

Applicant's Attorney: Name: Ed Toptani

Applicant's Accountant: Name: Marc Weiselthier

Firm and Address: \_

Firm and Address:

## PROJECT APPLICATION

Confidentiality  All information contained in	this Application will be treated confi	identially to the extent permitted by law (see
be disclosed unless such info indicate which information pro	mation contains trade secrets (which, if ovided in this Application constitutes tra	te Freedom of Information Law, Information mus disclosed, would cause irreparable harm). Please de secrets with an explanation as to why in a let the New York City Industrial Development Agency
Are you applying for the:	Bond Program	口 <b>咨</b>
	Small Industry Incentive Program Industrial Incentive Program	
(SIIP, if annual revenues are i	ess than \$5 million and IIP, if annual re	venues are greater than \$5 million)
By what date do you wish to	close the proposed project financing?	December 2001
. Applicant Information		
Applicant's Name:	City Merchandise Inc.	
Address:	68 34th Street, Brookl	.yn, NY 11232
Phone/Fax Numbers:	718/832-2931 Fax:	718/832-2934
RS Employer ID Number:		
S.I.C. Code:		
NY State Dept. of Labor		
Number (if applicable)		
Officer of Applicant completing	g this application (contact person):	
Name: Jack Gindi	Title:	President
Phone #:	Fax #:	718/832-2934
Applicant's operation: 🛛 Ma	nufacturing ☐ Service 💆 Wholesale	☐ Other
Brief description of business:	Domestic souvenir who	plesale and distribution.
To describe what kind of entit	y Applicant is, please check one of the f	following:
☐ Public Corp. ☐ Private Co ☐ Limited Liability Company	orp. ☐ General Partnership ☐ Limited ☐ Other (specify)	Partnership 🗆 C Corp. 💆 S Corp.
Applicant's State of Incorpora States in which Applicant is q	11 0 3	

Phone #:

12 E. 59th St., 3rd Fl., NY, NY 10022

225 West 34th Street, NY, NY 10122

212/669-8939

212/465-8861

Fax #:

#### IDA PROJECT COST/BENEFIT ANALYSIS October 26, 2001

Applicant:
A Real Estate Holding Company TBD
City Merchandise Inc.
68 34<sup>th</sup> Street
Brooklyn, NY 11232

Project Locations: 228-240 & 248-250 40<sup>th</sup> Street Brooklyn, NY 11232

#### A. Project Description:

City Merchandise Inc. ("CMI") and its affiliates, Arrow Novelty Company and Souvenir Distribution Inc., are seeking IDA assistance in order to purchase an approximately 31,000 square foot building located on a 38,000 square foot parcel of land at 248-250 40<sup>th</sup> Street and an adjacent building that is approximately 20,000 square feet located on a 11,900 square foot parcel of land at 228-240 40<sup>th</sup> Street located in the Sunset Park section of Brooklyn and the Southwest Brooklyn Empire Zone. The company plans to relocate, consolidate and expand warehouse operations currently located at 68 34<sup>th</sup> Street in Brooklyn, New York and 730 Grand Avenue, Ridgewood, New Jersey, in the new facility. The new facility which is in total 51,000 square feet will allow CMI to consolidate and eliminate the inefficiencies of two separate warehouse operations. Through the IDA, CMI will retain 31 jobs in New York City and create 3 new jobs within three years.

CMI plans to purchase the facility for \$4,200,000. Fees and soft costs are estimated to be \$50,000. Total project costs are estimated to be \$4,250,000.CMI will finance the project with a loan from a commercial bank in the amount of \$2,125,000. Empire State Certified Development Corporation will provide a second mortgage through the SBA 504 program in the amount of \$1,700,000. Company equity in the amount of \$425,000 will cover the balance of project costs.

CMI and its affiliates are distributors of over 1,000 souvenir items ranging from key chains, post cards, coffee mugs, hats, plastic bags, "I Love New York" license plates, souvenir spoons, snow globes, and magnets. CMI's customers include airport and hotel gift shops as well as several Midtown Manhattan gift shops.

B. New York City Benefits (NPV 25yrs. @ 7.75%):

Mortgage Recording Tax Waiver Land Tax Abatement (NPV, 25 Yrs.) Building Tax Stabilization (NPV, 25 Yrs.) Sales Tax Exemption Total

C. Annual New York City direct and indirect taxes to be generated by company:

(NPV 25 Yrs. @ 7.75%)

#### FACSIMILE COVER SHEET



110 William Street New York, NY 10038 212-312-3908

Michael G. Carey, President

Michael R. Bloomberg, Mayor

DATE: 2/14/02
TO: Rob Morel
FAX NUMBER: 718-349-0072
SUBJECT: American Building Supply DEC reg + City Murch
FROM: Best Marks FAX NO: 312-3908 NYS45 A
NO. OF PAGES (incl. Cover sheet):
COMMENTS:

This facsimile contains CONFIDENTIAL INFORMATION, which may also be LEGALLY PRIVILEGED, that is intended only for the use of the addressee(s) named above. If you are not the intended recipient of this facsimile, or the employee or agent responsible for delivering it to the intended recipient, you are hereby notified that any dissemination or copying of this facsimile is prohibited. If you receive this facsimile in error, please notify us by telephone and return the original to us at the above address via the U.S. Postal Service. Thank you.

110 William Street, New York 10038 212 619 5000

# NYS-45-ATT (1/00)

**Employer Legal Name** 

CITY MERCHANDISE INC.

# **Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return - Attachment**



UI Employer Registration Number Withholding Identification Number



A. This return covers the period indicated below:

X Jan 1- Apr 1- July 1- Oct 1- 1 1 Tax

X Jan 1- Apr 1- July 1- Oct 1- Sep 30 Dec 31
2 3 4

Check applicable box(es):

B. Other wages only reported on this page ......

Quarterly	Annual wage and with  If this return is for the 4th question you will be filing for the complete columns (d) and (	holding tota	ıls			
(a) Social security number	(b) Last name, first name, middle initial	(c) UI total remuneration/g wages paid this quarte	ross	(d) Gross wages subject	(e) Total t	tax
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lf If	first page, enter grand totals					
01	all pages					

For office use only Postmark

Received date

Mail to: NYS EMPLOYMENT TAXES CHURCH STREET STATION PO BOX 1417 NEW YORK NY 10008-1417

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	RIOLIELM	E,CESAR				
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### NYS-45-ATT

### Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return - Attachment



**UI Employer Registration Number** Withholding Identification Number

**Employer Legal Name** 

A. This return covers the period indicated below:

X July 1-Sep 30

Check applicable box(es):

B. Other wages only reported on this page ..........

CITY MERCHANDISE INC. C. If seasonal employer, check box ..... Annual wage and withholding totals If this return is for the 4th quarter or the last return you will be filing for the calendar year, complete columns (d) and (e). Quarterly employee/payee wage reporting information (c) UI total remuneration/gross (d) Gross wages subject to withholding (e) Total tax (b) Last name, first name, middle initial (a) Social security number wages paid this quarter Der Schedule attached of\_ Total this page only .... If first page, enter grand totals of all pages .....

> Mail to: NYS EMPLOYMENT TAXES CHURCH STREET STATION PO BOX 1417 **NEW YORK NY 10008-1417**

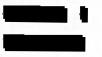
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#### NYS-45 (1/00)

Reference these numbers in all correspondence:

UI Employer Registration Number Withholding Identification Number

**Employer Legal Name** 



#### Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return



FOR OFFICE USE ONLY Postmark

Received Date

SI

Mar 31

Sep 30 3

Jun 30

This return covers the period indicated below:

Dec 31

Due Date Oct. 31, 2000 If seasonal employer, check box

#### CITY MERCHANDISE INC.

Number of Employees Enter the number of full-time and part-time covered employees who worked during or received pay for the week that includes the 12th day of each month.

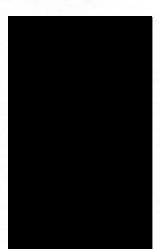
a. First Month W

b. Second Month

c. Third Month

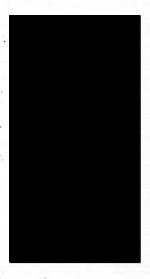
#### Part A - Unemployment Insurance (UI) Information

- 1. Total remuneration paid this quarter .....
- 2. Remuneration paid this quarter to each employee in excess of \$8.500 since January 1 .......
- 3. Wages subject to contribution (subtract line 2 from line 1) .....
- 4. UI contributions due Your tax rate is 6.725 (multiply line 3 x .06725
- 5. Re-employment service fund (multiply line 3 x .00075) ......
- 6. Ul previously underpaid with interest
- 7. Total of lines 4, 5, and 6 ......
- 8. Enter UI previously overpaid ....
- 9. Total III amounts due (il line 7 is greater than line 8, enter difference).
- Total UI overpaid (il line 8 is greater than line 7, enter difference and check box 11 below) \* ......
- 11. Apply to outstanding liabilities and/or refund .....



#### Part B - Withholding Tax (WT) Information

- 12. New York State tax withheld ......
- 13. City of New York tax withheld .....
- 14. City of Yonkers tax withheld ....
- 15. Total tax withheld (add lines 12, 13 and 14) ......
- 16. WT credit from previous quarter's return (see instr.) ...
- 17. NYS-1 payments already made for this quarter ....
- 18. Total payments (add lines 16 and 17) ......
- 19. Total WT amount due |il ins 15 is greater than line 18, anier difference) ...
- 20. Total WT overpaid III line 18 is greater than line 15, enter difference here and check 20a or 20b)
- 20a. Apply to outstanding liabilities and/or refund



20b. Credit to next quarter withholding tax ......

21. Total payment due (add lines 9 and 19; make one remittance payable to NYS Employment Texes) ........

AN OVERPAYMENT OF EITHER TAX CANNOT BE USED TO OFFSET THE AMOUNT DUE ON THE OTHER TAX Complete Parts D and E on back of form, if required. This is a scannable form; please file the original.

	Part C - Employee W	age and Withholding Information	tion	30 HL - 1 - 1
Quarterly employee/payer reporting other wages, DO	Annual wage and withholding total if this ratum is for the 4th quarter or the last ratum is for the 4th quarter or the last ratum you will be filing for the calendar year, complete columns (d) and (e).			
(a) Social security number	(b) Last name, first name, middle initia	al (c) UI total remuneration/ gross wages paid this quarter	(d) Gross wages subject to withholding	(e) Total tax withheld
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		=		
Totals (Column (c) must equal remun	neration on line 1; see instructions for exceptions.)			
	the information on this return is to the be	ist of my knowledge and belief true.	correct and complete.	
Taxpayer's signature		Signer's name (please print)	Title	
Date 10 6 Vapo Te	laphone number			

#### NYS-45 (1/00)

Reference these numbers in all correspondence:

**IJI** Employer Registration Number

Withholding Identification Number

**Employer Legal Name** 

Telephone number

#### Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return

FOR OFFICE USE ONLY

Received Date

This return covers the period indicated below: X July 1 . Apr 1 -2

Mar 31

Jun 30 3

Oct 1 -0 0 YY Δ

Due Date Oct. 31, 2000 if seasonal employer, check box

CITY MERCHANDISE INC.

Number of Employees Enter the number of full-time and part-time covered employees who worked during or received pay for the week that includes the 12th day of each month.

a. First Month YY

b. Second Month

c. Third Month

YY

Part A - Unemployment insurance (UI) information

1. Total remuneration paid this quarter .....

 Remuneration paid this quarter to each employee in excess of \$8,500 since January 1 ....

3. Wages subject to contribution (Subtract line 2 from line 1) .....

4. Ul contributions due Your tax rate is 6.725 imultiply line 3 x .06725

5. Re-employment service fund (multiply line 3 + 00075) ....

6. Ut previously underpaid with

7. Total of lines 4, 5, and 6 ......

8. Enter U! proviously overpaid ....

9. Total OI amounts due (il line 7

10. Total Ut overpaid (if line 8 is greater than line 7, enter difference and check box 11 below) \* ......

11. Apply to outstanding liabilities and/or relund ..... Part B - Withholding Tax (WT) Information

12. New York State tax withheld .....

13. City of New York tax withheld .....

14. City of Yonkers

tax withheld ..... 15. Total tax withheld

(add lines 12, 13 and 14) .......

16. WT credit from previous quarter's return (see instr.) ...

17. NYS-1 payments already made for this quarter .....

1B. Total payments (add lines 16 and 17) ......

19. Total WT amount due (8 ins 15 is greater than line 18, enter difference) ...

Total WT overpaid (il line 18 is greater than line 15, enter difference here and check 20a or 20b)

20a. Apply to outstanding liabilities and/or relund ...

21. Total payment due (add lines 9 and 19; make one remittance payable to NYS Employment Taxes) ........

\* AN OVERPAYMENT OF EITHER TAX CANNOT BE USED TO OFFSET THE AMOUNT DUE ON THE OTHER TAX Complete Parts D and E on back of form, if required. This is a scannable form; please file the original.

	Part C - Employee Wa	age and Withholding Informat	ion	
Quarterly employee/payer eporting other wages, DC	e wage reporting information (if mor D NOT make entries in this section;	Annual wage and withholding total		
(a) Social security number	(b) Last name, first name, middle initia	(c) Ut total remuneration/ gross wages paid this quarter	(d) Gross wages subject to withholding	(e) Total tax withheld
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	neration on fine 1; see instructions for exceptions.)			
sign your return: I certify the	t the information on this return is to the be	st of my knowledge and belief true	correct and complete.	
Taxpayer's signature		Signer's name (please print)	Title	

### NYS-45-ATT

# Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return - Attachment



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Employer Legal Name	
Withholding Identification Number	
UI Employer Registration Number	

A. This return covers the period indicated below:

Jan 1Mar 31

Jun 30

Apr 1Sep 30

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Check applicable box(es):

B. Other wages only reported on this page ......

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Quarterly	Annual wage and withholding totals If this return is for the 4th quarter or the last return you will be filling for the calendar year, complete columns (d) and (e).				
a) Social security number	(b) Last name, first name, middle initial	(c) UI lotal remuneration/gross wages paid this quarter	(d) Gross wages subject to withholding	(e) Total tax withheld	
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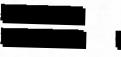
#### NYS-45-ATT (1/00)

# Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return - Attachment



UI Employer Registration Number Withholding Identification Number

Employer Legal Name CITY MERCHANDISE INC.



A. This return covers the period indicated below:

X Jan 1Mar 31
Jun 30
Sep 30
Oct 1Dec 31
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Year

B. Other wages only reported on this page ......

Check applicable box(es):

		C. If s	easonal employer, check bo	ox	
0			Annual wage and withh	nolding totals	
Quarterly	employee/payee wage reporting	If this return is for the 4th quarter or the last return you will be filing for the calendar year, complete columns (d) and (e)			
(a) Social security number	(b) Last name, first name, middle initial	<ul><li>(c) UI total remuneration/gross wages paid this quarter</li></ul>	(d) Gross wages subject to withholding	(e) Total tax withheld	
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For office use only Postmark

Received date

Mail to: NYS EMPLOYMENT TAXES CHURCH STREET STATION PO BOX 1417 NEW YORK NY 10008-1417

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#### NYS-45-ATT (1/00)

**Employer Legal Name** 

CITY MERCHANDISE INC.

### **Quarterly Combined Withholding, Wage Reporting** and Unemployment Insurance Return - Attachment



UI Employer Registration Number	
Withholding Identification Number	1



A. This return covers the period indicated below:

Check applicable box(es):

B. Other wages only reported on this page ..........

C. If seasonal employer, check box ..... Annual wage and withholding totals

guarterly employee/payee wage reporting information			If this return is for the 4th que return you will be filing for the complete columns (d) and (e	arter or the last calendar year, ).
(a) Casial engurity number	(b) Last name, first name, middle initial	(c) UI total remuneration/gross wages paid this quarter	(d) Gross wages subject to withholding	(e) Total tax withheld
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Mail to: NYS EMPLOYMENT TAXES CHURCH STREET STATION PO BOX 1417 NEW YORK NY 10008-1417

For office use only

#### NYS-45 (1/00)

Registration Number

Identification Number **Employer Legal Name** 

UI Employer

Withholding

Reference these numbers in all correspondence:

Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return



This return covers the period indicated below:

X July 1 . Apr 1 -Oct 1 · Mar 31 Sep 30 3

Due Date Oct. 31, 2000 If seasonal employer, check box FOR OFFICE USE ONLY Postmark

Received Date

#### CITY MERCHANDISE INC.

**Number of Employees** Enter the number of full-time and part-time covered employees who worked during or received pay for the week that includes the 12th day of each month.

a. First Month

b. Second Month

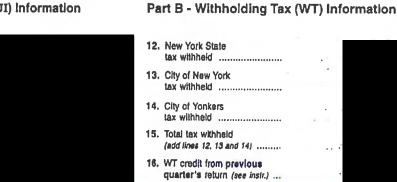
c. Third Month

#### Part A - Unemployment Insurance (UI) Information

#### 1. Total remuneration paid this

- quarter ..... 2. Remuneration paid this quarter to each employee in excess of \$8.500 since January 1 .......
- 3. Wages subject to contribution (subtract line 2 from line 1) ....
- 4. UI contributions due Your tax rate is 6.725 (multiply line 3 x .06725
- 5. Re-employment service fund (multiply line 3 x .00075) .....
- 6. Ul previously underpaid with
- 7. Total of lines 4, 5, and 6 .......
- 8. Enter UI previously overpaid ....
- 9. Total UI amounts due (il line 7 s preater than line 8, enter differences
- 10. Total UI overpaid (if line 8 is greater than line 7, enter difference and check box 11 below) # .....
- 11. Apply to outstanding liabilities and/or relund .....

10 6 Va00



- 17. NYS-1 payments already made for this quarter .....
- 18. Total payments (add lines 16 and 17) .....
- 19. Total WT amount due (# ins 15 is greater than line 18, enter difference) ...
- 20. Total WT overpaid (if line 18 is greater than line 15, enlar difference here and check 20a or 20b)
- 20a. Apply to outstanding liabilities and/or refund ...

or

21. Total payment due (add lines 9 and 19; make one remittance payable to NYS Employment Taxes) .......

\* AN OVERPAYMENT OF EITHER TAX CANNOT BE USED TO OFFSET THE AMOUNT DUE ON THE OTHER TAX Complete Parts D and E on back of form, if required. This is a scannable form; please file the original.

	Part C - Employee W	age and Withholding Informat	tion		
Quarterly employee/payee wage reporting information (if more than 5 employees or if reporting other wages, DO NOT make entries in this section; complete Form NYS-45-ATT).		Annual wage and withholding totals If this return is for the 4th quarter or the last return you will be filing for the calendar year, complete columns (d) and (e).			
(a) Social security number	curity number (b) Last name, first name, middle initial (c) UI total remuneration/		(d) Gross wages subject to withholding	(e) Total tax withheld	
		-			
Totals (Column (c) must equal remun	eration on fine 1; see instructions for exceptions.)				
	the information on this return is to the be	st of my knowledge and belief true.	correct and complete.		
Taxpayer's signature	aphone sumber	Signer's name (please print)	Title		

#### NYS-45 (1/00)

#### Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return



Reference these numbers in all correspondence:

Registration Number

UI Employer Withholding Identification Number **Employer Legal Name**  This return covers the period indicated below:

Mar 31

Jun 30 Sep 30 3

Dec 31

Due Date Oct. 31, 2000 if seasonal employer, check box

FOR OFFICE USE ONLY Postmark

Received Date

CITY MERCHANDISE INC.

**Number of Employees** Enter the number of full-time and part-time covered employees who worked during or received pay for the week that includes the 12th day of each month.

a. First Month W

b. Second Month

c. Third Month

YY

WT Sx

#### Part A - Unemployment Insurance (UI) Information

#### 1. Total remuneration paid this quarter

- 2. Remuneration paid this quarter to each employee in excess of \$8,500 since January 1
- 3. Wages subject to contribution (Subtract line 2 from line 1) ....
- UI contributions due Your tax rate is 6.725 imultiply line 3 x .06725
- 5. Re-employment service fund (midliply line 3 = 00075)
- 6. U! previously underpaid with interest
- 7. Total of lines 4, 5, and 6 ......
- B. Enter U! praviously overpaid ....
- 9. Total UI amounts due (il line? s greater than time 8 enter difference).
- 10. Total UI overpaid (if line 8 is greater than line 7, enter difference 3rd check box 11 below) #
- Apply to outstanding liabilities and/or relund .....

#### Part B - Withholding Tax (WT) Information

- 12. New York State tax withheld ......
- 13. City of New York tax withheld .....
- 14. City of Yonkers tax withheld .....
- 15. Total tax withheld (add lines 12, 13 and 14) ......
- 16. WT credit from previous quarter's return (see instr.) ...
- 17. NYS-1 payments already made for this quarter .....
- 18. Total payments (add lines 16 and 17) ......
- 19. Total WT amount due (il ine 15 is greater than line 18, enter difference) ...
- Total WT overpaid (il line 18 is greater than line 15, enter difference here and check 20a or 20b)
- 20a. Apply to outstanding liabilities and/or refund ...

20b. 0

21. Total payment due (add lines 9 and 19; make one remittance payable to NYS Employment Taxes) .......

\* AN OVERPAYMENT OF EITHER TAX CANNOT BE USED TO OFFSET THE AMOUNT DUE ON THE OTHER TAX Complete Parts D and E on back of form, if required. This is a scannable form; please file the original.

Quarterly employee/payee wage reporting information (if more than 5 employees or if reporting other wages, DO NOT make entries in this section; complete Form NYS-45-ATT).			Annual wage and withholding totals  If this return is for the 4th quarter or the last return you will be fiting for the celendar year, complete columns (d) and (e)	
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Sign your return: I certify the	It the information on this return is to the be	st of my knowledge and belief true	, correct and complete.	
Taxpayer's signature		Signer's name (please print)	Title	

10

Telephone number

Employer Registration Nul		, E1	X	- : -		
Employer Legal Name  B. Other Control of the Contro		B. Othe	ock applicable box(es):  Other wages only reported on this page			
		Annual wage and withholding totals if this return is for the 4th quarter or the last return you will be filling for the calendar year, complete columns (d) and (e).				
Social security number	(b) Last name, first name, middle initial	(c) Ut lotal remuneration/gross wages paid this quarter	(d) Gross wages subject to withholding	(e) Total tax withheld		
		-				
		<u> </u>				
	Dan Schedulo					
	Der Schedule attached	-				
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age No of	Total this page only  If first page, enter grand totals of all pages	-	* .			

Fostman

Received date

Mail to: NYS EMPLOYMENT TAXES CHURCH STREET STATION PO BOX 1417 NEW YORK NY 10008-1417

# CITY ONE REAL ESTATE & FINANCING

236 Greenpoint Ave Brooklyn, NY 11222 718-349-0050

\* Fax 718-349-0072 \*

**Date:** 2/5/02

Pages: 2

To: Beth Marks

Fax Phone: 212-312-3908

From: Robert Morel

RE: CITY MERCHANDISE

DEAR BETH

FOR THE EDC BIR DISCOUNT I NEED THE 4 QUARTERS OF NYS-45...I ONLY FOUND THE 1 QUARTER ATTACHED..... COULD YOU PLEASE FAX ME THE OTHER 3 QUARTERS

THANK, YOU,

ROB

Signat's name (please print)

10 6 Va00

Taxpayer's signature

Telaphone number

# NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY PROJECT FINANCING PROPOSAL

Board Meeting of October 23, 2001

#### **APPLICANT**

#### **PROJECT LOCATIONS**

A Real Estate Holding Company TBD
On behalf of
City Merchandise Inc.
And its affiliates, Arrow Novelty Company and
Souvenir Distribution Inc.,
68 34<sup>th</sup> Street
Brooklyn, New York 11232

248-250 40<sup>th</sup> Street 228-240 40<sup>th</sup> Street Brooklyn, New York 11232

#### PROJECT MANAGER

#### **EMPLOYMENT**

Beth Marks

At Risk: 31 Jobs
Retained: 31 Jobs
Projected Growth: 3 Jobs
Total: 34 Jobs

#### **PROJECT ATTORNEY**

Jonathon Gellman

#### **OUTSIDE COUNSEL**

Winston & Strawn

SEEKING APPROVAL FOR

Small Industry Incentive Program Inducement

Resolution

**TYPE OF BUSINESS** 

Distributor of domestic souvenirs

### PROJECT SOURCES AND USES

(000's omitted)

ESCDC Bank Equity Total Uses

Land & Building Fees & Soft Costs

**Total Sources:** 

#### **FINANCING RATES AND TERMS**

A yet to be determined bank will provide a first mortgage in the amount of Empire State Certified Development Corporation will provide a second mortgage through the SBA 504 program in the amount of balance of project costs will be financed with company equity.

# ANNUAL SALES FOR LAST FISCAL YEAR

**REFERRED BY** Financing Initiatives Division

ESTIMATED IDA BENEFITS

#### Real Estate Tax Benefits:

City Merchandise Inc. will receive a mortgage recording tax waiver of 2.75 percent of a mortgage in the amount of \$3,825,000.

The estimated 2001/2002 land taxes are \$23,077. City Merchandise Inc. will receive a full annual land tax abatement since the project is located in the Southwest Brooklyn Empire Zone. The maximum land tax abatement benefit over the 25-year term will be phased-out at 20 percent each year for years 22 through 25.

The current building taxes are \$45,389. The new building taxes are expected to be \$97,911 after the purchase. Through the IDA, the taxes will be stabilized for 25 years, phased out at 20 percent each year for years 22 through 25.

#### Sales Tax Exemption:

There are no renovations or equipment purchases contemplated as part of this project. City Merchandise Inc. will not receive sales tax exemption.

Mortgage Recording Tax Waiver
Land Tax Abatement (NPV, 25 Yrs.)
Building Tax Stabilization (NPV, 25 Yrs.)
Sales Tax Exemption
Total

Estimated Benefits per Jobs Retained & Proje

**OTHER BENEFITS** 

City Merchandise Inc. will apply to the Energy Cost Savings Program.

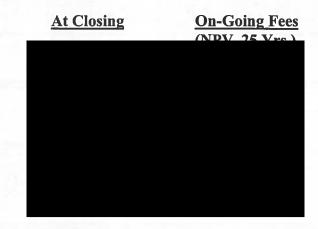
#### **ESTIMATED FINANCING FEES**

IDA Financing Fee IDA Counsel Project Counsel Annual IDA Fee

Total:

**Total Financing Costs:** 

**SEQRA DETERMINATION** 

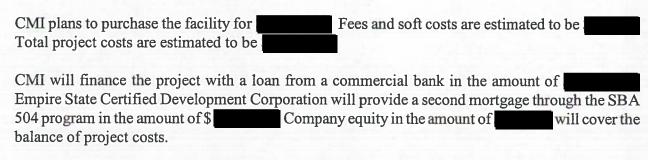


Staff has reviewed the Environmental Assessment Form and recommends that the Board adopt a SEQRA determination that there are no significant impacts on the environment.

#### **PROJECT DESCRIPTION**

City Merchandise Inc. ("CMI") and its affiliates, Arrow Novelty Company and Souvenir Distribution Inc., are seeking IDA assistance in order to purchase an approximately 31,000 square foot building located on a 38,000 square foot parcel of land at 248-250 40<sup>th</sup> Street and an adjacent building that is approximately 20,000 square feet located on a 11,900 square foot parcel of land at 228-240 40<sup>th</sup> Street. Both properties are located in the Sunset Park section of Brooklyn and the Southwest Brooklyn Empire Zone.

The company plans to relocate, consolidate and expand warehouse operations currently located at 68 34<sup>th</sup> Street in Brooklyn, New York and 730 Grand Avenue, Ridgewood, New Jersey, in the new facility. Current locations comprise approximately 50,000 square feet. The new facility which is in total 51,000 square feet will allow CMI to consolidate and eliminate the inefficiencies of two separate warehouse operations. Through the IDA, CMI will retain 31 jobs in New York City and create 3 new jobs in the next three years.



CMI and its affiliates are distributors of over 1,000 souvenir items ranging from key chains, post cards, coffee mugs, hats, plastic bags, "I Love New York" license plates, souvenir spoons, snow globes, and magnets. CMI's customers include airport and hotel gift shops as well as several Midtown Manhattan gift shops.

#### **INDUCEMENT**

To relocate, consolidate and expand operations in New York City, CMI requires assistance from the IDA to finance the purchase of a 31,000 square foot building located on a 38,000 square foot parcel of land at 248-250 40<sup>th</sup> Street and an adjacent 20,000 square foot building located on a 11,900 square foot parcel of land at 228-240 40<sup>th</sup> Street in the Sunset Park section of Brooklyn and the Southwest Brooklyn Empire Zone. The company is currently occupying a total of 50,000 square feet at 68 34<sup>th</sup> Street, Brooklyn, New York and 730 Grand Avenue, Ridgewood, New Jersey. The new 51,000 square foot facility on 40<sup>th</sup> Street will allow CMI to consolidate and eliminate the inefficiencies of two separate warehouse operations.

The company has looked at several other locations outside of New York City including several suitable locations in Northern New Jersey such as Elizabeth and Newark, which offer lower operating costs, good access to customers and suppliers, and lower taxes.

It would be impossible for CMI to consider the purchase of a site in New York City without IDA assistance. CMI cannot afford to operate the new facility in New York City without the tax benefits associated with the Small Industry Incentive Program. Without these benefits, CMI would be forced to move outside New York City. Finally, the project will retain 31 jobs in New York City and will create 3 new jobs within the next three years.

#### **COMPANY BACKGROUND**

#### History and Nature of Business

CMI is a distributor of souvenir items ranging from key chains, post cards, coffee mugs, plastic bags, hats, "I Love New York" license plates, souvenir spoons, snow globes, and magnets. The company was founded in 1986 by CMI's current owner and President, Jack Gindi.

Mr. Gindi started the company in his basement. Within two years he outgrew his basement and moved into a 3,000 square foot building in Manhattan. He sold most of his souvenirs to mid-town Manhattan hotels. In 1988 he had 3 employees and sold approximately 100 souvenir items. By 1991 the company relocated and expanded into a 10,000 square foot warehouse in Brooklyn.

In 1994 the company acquired Arrow Novelty, a distributor of novelty items, and expanded into another 10,000 square foot building in Brooklyn. In 2000, CMI purchased another distributor of novelty items, Souvenir Distribution Inc., and Young American Merchandise Corporation, a distributor of dye cast souvenirs. Currently, CMI distributes over 1,000 souvenir items and has grown to 31 employees.

#### Market Analysis

CMI has few competitors including King International in Manhattan, Harvey Hunter in Ossining, New York, and Empire Design in Queens. All three competitors have sales in the \$1 million range while CMI's sales are as much as \$5.1 million.

CMI's suppliers are souvenir manufacturers located primarily overseas in Taiwan with affiliate offices in New York City. Suppliers include Cain Win Corp., Host International, Schmutter Strull, and New York embroidery. CMI's inventory is shipped to the manufacturer's United States affiliate before merchandise is ultimately shipped to CMI.

The company sells to many businesses including hotels, drug stores, and news stands. Customers include Hudson News, the Marriott Hotels, and Rite Aid Pharmacy.

#### **MANAGEMENT**

**Jack Gindi, owner and President,** founded CMI in 1986. Mr. Gindi is responsible for the overall operations of the company including his primary function of sales and marketing to potential customers.

#### **FINANCIAL ANALYSIS**

Compiled financial statements for City Merchandise Inc. were prepared by Wolfson, Milowsky, & Melzer, certified public accountants, for fiscal years ending December 31, 1998, December 31, 1999, and December 31, 2000.

#### Sales and Growth

- In FY98, CMI's sales were \$3.8 million. In FY00 sales were \$5.1 million, an increase of 34 percent.
- In FY98 the cost of goods sold were \$2.8 million, and in FY00 the cost of goods sold increased to \$3.4 million, a 21 percent change. Cost of goods sold consists of inventory, purchases, and direct labor.
- Profits have increased from \$1 million in FY98 up to \$1.7 million in FY00 representing an increase of 70 percent.

#### Balance Sheet

- Accounts receivable were \$315,000 in FY98 and \$552,000 in FY00, an increase of 78 percent.
- Total liabilities decreased from \$788,000 in FY98 to \$379,000 in FY00, a change of 52 percent.
- Cash on hand decreased from \$296,000 in FY98 to \$205,000 in FY00, a 31 percent change.

#### Conclusion

Assuming a 25-year term at a 6.5 percent interest rate the debt service is estimated to be \$313,579 per year. The debt service coverage ratio is 2.76 based on FY00 net income plus rent, incomes taxes, and retained earnings minus PILOT. CMI demonstrates the ability to service this debt.

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#### **DUE DILIGENCE**

Bank of Account Chase Manhattan Bank

Bank Check Relationship is reported to be satisfactory.

**Supplier Checks** Relationships are reported to be satisfactory.

Customer Checks Relationships are reported to be satisfactory.

**Union Affiliation** No union affiliation.

Vendex Due to technical computer problems, the VENDEX due

diligence on this company cannot be completed at this time. Presentation of this item to the Board for an Authorizing Resolution will be subject to a satisfactory VENDEX

report.

Attorney Ed Toptani

12 East 59<sup>th</sup> Street, 3<sup>rd</sup> Floor New York, NY 10022

Accountant Marc Weiselthier

Wolfson, Milowsky, & Melzer 225 West 34<sup>th</sup> Street, Suite 1008

New York, NY 10122

Beth Marks Vice President Date

#### SCHEDULE I SELECTED FINANCIAL DATA (\$000s omitted)

31-Dec-98	31-Dec-99	31-Dec-00	
FYE	FYE	FYE	
3,801	4,819	5,111	
n/a	26.78%	6.06%	
2,771	3,688	3,379	
72.90%	76.53%	66.11%	
1,030	1,131	1,732	
27.10%	23.47%	33.89%	
838	914	1,434	
22.05%	18.97%	28.06%	
0	0	0	
0	0	0	
71	100	120	
22	21	47	
93	121	167	
99	96	131	
0.27%	0.26%	0.36%	Benchmarks
1.30	2.37	2.78	1.80
1.64	2.38	2.81	1.30
3%	2%	3%	2.50%
8%	9%	12%	12.30%
0,000- \$250,000			
	FYE 3,801 11/2 2,771 72.90%  1,030 27.10%  838 22.05%  0 0 71 22 93 99 0.27%  1.30  1.64	FYE         FYE           3,801         4,819           16/a         26,78%           2,771         3,688           72.90%         76.53%           1,030         1,131           27.10%         23.47%           838         914           22.05%         18.97%           0         0           0         0           71         100           22         21           93         121           99         96           0.27%         0.26%           1.30         2.37           1.64         2.38           3%         2%           8%         9%	FYE         FYE         FYE           3,801         4,819         5,113           n/a         26,78%         6,06%           2,771         3,688         3,379           72.90%         76.53%         66.11%           1,030         1,131         1,732           27.10%         23.47%         33.89%           838         914         1,434           22.05%         18.97%         28.06%           0         0         0           0         0         0           71         100         120           22         21         47           93         121         167           99         96         131           0.27%         0.26%         0.36%           1.30         2.37         2.78           1.64         2.38         2.81           3%         2%         3%           8%         9%         12%

#### SCHEDULE I SELECTED FINANCIAL DATA (\$000s omitted)

	31-Dec-98	31-Dec-99	31-Dec-00	
	FYE	FYE	FYE	
Sales: (\$)	3,801	4,819	5,111	
(% annual growth)	n/a	26.78%	6.06%	
COGS: (\$)	2,771	3,688	3,379	
(% of sales)	72.90%	76.53%	66.11%	
Gross Margin (\$)	1,030	1,131	1,732	
Gross Margin (%)	27.10%	23.47%	33.89%	
Total G & A	838	914	1,434	
(% of sales)	22.05%	18.97%	28.06%	
Other Expenses				
- Interest Expense	0	0	0	
- Commission income	0	0	0	
- Rental activities	71	100	120	
Provision for income taxes	22	21	47	
Total Other Expenses	93	121	167	
Net Income (loss)	99	96	131	
(% of sales)	0.27%	0.26%	0.36%	Benchmarks
Liquidity Ratio				
Current Ratio	1.30	2.37	2.78	1.80
Debt Management Ratios				
Total Debt to Total Assets	1.64	2.38	2.81	1.30
Profitability Ratios				
Profit Margin on Sales	3%	2%	3%	2.50%
ROA (%)	8%	9%	12%	12.30%
SIC: 5199 Dun & Bradstreet Industry Ass	ets \$100,000- \$250,000			

City Merch	andise	Inc.
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# SCHEDULE II BALANCE SHEET DATA (\$000s omitted)

	31-Dec-98	31-Dec-99	31-Dec-00
	FYE	FYE	FYE
Cash	296	188	205
Accounts Receivable	315	444	552
Inventory	415	421	295
Misc.	270	4	12
Total Assets	1,296	1,057	1,064
Loans	371	278	184
Accounts payable	416	164	188
Income taxes payable	1	2	7
Total Liabilities	788	444	379
Net Worth	508	613	685
Total Liabilities and			
Net Worth	1,296	1,057	1,064