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## **APPLICATION FOR FINANCIAL ASSISTANCE**

Merlin Entertainments Group US Holdings Inc.

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(Applicant Name)

**Robert T. Armistead  
Chairman**

Orange County Business Accelerator  
4 Crotty Lane, Suite 100  
New Windsor, NY 12553

Phone: 845-234-4192 Fax: 845-220-2228

[www.ocnyida.com](http://www.ocnyida.com)

[business@ocnyida.com](mailto:business@ocnyida.com)

Updated April 2016

# ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## APPLICATION FOR FINANCIAL ASSISTANCE

### I. APPLICANT INFORMATION

Company Name: Merlin Entertainments Group US Holdings, Inc.

Mailing Address: One LEGOLAND Drive, Carlsbad, CA 92008

Phone No.: 1 (760) 918 - 5346

Fax No.: 1 (760) 918 - 5408

Fed Id. No.: 83-0433231

Contact Person: John Ussher

Principal Owners/Officers/Directors (list owners with 15% or more in equity holdings with percentage ownership):

N/A

Corporate Structure (*attach schematic if applicant is a subsidiary or otherwise affiliated with another entity*)

See attached

Form of Entity

☒ Corporation

Date of Incorporation: 6/29/2005

State of Incorporation: Delaware

☐ Partnership

General \_\_\_\_\_ or Limited \_\_\_\_\_

Number of general partners \_\_\_\_\_

If applicable, number of limited partners \_\_\_\_\_

Date of formation \_\_\_\_\_

Jurisdiction of Formation \_\_\_\_\_

☐ Limited Liability Company/Partnership (number of members \_\_\_\_\_)

Date of organization: \_\_\_\_\_

State of Organization: \_\_\_\_\_

☐ Sole Proprietorship

If a foreign organization, is the applicant authorized to do business in the State of New York?

N/A

If any of the above persons, or a group of them, owns more than a 50% interest in the company, list all other organizations which are related to the company by virtue of such persons having more than a 50% interest in such organizations.

N/A

Is the company related to any other organization by reason of more than 50% common ownership? If so, indicate name of related organization and relationship.

No

Has the company (or any related corporation or person) made a public offering or private placement of its stock within the last year? If so, please provide offering statement used.

No

APPLICANT'S COUNSEL

Name: Dominic Cordisco

Address: Drake Loeb PLLC, 555 Hudson Valley Avenue, New Windsor, NY 12553

Phone No.: 845.458.7316

Fax No.: 845.458.7317

II. PROJECT INFORMATION

A) Project Address: 400 Harriman Drive

Tax Map Number: See attached chart

Located in City of N/A  
Located in Town of Goshen  
Located in Village of N/A  
School District of Goshen

B) Are utilities on site?

Water: No

Electric: Yes

Gas: No

Sanitary/Storm Sewer: No

C) Present legal owner of the site: See attached chart

If other than from applicant, by what means will the site be acquired for this project? The applicant is the contract vendee of the parcels comprising the site.

D) Zoning of Project Site: Current: RU Proposed: CR/RU

E) Are any variances needed? No

F) Furnish a copy of any environmental application presently in process of completion concerning this project, providing name and address of the agency, and copy all pending or completed documentation and determinations.

G) Statement describing project (i.e. land acquisition, construction of manufacturing facility, etc.):

The proposed Action involves the construction of a +/-153 acre LEGOLAND Park and Hotel and related amenities. The park, to be built in phases, will include rides and attractions, an aquarium, theaters, restaurants, a hotel and various back of house facilities including offices and staff areas as well as associated parking and drainage facilities. Site access will be from Harriman Drive. The Project Sponsor proposes to seek public water and sewer services from the Village of Goshen.

H) Principal use of project upon completion:

<input type="checkbox"/> manufacturing	<input type="checkbox"/> warehousing	<input type="checkbox"/> research	<input type="checkbox"/> offices
<input type="checkbox"/> industrial	<input checked="" type="checkbox"/> recreation	<input type="checkbox"/> retail	<input type="checkbox"/> residential
<input type="checkbox"/> training	<input type="checkbox"/> data process	<input type="checkbox"/> other	

If other, explain: N/A.

I) Estimated Project Costs, including:

Value of property to be acquired: See attached chart.

Value of improvements: \$214.3m

Value of equipment to be purchased: \$39.5m

Estimated cost of engineering/architectural services: \$24.9m

Other: \$47.6m

Total Capital Costs: \$326.2m

Project refinancing; estimated amount  
(for refinancing of existing debt only) \$0

*Sources of Funds for Project Costs:*

Bank Financing: \$350,000,000

Equity (excluding equity that is attributed to grants/tax credits) \$0

Tax Exempt Bond Issuance (if applicable) \$0

Taxable Bond Issuance (if applicable) \$0

Public Sources (Include sum total of all state and federal  
grants and tax credits) \$ \_\_\_\_\_

Identify each state and federal grant/credit:

State Empire Grant \$ 6,000,000

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

Total Sources of Funds for Project Costs: \$ 6,000,000

## J) Inter-Municipal Move Determination

Will the project result in the removal of a plant or facility of the applicant from one area of the State of New York to another?

☐ Yes or ☒ No

Will the project result in the removal of a plant or facility of another proposed occupant of the project from one area of the State of New York to another area of the State of New York?

☐ Yes or ☒ No

Will the project result in the abandonment of one or more plants or facilities located in the State of New York?

☐ Yes or ☒ No

If Yes to any of the questions above, explain how, notwithstanding the aforementioned closing or activity reduction, the Agency's Financial Assistance is required to prevent the Project from relocating out of the State, or is reasonably necessary to preserve the Project occupant's competitive position in its respective industry:

N/A.

## Project Data

1. Project site (land)

(a) Indicate approximate size (in acres or square feet) of project site.

523 acres

(b) Are there buildings now on the project site?

No.

(c) Indicate the present use of the project site.

### Agricultural Land

(d) Indicate relationship to present user of project.

Land is currently not used. The applicant is the contract vendee of the parcels comprising the site.

2. Does the project involve acquisition of an existing building or buildings? If yes, indicate number, size and approximate age of buildings:

No.

3. Does the project consist of the construction of a new building or buildings? If yes, indicate number and size of new buildings:

Yes. Approximately 70 new buildings with a total GFA (gross floor area) of 620,000 square feet.

4. Does the project consist of additions and/or renovations to existing buildings? If yes, indicate nature of expansion and/or renovation:

No.

5. What will the building or buildings to be acquired, constructed or expanded be used for by the company? (Include description of products to be manufactured, assembled or processed, and services to be rendered.

The buildings to be constructed will be used for entertainment in a LEGOLAND theme park geared towards families with children aged 2 to 12. The park, to be built in phases, will include rides and attractions, an aquarium, theaters, restaurants, a hotel and various back of house facilities including offices and staff areas as well as associated parking and drainage facilities.

. . .including the percentage of building(s) to be used for office space and an estimate of the percentage of the functions to be performed at such office not related to the day-to-day operations of the facilities being financed.)

0% (zero) of the office space will be used for functions not related to the day-to-day operations of the facilities being financed.

6. If any space in the project is to be leased to third parties, indicate total square footage of the project amount to be leased to each tenant and proposed use by each tenant.

None.

7. List principal items or categories of equipment to be acquired as part of the project.

Amusement Ride Hardware  
IT Equipment  
General FF&E

8. Has construction work on this project begun?

Complete the following

(a) site clearance	<del>Yes</del>	No	0% complete
(b) foundation	<del>Yes</del>	No	0% complete
(c) footings	<del>Yes</del>	No	0% complete
(d) steel	<del>Yes</del>	No	0% complete
(e) masonry work	<del>Yes</del>	No	0% complete
(f) other (describe below)	<del>Yes</del>	No	0% complete

### III. FINANCIAL ASSISTANCE REQUESTED

#### A) Benefits Requested:

☒ Sales Tax Exemption    ☐ IRB    ☒ MRT Exemption    ☒ Real Property Agreement

#### B.) Value of Incentives:

IDA PILOT Benefit: Agency staff will indicate the amount of PILOT Benefit based on estimated Project Costs as contained herein and anticipated tax rates and assessed valuation, including the annual PILOT Benefit abatement amount for each year of the PILOT benefit year and the sum total of PILOT Benefit abatement amount for the term of the PILOT as depicted under the heading "Real Property Tax Benefit (Detailed)" of the Application.

Estimated duration of Property Tax exemption: 30 years

#### Sales and Use Tax:

Estimated value of Sales Tax exemption for facility construction: \$10.0m

Estimated Sales Tax exemption for fixtures and equipment: \$3.5m

Estimated duration of Sales Tax exemption: 30 years

#### Mortgage Recording Tax Exemption Benefit:

Estimated value of Mortgage Recording Tax exemption: \$                     

#### IRB Benefit:

☐ IRB inducement amount, if requested: \$                     

Is a purchaser for the Bonds in place?

☐ Yes or ☐ No

Percentage of Project Costs financed from Public Sector sources:

Agency staff will calculate the percentage of Project Costs financed from Public Sector sources based upon Sources of Funds for Project Costs as depicted above under the heading "Estimated Project Costs" (Section II(I)) of the Application.

C.) Likelihood of Undertaking Project without Receiving Financial Assistance

Please confirm by checking the box, below, if there is likelihood that the Project would not be undertaken but for the Financial Assistance provided by the Agency?

☒ Yes or ☐ No

If the Project could be undertaken without Financial Assistance provided by the Agency, then provide a statement in the space provided below indicating why the Project should be undertaken by the Agency:

The Project could not be undertaken without Financial Assistance provided by the Agency.

IV. EMPLOYMENT PLAN

	Current # of jobs at proposed project location or to be relocated to project location	IF FINANCIAL ASSISTANCE IS GRANTED – project the number of FTE and PTE jobs to be RETAINED	IF FINANCIAL ASSISTANCE IS GRANTED – project the number of FTE and PTE jobs to be CREATED upon THREE Years after Project completion	Estimate number of residents of the Labor Market Area in which the Project is located that will fill the FTE and PTE jobs to be created upon THREE Years after Project Completion **
Full time (FTE)	1	1	500	490
Part Time (PTE)	0	0	800	800
Total	1	1	1300	1290

\*\* For purposes of this question, please estimate the number of FTE and PTE jobs that will be filled, as indicated in the third column, by residents of the Labor Market Area, in the fourth column. The Labor Market Area includes Orange County and the surrounding region (or six other contiguous counties, including Orange County, chosen at the Agency's discretion).



Salary and Fringe Benefits for Jobs to be Retained and/or Created:

Category of Jobs to be Retained and Created	Average Salary or Range of Salary	Average Fringe Benefits or Range of Fringe Benefits
Management	Avg salary range from 75K to 100K	Full time staff receive generous benefits including paid time off, 401(k) match of 4%, comprehensive medical/dental and vision plans. Additional benefit costs average 25 to 40% of salary.
Professional	Avg Salary range from 50K to 90K	Full time staff receive generous benefits including paid time off, 401(k) match of 4%, comprehensive medical/dental and vision plans. Additional benefit costs average 25 to 40% of salary.
Administrative	Avg Salary range from 40K to 70K	Full time staff receive generous benefits including paid time off, 401(k) match of 4%, comprehensive medical/dental and vision plans. Additional benefit costs average 25 to 40% of salary.
Production	Avg Salary range from 15 to 20 per hour	Full time staff receive generous benefits including paid time off, 401(k) match of 4%, comprehensive medical/dental and vision plans. Additional benefit costs average 25 to 40% of salary.
Independent Contractor	None	N/A
Other	Front line customer service roles are generally paid at an hourly rate above minimum wage/market rate to attract quality staff.	Full time staff receive generous benefits including paid time off, 401(k) match of 4%, comprehensive medical/dental and vision plans. Additional benefit costs average 25 to 40% of salary.

III. REPRESENTATIONS BY THE APPLICANT

The Applicant understands and agrees with the Agency as follows:

- A. Job Listings In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the proposed project must be listed with the New York State Department of Labor

Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entity") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JTPA") in which the project is located.

- B. First Consideration for Employment In accordance with Section 858-b(2) of the General Municipal Law, the applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant must first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the proposed project.
- C. A liability and contract liability policy for a minimum of three million dollars will be furnished by the Applicant insuring the Agency.
- D. Annual Sales Tax Filings In accordance with Section 874(8) of the General Municipal Law, the Applicant understands and agrees that, if the proposed project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the Applicant.
- E. Annual Employment Reports: The applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site.
- F. Compliance with N.Y. GML Sec. 862(1): Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if Financial Assistance is provided for the proposed Project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.
- G. Compliance with Applicable Laws: The Applicant confirms and acknowledges that the owner, occupant, or operator receiving Financial Assistance for the proposed Project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.
- H. False and Misleading Information: The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any Financial Assistance and the reimbursement of an

amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project

- I. Recapture: Should the Applicant not expend or hire as presented, the Agency may view such information/status as failing to meet the established standards of economic performance. In such events, some or all of the benefits taken by the Applicant will be subject to recapture.
- J. Absence of Conflicts of Interest: The applicant has received from the Agency a list of the members, officers, and employees of the Agency. No member, officers or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:

The Applicant and the individual executing this Application on behalf of applicant acknowledge that the Agency and its counsel will rely on the representations made in this Application when acting hereon and hereby represents that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

STATE OF NEW YORK )  
COUNTY OF ORANGE ) ss:

Brian Shaw

being first duly sworn, deposes and says:

1. That I am the Group Finance Director (Corporate Office) of Merlin Entertainment Group (Applicant) and that I am duly authorized on behalf of the Applicant to bind the Applicant.
2. That I have read the attached Application, I know the contents thereof, and that to the best of my knowledge and belief, this Application and the contents of this Application are true, accurate and complete.

  
(Signature of Officer)

Subscribed and affirmed to me under penalties of perjury  
this 29 day of June, 2016

  
(Notary Public)

This Application should be submitted to the Orange County Industrial Development Agency, c/o Robert T. Armistead, Chairman, Orange County Business Accelerator, 4 Crotty Lane, Suite 100, New Windsor, NY 12553.

The Agency will collect an administrative fee at the time of closing.  
**SEE ATTACHED FEE SCHEDULE**

Transaction Counsel  
CHARLES SCHACHTER, ESQ./  
RUSSELL GAENZLE, ESQ.  
Harris Beach PLLC  
99 Garnsey Road  
Pittsford, New York 14534  
Tel: (585) 419-8633  
Fax: (585) 419-8817

Attach copies of preliminary plans or sketches of proposed construction or rehabilitation or both.

Attach the following Financial Information of the Company

1. Financial statements for last two fiscal years (unless included in company's Annual Reports).
2. Company's annual reports (or Form 10-K's) for the two most recent fiscal years.
3. Quarterly reports (Form 10Q's) and current reports (Form 8-K's) since the most recent Annual Report, if any.
4. In addition, please attach the financial information described above in items 1, 2 and 3 of any expected Guarantor of the proposed bond issue, if different from the company.

#### **HOLD HARMLESS AGREEMENT**

Applicant hereby releases the ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY and the members, officers, servants, agents and employees thereof (the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to reach final agreement with respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in processing of the Application, including attorneys' fees, if any.



(Applicant Signature)

By: BRIAN SHAW

Name: \_\_\_\_\_

Title: GROUP FINANCE DIRECTOR



(Notary Public)

Sworn to before me this 29 day  
of June, 2016

[stamp]