

**791 Washington, LLC.  
\$80,535,000  
AMENDATORY INDUCEMENT RESOLUTION**

**ELIGIBILITY**

- NAICS Section - 53110

**COMPANY INCENTIVES**

- Approximately \$2,750,825 in sales tax savings
- 1% of the final mortgage amount. At this time, the estimated amount of the mortgage is \$50,250,000 for a savings of \$502,500

**PROJECT BENEFITS**

- The company will utilize the City's 485-a exemption or the Brownfield cleanup tax refund program
- Estimated new bed tax revenues are \$1.68M over 5 years

**EMPLOYMENT**

- Current - 0
- New Jobs Projected - 30

**PROJECT HISTORY**

- 09/08/2015 - City of Buffalo, as lead agent adopts a negative declaration in accordance with SEQRA
- 08/01/2016 - Public hearing held. Transcript attached
- 08/24/2016 - Lease/Leaseback Inducement Resolution presented to the Board of Directors - Approved
- 02/23/2017 - Public hearing held. Transcript attached
- 03/22/2017 - Amendatory Inducement Resolution presented to to Board of Directors.

Project Title: 791 Washington, LLC.  
(Redevelopment of Trico Building)

Project Address: 791 Washington Street  
Buffalo, New York 14203  
(Buffalo City School District)

**Agency Request**

A sales tax and mortgage recording tax abatement in connection with the adaptive reuse of a former manufacturing facility.

	Prior	Amendatory
Land and Building Acquisition	\$100,000	\$100,000
Renovation	\$71,913,324	\$66,691,373
Equipment	\$6,975,000	\$2,403,500
Soft Costs	\$11,502,218	\$11,340,127
<b>Total Project Costs</b>	<b>\$90,490,542</b>	<b>\$80,535,000</b>
85%	\$76,916,960	\$68,454,750

**Company Description**

791 Washington, LLC is a single purpose entity having been formed to hold the real estate being redeveloped. Peter Krog is the managing member of the LLC and is a real estate developer with a long track record of successful development projects throughout Western New York.

**Amended Project Description**

The project has been modified to eliminate the Buffalo Culinary School component. Additional apartment units will be constructed in its place.

The estimated sales tax benefit and employment has been reduced as follows:

Original estimate of sales tax savings: \$3,059,875  
Revised estimate of sales tax savings: \$2,750,825

Original estimate of projected jobs: 130  
Revised estimate of projected jobs: 30

(100 jobs were originally estimated to be associated with the Culinary School)

**Prior Project Description**

The project consists of the renovation and redevelopment of the former Trico Building on Washington Street in the City of Buffalo. The building has been vacant for over 10 years and has numerous structural and environmental challenges. Should the current redevelopment not occur, the building likely would be demolished.

The plans call for select demolition and substantial renovation work which when complete will be a mixed use structure that will serve as the site for a new Buffalo Culinary School, an extended stay hotel to serve patients and visitors of the medical campus, market rate housing to meet the expanding demand for employees and students located on the medical campus and a limited retail component that will serve the campus and surrounding community. In addition, the building will house commercial space and is being marketed to existing businesses looking to expand. Sales tax benefits will be limited to only the core and shell component of the commercial space. Parking space will need to be constructed and is expected to be within the building as the location currently lacks sufficient space for vehicles.

The property is currently owned by the Buffalo Brownfield Restoration Corporation and has been off the tax rolls for approximately the past 10 years. The company has the option to purchase the property which option has been extended through September 2016.

Pursuant to the Real Estate Purchase Agreement between the developer and the Buffalo Brownfield Restoration Corporation, the developer has agreed to make a reasonable effort in its attempt to (i) attain a minority workforce goals of 25% and a woman workforce goals of 5% on the project; (ii) attain a minority business enterprise (“MBE”) utilization goal of 25% and women business enterprise (“WBE”) goals of 5% on the project and (iii) cause tenants and other occupants of the project (including the developer and any affiliates of the developer), to first list all new employment opportunities generated at the project with the Department of Labor, Buffalo Employment Training Center and Workforce Investment Board.

### Retail Determination

Project Use	Sq. Ft.	Cost	% of Project Cost
Apartments	336,008	\$45,636,102	65%
Hotel/Commercial/Retail	178,992	\$23,458,771	35%
Total	515,000	\$69,094,873	100%

The facility totals approximately 515,000 sq. ft. and is located in a highly distressed census tract. According to state law if more than 1/3 of the cost of the total project is devoted to retail (at present 51% of the project costs associated with the project is classified as retail) the IDA must make a retail finding on the project. This will require a sign off form the County Executive.

On August 24, 2016, the Board determined that the project was a retail project and it was located in a highly distressed area and in compliance with Section 862 of the NY General Municipal Law, the chief executive officer of Erie County provided written confirmation confirming the financial assistance.

### New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over Over 12 years	Additional City Revenue over 485-a Abatement Period	New Yearly Taxes Upon Expiration of Abatement Period
\$0	\$35,711,000 485-a <sup>(1)</sup>	\$2,549,000 485-a <sup>(1)</sup> \$2,549,000 BCP <sup>(2)</sup>	\$1,928,000 485-a <sup>(1)</sup> \$11,566,000 BCP <sup>(2)</sup>	\$1,176,000
Combined Tax Rate: \$33.00 Current Assessment: \$1,595,000 Property is currently exempt				

### Exemption Table

Year	% payment under 485-a <sup>(1)</sup>	County Payment with 485-a <sup>(1)</sup>	County as if owned <sup>(2)</sup>	City payment with 485-a <sup>(1)</sup>	City as if owned <sup>(2)</sup>	Full Tax Payments	Net Exemption
1	0%	\$212,409	\$212,409	\$0	\$963,840	\$1,176,249	\$963,840
2	0%	\$212,409	\$212,409	\$0	\$963,840	\$1,176,249	\$963,840
3	0%	\$212,409	\$212,409	\$0	\$963,840	\$1,176,249	\$963,840
4	0%	\$212,409	\$212,409	\$0	\$963,840	\$1,176,249	\$963,840
5	0%	\$212,409	\$212,409	\$0	\$963,840	\$1,176,249	\$963,840
6	0%	\$212,409	\$212,409	\$0	\$963,840	\$1,176,249	\$963,840
7	0%	\$212,409	\$272,180	\$0	\$963,840	\$1,176,249	\$963,840
8	0%	\$212,409	\$212,409	\$0	\$963,840	\$1,176,249	\$963,840
9	20%	\$212,409	\$212,409	\$192,766	\$963,840	\$1,176,249	\$771,072
10	40%	\$212,409	\$212,409	\$385,536	\$963,840	\$1,176,249	\$578,304
11	60%	\$212,409	\$212,409	\$578,304	\$963,840	\$1,176,249	\$385,536
12	80%	\$212,409	\$212,409	\$771,072	\$963,840	\$1,176,249	\$192,768
<b>TOTAL PAYMENTS</b>		\$2,548,908	\$2,548,908	\$1,927,680	\$11,566,079	\$14,114,987	\$9,638,399

<sup>1)</sup> Payments if the company applies for and receives the City's 485-a exemption

<sup>(2)</sup> Payments if developer chooses to utilize the Brownfield Cleanup tax refund program

### Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total project Amount = \$80,535,000 85% = \$68,454,750
Employment	See Recapture Period	85% of Projected Jobs Projected Jobs = 30 Recapture Jobs = 25
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	See Recapture Period	Adherence to Policy
Unpaid Tax	See Recapture Period	Adherence to Policy
Recapture Period	2 years after project completion	Recapture of state and local sales taxes and real Mortgage Tax

Recapture applies to:

- State and Local Sales Taxes
- Mortgage Recording Taxes

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales and use tax exemption benefits taken by the company that are in violation of the GML.

In addition, it is the recommendation of the ECIDA's Policy Committee to recapture the local portion of the sales tax and mortgage recording tax.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) confirm that company will create 30 new jobs (85% =25) iii) confirm adherence to ECIDA local labor hiring policy, pay equity policy and unpaid tax policy.