

R & M Leasing, LLC/Pierce Arrow Business Park
\$10,591,000
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 531110

COMPANY INCENTIVES

- Up to 1% of the final mortgage amount estimated at \$100,928.
- Approximately \$87,500 in sales tax savings.

EMPLOYMENT

- Current Jobs = 50
- Projected Jobs = 70

PROJECT HISTORY

- 02/23/2017- Public Hearing held. Transcript attached.
- 03/22/2017- Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA.
- 03/22/2017- Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: R & M Leasing, LLC/Pierce Arrow Business Park

Project Address: 155 Chandler Street
 Buffalo, New York 14207
 (Buffalo City School District)

Agency Request

A sales tax and mortgage recording tax exemption in connection with the renovation of an existing building for use as an incubator facility.

Building Acquisition	\$ 591,000
Renovation	\$ 8,000,000
Soft Costs	\$ 2,000,000
 Total Project Cost	 \$10,591,000

Company Description

R & M Leasing, LLC was formed by Mr. Termini for the purpose of undertaking the proposed project. Mr. Termini is the owner of Signature Development, a local development company focused on inner-city development.

Project Description

155 Chandler Street is the site of the former Linde Air Manufacturing complex originally constructed in the early 1900's. The facility has been vacant for the past 14 years.

The building, once redeveloped, will serve as an incubator for Start Up NY companies and provide low cost/clean space at below market rents. The facility is 80,000 sq. ft. and initially will be leased to 4 tenants:

ENRG has been in the R&D stage for the last 10 years and has gone through a first round of funding raising \$2.5M. They will begin production of gas permeable ceramic material.

Utilant, a software developer for national and international companies.

Blackbird Cidery is a Lockport based company that is expanding its operation into Buffalo.

Thin Man Brewery is less than a year old brewery. They will be producing canned beer and distributing it throughout New York State.

In addition, 2 apartments are planned for the development which will allow the company to utilize the City's 485-a real estate tax exemption program.

The entire facility is in the Start Up NY program, therefore all improvements undertaken by the tenants will be exempt from sales taxes through that program. IDA sales tax benefits will apply only to the core and shell of the building.

Employment Impact

The 4 companies listed above are all in the incubation stage and as such may or may not continue leasing space for two years after the project's completion. As of today, those companies collectively employ 50 people. The developer estimates an additional 20 new jobs associated with these companies.

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over 12 Year 485-a Abatement Period	Additional Local Revenue over 12 Year 485-a Abatement Period.	New Yearly Taxes Upon Expiration of Abatement Period
	\$3,600,000	\$278,000	\$194,000	\$120,000
Combined Tax Rate: \$33				

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment Review with Company	At Project Completion	Investment Amount Equal to or Greater than 85% of Project Amount. Total project amount = \$10,591,000 85% : \$9,002,350
Employment	Coincides with 7-Year PILOT	Maintain Base: 50 Create 85% of Projected =20 85% = 17 Recapture Employment = 67
Local Labor	Construction Period	Adherence to Policy Including Quarterly Reporting
Unpaid Taxes	Same as Recapture Period	Adherence to Policy
Pay Equity	Same as recapture period	Adherence to Policy
Recapture Period	2 Years After Project Completion	Mortgage Recording Tax State and Local Sales Taxes

Recapture applies to:

Mortgage Recording Tax
State and Local Sales Tax

Recapture

Pursuant to New York General Municipal Law, the agency shall modify, recover, recapture or terminate any financial assistance taken by the company that are in violation of the GML.

At project completion the company must certify i) total investment is equal to or greater than 85% of the anticipated project amount; ii) confirm tenants have maintained base employment of 50 jobs and created 17 additional; and iii) confirm adherence to ECIDA local labor policy during construction and iv) adherence to unpaid tax and pay equity policies for the recapture term.