ON $7,200,000 ASSMT INCREASE		
	Estimated School Taxes		Bonadio	Estimated School Taxes		Bonadio
	At Historical Incr. (2.3%)	Based on 2% Cap	Projection (R)	At Historical Incr. (2.3%)	Based on 2% Cap	Projection (R)
2012^	$69,483	$69,483	$69,483	$164,024	$164,024	$164,024
2013	71,081	70,873	69,483	167,797	167,304	164,024
2014	72,716	72,290	69,483	171,656	170,650	164,024
2015	74,388	73,736	69,483	175,604	174,063	164,024
2016	76,099	75,211	69,483	179,643	177,544	164,024
2017	77,849	76,715	69,483	183,775	181,095	164,024
2018	79,640	78,249	69,483	188,002	184,717	164,024
2019	81,472	79,814	69,483	192,326	188,411	164,024
2020	83,346	81,410	69,483	196,749	192,179	164,024
2021	85,263	83,038	69,483	201,274	196,023	164,024
2022	87,224	84,699	69,483	205,903	199,943	164,024
2023	89,230	86,393	69,483	210,639	203,942	164,024
2024	91,282	88,121	69,483	215,484	208,021	164,024
2025	93,381	89,883	69,483	220,440	212,181	164,024
2026	95,529	91,681	69,483	225,510	216,425	164,024
2027	97,726	93,515	69,483	230,697	220,754	164,024
2028	99,974	95,385	69,483	236,003	225,169	164,024
2029	102,273	97,293	69,483	241,431	229,672	164,024
2030	104,625	99,239	69,483	246,984	234,265	164,024
2031	107,031	101,224	69,483	252,665	238,950	164,024
2032	109,493	103,248	69,483	258,476	243,729	164,024
2033	112,011	105,313	69,483	264,421	248,604	164,024
2034	114,587	107,419	69,483	270,503	253,576	164,024
2035	117,223	109,567	69,483	276,725	258,648	164,024
2036	119,919	111,758	69,483	283,090	263,821	164,024
2037	122,677	113,993	69,483	289,601	269,097	164,024
2038	125,499	116,273	69,483	296,262	274,479	164,024
2039	128,385	118,598	69,483	303,076	279,969	164,024
2040	131,338	120,970	69,483	310,047	285,568	164,024
2041	134,359	123,389	69,483	317,178	291,279	164,024
Totals	**$2,955,103**	**$2,818,780**	**$2,084,490** *	**$6,975,985**	**$6,654,102**	**$4,920,720**
PV of Pmts @ 30 yrs	$1,231,000	$1,189,000	$956,000 *	$2,906,000	$2,807,000	$2,258,000
PV of Pmts @ 25 yrs	$1,105,000	$1,073,000	$888,000	$2,609,000	$2,533,000	$1,819,000

*Math errors noted in Bonadio Schedule (corrected)

^Tax rate is based on 2011-12 amount (per Bonodio Report)

Because PILOT does not provide for a market increase in assessments, school tax collections are substantially below what would otherwise result:

With $3.05M assessment increase over 25 yrs: PVs of **$1.1±M**
With $7.2M assessment increase over 25 yrs: PVs of **$2.5±M to $2.6±M**

- Bonadio Report Conclusion (pg4)
  - Promotes PILOT to mitigate risk, as "tax deterioration" will be averted.
  - Claims that "real property tax revenue" for mall parcels has been decreasing.
  - Advocates PILOT as a means of guaranteed payments, enabling more efficient budgeting, etc. without imposing an economic burden.

Response: The first two bullets were refuted based on extended tax histories. No "deterioration" exists.

Further, the structure of the PILOT will most certainly result in an economic burden to the district because:

1. $11.4M project results in equivalent of an assessment increase of only $950K
2. Escalations are only <u>0.6%</u> annually, which is well below historical growth (<u>2.3%</u>)
3. A 25+-year term is excessive relative to the monies to be expended and the type of property involved (i.e. restaurants are notorious for short economic lives).

In the final analysis, the combination of these factors reduces future tax receipts by **<u>$6M to $8.6M</u>** (NPV across 25 years), depending on how much of the project is assessable and what trend rate is used.

Let me know if anything further is required. Feel free to contact me if clarification is needed.

Sincerely,

THURSTON, CASALE & RYAN, LLC

Todd P. Thurston, MAI
Principal

In accordance with Standards Rule 5-3 of USPAP:

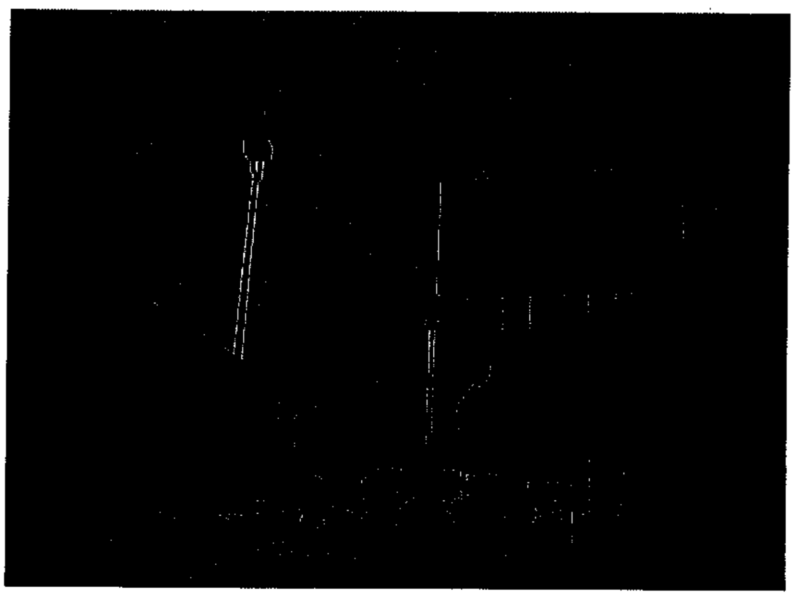
- The statement of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, conclusions, and recommendations.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated report, or the occurrence of a subsequent event directly related to the intended use of this appraisal consulting assignment.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have not made a recent personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal or appraisal consulting assistance to the person signing this certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. I have completed the continuing education program of the Appraisal Institute.
- I have performed no services, as an appraiser or any other capacity, regarding the property that is subject of this report within the three-year period immediately preceding acceptance of this assignment.

ANALYSIS AND DISCUSSION

OF THE PROPOSED

PILOT AGREEMENT

FOR THE GREECE RIDGE MALL



PREPARED FOR THE

GREECE CENTRAL SCHOOL DISTRICT

GREECE, NEW YORK

BLUE HORIZON STRATEGIES INC.

JUNE 8, 2012

1. Introduction

Payments in lieu of taxes are established through agreements with property holders. Under the agreements, the affected tax jurisdictions (ATJs) exempts the property holders from paying real property taxes and agrees to accept in lieu a prescribed amount, the PILOT, which is may be more or less than the real estate tax.

The primary purpose of the PILOT program is to offer real property tax relief or certainty of future payments to property owners seeking to establish or expand their businesses and/or promote trade, industries, and commerce in exchange for job creation and economic stability or growth within the area of the ATJs jurisdiction.

PILOT payments are usually established at either a fixed amount based on the current real estate taxes paid on the underlying property the year before entering into the PILOT agreement, plus a percent of the new improvements, or on a formula that is based on the mutual agreement of the parties. The components of the formula in a typical PILOT agreement would include the assessed value of the land and buildings, projected assessed value of future capital improvements, projected an current projected property tax rates for real properties, PILOT commencement and termination dates, possible periodic increases in the PILOT amounts, establishment of milestones to measure the progress of the project and the consequences if the milestones are not met.

2. Engagement Description

Blue Horizon Strategies Inc has been engaged by Ferrara, Fiorenza, Larrison, Barrett & Reitz, P.C. to assist the Greece Central School District (GCSD) in the evaluation of the financial and economic impacts to GCSD of a tax exemption application that has been submitted to the County of Monroe Industrial Development Agency (COMIDA) pursuant to RPTL 412-a. The application was submitted by Greece Towne Mall, LP (GTM) that owns the Greece Ridge Center, an enclosed mall and contiguous outparcels located in Greece, New

York. The project will involves the acquisition and redevelopment of the 146,000 square foot former Bon Ton Department Store site into an outdoor environment with full service restaurants and retail stores. GTM proposes to build 27,000 square feet of restaurants and small shops on part of the site with a projected cost of $11.4 million dollars and create 136 full time equivalent jobs. The applicant has stated that these will be part time jobs throughout the entire Mall. These types of jobs do not have the same impact on the economic growth as full time salaried positions.

3. PILOT Proposal Summary

GTM's proposal, which encompasses the Main Mall, Target, McDonalds, Regal Theatre, and Bon Ton, would result in a payment to the GCSD of $2,067,734 as a base annual PILOT payment, which is slightly greater than the amount they would receive if the property were on the tax rolls. The base amount under the proposal would increase every five years by 3%. Although the application requests 30-year duration for the PILOT, GTM has recently indicated that a 25-year PILOT may be satisfactory to them. The notice of public hearing also indicated that a .6% escalator each year which is the approximate equivalent of 3% every five (5) years. GTM would not be required to increase its payment to GCSD unless additional square footage is constructed on these properties during the PILOT period.

4. Bonadio & Co., LLP Financial Analysis of Greece Ridge Transaction

COMIDA commissioned Bonadio & Co., LLP to provide a financial analysis for the benefit of GCSD of the PILOT transaction that purportedly looked at the "history of property tax payments, unique limitations on the projected benefits to the GCSD, under the proposed PILOT agreement".

The February 2012 report concluded, "*...the PILOT agreement will provide the District with a guaranteed payment stream for 30 years that will not be impacted by changes in assessments, levies, laws, or economic factors. This certainly will give the District more* *information for purposes of projecting operating budget needs well into the future. Additionally, the development of this project will produce additional property tax and sales tax revenue to the District, but will not impose any economic burden to the District. As a result, the PILOT will have the effect of reducing the burden to the remaining taxpayers of the District.*"

We respectfully disagree with this conclusion and believe that it is based on assumptions which in our opinion are flawed.

5. **Blue Horizon Strategies Discussion of the PILOT Proposal**

A. Fixed vs. Variable Payments.

If future tax payments to the District are looked upon as bond portfolio returns that will provide a cash stream to the District over a multiple decade time horizon then it may beneficial to have both fixed and variable payments in that portfolio. Since the projecting of property tax revenue over long period is complex task influenced by myriad of variables having a fixed component can provide a stable and predictable element in the long-term District budgetary process. For this reason, longer-term PILOT agreements that are fairly structured may be beneficial to the GCSD's planning process for the same reason that they are attractive to both developers and lenders: THEY CAN REMOVE UNCERTAINTY FROM FUTURE CASH FLOWS.

However, the benefit of having a fixed and predictable income stream still needs to be tempered by prudent and thoughtful analysis, which attempts to analytically compare the fixed payments with a projected variable payment stream. The assumptions made by GTM in the current PILOT proposal seem biased in favor of the applicant and possibly to the long-term detriment of the District.

B. *GTM Assumption: District Taxes from the Mall Would Stay Constant over 30 years.*

GTM contends that the tax rate and assessed value of the parcels included in the PILOT would stay constant over a 30-year period. No increase in rate or assessed value. This is very unusual assumption and in our view cannot be empirically supported by any reasonable data sources. The assessments on the proposed PILOT parcels even during the most dire real estate period since the great depression increased over 5% from 1999 through 2012 and if the troubled Bon Ton parcel is excluded the overall increase over the same period is in excess of 8.5%. To compare the proposed PILOT payment stream with a 30-year static tax payment to the District distorts the analysis and slants the conclusion in favor of GTM. The historical assessed values for the Mall at Greece Ridge Center 1999 to 2012 (tentative) and Greece Central School District tax information is presented in Exhibit “A” attached to this report.

We have analyzed the assessment growth and tax rate growth for the Greece Central School District from 1999 to 2012. This data is annexed hereto as Exhibit “A”. In none of these years did the assessment and tax rate remain constant. In fact, using the historic data we have projected the assessment and tax rate growth over the next fourteen (14) years. (Attached hereto as Exhibit “B” is the projected comparisons. A comparison of the projected tax assessment and tax rate growth identical to the previous fourteen (14) years to GTM’s proposal reveals that that the GSCD would lose almost six million dollars in the 2012/13 to 2025/26 time period when compared the GMT PILOT proposal if the historical patterns repeated during this time frame.

C. *GTM Assumption: Base PILOT payment amount increases .6% every annually.*

The lowest annual average inflation rate for any ten-year period over the last sixty years is 2.3% and the average rate is over 3.7 % over the six-decade period. The proposed increase in PILOT payments of 3% every 5 years in our opinion unnecessarily exposes the District to inflationary deterioration of the PILOT payments. We find it disconcerting that the Bonadio report did not address this inflationary exposure since their task was to evaluate the proposal’s potential risk to the District. Furthermore, the methodology of increasing the PILOT Base payments every five years rather than an annual increment is very detrimental to the District due to the effect of annual compounding versus compounding every five years, again we were surprised that this exposure was not even mentioned in the Bonadio report. We have recently been informed that GTM has revised their proposal to .6% increase annually. The annual inflation rates from 1952 to 2011 are presented in Exhibit "C" attached to this report.

D. *GTM Assumption: The current assessment approximates the true value of the property.*

The values of unique parcels such as the Greece Mall are difficult to estimate even by experienced mall appraisers without sufficient financial data. Even highly experienced assessors struggle to determine the true value of these one of kind properties. The most appropriate valuation methodology for valuation of a retail center is an income approach where the revenue derived from the tenant leases is adjusted for expenses associated with the operations of the mall (not including deprecation, amortization, or debt service) to yield net operating income. This income stream is then capitalized by dividing by a factor that represents the return that an arm's length investor would require to purchase the property. This provides the approximate value of the project.

With malls, in particular, certain adjustments are often made to reflect the intrinsic value of the 'mall business" versus the true real estate value of the land and improvements. The current assessment is not based on an income approach and therefore may not represent the true value of the property and therefore the base payment may be understated—even rather small evaluation errors lead to large negative cash impacts to the GCSD. Exhibit "D" attached to this report exhibits these impacts.

For example, at 10% assessment understatement of the mall's value in the current proposal would lead to an almost seven million-dollar difference to the District over the proposed PILOT horizon even using the GTM's low base amount growth assumptions of 3% every five years.

For that reason, it is important to the District to have accurate valuations. District special counsel has asked GTM to provide the financial information so that an accurate valuation could be performed by a qualified appraiser and GTM denied that request based on the confidentiality of a privately held company's financial information.

We honor and respect the right of privacy for closely held organizations but just as a parent when requesting college financial aid for their children must disclose even the most private financial facts in order to obtain assistance, a private organization when requesting public assistance from ATJs should be required to provide the requested data with appropriate confidentiality agreements to guard against wholesale dissemination of the financial data. In the alternative, without good data the PILOT base amount should be set in the higher range of reasonable values to insure that the payment stream does not expose the District to unnecessary financial exposure.

E. *GTM Assumption: The GCSD is held harmless over the term of the PILOT agreement.*

Both GTM and the Bonadio report assert that the District will be "held harmless" over the term of the PILOT agreement. This is very hard to even imagine with such assumptions as base payment that increases at rate that is about one sixth of the 60 year inflation rate, that assessment and tax rates would be constant over a thirty year period, that no provision is made for milestones, that unusual and unforeseen economic events such as runaway inflation like we had under the Carter administration are not even addressed, that the District does not receive any additional revenue from the PILOT properties unless and until additional square footage is added to the mall properties—no sharing in the upside. **This cannot, not in good conscience, be considered that the GCSD is being "held harmless"**

In essence, the District is being asked to be long-term investor in GTM. The Bonadio report expresses, "This… is a classic example of a public-private partnership…the mutual benefits afforded the District will be identified". The proposed structure is not a well-structured partnership relationship since most of the risk is squarely on the back of the District and the almost all the benefits and the upside reside with GTM rather than both of these variables being more fairly apportioned between the "partners".

F. Amount of projected investment does not seem to warrant at 30 year PILOT on over $100 Million of retail real estate.

The preliminary 2012 tax rolls peg the Greece Ridge Mall value at almost $92,000,000 and the proposed total investment of $11.4 million with $7.25 million in the new shop and restaurant area. If this investment in the new area is added to the current assessment ($91,832,000 + $7,250,000= $99,182,000) and looked at as a percentage of the total mall value it represents a little more than 7% of the total mall value. Does this level of investment really warrant a thirty-year PILOT on what amounts to almost a $100,000,000 of real property?

The ratio of new investment to total property value for a three decade PILOT is in our experience unprecedented and overreaching and may well have potentially long-term deleterious consequences for the GCSD. Notably the Bonadio Report and COMIDA are both silent on this investment to total PILOT property assessment ratio. However, even though a 30-year PILOT seems excessive for such a small project, the District may want to opt to fix approximately 2% of their tax base but the structure needs to be more fair and reasonable with better protections for the District over the long PILOT horizon.

This analysis reveals that this large scale PILOT Agreement is not justified for this project. COMIDA offers a job's plus PILOT Program which would provide sufficient financial assistance to redevelop the Bon Ton parcel while leaving the other four (4) parcels on the tax rolls. (A copy of this analysis is attached hereto as Exhibit "E").

The Jobs Plus Program may be a better and more appropriate program for GTM and GCSD to consider due to the following: it focuses the benefits on the new development efforts, it provides almost $800,000 of benefits to GTM (over 10% of the cost of the new improvements), it provides the most benefits in the early years of the project where presumably it is most needed, it does not fix the revenue for the entire mall, and it provides a good benefit to GTM without an extended commitment period for the GCSD.

We have asked GTM for revenue and expense data which they have refused to provide to GCSDD, but using analytical assumptions based both on GTM data and industry standards the Job Plus Program should be more than adequate to launch the new restaurant concept and small shops concept as described by GTM. This would provide recognition of the importance of the Mall to as an economic engine of the Town while not burdening the GCSD with a two and one half decade commitment in increasingly uncertain economic climate.

G. *Should retail establishments even be granted tax subsidies?*

David Cay Johnson a Pulitzer Prize winning journalist and author recently wrote a penetrating article concerning how tax subsidies for retail entities my not be the best course of action.

He states, "*Subsidies for retail businesses are the worst kind of corporate welfare because, as the end of the economic chain, retailing grows only when the population and income increase, if population or income falls, then subsidies for new projects... damage existing businesses, where people would otherwise be spending their money.*"

Here in Monroe County, even with a very active IDA, it is unusual to grant a PILOT to restaurant operations. Although the argument can be made that, the Greece Ridge Mall is such an important economic engine for the Town of Greece that special consideration is required for its continued health and well being care should be taken to carefully consider the long-term economic impacts of granting PILOTs to retail restaurant operations. Many of the jobs created are minimum wage and part time, the restaurants will compete directly with other non-subsidized restaurants already in the area, and some precedent will be established for others seeking the same favorable treatment from the GCSD. The full text of Mr. Johnson's recent article is attached to this report.

6. Summary and Conclusion

All PILOT agreements need to be carefully scrutinized by ATJs and the true economic impact needs to be determined before they are granted. When a tax subsidy is being granted for twenty-five on approximately 2% of the entire tax base, this analysis needs to be even more sophisticated and in-depth.

The current PILOT proposal's parameters in terms of payment amounts, annual increments, milestone targets, consequences of not meeting expectations, risk sharing, and general economic protections for the GCSD need to more carefully honed if a long term PILOT is even to be considered.

Our analysis reveals that a more moderate PILOT program such as the COMIDA Jobs Plus program with a ten year duration And a graduated payment format may be a better alternative for the GCSD and GTM to consider.

Finally, the recent events in Syracuse with the Destiny project where many local officials and IDA Board Members seemed unaware of the projects full financial implications certainly underscores the need for high degree of due diligence, and financial scrutiny before entering into a long term PILOT agreement on such a valuable asset. The consequences of an uninformed decision can have severe negative consequences to the GCSD and result in millions of dollars of lost revenue to the District that can never be recovered.

The Greece Ridge Mall is an important component in the economic fabric of the Town of Greece but the long term economic viability of the GCSD is equally or more important to the long term success of the municipality. The PILOT should be rejected in its current format and negotiated with GTM to provide a more equitable result for the District.

Analysis and Discussion of the Proposed Pilot Agreement for the Greece Ridge Mall, engaged by Ferrara, Fiorenza, Larrison, Barrett & Reitz, P.C. to assist the Greece Central School District, Greece, New York.

Respectfully submitted by Blue Horizon Strategies Inc.

June 8, 2012

Timothy H. Poley President

Timothy H. Poley, President

The Mall at Greece Ridge Center

Roll Year	Total Assessed Value
1999	$87,256,000
2000	$90,150,100
2001	$90,335,900
2002	$90,335,900
2003	$92,135,900
2004	$92,525,900
2005	$91,675,900
2006	$91,804,900
2007	$91,804,900
2008	$90,754,900
2009	$90,754,900
2010	$90,754,900
2011	$90,765,100
2012 TENTATIVE	$91,832,100

Greece CSD Tax Rates		
Year	**Tax Rate**	**Equalization Rate**
1999-2000	18.51	100%
2000-2001	20.01	100%
2001-2002	20.77	100%
2002-2003	22.05	100%
2003-2004	22.52	100%
2004-2005	23.35	96%
2005-2006	24.65	92%
2006-2007	22.94	100%
2007-2008	23.20	100%
2008-2009	22.36	100%
2009-2010	21.70	100%
2010-2011	22.54	100%
2011-2012	22.78	100%
2012-2013	23.38 (Tentative)	

IMPACT OF 1999 TO 2012 HISTORICAL ASSESSMENT AND TAX RATE PATTERNS PROJECTED UPON 2012-2025
VERSUS GTM PILOT PROPOSAL

BHS THP
6/10/12

SCHOOL YEAR	HISTORICAL ASSESSED VALUES	*VALUES ADJUSTED FOR ER	VALUE % CHANGE PER YEAR	GCSD TAX RATE IN $/1000	TAX RATE % CHANGE PER YEAR
99 0	$87,256,000	$87,256,000		$18.51	
0 1	$90,150,100	$90,150,100	3.32%	$20.01	8.10%
1 2	$90,335,900	$90,335,900	0.21%	$20.77	3.80%
2 3	$90,335,900	$90,335,900	0.00%	$22.05	6.16%
3 4	$100,147,717	$100,147,717	10.86%	$22.52	2.13%
*4 5	$96,381,146	$104,762,115	4.61%	$23.35	3.69%
*5 6	$91,675,900	$95,495,729	-8.85%	$24.65	5.57%
6 7	$91,804,900	$91,804,900	-3.86%	$22.94	-6.94%
7 8	$91,804,900	$91,804,900	0.00%	$23.20	1.13%
8 9	$90,754,900	$90,754,900	-1.14%	$22.36	-3.62%
9 10	$90,754,900	$90,754,900	0.00%	$21.70	-2.95%
10 11	$90,754,900	$90,754,900	0.00%	$22.54	3.87%
11 12	$90,765,100	$90,765,100	0.01%	$22.78	1.06%
12 13	$90,832,100	$90,832,100	0.07%	$23.38	2.63%
AVERAGE/TOTAL	$91,696,740	$92,568,226	4.10%	$22.20	26.31%

QUESTION
IF THE NEXT 14 YEARS FOLLOWED THE SAME ASSESSED VALUE AND TAX RATE PATTEN AS THE LAST 14 YEARS WHAT WOULD THE IMPACT BE VS. THE CURRENT PILOT PROPOSAL?

* IN THE 2004/05 AND THE 2005/05 SCHOOL YEARS THE EQUALIZATION RATE WAS 92% AND 96% RESPECTIVELY

SCHOOL YEAR	ASSESSED VALUE FOLLOWING 1999-2012 PATTERN	AV CHANGE % CHANGE PER YEAR	TAX RATE GCSD TAX RATE 1999-2012 PATTERN	GCSD TAXES PER YEAR 1999-2012 PATTERN	TAX RATE % CHANGE PER YEAR	GTM PROPOSAL PILOT	LOSS TO GCSD VS 1999-2012 PATTERN
12 13	$90,832,100		$23.38	$2,123,654		$2,089,577	$34,077
13 14	$93,844,812	3.32%	$25.27	$2,321,024	8.10%	$2,102,114	$218,910
14 15	$94,038,227	0.21%	$26.23	$2,409,179	3.80%	$2,114,727	$294,452
15 16	$94,038,227	0.00%	$27.85	$2,557,650	6.16%	$2,127,416	$430,235
16 17	$104,252,172	10.86%	$28.45	$2,612,167	2.13%	$2,140,180	$471,987
17 18	$109,055,686	4.61%	$29.49	$2,708,442	3.69%	$2,153,021	$555,421
18 19	$99,409,526	-8.85%	$31.14	$2,859,233	5.57%	$2,165,939	$693,294
19 20	$95,567,432	-3.86%	$28.98	$2,660,884	-6.94%	$2,178,935	$481,950
20 21	$95,567,432	0.00%	$29.30	$2,691,043	1.13%	$2,192,008	$499,034
21 22	$94,474,399	-1.14%	$28.24	$2,593,608	-3.62%	$2,205,161	$388,448
22 23	$94,474,399	0.00%	$27.41	$2,517,053	-2.95%	$2,218,391	$298,661
23 24	$94,474,399	0.00%	$28.47	$2,614,487	3.87%	$2,231,702	$382,785
24 25	$94,485,017	0.01%	$28.77	$2,642,326	1.06%	$2,245,092	$397,234
25 26	$94,554,763	0.07%	$29.53	$2,711,921	2.63%	$2,258,563	$453,359
AVERAGE/TOTAL	$96,362,042	4.10%	$28.04	$36,022,672.98	26.31%	$30,422,826.13	$5,599,847

IN THE FIRST 14 YEARS OF THE PROPOSED 25 YEAR PILOT
THE GCSD WOULD LOSE OVER $6 MILLION
IF HISTORICAL ASSESSMENT AND TAX PATTERNS PERSISTED

US ANNUAL INFLATION RATE
1952 TO 2011
US BUREAU OF LABOR STATISTICS
CALCULATED BY USING THE CONSUMER PRICE INDEX

YEAR	RATE	YEAR	RATE
1952	1.9	1983	3.2
1953	0.8	1984	4.3
1954	0.7	1985	3.6
1955	-0.4	1986	1.9
1956	1.5	1987	3.6
1957	3.3	1988	4.1
1958	2.8	1989	4.8
1959	0.7	1990	5.4
1960	1.7	1991	4.2
1961	1	1992	3
1962	0.7	1993	3
1963	1.3	1994	2.6
1964	1.3	1995	2.8
1965	1.6	1996	3
1966	2.9	1997	2.3
1967	3.1	1998	1.6
1968	4.23	1999	2.2
1969	5.5	2000	3.4
1970	5.7	2001	2.8
1971	4.4	2002	1.6
1972	3.2	2003	2.3
1973	6.2	2004	2.7
1974	11	2005	3.4
1975	9.1	2006	2.2
1976	5.8	2007	2.8
1977	6.5	2008	3.8
1978	7.6	2009	-0.4
1979	11.3	2010	1.6
1980	13.5	2011	3.2
1981	10.3		
1982	6.2		

GREECE RIDGE LLC
IMPACT OF 10% INCREASE IN BASE AMOUNT
USING GTM INCREMENT ASSUMPTIONS

SCHOOL YEAR	COMPANY PROPOSAL	10% INCREASE IN BASE	DIFFERENCE
12 13	$2,089,577	$2,298,535	$208,958
13 14	$2,089,577	$2,298,535	$208,958
14 15	$2,089,577	$2,298,535	$208,958
15 16	$2,089,577	$2,298,535	$208,958
16 17	$2,089,577	$2,298,535	$208,958
17 18	$2,152,284	$2,367,491	$215,207
18 19	$2,152,284	$2,367,491	$215,207
19 20	$2,152,284	$2,367,491	$215,207
20 21	$2,152,284	$2,367,491	$215,207
21 22	$2,152,284	$2,367,491	$215,207
22 23	$2,216,832	$2,438,515	$221,683
23 24	$2,216,832	$2,438,515	$221,683
24 25	$2,216,832	$2,438,515	$221,683
25 26	$2,216,832	$2,438,515	$221,683
26 27	$2,216,832	$2,438,515	$221,683
27 28	$2,283,340	$2,511,671	$228,331
28 29	$2,283,340	$2,511,671	$228,331
29 30	$2,283,340	$2,511,671	$228,331
30 31	$2,283,340	$2,511,671	$228,331
31 32	$2,283,340	$2,511,671	$228,331
32 33	$2,351,837	$2,587,021	$235,184
33 34	$2,351,837	$2,587,021	$235,184
34 35	$2,351,837	$2,587,021	$235,184
35 36	$2,351,837	$2,587,021	$235,184
36 37	$2,351,837	$2,587,021	$235,184
37 38	$2,422,393	$2,664,632	$242,239
38 39	$2,422,393	$2,664,632	$242,239
39 40	$2,422,393	$2,664,632	$242,239
40 41	$2,422,393	$2,664,632	$242,239
41 42	$2,422,393	$2,664,632	$242,239
TOTALS	**$67,581,315**	**$74,339,323**	**$6,758,008**
PV @ 6%	**$30,271,067**	**$33,298,101**	**$3,027,034**

JOBS PLUS PILOT ON FORMER BON TON SITE
PROJECTED GTM SAVINGS OVER PILOT PERIOD

	LAND VALUE ASSESSMENT	IMPROVEMENT ASSESSMENT	*PROJECTED TAX RATE	LAND PILOT PAYMENT	IMPROVEMENT PILOT AT 100%	IMPROVEMENT ABATEMENT AMOUNT	IMPROVEMENT PILOT PAYMENT	TOTAL PILOT PAYMENT	TOTAL TAX WITHOUT PILOT	SAVINGS DUE DUE TO PILOT
12 13	$ 2,002,400	$ 2,197,600	$23.38	$ 46,816	$ 51,380	90.00%	$ 5,138	$ 51,954	$ 98,196	$ 46,242
13 14	$ 2,032,436	$ 4,500,000	$25.27	$ 51,369	$ 113,736	80.00%	$ 22,747	$ 74,116	$ 165,105	$ 90,989
14 15	$ 2,062,923	$ 9,000,000	$26.23	$ 54,120	$ 236,111	70.00%	$ 70,833	$ 124,953	$ 290,231	$ 165,278
15 16	$ 2,093,866	$ 9,135,000	$27.85	$ 58,317	$ 254,422	60.00%	$ 101,769	$ 160,086	$ 312,739	$ 152,653
16 17	$ 2,125,274	$ 9,272,025	$28.45	$ 60,454	$ 263,743	50.00%	$ 131,872	$ 192,325	$ 324,197	$ 131,872
17 18	$ 2,157,153	$ 9,411,105	$29.49	$ 63,622	$ 277,566	40.00%	$ 166,539	$ 230,161	$ 341,187	$ 111,026
18 19	$ 2,189,511	$ 9,552,272	$31.14	$ 68,171	$ 297,414	20.00%	$ 237,931	$ 306,103	$ 365,586	$ 59,483
19 20	$ 2,222,353	$ 9,695,556	$28.98	$ 64,394	$ 280,934	10.00%	$ 252,841	$ 317,234	$ 345,328	$ 28,093
20 21	$ 2,255,689	$ 9,840,989	$29.30	$ 66,101	$ 288,380	0.00%	$ 288,380	$ 354,480	$ 354,480	$ -
AVERAGE	$ 2,126,845	$ 8,067,172	$ 27.79	$ 59,263	$ 229,298	46.67%	$ 142,006	$ 201,268	$ 288,561	$ 87,293
TOTAL	NA	NA	NA	$ 533,363	$ 2,063,686	NA	$ 1,278,050	$ 1,811,414	$ 2,597,050	$ 785,636

ASSUMPTIONS

LAND VALUE INCREASES 1.5% PER YEAR
IMPROVEMENT VALUE FOR 2012/13 AS PER TENTATIVE ROLL, INCREASING AS PARTIAL IN 2013/14 TO 4,500,000, THEN GOING TO $9,000,000 IN 2014/15 AND THEN INCREASING AT 1.5%/YEAR FOR THE DURATION OF THE JOBS PLUS PROGRAM
FROM 1999 TO 2012 THE ANNUAL AVERAGE TAX RATE INCREASE OVER THE PERIOD WAS 1.88% THEREFORE THE 1.5% INCREASE
PROJECTED SAVINGS OF ALMOST $800,000 OVER THE PERIOD

* Tax Rate based on historical patterns 1999-2012

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May 25, 2012

Via E-Mail & First Class Mail
Shawn Griffin, Esq.
Harris Beach PLLC
99 Garnsey Road
Pittsford, New York 14534

Re: Greece Central School District / Greece Ridge PILOT

Dear Shawn:

I had an opportunity to meet with the Board of Education to discuss the proposed PILOT for the Greece Ridge Mall. The School Board has authorized me to object to the proposed 30-year PILOT and to negotiate, on behalf of the Board of Education, terms and conditions that may be acceptable to the Board and the Company for a PILOT Agreement. When we met with you and your client, your client expressed a willingness to negotiate the terms of the Agreement, but not the escalator and base PILOT payment and proper reopeners. The Board wants us to negotiate each of these items. Please advise if your client is willing to meet and negotiate these items.

We were provided a copy of the February 21, 2012 COMIDA Board Resolution which may be construed to have authorized the 30-year PILOT Agreement for the project. We have asked the County of Monroe Industrial Development Agency ("COMIDA") counsel, Mr. Townsend, to clarify the extent of COMIDA's approval. I would request that your provide clarification of the approval from the Company's perspective. We would request this clarification by June 4, 2012. The urgency is that the School Board meets on June 12, 2012 and the four month statute of limitations on the COMIDA's February 21, 2012 Resolution is June 21, 2012. If we do not have written confirmation that the 30-year transaction has not been approved by COMIDA prior to June 12, 2012, then the Board must authorize litigation to preserve its rights.

The basis for a legal action would be twofold: First, COMIDA's Uniform Tax Exemption Policy provides that Special PILOT Programs are to be agreed to by the local taxing jurisdictions. The School District never consented to or agreed to this proposed transaction. Second, the structure of the PILOT Agreement allocates PILOT revenue in a manner other than a pro-rata distribution of the PILOT payments, in violation of General Municipal Law §858(15).

Once you have an opportunity to confer with your client, please advise of its position. Thank you for your courtesies.

Very truly yours,

FERRARA, FIORENZA, LARRISON BARRETT & REITZ, P.C.

Joseph G. Shields

JGS/paw

Supervisor's Comments
COMIDA PILOT for Greece Ridge Mall
June 18, 2012 10:30 AM and 6:00 PM

Let me begin by saying, I am not a fan of government tax incentives or subsidies. The fact that these incentives do exist is the reason we are here today, we are not here to discuss the overriding issue of IDA's . Any reforms to the existing framework would need to be addressed at the state level.

We are here today to discuss the application before us. I have a responsibility as the Supervisor of the Town of Greece to look at each application made to COMIDA as it impacts the Town of Greece and all of its' taxpayers.

Elected leaders are often criticized for thinking only in the short term and considering impacts that are for the "next budget year" only rather than financial decisions which take into consideration the long term financial health of their communities. With respect to this application, long term decision making strategies must be at the forefront. Having a Mall in decline is not in the best interests of the overall economic health of our community for the long term.

As Eastman Kodak Company, Monroe County, and the Town of Greece work toward the reuse and redevelopment of Eastman Business Park, it is important to keep in mind that when businesses decide on a new location, they consider more factors than just those relating to financial terms, utilities, and transportation. The overall quality of life in a community--the visual impression that it gives regarding whether it is a vibrant, thriving community or is a community in decline--can send a strong message about the long-term desirability of locating in that community.

If you are business owner trying to do business in the state of New York you are already at a disadvantage. The high level of competition requires businesses to seek out any and all avenues to improve their bottom line and thus foster growth.

Greece Ridge Mall is no different – they must seek to improve to stay competitive.

Most successful commercial plazas have at least one "anchor" tenant whose vitality and ability to draw customers is essential to the overall commercial vitality of the other businesses in the plaza and plaza as a whole. In a very similar way, the Mall is the anchor for all the businesses on West Ridge Road. Without the Mall's vitality and ability to draw customers, the other businesses on West Ridge Road will suffer. This will lead to an overall decline in sales and business activity, which translates into a loss of sales tax revenue and assessed value (and thus, property tax revenue).

Greece Ridge is currently the lowest performing of Mall in our area. It has not seen significant improvement in nearly 20 years. The proposed expansion will help to ensure the investment in this important economic asset. We are dealing with a local company with long term ties to the Rochester Area who seeks to make a further investment here.

There has been a great deal of misinformation regarding this PILOT agreement. Let me provide you with some basic facts:

- Currently the Total assessed value of the 5 properties in question total $91,832,100.00 and of that the Bon-Ton site assessed value is $4,200,000.00 which represents 150,082 sf of retail space on 9.77 acres of land. This property is scheduled for demolition.

- Without re-development of this property, the assessed value would decrease substantially. In addition, if this project does not materialize, as the mall ages there will be further reductions in value both of assessments and sales tax revenue.

- The proposed addition of approximately 25,000 sf of restaurants would stabilize the assessment at the current value with a guaranteed increase at levels determined by the agreement and the potential of new projects and increased tax revenues.

- There are many mis-conceptions about assessments. Assessments are not correlated to the rate of inflation – they are market driven.

- The project benefits all tax payers in the Town and secures a steady stream of tax revenue without the uncertainty of decreasing values. Also, it will most certainly have a positive impact on sales tax revenue.

- The agreement does not lower the dollar amount paid in property taxes by the mall parcels.

- There will actually be a reduction in overall square footage yet the annual payments will be based on current square footage levels.

- The Greece Ridge Mall currently employs 2,454 people. The impact of this project on job growth is not limited to just the expansion area but will impact positions throughout the entire Mall. An additional 60 full time and 150 part time positions would bring that total to 2,664– the majority of these positions are held on a part time basis by students in our school systems.

In the spirit of trying to achieve positive results, I have asked the applicant to directly submit to the school board all of the information that may not have been provided to them as of this date.

The Town of Greece supports entering into this PILOT agreement as it makes good financial sense for our community as a whole, for the long term.