



ECONOMIC DEVELOPMENT INCENTIVES

Arace & Company LLC provides assistance to Businesses and Real Estate Developers in applying for and securing Municipal, State and Federal economic development incentive packages. The assistance generally comes in the form of Tax and Cost Abatements, Grants, and Low Interest loans.

Arace & Company focuses on providing access to the billions of dollars in economic incentives available to the business community, but which in many cases has gone under subscribed. By focusing on this economic development sector, our firm provides access to a frequently untapped source of capital for its client. This benefit is accomplished by allowing our clients to either directly reduce the capital required for its projects, or assist them to secure funding, which will reduce their operating cost.

Services: Arace & Company will represent a client as if it were an internal business and project development department. Our service begins with a complete understanding of the client's needs, including the relevant project, business objectives and any constraints that may effect the assignment. We also believe that many companies forego economic development incentives since they need to remain anonymous -- in order to avoid the competition becoming aware of their growth plans. Our Staff have frequently dealt with this very issue, and can approach the appropriate Government Officials in an appropriate and effective manner. Each Governmental economic development organization has a menu of incentives to be used to lure and retain and/or create new jobs. These incentives vary widely from State to State and Locality to Locality. The most common forms of incentives are Real Estate Tax Abatements, Sales Tax Exemptions, Capital Grants, Tax Credits, Training Grants, Utility Discounts, Infrastructure Grants, Low Cost Financing and Specialized Economic Zone Benefits. Arace& Company will screen the various incentive programs to insure that the client receives the maximum available benefits.

The last several years has seen an expansion in the number and types of business that provide corporations and developers with access to economic development incentives from government agencies. Over this same period both the amount of the incentive packages and the complexity of receiving an incentive proposal have also increased.

Companies choosing to obtain economic development incentives in-house, use their own managers to take on this responsibility as part of their regular business functions. Our key advantage in competition with in-house development is that managers are already overloaded, and most businesses and developers do not understand the process involved in obtaining incentives. This results in millions of dollars being left on the table by developers and corporations. Also we can approach the government agencies on a confidential basis, gathering information and making initial contacts in ways that the corporate managers cannot. It is common practice especially for large projects to refer to the project by a code name when first approaching government agencies about incentives.



Arace & Company offers our service to businesses and developers that are contemplating new projects, expansions, relocations, and consolidations. The use of our service results in clients receiving incentives that will offset a significant portion of their project cost. Typically incentive packages can range from 10% to 40% of the project cost, depending on the type of the project and where it is located.

In addition to traditional business opportunities such as relocation, expansions, etc., lease renewals are also a significant business opportunity, particularly during difficult economic times. Faced with the need to reduce cost, companies can utilize retention and/or relocation options as an opportunity to secure new sources of funding which are free or at the very least, a form of low cost financing.

An important benefit of our business is its counter-cyclical nature. During weak economic periods, the number of projects may decrease but the availability of economic development incentives increases as a result of strong governmental competition. This allows us to secure larger incentive packages for our clients.

Typically, brokers may want to handle the incentives project believing that most incentives are "as of right" and therefore generally easy to secure. This assumption is incorrect, and in fact may be one of the most significant value-added benefits Arace & Company brings to the relationship. In our experience, and specific to some of the largest incentive packages offered in New York, the most generous incentive packages were not even identified in the menu of listed programs. These incentives were the result of creative thinking on the part of our staff, and were exclusive to the particular project. In advocating for the client before the appropriate Governmental agency, Arace & Company has the advantage of utilizing our relationships, as well as "outside of the box" thinking, to guarantee the most generous incentive packages available. Having our firm handle the incentive portion of the transaction benefits the broker by assuring that the deal will close on a timely basis, while at the same time providing the lowest possible cost to the client.

Our clients get a team of true experts to come into their business for a specialized task. We are a variable cost. Your alternative is a management team that would be a fixed cost, and would not be as skilled at the specific function we perform.

The underlying assumption is that obtaining economic development incentives is a short-term project. We offer temporary expertise for the short-term project.

In summary, our value proposition offers a scalable, relatively risk-free, variable cost alternative to obtaining economic development incentives.