

Knee Deep Holdings, LLC/A. Titan

\$4,215,000

INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - 33

COMPANY INCENTIVES

- Approximately \$78,750 in sales tax benefits
- 1% of the final mortgage amount. At this time, the estimated amount of the mortgage is \$2,800,000 which would result in a savings of \$28,000.



Project Title: Knee Deep Holdings, LLC/A. Titan

Project Address: 10 Center Drive
Orchard Park, New York 14127
(Orchard Park Central School District)

NAICS: 339114

Agency Request

A sales tax and mortgage tax exemption in connection with the acquisition and renovation of 10 Center Drive

Land and Building Acquisition	\$ 2,100,000
Building Renovation	\$ 1,000,000
Manufacturing Equipment	\$ 500,000
Non-Manufacturing Equipment	\$ 400,000
Soft Costs:	\$ 215,000
Total Project Cost	\$ 4,215,000
85% of Project Cost	\$ 3,582,750
Mortgage Amount	\$ 2,800,000

Company Description

Knee Deep Holdings, LLC, a limited liability corporation, was established to develop the proposed project for A. Titan. A. Titan since inception in 1998, is recognized as an innovative leader in the dental community by providing its distribution partners and dental professionals quality products. The company's products are sold in over 10 countries with manufacturing taking place at the Erie County location and through a partner in Germany. Typical customers include dentists, clinics and army/navy hospitals.

Project Description

Titan presently occupies 15,000 sq. ft. of space in two separate buildings on Main Street in the Town of Hamburg. After investigating facilities within the Town they made the decision to relocate to an existing building in the Town of Orchard Park. They will be purchasing and renovating a building at 10 Center Drive. The facility is 112,000 sq. ft. and improvements will include rebuilding the office and manufacturing space. Once complete both Hamburg facilities which consist of the offices and manufacturing operations will be housed in the newly renovated Orchard Park Facility. A. Titan will initially occupy 65,000 sq. ft. of the entire complex with the remainder available either for internal growth or leasing. IDA sales tax benefits are limited to A. Titan's space.

In accordance with the Agency's Intermunicipal Move Policy, the supervisors of the affected towns (Hamburg and Orchard Park) have been notified of the company's desire to relocate and expand.

Project Incentives

- Approximately \$78,750 in sales tax benefits
- 1% of the final mortgage amount. At this time, the estimated amount of the mortgage is \$2,800,000 which would result in a savings of \$28,000

Retail Determination

Tenant/Use	Sq. Ft.	Cost	% of Project Cost
A. Titan	65,000 sq. ft.	\$4,215,000	100%
Vacant Commercial/Retail Space	47,000 sq. ft.		
Total	112,000 sq. ft.	\$4,215,000	100%

Employment

Jobs at Application
30

Projected Year 2 Jobs
40

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount Project Amount = \$4,215,000 85%=\$3,582,750
Employment	See recapture period	Maintain 100% of base employment =30 85% of projected (8) =38
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	The latter of 2 years after project completion or expiration of Agency and Financial Assistance Agreement	State and Local Sales Taxes Mortgage Tax

Recapture applies to:

- State and local sales taxes
- Mortgage recording taxes

Recapture

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 share of 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 has met 85% of its projected full time employment while maintaining 100% of its base employment and iii) confirm adherence to ECIDA local labor hiring policy.

Project History

5/29/2014	Public Hearing Held. Transcript attached.
06/18/2014	Inducement Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
06/18/2014	Lease/Leaseback Inducement Resolution presented to Board of Directors.