ECIDA
THE ECONOMIC DEVELOPMENT CORPORATION FOR ERIE COUNTY

Policy Committee

July 2nd, 2014
8:30 am
95 Perry Street, 5th Floor Conference Room
Buffalo, NY

1. Approval of the June 5th, 2014 Minutes **(pages 1-8)**

2. Information Item:
   a. Project Matrix **(pages 9-11)**

3. Project Presentation
   a. Conventus **(pages 12-29)**
   b. Orchard Heights **(pages 30-60)**

4. Tenant Approvals **(page 61)**
   a. Novel Solutions, LLC **(pages 62-67)**

5. Senior Housing Policy
   a. Working Committee Update
   b. IDA and Developer Meetings
   c. Draft Policy Suggestions **(pages 68-70)**

6. 2014 Work plan
   a. Issues for Discussion
      1.0 Senior Housing
      2.0 Pay Equity
      3.0 Adaptive Reuse/Targeted Areas
      4.0 But-For-Test/ ROI
      5.0 Tiered Incentive Scoring and PILOT Schedules
      6.0 ECIDA/Local Community/Applicant Role in Defining Community Benefit
      7.0 MWBE
      8.0 Union Neutrality/Card Check
      9.0 Low Paying/High Paying Jobs

   ECIDA Internal Items
      A. Role of Staff and Committee in Review of Projects
      B. Application Format/Incomplete Applications
      C. Timeline Pressure for Consideration of Project
      D. Changes in State Law?

7. Other Business/Adjournment
   a. Next Meeting – August 7th, 8:30 am

MINUTES OF A MEETING OF THE POLICY COMMITTEE OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MEETING:	June 5, 2014, at Erie County Industrial Development Agency, 95 Perry Street, 5th Floor Conference Room, Buffalo, New York.
PRESENT:	Hon. Byron W. Brown, Hon. Mary Cooke, Michael Hoffert, Richard Lipsitz, Jr., Brenda W. McDuffie, Frank Mesiah, Hon. Glenn Nellis, Hon. Edward A. Rath, III, Laura Smith and Richard M. Tobe
ABSENT:	James J. Allen, Hon. Mary F. Holtz and Chris T. Johnston
OTHERS PRESENT:	Steven Weathers, CEO; John Cappellino, Executive Vice President; Andrew Schoeppich, Treasurer; Karen M. Fiala, Assistant Treasurer; Theresa Carpenter, Assistant Treasurer; and Robert G. Murray, Assistant Secretary
GUESTS:	Robert Knoer, Curtiss Buffalo, Inc.; Mike Bartlett, Hamburg IDA.

There being a quorum present at 8:35 a.m., the meeting of the Policy Committee was called to order by Policy Committee Chair Tobe.

At this point in time, Mr. Hoffert joined the meeting.

PROJECT PRESENTATIONS

Knee Deep Holdings (A. Titan), 10 Centre Drive, Orchard Park, New York. Mr. Cappellino described this proposed sales tax and mortgage recording tax exemption benefit project in connection with the acquisition and renovation of an existing facility in Orchard Park, New York to house the company's dental products manufacturing activities. The project involves the renovation of an approximate 112,000 sq. ft. facility and the purchase of certain manufacturing and non-manufacturing equipment. Mr. Cappellino noted that the company is consolidating its offices that exist in Hamburg into the new Orchard Park facility and that the Agency has complied with its inter-municipal move policies.

Mike Bartlett, representing the Town of Hamburg Industrial Development Agency, addressed the committee members noting that, unfortunately, the Town of Hamburg does not have a suitable facility to accommodate the needs of the company but does not otherwise object to the movement of the company to Orchard Park and expressed support for the company in its future endeavors.

In exchange for providing the sales and mortgage recording tax benefits, the approval of this project is conditioned on adherence to certain material terms and conditions with respect to potential recapture of financial assistance as follows:

Material Terms and Conditions

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 Tax Mortgage Tax

Upon motion made by Mr. Rath, and seconded by Mr. Hoffert, the Policy Committee unanimously resolved to approve the project and recommend its approval to the Agency, with Mr. Lipsitz abstaining.

Derrick Corporation, 590 Duke Road, Cheektowaga, New York. Ms. Fiala described this proposed sales tax and real property tax abatement project in connection with the company's new construction of an approximate 31,000 sq. ft. facility to house the company's expanding corporate headquarters, said expansion resulting from the company's 130,000 sq. ft. expansion of its manufacturing facility that was under taken in 2011 with the support of the Agency.

Mr. Fiala noted that in exchange for providing the sales tax and real property tax abatement benefits, the approval of this project is conditioned on adherence to certain material terms and conditions with respect to potential recapture of financial assistance as follows:

Material Terms and Conditions

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount Total project amount = $9,750,000 85% = $8,287,500
Employment	To coincide with PILOT period	Maintain 100% of base = (477) and 85% of projected (10) = 8
Local Labor	Construction period	Adherence to policy including quarterly reporting
PILOT	PILOT Term 10 years	Up to 100% recapture at Agency discretion
Recapture Period	Coincides with term of PILOT	Recapture of state and local sales tax and real property taxes

Upon motion made by Ms. McDuffie, and seconded by Mr. Mesiah, the Policy Committee unanimously resolved to approve the project and recommend its approval to the Agency.

Fisher Price, 636 Girard Avenue, East Aurora, New York. Mr. Cappellino described this proposed sales tax exemption benefit project in connection with the company's proposed purchase of non-production equipment and various building systems needed to modernize the company's operations and to aid the company in attracting and retaining new talent and to support the company's research and development activities.

Mr. Cappellino noted that in exchange for providing the sales tax benefits, the approval of this project is conditioned on adherence to certain material terms and conditions with respect to potential recapture of financial assistance as follows:

Material Terms and Conditions

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total project amount = $8,000,000 85% = $6,800,000
Employment	See recapture period	Maintain 100% of base = (750)
Local Labor	See recapture period	Adherence to policy including quarterly reporting
Recapture Period	The latter of two years after project completion or termination of the Agent or Financial Assistance Agreement	Recapture of state and local sales tax

Upon motion made by Mr. Hoffert, and seconded by Mr. Rath, the Policy Committee unanimously resolved to recommend that the project be approved by the Agency.

Flying Bison Brewing Company, Inc., 840 Seneca Street, Buffalo, New York. Ms. Fiala described this proposed sales tax, mortgage recording tax and real property tax abatement benefit project in connection with the company's construction of a new 12,000 sq. ft. brewery and related tasting room. Ms. Fiala noted that the company is moving out of its existing facility in Buffalo, New York and constructing this new larger facility to accommodate expanded brewery production operations. Ms. Fiala noted that the sales tax abatement benefit is limited to the brewery production area only and is not being provided to assist with the build-out related to the adjoining tasting room.

Ms. Fiala also noted that less than 1/3 of the total project costs are associated with the tasting room (retail space) component of the project such that the New York State General Municipal Law retail project prohibitions are not applicable.

Both Mr. Rath and Mr. Brown expressed support for the project and noted that craft brewery production and tasting room accommodations are attracting new visitors to the city and have an overall positive impact on the economy of the City of Buffalo.

Ms. Fiala noted that in exchange for providing the sales tax benefits, the approval of this project is conditioned on adherence to certain material terms and conditions with respect to potential recapture of financial assistance as follows:

Material Terms and Conditions

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Project amount = $2,500,000 85% = $2,125,000
Employment	Coincides with 7-Year PILOT Term	Maintain 100% of base employment = 5 plus 85% of projected jobs (3) for a total of 8 jobs
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	PILOT Term – 7 years	State and Local Sales Tax Mortgage Tax, Real Property Taxes

Upon motion made by Mr. Brown and seconded by Mr. Lipsitz, with Ms. Smith abstaining, the Policy Committee unanimously resolved to approve the project and recommend its approval to the Agency.

TexWeb, Inc. (Petro Lift), 8698 South Main Street, Eden, New York. Mr. Cappellino described this proposed sales tax exemption benefit project in connection with the company's acquisition and renovation of an existing facility located at 8698 South Main Street in Eden, New York. Mr. Cappellino commented that the company is a start-up company looking to begin operations in Western New York as a first step in expanding its operations in the United States as a result of increased domestic oil and natural gas production in North America.

Mr. Cappellino noted that in exchange for providing the sales tax benefit, the approval of this project is conditioned on adherence to certain material terms and conditions with respect to potential recapture of financial assistance as follows:

Material Terms and Conditions

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Project amount = $1,582,250 85% = $1,344,912
Employment	See recapture period	Creation of 85% of project employment: Projected Jobs = 10 85% of Projected Jobs = 8
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	The latter of two years after project completion or the termination of the Agent or Financial Assistance Agreement	Recapture of state and local sales tax

Upon motion made by Ms. McDuffie and seconded by Mr. Rath, the Policy Committee unanimously resolved to approve the project and recommend its approval to the Agency

Curtiss Buffalo, Inc., 204-216 Franklin Street, Buffalo, New York. Mr. Tobe initially described this proposed sales tax and mortgage recording tax exemption benefit project in connection with the adaptive reuse of the existing facility located at 204-216 Franklin Street in Buffalo, New York. Mr. Tobe noted that virtually 100% of the project consists of retail activity including those related to a hotel, restaurants, a bar and also includes one (non-retail) residential rental apartment. Mr. Tobe also noted that the project is located in a highly distressed area and as such, can otherwise qualify for IDA financial assistance as a retail project conditioned upon County Executive consent.

Mr. Cappellino then reviewed this proposed sales tax and mortgage recording tax exemption benefit project in connection with the adaptive reuse and historic rehabilitation of the Curtiss Building. Mr. Cappellino noted that this is a retail project as defined under the New York General Municipal Law, and that it is also located in a highly distressed area. Finally, Mr. Cappellino noted that the project is not seeking a PILOT benefit from the Agency and instead will be relying on the City's 485-a Real Property Tax Exemption Policy.

Mr. Cappellino noted that in exchange for providing the sales and mortgage recording tax exemption benefits, the approval of this project is conditioned on adherence to certain material terms and conditions with respect to potential recapture of financial assistance as follows:

Material Terms and Conditions

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Project amount = $18,100,000 85% = $15,385,000
Employment	See recapture period	85% of project employment: Projected Jobs = 30 85% of Projected Jobs = 25
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	The latter of two years after project completion or termination of Agent and Financial Assistance	Recapture of state and local sales tax and mortgage tax

Mr. Tobe then reviewed the Agency's Uniform Tax Exemption Policy ("UTEP") and in particular, the Agency's hotel assistance policy as included therein. Under the hotel assistance policy, Mr. Tobe noted that IDA incentives for hotel projects are prohibited unless one of four exceptions can be met. Based on the policy, Mr. Tobe described that the following two exceptions should be considered with respect to the Curtiss project: (1) "a....new or existing hotel that is substantially renovated in connection with a new or existing convention center and would substantially and directly impact the operations of such convention center"; or (2)

"(d)...component part of an adaptive reuse project that meets the additional requirements of the Agency's adaptive reuse policy...."

With respect to the convention center exception, Mr. Tobe asked that the Policy Committee consider what "in connection with" means and also consider what "substantially and directly impact" means as well. With respect to the adaptive reuse exception, Mr. Tobe asked the Policy Committee to consider what is meant by the term "component part of an adaptive reuse project" and to consider the rate of return to be discussed later in this meeting.

Mr. Tobe noted that the project is not seeking a PILOT Agreement because it is contemplating taking advantage of the 485-a New York Real Property Tax Abatement benefit. Finally, Mr. Tobe asked the committee members to consider whether the project will proceed without Agency assistance because Agency assistance is limited to approximately $575,000 in sales tax benefits and $110,000 of mortgage recording tax benefits, all in relation to a proposed $18.1 million dollar project.

Mr. Tobe concluded that he is struggling in his consideration of the project, noted that this is a great project for the City of Buffalo, but the question is whether it fits into the Agency's policies—particularly if the project will proceed even without Agency financial assistance, and as such, should financial assistance then be provided. Mr. Tobe then introduced Robert Knoer, Esq., counsel to the Company, and asked Mr. Knoer to brief the committee on the proposed project. Mr. Knoer noted that this project involves the complete rehabilitation and historic renovation of the Curtiss Building and its transformation into a 67 room high-end boutique hotel, fine dining restaurant, lounge, spa and fitness center. Mr. Knoer noted that this project will include an indoor/outdoor year round water element featuring a waterfall and urban hot springs environment. In addition, a one unit residential apartment will also be constructed. Mr. Knoer noted that the building is in close proximity to the convention center and as such is expected to enhance the convention center's ability to promote Buffalo as a convention destination. This project is also expected to add significantly to the downtown entertainment district by bringing new product on-line that does not currently exist in the City. Mr. Knoer described funding gaps related to costly historic rehabilitation expenses and significant and costly mechanical issues associated with the age of the building. It is precisely these additional costs that are addressed with Agency's financial assistance. Without the Agency's assistance, it is likely that the project will not be undertaken now or any time soon.

Mr. Knoer then reviewed the UTEP and concluded that the project, in his opinion, meets the two exceptions as previously described by Mr. Tobe. Mr. Knoer stated his belief that the project will help the convention center and its operations and that the hotel is a component part of an adaptive reuse project in the same way that the restaurant and lounge are also component parts of the overall project. Mr. Knoer concluded that the project will create 30 new jobs and, asked the Policy Committee to consider the creation of 30 new jobs in comparison to potential rehabilitation of the same facility into residential apartment units that do not otherwise create any new jobs.

Ms. Carpenter then reviewed return on investment ("ROI") analysis with respect to the ROI without any assistance, ROI with all assistance except for Agency financial assistance and the ROI with all assistance. It was noted that the difference in ROI between returns with and without Agency financial assistance was 0.6%, or 11.9 and 11.3, respectively.

Mr. Brown asked for the range of ROI figures that the Agency had considered with respect to previously approved adaptive reuse projects. Mr. Tobe responded that the Agency has used a 10-12% ROI as a benchmark for urban high-risk projects.

Ms. McDuffie then queried her fellow members as to whether or not they believed the project fits or does not fit within the UTEP. Mr. Tobe responded that he is not convinced that the project meets the convention center exception without additional information, and believes that whether or not the project meets the "component part" exception is in the eye of the beholder.

Ms. Cooke stated her belief that the hotel piece is a component part of the project and as such, there is no need to change the policy for clarification purposes.

Mr. Tobe stated his belief that the project meets all the adaptive reuse project criteria except for the ROI criteria because the projected ROI is on the edge of the high end.

Ms. Smith commented that despite being near the high end of the ROI range, the ROI figure is still within the ROI range. She also commented that the project is still a very risky project and the Agency should be encouraging this type of behavior. She noted that the company could do this project anywhere and there are many benefits to having it being undertaken within the City of Buffalo. Mr. Rath commented that this project is coming about because of predecessor adaptive reuse projects such as the Lafayette Hotel and the Avant Building project, amongst others, and we now have an "embarrassment of riches" such that we cannot lose sight of the continued need to encourage investment and reuse of our old building stock and in addition, as is the case here, the creation of 30 new jobs. Mr. Rath concluded that the project meets the adaptive reuse criteria.

Mr. Lipsitz stated that he is comfortable voting in favor of this project because it meets the adaptive reuse-UTEP exception, and because he is satisfied with the MWBE requirements and labor peace agreement.

Mr. Brown stated he agrees with all of the comments that his fellow Policy Committee members have made. He stated his belief that the project fits within the UTEP and fits within the adaptive reuse exception to new hotel construction. Mr. Brown commented on the many community benefits that the project will achieve including the rehabilitation of this historic and vacant facility, the fact that there is a labor peace agreement, the fact that 30 new jobs will be created, and the fact that MWBE goals will be instituted. Finally, Mr. Brown noted that once in operation, the project produces new revenue for the City and the County.

Mr. Mesiah expressed his support for the project and belief that the project fits within the UTEP.

Mr. Hoffert stated that he has spoken with the project owners with respect to labor issues and is comfortable with the stated MWBE goals and the labor peace agreement.

Mr. Hoffert moved, and Mr. Rath seconded, to approve the project and recommend its approval to the Agency.

Mr. Tobe then noted that the committee is relying on the "component part of an adaptive reuse project" exception to the prohibition of providing financial assistance to hotel project as stated within the UTEP. Mr. Tobe then called for the vote and the project was thereafter approved unanimously.

AMENDATORY RESOLUTION

Pollock Research & Design d/b/a Simmers Crane Design & Service, 365 Wheeler Street, Tonawanda, New York. Mr. Cappellino described this real property tax, sales tax and mortgage recording tax exemption benefit project in connection with the company's construction of a new 20,000 sq. ft. manufacturing facility located in Tonawanda, New York. Mr. Cappellino noted that the Agency, on June 6, 2013, induced the project as described herein. Mr. Cappellino then noted that the Agency has received a request from the Company to authorize an additional $400,000 of expenditures related to construction activities. As such, Mr. Cappellino noted that the Agency would necessarily need to amend its inducement resolution to authorize additional expenditures and sales tax exemption benefits and to amend the total investment figure as it relates to existing material terms and conditions related to the initial inducement resolution.

Ms. McDuffie moved and Mr. Hoffert seconded, to approve of the increased $400,000 of project expenditures. A vote was taken and the Policy Committee unanimously approved the additional project expenditures and recommended that the Agency Board approve same.

MINUTES

The minutes of the May 8, 2014 Policy Committee were presented, and upon motion made by Mr. Brown, and seconded by Mr. Hoffert, the minutes of the May 8, 2014 Policy Committee were unanimously approved.

At this point in time, Mr. Lipsitz commented that there is currently a strike at Calspan and noted that Calspan is a recipient of Agency financial assistance. Mr. Lipsitz expressed his concern that the company is receiving tax breaks while its workers are striking. General discussion ensued and Mr. Weathers then stated that he would meet with the company and report his findings to the committee at its next meeting.

There being no further business to come before the Policy Committee, the meeting was adjourned at 10:05 a.m.

_____

Robert G. Murray, Assistant Secretary

Project Matrix/Material Factors/Clawbacks

Project Name	Approval Date	Project Amount	Investment	Material Job Retention	Factors Job Creation	Terms Construction Jobs	Clawback	Local Labor	Length of Term	Additional Findings
TM Montante	Apr-13	$10,628,000	100% threshold $10,628,000	100% Base 168 jobs	85% -New 70 jobs		Sales Tax		Period of PILOT 10 Years	
Niagara Blower	Apr-13	$1,035,000	100% threshold $1,035,000	100% Base 110 jobs	85% -New 17 jobs		Sales Tax		5 years	
Swan Street	Apr-13	$13,664,000	100% threshold $13,664,000				Sales Tax		5 years	
Automated Machine Tech	May-13	$925,000	85% threshold $786,250	100% Base 3 jobs	85% -New 1 jobs		Sales/ Mortgage Tax	YES	Period of PILOT 10 Years	
Mc Gard	May-13	$8,250,000	85% threshold $7,012,500	100% Base 457 jobs	85% -New 19 jobs		Sales/ Mortgage Tax	YES	Period of PILOT 7 Years	
Ellicott - Arctic Freezer	May-13	$14,675,000	85% threshold $12,473,750			85% Construction 86 jobs	Sales/ Mortgage Tax	YES	2 years or Termination of Sale Tax	
HH Richardson	Jun-13	$55,153,782	85% threshold $46,880,714		85% -New 47 jobs		PILOT/SalesMortgage Tax	YES	Period of PILOT 10 Years	Retail Highly Distressed/Hotel Policy/Adaptive Reuse
Simmers Crane	Jun-13	$1,710,000	85% threshold $1,453,500	100% Base 30 jobs	85% -New 4 jobs		PILOT/SalesMortgage Tax	YES	Period of PILOT 10 Years	
Compass East	Jul-13	$21,086,889	85% threshold $17,923,855			85% Construction 127 jobs	Sales Tax	YES	2 years or Termination of Sale Tax	Retail Highly Distressed/Adaptive Reuse
Frey the Wheelman	Jul-13	$1,050,000	85% threshold $ 892,500	100% Base 8 jobs	85% -New 1 job		PILOT/SalesMortgage Tax	YES	Period of PILOT 7 Years	
OSC Equipment Services	Aug-13	$17,539,473	85% threshold $14,908,552	100% Base 20 jobs	85% -New 9 job		PILOT/SalesMortgage Tax	YES	Period of PILOT 10 Years	
Calspan Corp	Aug-13	$10,000,000	85% threshold $8,500,000	100% Base 90 jobs	85% -New 4 job		Sales Tax	YES	2 years or Termination of Sale Tax	
Calspan Corp/Harper	Aug-13			100% Base 75 jobs	85% -New 4 job		Sales Tax	YES	2 years or Termination of Sale Tax	

Project Matrix/Material Factors/Clawbacks

Project Name	Approval Date	Project Amount	Investment	Material Job Retention	Factors Job Creation	Terms Construction Jobs	Clawback	Local Labor	Length of Term	Additional Findings
Zaepfel Dev. Wythe Will	Sep-13	$18,700,000	85% threshold $15,895,000	100% Base 217 jobs	85% -New 29 jobs		PILOT/SalesMortgage Tax	YES	Period of PILOT 10 Years	
Bosche LLC	Oct-13	$5,800,000	85% threshold $4,930,000			85% Construction 21 jobs	Sales/ Mortgage Tax	YES	2 years or Termination of Sale Tax	Adaptive Reuse
Upstate Niagara Coop.	Oct-13	$2,900,000	85% threshold $2,465,000	100% Base 175 jobs			PILOT/Sales Tax	YES	Period of PILOT 7 Years	
API Heat Transfer	Nov-13	$1,732,134	85% threshold $1,472,300	100% Base 287 jobs	85% -New 6 jobs		PILOT/Sales Tax	YES	Period of PILOT 10 Years	
Delaware North Co	Nov-13	$17,152,000	85% threshold $14,579,200	100% Base 350 jobs	85% -New 55 jobs		Sales Tax	YES	2 years or Termination of Sale Tax	
Custom Sheet Metal	Dec-13	$1,049,127	85% threshold $935,000	100% Base 11 jobs	85% -New 2 jobs		PILOT/SalesMortgage Tax	YES	Period of PILOT 7 Years	
DNC 250 (Uniland)	Dec-13	$51,785,708	85% threshold $44,017,851	100% Base 350 jobs	85% -New 55 jobs		PILOT/SalesMortgage Tax	YES - Including Hotel	Period of PILOT 7 and 10 years Retail/Parking 7 DNC Space 10	Retail Highly Distressed/Adaptive Reuse/No Sales Tax for Vacant Space Buildout
337 Ellicott (Big Ditch)	Jan-14	$2,560,000	85% threshold $2,176,000		85% -New 11 jobs		PILOT/SalesMortgage Tax	YES	Period of PILOT 7 Years	Sales Tax Not Applied to Tasting Area Buildout
AMS Servicing , LLC	Jan-14	$2,504,300	85% threshold $2,176,000	100% Base 270 jobs	85% -New 165 jobs		Sales Tax	YES	2 years after Termination of Sale Tax	
North American Salt	Jan-14	$7,300,000	85% threshold $6,205,000		85% -New 6 jobs		PILOT/Sales Tax	YES	Period of PILOT 7 Years	
500 Seneca, LLC	Feb-14	$31,737,624	85% threshold $26,976,980	100% Base 20 jobs	85% -New 11 jobs		Sales/ Mortgage Tax	YES	2 years after Termination of Sale Tax	Retail Highly Distressed/Adaptive Reuse/No Sales Tax for Vacant Space Buildout

Project Matrix/Material Factors/Clawbacks

Project Name				Material	Factors	Terms	Clawback	Local Labor	Length of Term	Additional Findings
	Approval Date	Project Amount	Investment	Job Retention	Job Creation	Construction Jobs				
Elm-Michigan Holdings	Feb-14	$8,133,102	85% threshold $6,913,136	100% Base 19 jobs	85% -New 1 jobs		Sales/ Mortgage Tax	YES	2 years after Termination of Sale Tax	Adaptive Reuse/Sales Tax Limited to Residential Buildout
ARCO Lofts	Mar-14	$12,424,750	85% threshold $10,561,037			85% Construction 34 jobs	Sales/ Mortgage Tax	YES	2 years or Termination of Sale Tax	Adaptive Reuse
9187 Group(173 Elm St)	Mar-14	$1,768,000	85% threshold $1,502,800			85% Construction 59 jobs	Sales/ Mortgage Tax	YES	2 years or Termination of Sale Tax	Adaptive Reuse
954 West Ferry LLC	May-14	$1,615,000	85% threshold $1,372,750			85% Construction 49 jobs	Sales/ Mortgage Tax	YES	2 years or Termination of Sale Tax	Adaptive Reuse /No Sales Tax for Tennant Space Buildout
Petrolift	Jun-14	$1,582,250	85% threshold $1,344,912		85% -New 8 jobs		Sales Tax	YES	2 years or Termination of Sale Tax	
Derrick Corp.	Jun-14	$9,750,000	85% threshold $8,287,500	100% Base 477 jobs	85% -New 8 jobs		PILOT/Sales Tax	YES	Period of PILOT 10 Years	
Flying Bison	Jun-14	$2,500,000	85% threshold $2,125,000	100% Base 5 jobs	85% -New 3 jobs		PILOT/SalesMortgage Tax	YES	Period of PILOT 7 Years	No Sales Tax for Retail Tasting Room Buildout
A. Titan	Jun-14	$4,215,000	85% threshold $3,582,750	100% Base 30 jobs	85% -New 8 jobs		Sales/ Mortgage Tax	YES	2 years or Termination of Sale Tax	
Fisher Price	Jun-14	$8,000,000	85% threshold $6,800,000	100% Base 750 jobs			Sales Tax	YES	2 years or Termination of Sale Tax	
Curtis Buffalo	Jun-14	$18,100,000	85% threshold $15,385,000		85% -New 25 jobs		Sales/ Mortgage Tax	YES	2 years or Termination of Sale Tax	Retail Highly Distressed/Adaptive Reuse
Simmers Crane(Rev. 6/13)	Jun-14	$2,140,000	85% threshold $1,819,000	100% Base 30 jobs	85% -New 4 jobs		PILOT/SalesMortgage Tax	YES	Period of PILOT 10 Years	

ECIDA

Ciminelli/Conventus Partners, LLC/Fort Schuyler/AMRI
$10,000,000
INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - **53 - Real Estate**

COMPANY INCENTIVES

- Approximately $100,000 in mortgage tax savings
- Approximately $372,000 in sales tax savings

Project Title:	Ciminelli/Conventus Partners, LLC/Fort Schuyler/AMRI
Project Address:	1001 Main Street Buffalo, New York 14202 (Buffalo City School District)
SIC/NAICS:	6513/531110

Agency Request

A sales tax and mortgage tax abatement in connection with the expansion of the original Conventus project. The new project will add a 7th floor to the building. The floor will be broken out into a condo and Fort Schulyer, one of New York State's economic development entities, will purchase the floor and lease it to AMRI.

Construction - 7th Floor	$ 8,500,000
Soft Costs	1,500,000
Total Project Cost	$10,000,000

Company Description

Ciminelli Real Estate is the developer of the Conventus project currently under construction.

Fort Schuyler is New York State's economic development arm and will be the ultimate owner of the 7th floor of the Conventus building.

AMRI provides global contract research and development to the pharmaceutical and biotechnology industries.

Project Description

The project consists of the expansion of the previously approved Conventus project and will add an additional 60,000 sq. ft. on the 7th floor for use by AMRI.

The 7th floor, upon completion of construction will be sold to Fort Schuyler, a tax exempt entity, which will in turn lease the space to AMRI. AMRI will invest between $30-$40 million in tenant improvements, equipment and training. No assistance is being requested for the tenant improvements.

Due to the aggressive scheduling for the project to accommodate occupancy deadlines of AMRI, Ciminelli was forced to expend funds necessary for the start of construction of the 7th floor prior to IDA consideration. According to the developer the funds previously expended on the project equal approximately $726,000 (see attached letter). ECIDA benefits are limited to a sales tax on the remaining costs for the core and shell buildout of the 7th floor and a mortgage tax savings.

Project Benefits

Excerpt from Governor Cuomo press release: "These strategic investments by the state, leveraged significantly with private investment, will build upon Western New York's leadership in life science research and increase the commercialization of innovations developing from that research as well as more advanced manufacturing jobs in the pharmaceutical industry."

Project Incentives

- Approximately $100,000 in mortgage tax savings
- Approximately $372,000 in sales tax savings

Impact on Taxes

Since Fort Schuyler is a state entity, they are exempt from real property taxes.

Employment

According to information released by local media AMRI will create 250 new jobs at the Buffalo Niagara Medical Campus The project developer has not provided an estimate of AMRI employment.

Ciminelli indicates approximately 125 construction workers are employed on the Conventus project.

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 = $10,000,000 85% = $8,500,000
Employment	Construction Period	85% of estimated construction jobs Construction jobs = 125 85% = 106
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	2 years or termination of the Agent and Financial Assistance Agreement	Recapture of State and Local Sales Taxes and 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 the 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 construction employment and iii) confirm adherence to ECIDA local labor hiring policy.

Project History

01/03/2013	Public hearing conducted. Transcript on file at ECIDA.
01/29/2013	City of Buffalo Planning adopts a Negative Declaration in accordance with SEQRA.
02/19/2013	Lease/Leaseback Inducement Resolution presented to Board of Directors. (Tabled)
03/25/2013	Lease/Leaseback Inducement Resolution presented to Board of Directors in connection with original Conventus project - Floors 1-6
6/30/2014	Public hearing conducted.
7/16/2014	Lease/Leaseback Inducement Resolution presented to Board of Directors in connection with expanded Conventus project - 7th Floor.

Ciminelli
REAL ESTATE CORPORATION

New York ■ Florida ■ Pennsylvania ■ Connecticut

June 20, 2014

Mr. John Cappellino
Executive Vice President
ECIDA
95 Perry Street
Suite 404
Buffalo, NY 14203

RE: CONVENTUS: FORT SCHUYLER / AMRI

Dear John:

We are submitting for consideration for additional benefits on our Conventus project.

As you know, we originally planned for and received City of Buffalo approval for a seven (7) story building at that site, but because of market conditions at the time, elected to only build a six (6) story structure; the original inducement for building was for six (6) stories.

During construction, we were contacted by New York State, through their Fort Schuyler economic development vehicle, about the possibility of adding a seventh floor for the ultimate use by Albany Molecular (AMRI) to be used as a research facility, supporting activity on the Buffalo Niagara Medical Campus.

Due to their structure and funding sources, Fort Schuyler is in a position where it is necessary for them to own their facilities, as opposed to leasing them. For this reason, they asked if we would be willing to condominiumize the structure to allow them to take title to the seventh floor. We agreed to this approach and have been fast-tracking the development and construction process to accommodate the occupancy deadlines they have for the project. Due to the aggressive scheduling for this project, we have expended funds for construction prior to our application and acknowledge that those expenditures will not receive benefits. To date, we have added structural steel to the project at a value of $726,277 with a sales tax obligation of $83,544 that will be outside of any ECIDA approval.

I trust that this summary will outline our plans for Conventus through the completion of the seventh floor. If you need any further detail, please contact me directly. Thank you for your consideration in this matter.

Very truly yours,

Dennis M. Penman
Executive Vice President / Principal

c: Karen Fiala

Internal Report: Conventus - Conventus

Table 1: Basic Information

Project Name	Conventus
Project Industry	(531) Real Estate
Municipality	Buffalo City
School District	Buffalo
Project Cost	$10,000,000
Construction Budget	$8,500,000
Direct Employment Expected	0
Direct Labor Income	$0
Direct Construction Jobs	62
Direct Construction Labor Income	$3,266,760
Total Labor Income	$3,266,760

Table 2:Estimated State & RegionalBenefits*

Region	
Sales Tax Revenue	$58,528
State	
Income Tax Revenue	$162,822
Sales Tax Revenue	$49,287
TOTAL Estimated Revenue	**$2,390,402**

Table 3: Estimated Project Incentives*

Property Tax Savings	$0
Sales Tax Savings	$297,500
Mortgage Tax Savings	$300,000
TOTAL Estimated Incentives	**$597,500**

Table 4: Employment Breakdown

Project	
Direct**	0
Indirect***	0
Induced****	0
Construction	
Direct	62
Indirect	23

Table 5:Ratios

Benefit to Cost Ratio	**4:1**
Overall ROI	**11.4:1**

* Figures over 10 years and discounted by 3.49%
** Direct - The recipient of IDA assistance adds new jobs to the regional economy and/or retains jobs at risk of being lost to another region. Investments that result in displacing existing jobs (e.g., most retail and many service sector industries) do not fall under this definition.
*** Indirect - The recipient of IDA assistance makes purchases from regional firms, which stimulates suppliers to add jobs and payroll that are new to the regional economy or are saved from being lost to competitors outside the region.
**** Induced - The recipient of IDA assistance by adding to and/or retaining payroll stimulates household spending that is new to the regional economy and/or saved from being lost to competitors outside the region.

© Center for informANALYTICS Governmental Research 2014. All rights reserved. Powered by

PUBLIC HEARING SCRIPT

Conventus Partners LLC Project

Public Hearing to be held on June 30, 2014 at 9:00 a.m.,
at the Erie County Industrial Development Agency offices
located at 95 Perry Street, Buffalo, New York 14203

ATTENDANCE

Dennis Penman - Ciminelli Real Estate

☒ **1. WELCOME:** Call to Order and Identity of Hearing Officer.

Hearing Officer: *Welcome. This public hearing is now open; it is 9:08 a.m. My name is Grant Lesswing, I am the Business Development Officer [or of the Erie County Industrial Development Agency, and I have been designated by the Agency to be the hearing officer to conduct this public hearing.*

☒ **2. PURPOSE:** Purpose of the Hearing.

Hearing Officer: *We are here to hold the public hearing on the Conventus Partners LLC project. The transcript of this hearing will be reviewed and considered by the Agency in determination of this project. Notice of this hearing appeared in The Buffalo News on Wednesday, June 18, 2014.*

☒ **3. PROJECT SUMMARY:** Description of Project and Contemplated Agency Benefits.

Hearing Officer: *The proposed project (the "Project") consists of: (i) the construction of a 60,000+/- SF seventh floor to an existing six-story, building located on a .29+/- acre parcel of land at 1001 Main Street, City of Buffalo, Erie County, New York (the "Improvements") and (ii) the acquisition and installation by the Company of certain items of machinery, equipment and other tangible personal property (associated with the build-out of the shell and the core of the seventh floor and excluding furniture, fixtures, and equipment for the benefit of the Tenant, as identified below) (the "Equipment", and together with the Improvements, the "Facility"). AMRI (the "Tenant") will ultimately operate within the Facility to undertake its life science research and development activities.*

The proposed financial assistance contemplated by the Agency includes New York State and local sales and use tax exemption benefits and mortgage recording tax exemption benefits (in compliance with Agency's uniform tax exemption policy).

☒ **4. FORMAT OF HEARING:** Review rules and manner in which the hearing will proceed.

Hearing Officer: *All those in attendance are required to register by signing the sign-in sheet at the front of the room; you will not be permitted to speak unless you have registered. If you have a written comment to submit for the record, you may do so. Written comments may also be delivered to the Agency at 95 Perry Street, Suite 403, Buffalo, New York 14203 until the comment period closes on July 15, 2014. There are no limitations on written comments.*

☒ **5. PUBLIC COMMENT:** Hearing Officer gives the Public an opportunity to speak.

Hearing Officer: *If anyone is interested in making a comment, please raise your hand, state your name and address; if you are representing a company, please identify the company. I request that speakers keep comments to 5 minutes, and if possible, 3 minutes.*

The Hearing Officer calls on those who raise their hand.

Dennis Penman, Executive Vice President & Principal, Ciminelli Real Estate Corporation - We are here today to expand the benefits that were granted by the Agency previously for the Conventus project at Main and High Street in the City of Buffalo. We are specifically asking for benefits on sales tax as it relates to the extended amount of construction to add a 7th floor to the Conventus building that was originally approved as a six story building by the Agency. It was planned and permitted by the City of Buffalo for seven floors.

We have elected to add the 7th floor to accommodate Fort Schuyler Development Corporation which is part of the college of Nano Science, at the State University of New York System to house Albany Molecular (AMRI). They are going to use it as a research facility at the campus. The benefits will be specifically for the core and the shell of the building only and the developer and the contractor are committed to adhere to all of the previously agreed to covenants by the Agency relative to employment and minority participation from the original application. Again, this is for the increase in the core and shell costs to add a 7th story to this building. We expect that AMRI would be occupying this space which is approximately 50,000 sq ft. in January of 2015.

☒ **6. ADJOURNMENT.**

As there were no further comments, the Hearing Officer closed the public hearing at 9:23 a.m.

SIGN IN SHEET
PUBLIC HEARING

June 30, 2014, at 9:00 a.m.
at the Erie County Industrial Development Agency offices
located at 95 Perry Street, Buffalo, New York 14203
regarding:

Conventus Partners LLC

Project Location: 1001 Main Street, Buffalo, New York

Name	Company and/or Address	X box to speak/ comment
ETP DENNIS M. PERLMAN	CIMINELLI REAL ESTATE 350 EGGERT ROAD WILLIAMSVILLE NY 14221	X

272886 2279516v1

Application Title

Tax Incentive Application

Section I: Applicant Background Information

Applicant Information - Company Receiving Benefit

Total Project Cost	10000000
Applicant Name	Conventus Partners LLC
Applicant Address	C/O Ciminelli Real Estate Corp. 350 Essjay Rd, Williamsville , NY 14127
Phone	7166318000
Fax	7166318034
E-mail	JGottstine@ciminelli.com
Website	
Fed ID#	46-2438433

Individual Completing Application

Name	James Gottstine
Title	Chief Operating Officer as agent
Address	Ciminelli Real Estate Corp 350 Essjay Rd Williamsville, NY 14127
Phone	7166318000
Fax	7166318034
E-Mail	Jgottstine@ciminelli.com

Company Contact (if different from individual completing application)

Name	
Title	
Address	
Phone	
Fax	
E-Mail	

Company Counsel

Name of Attorney	Blaine Schwartz
Firm Name	Lippes Mathias Wexler Friedman LLP
Address	665 Main Street Suite 300 Buffalo NY 14203-1425
Phone	7168535100
Fax	7168535199
E-Mail	Bschwartz@lippes.com

Identify the assistance being requested of the Agency

Exemption from Sales Tax	**Yes**
Tax Exempt Financing	**No**
Exemption from Mortgage Tax	**Yes**
Exemption from Real Property Tax	**No**
Assignment/Assumption of existing PILOT benefits	**No**

Business Organization

Type of Business	**Limited Liability Company**
Year Established	**2013**
State of Organization	**Delaware**

List all stockholders, members, or partners with % of ownership greater than 20%

Please include name and % of ownership.

FLC 50 High Street Corporation 100%

Business Description

Describe in detail company background, products, customers, goods and services

Conventus Partners LLC is the owner of a 287,000 square foot building currently under construction. When completed the building will house Kaleida, UBMD and several other medical and research tenants. The project will consist of the construction of a 7th floor. The 7th floor will be sold to Fort Schuyler and leased to AMRI. AMRI will invest an additional $30,000,000 to $40,000,000 in tenant improvements, equipment and training. AMRI provides global contract research and development to the pharmaceutical and biotechnology industries

Estimated % of sales within Erie County	**Unknown**
Estimated % of sales outside Erie County but within New York State	**Unknown**
Estimated % of sales outside New York State	**Unknown**
Estimated % of sales outside the U.S.	**Unknown**

What percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County? (You may be asked to provide supporting documentation of the estimated percentage of local purchases)

It is anticipated 100% of the labor used to construct this facility will be from Erie County, in addition all the construction work on the site will be subject to the previously negotiated labor agreement

Section II: Project Description & Details

Location of proposed project facility

Address	**1001 Main Street**
City	Buffalo
State	**New York**
Zip Code	
SBL Number	
Town/City/Village	
School District	Buffalo
Present Project Site Owner	**Conventus Partners LLC**

Please provide a brief narrative of the project

The project consist of the construction of the 7th floor of the Conventus Center For Collaborative Medicine. This floor when completed will be sold to Fort Schuyler. Fort Schuyler will lease the space to AMRI. AMRI will invest $30,000,000 to $40,000,000 in tenant improvements, equipment and training. AMRI will not be seeking the assistance from the ECIDA with this investment.

Site Characteristics

Is the proposed Project located on a site where the known or potential presence of contaminants is complicating the development/use of the property?

Yes

If yes, please explain

Submitted with previous Conventus application

Has a Phase I Environmental Assessment been prepared, or will one be prepared with respect to the proposed Project Site? (If yes, please provide copy)

Yes
If yes, please provide a copy.

Have any other studies, or assessments been undertaken with respect to the proposed Project Site that indicate the known or suspected presence of contamination that would complicate the site's development?

Yes
If yes, please provide copies of the study.

Will project include leasing any equipment?

No
If yes, please describe equipment and lease terms

If you are purchasing new machinery and equipment, does it provide demonstrable energy efficiency benefits?

Yes
If yes, please attach additional documentation describing the efficiencies achieved.

Does or will company perform substantial research and development activities on new products/services at the project location?

Yes
If yes, please explain

AMRI is a global contract research and manufacturer for the pharmaceutical and biotechnology industries

What percentage of annual operating expenses are attributed to the above referenced research and development activities?

100%

Explain why IDA participation is necessary for this project to proceed. Focus on competitiveness issues, project shortfalls, etc.

Without the involvement of the ECIDA the construction costs would have made the project not economically feasible.

Project Information
Estimated costs in connection with project

Land and/or Building Acquisition	$ 0
0.00 acres 0.00 square feet	
New Building Construction	$ 8500000
60000.00 square feet	
New Building addition(s)	$ 0
0.00 square feet	
Renovation	$ 0
0.00 square feet	
Manufacturing Equipment	$ 0
Non-Manufacturing Equipment: (furniture, fixtures, etc.)	$ 0
Soft Costs: (professional services, etc.)	$ 1500000
Other Cost	$ 0
Explain Other Costs	
Total Cost	10000000
Project Refinancing (est. amount)	0

Select Project Type (check all that apply)

No Industrial	No Multi-Tenant	No Mixed Use
No Acquisition of Existing Facility	No Commercial	No Facility for the Aging
No Housing	No Back Office	No Civic Facility (not for profit)
No Equipment Purchase	No Retail	Yes Other
		Medical research and development

SIC Code
NAICS Code

For proposed facility please include # of sq ft for each of the uses outlined below

		Cost	% of Total Cost
Manufacturing/Processing	0 square feet	0	0
Warehouse	0 square feet	0	0
Research & Development	60000 square feet	1000000	0
Commercial	0 square feet	0	0
Retail	0 square feet	0	0
Office	0 square feet	0	0
Specify Other	0 square feet	0	0

Utilities and services presently serving site. Provide name of utility provider

Gas	
Electric	Size
Water	Size
Sewer	Size
Other (Specify)	

If you are undertaking new construction or renovations, are you seeking LEED certification from the US Green Building Council?

Yes

If you answered yes to question above, what level of LEED certification do you anticipate receiving? (Check applicable box)

Standard

What is your project timetable (Provide dates)

Start date : acquisition of equipment

2014-08-01

End date : Estimated completion of project

2015-01-01

Project occupancy : estimated starting date of operations

2015-01-01

Have site plans been submitted to the appropriate planning department for approval?

Yes

Have any expenditures already been made by the company?

Yes

If yes, indicate particulars (ECIDA benefits do not apply to expenses incurred prior to Board approval)

Yes, the basic structural steel for the entire building has been installed, and we are not seeking benefits for that work, value of work already completed $726,277

Is project necessary to expand project employment?

Yes

Is project necessary to retain existing employment?

No

Employment Plan (Specific to location):

	Current # of jobs at project location or to be relocated at project location	If project is to retain jobs, number of jobs to be retained	Total # of jobs 2 years after project completion
Full time	125 *	0	0
Part time	0	0	0
Total	125 *	0	0

*Construction Jobs

Employment at other locations in Erie County: (provide address and number of employees at each location):

Address			
Full time	0	0	0
Part time	0	0	0
Total	0	0	0

Payroll Information

Annual payroll

7500000

Estimated average annual salary of jobs to be retained

0

Average estimated annual salary of jobs to be created

60000

Estimated salary range of jobs to be created

From 40000 To 80000

Is the project reasonably necessary to prevent the project occupant from moving out of New York State?

No

If yes, please explain and identify out-of-state locations investigated

Were you offered financial assistance to locate outside of New York State?

No

If yes, from whom and what type of assistance was offered

What competitive factors led you to inquire about sites outside of New York State?

Have you contacted or been contacted by other economic or governmental agencies regarding this project?

Yes

If yes, please indicate the Agency and nature of inquiry below

Fort Schuyler will ultimately be the owner of the 7th Floor, and will be leasing to AMRI

Section III: Adaptive Reuse Projects

Are you applying for a tax incentive under the Adaptive Reuse Program?

No

What is the age of the structure (in years)?

0.00

If yes, number of years vacant?

0

Has the structure been vacant or underutilized for a minimum of 3 years? (Underutilized is defined as a minimum of 50% of the rentable square footage of the structure being utilized for a use for which the structure was not designed or intended)

No

Is the structure currently generating insignificant income? (Insignificant income is defined as income that is 50% or less than the market rate income average for that property class)

No

Does the site have historical significance?

No

Briefly summarize the financial obstacles to development that this project faces without ECIDA or other public assistance. Please provide the ECIDA with documentation to support the financial obstacles to development (cash flow projections documenting costs, expenses and revenues indicating below average return on investment rates compared to regional industrial averages)

The project costs were estimated and budgeted assuming the Agency involvement. But for the Agency involvement the project would not be cost effective for Fort Schuyler or AMRI to locate to the City of Buffalo and Erie County.

Briefly summarize the demonstrated support that you intend to receive from local government entities. Please provide the ECIDA with documentation of this support in the form of signed letters from these entities

Please indicate other factors that you would like the ECIDA to consider such as: structure or site presents significant public safety hazard and or environmental remediation costs, site or structure is located in a distressed census tract, structure presents significant costs associated with building code compliance, site or structure is presently delinquent in property tax payments

AMRI plans to invest an additional $30,000,000 to $40,000,000 for tenant improvements, equipment and training in this facility. AMRI will not seek ECIDA involvement with this investment

Section IV: Retail Determination

Will project involve the sales of goods or services to customers who personally visit the facility?

No

If yes, complete the Retail Questionnaire Supplement below.

Will any portion of the project consist of facilities or property that is primarily used in making sales of goods or services to customers who personally visit the project site?

No

If the answer is yes, please continue.

What percentage of the cost of the project will be expended on such facilities or property primarily used in making sales of goods or services to customers who personally visit the project?

0.00 %

If the answer to this is **less than 33%** do not complete the remainder of the page and proceed to the next section (Section V: Inter-Municipal Move Determination).

Will the project be operated by a not-for-profit corporation?

No

Is the project likely to attract a significant number of visitors from outside the economic development region in which the project will be located?

No

If yes, please provide a market analysis or other documentation supporing your response.

Would the project occupant, but for the contemplated financial assistance from the industrial development agency, locate the related jobs outside the State of New York?

Yes

If yes, please provide documentation regarding investigation of sites outside New York State.

Is the predominant purpose of the project to make available goods or services which would not otherwise be reasonably accessible to the residents of the project municipality?

No

If yes, please provide a market analysis supporting your response.

Will the project preserve permanent, private sector jobs or increase the overall number of permanent private sector jobs in the State of New York?

No

Is the project located in a Neighborhood Redevelopment Area?

Yes

Section V: Inter-Municipal Move Determination

Does this project involve relocation or consolidation of a project occupant from another municipality or abandonment of an existing facility?

Within New York State No

Within Erie County No

If EITHER IS YES, please complete the following. If BOTH ARE NO, please 'save and continue' to the next section (Section VI: Facility Type - Single or Multi Tenant).

The Agency is required by state law to make a determination that Agency assistance is required to prevent the project occupant form relocating out of the state, or to preserve the project occupant's competitive position in its respective industry.

Will the project result in a relocation of an existing business operation from the City of Buffalo?

No

If yes, please explain the factors which require the project occupant to relocate (For example, present site is not large enough, or owner will not renew leases etc.)

What are some of the key requirements the project occupant is looking for in a new site? (For example, minimum sq. ft., 12 foot ceilings, truck loading docs etc...)

If the project occupant is currently located in Erie County and will be moving to a different municipality, has the project occupant attempted to find a suitable location within the municipality?

No

Is the project reasonably necessary to preserve the project occupant's competitive position in its industry?

No

If yes, please explain and provide supporting documentation

What factors have lead the project occupant to consider remaining or locating in Erie County?

What is going to happen to the current facility that project occupant is located in?

Please provide a list of properties considered, and the reason they were not adequate. (Some examples include: site not large enough, layout was not appropriate, did not have adequate utility service, etc.) Please include full address for locations.

Section VI: Facility Type - Single or Multi Tenant

Is this a Single Use Facility or a Multi-Tenant Facility?

Single Use Facility

For Single Use Facility

Occupant Name **Fort Schuyler will lease the space to AMRI**

Address

Contact Person

Phone

Fax

E-Mail

Federal ID #

SIC/NAICS Code

Multi-Tenant Facility

Please explain what market conditions support the construction of this multi-tenant facility

Have any tenant leases been entered into for this project?

No

If yes, please list below and provide square footage (and percent of total square footage) to be leased to tenant and NAICS Code for tenant and nature of business

Fort Schuyler will be purchasing the 7th floor upon completion of the shell and core buildout

Orchard Heights, Inc.
$28,600,000
INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - 53-

COMPANY INCENTIVES

- Approximately $1,104,000 in sales tax benefits
- Approximately $286,000 mortgage tax savings
- Approximately $2,400,000 in real property tax savings

ORCHARD HEIGHTS, INC.
Affiliated with The Hamister Group, Inc.

Project Title:	Orchard Heights, Inc.
Project Address:	5200 Chestnut Ridge Road Orchard Park, New York 14127 (Orchard Park Central School District)
NAICS:	531110

Agency Request

A sales tax, mortgage recording tax and real property tax exemption in connection with the expansion of an existing assisted living and memory care residence.

Building Addition	$23,677,500
Renovation	569,100
Non-Manufacturing Equipment	503,400
Soft Costs	2,870,000
Other (Financing fees)	980,000
Total Project Cost	$28,600,000
85% of Investment	$24,310,000
Estimated Mortgage Amount	$28,600,000

Company Description

Orchard Heights is owned by Mark Hamister and is a one-story Assisted Living and Memory Care Residence located in the Town of Orchard Park. Options for residence include assisted living, memory care and respite care. The facility consists of 120 assisted living beds, 22 and memory care beds.

Amenities and services include: nursing care 24/7, recreation programs, outings and day trips, fine dining, respite care for short term stays, fully furnished residences with private in-suite bathrooms, personalized care plans, medication management, diabetic care, oxygen licensed, special diets, daily housekeeping, ice cream parlor, activities room, beauty salon and computer and internet access, assistance with aide and attendance, benefit paperwork for veterans and widows/widowers of veterans, wander prevention system and emergency call bell system.

Project Description

The project consists of the following: 1) expansion of the current assisted living facility to include a new wing of 41 assisted living units; 2) addition of two (2) 32-unit independent living apartment buildings: and 3) addition to the existing facility common area and dining areas to accommodate the increased capacity generated by the assisted living and independent additions and 4) updating and refreshing the existing facilities' resident rooms, hallways and activity spaces.

ELIGIBILITY:

Long-Term Care Facilities - For profit facilities including elderly housing, nursing homes, adult homes and assisted and/or assistive living centers. To be determined eligible for assistance, projects must prove a demonstrable need for such facilities within Erie County. Additionally, an application for assistance must be accompanied by a certificate of need, if required by State law, and must be in compliance with any and all other requirements mandated by state or local law. This project under State law does not require a Certificate of Need.

Orchard Heights has submitted 1st quarter market data reports generated by the National Investment Center for the Senior Housing and Care Industry covering the Buffalo Metro area and Orchard Park.

The data contained in the reports indicates there has been modest growth in the number of independent living apartments in the market, 180, during a time period where the population utilizing such facilities has grown by approximately 939 persons, or 17.1%, and shows projected growth of the senior population aged 75+ by 409 persons, or 6.4% over the next five year. The report also indicates a steadily increasing occupancy rate over the last five years and is currently 95.1%; well above the national average of 90.5%.

In addition, further analysis shows there are approximately 2,447 income qualified seniors located within a five mile radius of the project site, and that within the same radius there are only 358 independent living apartments. When determining the market potential for certain development sites, it is common practice to determine a market penetration rate. This is calculated by dividing the number of available units, 358 by the total number of income qualified residents, 2447, to obtain the market penetration rate. The current penetration rate for the Orchard Park market is 14.6%. With the addition of the 64 units the company is proposing, the market penetration rate of independent living apartments would increase to 17.25%. A general rule of thumb within the industry states that markets with a penetration rate of 25% or less have a high need to add units.

Employment Impact

	Current Jobs at Application	Projected Year Two Jobs
Full Time	42	49
Part Time	61	77

Project Incentives

- Approximately $1,104,000 in sales tax benefits
- Approximately $286,000 mortgage tax savings
- Approximately $2,400,000 in real property tax savings

Real Estate Tax Impact

Tax Rate	Estimated new assessed value (70% of construction budget) *EQ rate of 57%)	Estimated New County Revenue over 7-year abatement period	Estimated New Local Revenue over 7-year abatement period	Total Revenue in year 1 after PILOT expires
$44/1,000	$9,447,000	$128,000	$542,000	$446,000

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 = $28,600,000 85% = $24,310,000
Employment	See PILOT Term	Maintain 100% of base: 42 FT 61 PT 85% of projected 5 FT 13 PT Total Recapture Employment: 47 FT 74 PT
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	Coincides with a 7-PILOT Term	Recapture of State and Local Sales Taxes, Mortgage Tax and PILOT

Recapture applies to:

- State and local sales taxes
- Mortgage recording taxes
- PILOT

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, mortgage recording tax and PILOT benefits.

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 employment and iii) confirm adherence to ECIDA local labor hiring policy.

Project History

06/27/2014 Public hearing conducted.

7/16/2014 ECIDA adopts a Negative Declaration in accordance with SEQRA.

7/16/2014 Lease/Leaseback Inducement Resolution presented to Board of Directors

Internal Report: Orchard Heights, Inc. - Orchard Heights, Inc.

Table 1: Basic Information

Project Name	Orchard Heights, Inc.
Project Industry	(623) Nursing and Residential Care Facilities
Municipality	Orchard Park Town
School District	Orchard Park
Project Cost	$27,620,000
Construction Budget	$24,246,600
Direct Employment Expected	88 (15 created and 73 retained)
Direct Labor Income	$2,652,710
Direct Construction Jobs	177
Direct Construction Labor Income	$9,318,567
Total Labor Income	$11,971,276

Table 2: Estimated State & Regional Benefits*

Region	
New PILOT Revenue	$555,461
Sales Tax Revenue	$479,472
State	
Income Tax Revenue	$1,110,977
Sales Tax Revenue	$403,766
TOTAL Estimated Revenue	**$2,549,677**

Table 3: Estimated Project Incentives*

Property Tax Savings	$2,103,830
Sales Tax Savings	$892,679
Mortgage Tax Savings	$286,000
TOTAL Estimated Incentives	**$3,282,508**

Table 4: Employment Breakdown

Project	
Direct**	88 (15 created and 73 retained)
Indirect***	5
Induced****	20
Construction	
Direct	177
Indirect	64

Table 5: Ratios

Benefit to Cost Ratio	**0.8:1**
Overall ROI	**11.8:1**

* Figures over 7 years and discounted by 3.49%
** Direct - The recipient of IDA assistance adds new jobs to the regional economy and/or retains jobs at risk of being lost to another region. Investments that result in displacing existing jobs (e.g., most retail and many service sector industries) do not fall under this definition.
*** Indirect - The recipient of IDA assistance makes purchases from regional firms, which stimulates suppliers to add jobs and payroll that are new to the regional economy or are saved from being lost to competitors outside the region.
**** Induced - The recipient of IDA assistance by adding to and/or retaining payroll stimulates household spending that is new to the regional economy and/or saved from being lost to competitors outside the region.

© Center for Governmental Research 2014. All rights reserved.
Powered by informANALYTICS

PUBLIC HEARING SCRIPT

Orchard Heights, Inc. Project

Public Hearing to be held on June 27, 2014 at 9:00 a.m.,
at the Town of Orchard Park Town Offices, 4295 South Buffalo Street
(1st Floor Lobby Conference Room), Orchard Park, NY 14127

ATTENDANCE

Chuck Malcomb
Kevin Budin - The Hamister Group
Dan Hamister - The Hamister Group
Colleen Phelps
Chris Luterk

Second Option: To be followed when Members of the Public are in attendance:

☒ **1. WELCOME:** Call to Order and Identity of Hearing Officer.

Hearing Officer: *Welcome. This public hearing is now open; it is 9:00 a.m. My name is Grant Lesswing I am the Business Development Officer of the Erie County Industrial Development Agency, and I have been designated by the Agency to be the hearing officer to conduct this public hearing.*

☒ **2. PURPOSE**: Purpose of the Hearing.

Hearing Officer: *We are here to hold the public hearing on the Orchard Heights, Inc. project. The transcript of this hearing will be reviewed and considered by the Agency in determination of this project. Notice of this hearing appeared in The Buffalo News on June 16, 2014.*

☒ **3. PROJECT SUMMARY**: Description of Project and Contemplated Agency Benefits.

Hearing Officer: *The proposed project (the "Project") consists of: (i) the leasehold interest in a 17+/- acre parcel of land located at 5200 Chestnut Ridge Road, Town of Orchard Park, Erie County, New York (the "Land")*

together with the existing improvements thereon (the "Existing Improvements"), (ii) the expansion, renovation, upgrading and equipping of the Existing Improvements to include a new wing of 41 assisted living units and additions to the facility common area and dining areas and the construction and equipping of two (2) 32-unit independent living apartment buildings (the "Improvements"), and (iii) the acquisition and installation in and around the Existing Improvements and Improvements by the Company of certain items of machinery, equipment and other tangible personal property (the "Equipment", and collectively with the Land, the Existing Improvements and the Improvements, the "Facility").

The proposed financial assistance contemplated by the Agency includes sales and use tax exemption benefits, mortgage recording tax exemption benefits, and real property tax abatement benefits (in compliance with Agency's uniform tax exemption policy).

☒ **4. FORMAT OF HEARING**: Review rules and manner in which the hearing will proceed.

Hearing Officer: *All those in attendance are required to register by signing the sign-in sheet at the front of the room; you will not be permitted to speak unless you have registered. If you have a written comment to submit for the record, you may do so. Written comments may also be delivered to the Agency at 95 Perry Street, Suite 403, Buffalo, New York 14203 until the comment period closes on July 15, 2014. There are no limitations on written comments.*

☒ **5. PUBLIC COMMENT**: Hearing Officer gives the Public an opportunity to speak.

Hearing Officer: *If anyone is interested in making a comment, please raise your hand, state your name and address; if you are representing a company, please identify the company. I request that speakers keep comments to 5 minutes, and if possible, 3 minutes.*

The Hearing Officer calls on those who raise their hand.

Dan Hamister - The Hamister Group. I am here representing Orchard Heights, the project. We are looking to expand the facility. We are currently quite full given the demand in senior housing in the area. We are not only expanding the assisted living side and bringing the existing building up to current standards, given that this building was built over 22 years ago but, we are also adding a independent living component which is now sort of the new development of this type of client where they want to be able to age in place.

The project also includes some upgrades on the memory care wing we have as well. Seniors are living longer and there is a greater need for memory care. The project itself already is coming in over our cost estimates, so we are already starting to pare back a few things trying to figure out what we can do to make sure the project is viable. One of those things is ensuring that we have sales tax and mortgage tax abatement as well as PILOT for real estate taxes. The project will also create 23 new jobs at the location.

Chuck Malcomb - I have been interested in incentives for long term care and other facilities. In reviewing the application, I have a couple of questions and comments.

The first thing is that the application indicates that there would be 30 assisted living beds added. Would that be the net addition? My understanding is that for this type of expansion, a Certificate of Need would be required according to State Law and ECIDA guidelines says that the application has to contain the Certificate of Need if required by State Law and I did not see that document with the application materials. I don't know if it's something that I missed or it's in there and I just am not seeing it.

Dan Hamister - That doesn't apply to this type of project.

Chuck Malcomb - So assisted living wouldn't need a Certificate of Need?

Dan Hamister- No

Chuck Malcomb - Ok

Dan Hamister - The Certificate of Need does not really occur until you have the drawing 100% done and we are not at that place yet is my understanding.

Ken Budin - Third party architects are required. That happens after the drawings are complete, but typically Certificates of Need only apply to a skilled nursing facility. There is a license handed down and it's a higher classification than assisted living itself. The amount of care needed for skilled nursing is higher and the burden to become licensed for that is higher, so the Certificate of Need is only needed for skilled nursing not assisted living.

Chuck Malcomb - So when you say you need the building plans first, then there would be a requirement? Just later on in the process for assisted living?

Ken Budin - It's actually two different things. The building plans are needed for the third party architects review

Chuck Malcomb - Right

Ken Budin - And that can only be done after the plans are done and that's basically a code compliance thing. It has nothing to do with any certificates.

Chuck Malcomb - So there is just no requirement for assisted living?

Ken Budin - There is no Certificate of Need requirement for assisted living

Chuck Malcomb - Ok and separate from that I noticed that the guidelines say there has to be a demonstrated need for it in the county. Is that something that you guys looked at to see if there was a need for this type of facility or expansion?

Ken Budin - We have Brompton Heights facility in Williamsville as well and we applied for additional licenses there. It leaves us 26 new licenses and part of the application with the State requires us to go back to the County to figure out what the need was. At the time we went to the County they said they don't keep track of it because there is an implied need with the senior population growth at this time.

Dan Hamister - Having said that we also went back to the County and asked again if they would restate that they don't track that data.

Chuck Malcomb - The County doesn't track that data?

Dan Hamister - No

Chuck Malcomb - So they just deem an implied need based on the population I guess or aging population?

Ken Budin - My best guess is speculation

Chuck Malcomb - The other comment or question I had was the project period and amount of real property tax abatements. Do you guys have an idea of what that is and what is available? I know standard PILOT is 10 years I think for a PILOT. I don't know how that is broken out. Do you have any idea what you are asking for?

Ken Budin - Broken out how?

Chuck Malcomb - As far as is it going to be upfront tax abatement and then phasing in over the years or how is that going to work?

Ken Budin - I believe we are looking at a 7-year standard PILOT. It's a graduated abatement so it's not 100% the first year. It starts at X % so let's say 80% the first year, then the second year

it would be 70%, and the next year it would be 60% so at the end of the term you would be back up to 100% in taxes.

Chuck Malcomb - You mentioned that there is going to be 23 new jobs. Do you have any idea what kind of jobs theses are? Is that going to be housekeeping staff or skilled?

Dan Hamister - It is going to range. We outsource all of our housekeeping. So the 23 jobs do not include any housekeeping services. The majority of what would be added will probably be cooks and chefs, nursing care, sales person and there is also a significant portion that will be dietary aids we call them. This is basically weight control staff for the residents.

Chuck Maclomb - Is there a draft PILOT Agreement that is going around that you are working on? Are there any documents that I could look at or request a FOIL? I just want to see what the forms of documents are.

Dan Hamister - We don't have any documents. You would have to go to the ECIDA to get those.

Chuck Malcomb - Ok thank you guys.

Colleen Phelps - I have one questions and that is would the surrounding competition and the other assisted livings just help Orchard Park carry it proper. While you are creating 22 new jobs, what kind of impact would it have on other assisted facilities because you have, Fox Run, you have one by the 219 and you have one down the road from your proposed expansion? So while you say you are going to create jobs, how many jobs in the long run? Is going to become a neutral issue?

I don't' believe those other facilities are running at full capacity, so everyone is vying towards the same client. So if they all shift towards your new expansion that is going to create economic hardship on the existing businesses already operating.

Dan Hamister - I can't exactly comment on how the competition would react.

Colleen Phelps - ok

Dan Hamister - What I can tell you is that the market as a whole is 95% occupied. The demographics in terms of the senior population have grown 34% in the last 11 years. So as seniors live longer they basically need more care for long period of time. So we believe that the market will absorb quite frankly the increase in supply quite a bit. Look at rule of thumb for independent living for example you need a penetration 25% or less. If you look at Orchard Park it's 14 and some change % and with our addition it will be 17%.

So there is clearly a need based on the information that we have. I can't speculate exactly what will happen but I can tell you typically the seniors don't move. Once they are in the facility

typically they don't move unless they need a higher level of care liked skilled nursing and we just don't provide that.

Colleen Phelps - So are you looking at attracting non-existing Orchard Park elderly residents and pulling them from other areas? And my last question is what payment sources are you accepting? Are you going to be Medicaid approved? Are you looking at all spectrums or is it going to be private pay or does the County pay?

Dan Hamister - Medicaid does not cover this service. It's primarily private pay. We do have some non-private pay residents, but when it comes to independent living for example there is no program, at least that we are aware of for anything but private pay.

Chris Luterk - Will these beds fall under your enhanced care license?

Ken Budin - We are approved for 142 enhanced licenses. I don't believe that we filed for any new licenses, so for right now no.

Chris Luterk - Do you plan down the road to file for theses beds to be enhanced?

Ken Budin - We may if the need is available.

☒ 6. ADJOURNMENT.

As there were no further comments, the Hearing Officer closed the public hearing at 9:17 a.m.

SIGN IN SHEET

PUBLIC HEARING

June 27, 2014, at 9:00 a.m.
at the Town of Orchard Park Town Offices, 4295 South Buffalo Street
(1st Floor Lobby Conference Room), Orchard Park, NY 14127
regarding:

Orchard Heights, Inc.

Project Location: 5200 Chestnut Ridge Road, Orchard Park, New York 14127

Name	Company and/or Address	X box to speak/ comment
Chuck Malcomb	116 Churchcroft Ln. #3 Williamsville, NY 14221	X
Kevin Bupin	1 Hamister 6400 Sheridan Dr. Williamsville NY 14221.	
Dan Hamister	Same	X
Colleen Phelps	3049 Old Lakeview Rd Hamburg 14075	X
Chris Lutek	20 Canterbury Trail West Seneca, NY 14224	X

Application Title

Tax Incentive Application

Section I: Applicant Background Information

Applicant Information - Company Receiving Benefit

Total Project Cost	**28600000**
Applicant Name	**Orchard Heights, Inc.**
Applicant Address	**6400 Sheridan Drive, Suite 120, Williamsville, NY 14221**
Phone	**716-839-4000**
Fax	**716-839-3700**
E-mail	**dmh@hamistergroup.com**
Website	**www.orchardheights.com**
Fed ID#	**16-1520691**

Individual Completing Application

Name	**Daniel M. Hamister**
Title	**SVP**
Address	**6400 Sheridan Dr., Suite 120, Williamsville, NY 14221**
Phone	716-839-4000
Fax	716-839-3700
E-Mail	**dmh@hamistergroup.com**

Company Contact (if different from individual completing application)

Name	
Title	
Address	
Phone	
Fax	
E-Mail	

Company Counsel

Name of Attorney	**Cheryl A. Green Esq.**
Firm Name	**The Hamister Group, Inc**
Address	**6400 Sheridan Drive, Suite 120, Williamsville, NY 14221**
Phone	**716-839-4000**
Fax	**716-839-3700**
E-Mail	**cgreen@hamistergroup.com**

Identify the assistance being requested of the Agency

Exemption from Sales Tax	**Yes**
Tax Exempt Financing	**No**
Exemption from Mortgage Tax	**Yes**
Exemption from Real Property Tax	**Yes**
Assignment/Assumption of existing PILOT benefits	**No**

Business Organization

Type of Business	**Corporation**
Year Established	**1997**
State of Organization	**Delaware**

List all stockholders, members, or partners with % of ownership greater than 20%

Please include name and % of ownership.

Mark E. Hamister- 100%

Business Description

Describe in detail company background, products, customers, goods and services

Family owned and operated for over twenty years, Orchard Heights is a one-story Assisted Living and Memory Care Residence located on seventeen acres of land in beautiful Orchard Park, NY. Options include Assisted Living, Memory Care and Respite Care. Orchard Heights has 120 assisted-living beds, 22 memory-care beds and now has its Enhanced License. The following is a list of our amenities and services: • Nurses on-site 24/7 • 24/7 Recreation Programs • Outings & Day Trips • Fine Dining Experience • Respite Care for short-term stays • Fully Furnished residences with private in-suite bathrooms • Personalized Care Plans • Medication Management • Diabetic Care, Oxygen Licensed, Special Diets • Daily Housekeeping • Ice Cream Parlor, Activities Room, Beauty Salon and Computer & Internet Access • Assistance with Aide & Attendance benefit paperwork for veterans and widows/widowers of veterans. • Wander Prevention System • Emergency Call Bell System

Estimated % of sales within Erie County	**100%**
Estimated % of sales outside Erie County but within New York State	
Estimated % of sales outside New York State	
Estimated % of sales outside the U.S.	

What percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County? (You may be asked to provide supporting documentation of the estimated percentage of local purchases)

Currently the facility spends roughly $1.3 million annually on supplies, raw materials, and vendors, of that approximately $850,000 is sourced from local firms, or about 65%.

Section II: Project Description & Details

Location of proposed project facility

Address	**5200 Chestnut Ridge Rd**
City	Orchard Park
State	**New York**
Zip Code	14127
SBL Number	184.08-1-1.1
Town/City/Village	Orchard Park
School District	Orchard Park Central
Present Project Site Owner	**Orchard Heights Inc**

Please provide a brief narrative of the project

The project is comprised of several components. 1) expansion of our current assisted living facility to include a new wing of 41 assisted living units. 2) addition of (2) 32-unit independent living apartment buildings. 3) additions to the existing facility common area and dining areas, to accommodate the increased capacity generated by the AL and IL additions. 4) lastly, there is a plan to update / refresh the existing facilities resident rooms, hallways, and activities spaces to be more in line with the fit and finish of the competition in the area.

Site Characteristics

Is the proposed Project located on a site where the known or potential presence of contaminants is complicating the development/use of the property?

No

If yes, please explain

Has a Phase I Environmental Assessment been prepared, or will one be prepared with respect to the proposed Project Site? (If yes, please provide copy)

Yes
If yes, please provide a copy.

Have any other studies, or assessments been undertaken with respect to the proposed Project Site that indicate the known or suspected presence of contamination that would complicate the site's development?

No
If yes, please provide copies of the study.

Will project include leasing any equipment?

No
If yes, please describe equipment and lease terms

If you are purchasing new machinery and equipment, does it provide demonstrable energy efficiency benefits?

No
If yes, please attach additional documentation describing the efficiencies achieved.

Does or will company perform substantial research and development activities on new products/services at the project location?

No
If yes, please explain

What percentage of annual operating expenses are attributed to the above referenced research and development activities?

N/A

Explain why IDA participation is necessary for this project to proceed. Focus on competitiveness issues, project shortfalls, etc.

It is our intention to bring our Orchard Heights facility up to the standards of today's long-term senior care resident. The Orchard Heights facility was built in 1990 and is yet to receive any major updates to its interior décor. In order to keep competitive with the other local long-term senior care facilities we need to replace the outdated finishes in our facility, and expand upon our product offerings to include more living and care options so that residents can have the ability to age in place. To accomplish this we plan on a complete refresh of the existing facility, additions to certain recreation and dining areas within the existing facility, expanding our assisted living unit count by a net of 30 beds, and adding 64 independent living apartments. The long-term senior care industry has evolved greatly since our Orchard Heights Facility began operating in 1991. Housing options for seniors have multiplied and the needs, wants, and demands of today's resident population have begun to shift away from our stand alone assisted living model, to a more permanent age in place model. The independent living apartment portion of our proposed project would provide us the ability to become more competitive within the age in place landscape that is beginning to define the senior housing market. Additionally, new units will be slightly larger for those customers wanting a little more space than our smaller existing units. Orchard Heights needs to complete this project in order for us to maintain our competitiveness within the marketplace and increase our ability to bring in new residents to our community. The total budget to complete this critical project is currently estimated at $28.6M; $24.7M of which are construction costs. Once operational, it is assumed that our assessed building value will significantly increase. Without abating the real estate taxes, the project becomes unfeasible. Lastly, we are looking at trying to reduce the cost of the project, additional costs such as sales tax on the construction materials, and mortgage taxes on the construction loan inflate the project total to an unsupportable level.

Project Information
Estimated costs in connection with project

Land and/or Building Acquisition	$ 0
0.00 acres 0.00 square feet	
New Building Construction	$ 23677500
132000.00 square feet	
New Building addition(s)	$ 0
0.00 square feet	
Renovation	$ 569100
13000.00 square feet	
Manufacturing Equipment	$ 0
Non-Manufacturing Equipment: (furniture, fixtures, etc.)	$ 503400
Soft Costs: (professional services, etc.)	$ 2870000
Other Cost	$ 980000
Explain Other Costs	Finacing Fees
Total Cost	28600000
Project Refinancing (est. amount)	0

Select Project Type (check all that apply)

No Industrial	No Multi-Tenant	No Mixed Use
No Acquisition of Existing Facility	No Commercial	Yes Facility for the Aging
No Housing	No Back Office	No Civic Facility (not for profit)
No Equipment Purchase	No Retail	No Other

SIC Code 8059

NAICS Code 623312

For proposed facility please include # of sq ft for each of the uses outlined below

		Cost	% of Total Cost
Manufacturing/Processing	0 square feet	0	0
Warehouse	0 square feet	0	0
Research & Development	0 square feet	0	0
Commercial	0 square feet	0	0
Retail	0 square feet	0	0
Office	0 square feet	0	0
Specify Other	145000 square feet	28600000	100

Utilities and services presently serving site. Provide name of utility provider

Gas	
Electric	Size
Water	Size
Sewer	Size
Other (Specify)	

If you are undertaking new construction or renovations, are you seeking LEED certification from the US Green Building Council?

No

If you answered yes to question above, what level of LEED certification do you anticipate receiving? (Check applicable box)

<BLANK>

What is your project timetable (Provide dates)

Start date : acquisition of equipment

2014-10-01

End date : Estimated completion of project

2015-10-01

Project occupancy : estimated starting date of operations

2015-10-15

Have site plans been submitted to the appropriate planning department for approval?

Yes

Have any expenditures already been made by the company?

Yes

If yes, indicate particulars (ECIDA benefits do not apply to expenses incurred prior to Board approval)

Design and Engineering has begun, and is nearly complete. Various legal expenses have been incurred during the planning board approval stage of the project. Various consultants have also been hired to perform soil boring tests as well.

Is project necessary to expand project employment?

Yes

Is project necessary to retain existing employment?

No

Employment Plan (Specific to location):

	Current # of jobs at project location or to be relocated at project location	If project is to retain jobs, number of jobs to be retained	Total # of jobs 2 years after project completion
Full time	42	42	49
Part time	61	61	77
Total	103	103	126

Employment at other locations in Erie County: (provide address and number of employees at each location):

Address			
Full time	0	0	0
Part time	0	0	0
Total	0	0	0

Payroll Information

Annual payroll

1897300

Estimated average annual salary of jobs to be retained

32322

Average estimated annual salary of jobs to be created

25800

Estimated salary range of jobs to be created

From 20800 To 50000

Is the project reasonably necessary to prevent the project occupant from moving out of New York State?

No

If yes, please explain and identify out-of-state locations investigated

Were you offered financial assistance to locate outside of New York State?

No

If yes, from whom and what type of assistance was offered

What competitive factors led you to inquire about sites outside of New York State?

We are currently investigating other markets for placement of our next facility. These markets have a lower cost of business than NYS, and they can also support a higher rent structure which makes investment decisions easier to justify.

Have you contacted or been contacted by other economic or governmental agencies regarding this project?

No

If yes, please indicate the Agency and nature of inquiry below

Section III: Adaptive Reuse Projects

Are you applying for a tax incentive under the Adaptive Reuse Program?

No

What is the age of the structure (in years)?

0.00

If yes, number of years vacant?

0

Has the structure been vacant or underutilized for a minimum of 3 years? (Underutilized is defined as a minimum of 50% of the rentable square footage of the structure being utilized for a use for which the structure was not designed or intended)

No

Is the structure currently generating insignificant income? (Insignificant income is defined as income that is 50% or less than the market rate income average for that property class)

No

Does the site have historical significance?

No

Briefly summarize the financial obstacles to development that this project faces without ECIDA or other public assistance. Please provide the ECIDA with documentation to support the financial obstacles to development (cash flow projections documenting costs, expenses and revenues indicating below average return on investment rates compared to regional industrial averages)

N/A

Briefly summarize the demonstrated support that you intend to receive from local government entities. Please provide the ECIDA with documentation of this support in the form of signed letters from these entities

N/A

Please indicate other factors that you would like the ECIDA to consider such as: structure or site presents significant public safety hazard and or environmental remediation costs, site or structure is located in a distressed census tract, structure presents significant costs associated with building code compliance, site or structure is presently delinquent in property tax payments

N/A

Section IV: Retail Determination

Will project involve the sales of goods or services to customers who personally visit the facility?

No

If yes, complete the Retail Questionnaire Supplement below.

Will any portion of the project consist of facilities or property that is primarily used in making sales of goods or services to customers who personally visit the project site?

Yes

If the answer is yes, please continue.

What percentage of the cost of the project will be expended on such facilities or property primarily used in making sales of goods or services to customers who personally visit the project?

0.00 %

If the answer to this is **less than 33%** do not complete the remainder of the page and proceed to the next section (Section V: Inter-Municipal Move Determination).

Will the project be operated by a not-for-profit corporation?

No

Is the project likely to attract a significant number of visitors from outside the economic development region in which the project will be located?

No

If yes, please provide a market analysis or other documentation supporing your response.

Would the project occupant, but for the contemplated financial assistance from the industrial development agency, locate the related jobs outside the State of New York?

No

If yes, please provide documentation regarding investigation of sites outside New York State.

Is the predominant purpose of the project to make available goods or services which would not otherwise be reasonably accessible to the residents of the project municipality?

No

If yes, please provide a market analysis supporting your response.

Will the project preserve permanent, private sector jobs or increase the overall number of permanent private sector jobs in the State of New York?

Yes

Is the project located in a Neighborhood Redevelopment Area?

No

Section V: Inter-Municipal Move Determination

Does this project involve relocation or consolidation of a project occupant from another municipality or abandonment of an existing facility?

Within New York State No

Within Erie County No

If EITHER IS YES, please complete the following. If BOTH ARE NO, please 'save and continue' to the next section (Section VI: Facility Type - Single or Multi Tenant).

The Agency is required by state law to make a determination that Agency assistance is required to prevent the project occupant form relocating out of the state, or to preserve the project occupant's competitive position in its respective industry.

Will the project result in a relocation of an existing business operation from the City of Buffalo?

No

If yes, please explain the factors which require the project occupant to relocate (For example, present site is not large enough, or owner will not renew leases etc.)

What are some of the key requirements the project occupant is looking for in a new site? (For example, minimum sq. ft., 12 foot ceilings, truck loading docs etc...)

If the project occupant is currently located in Erie County and will be moving to a different municipality, has the project occupant attempted to find a suitable location within the municipality?

<BLANK>

Is the project reasonably necessary to preserve the project occupant's competitive position in its industry?

Yes

If yes, please explain and provide supporting documentation

What factors have lead the project occupant to consider remaining or locating in Erie County?

What is going to happen to the current facility that project occupant is located in?

Please provide a list of properties considered, and the reason they were not adequate. (Some examples include: site not large enough, layout was not appropriate, did not have adequate utility service, etc.) Please include full address for locations.

Section VI: Facility Type - Single or Multi Tenant

Is this a Single Use Facility or a Multi-Tenant Facility?

Multi-Tenant Facility

For Single Use Facility

Occupant Name

Address

Contact Person

Phone

Fax

E-Mail

Federal ID #

SIC/NAICS Code

Multi-Tenant Facility

Please explain what market conditions support the construction of this multi-tenant facility

The National Investment Center for the Seniors Housing and Care Industry's 1st Quarter 2014 report, shows that during the last three years, inventory growth has been outpaced by demand for 11 of the 12 quarters, and that the trend is projected to continue through the first quarter of 2015. This means that, historically for the past 3 years, on a whole, the senior housing industry has not been able to build enough inventory to handle the demand created by the growing senior population. This trend will only continue as the baby boomer generation begins to age into the 75+ age cohort. The Orchard Park market is no exception to the growth trend. This point can be illustrated by looking at the demographic detail, where it is shown that there has been an increase in the senior population aged 80+ from 3,181 seniors in 2000, to 4,216 seniors in 2012, or a 32.54% (1) increase within 12 years, while inventory growth has been a modest 231(2) units within the same timeframe. (Sources: (1) Experian, (2) NIC Map Local). The high growth rate of the senior population aged 75+ over projected for the next 20 years creates a public need for more senior living services in our geographic area.

Have any tenant leases been entered into for this project?

No

If yes, please list below and provide square footage (and percent of total square footage) to be leased to tenant and NAICS Code for tenant and nature of business

Section VII: Environmental Questionnaire

General Background Information

Address of Premises

5200 Chestnut Ridge Rd., Orchard Park, NY 14127

Name and Address of Owner of Premises

Orchard Heights, Inc. 6400 Sheridan Dr., Suite 120, Williamsville, NY, 14221

Describe the general features of the Premises (include terrain, location of wetlands, coastlines, rivers, streams, lakes, etc.)

The site is roughly 17 acres in size. There is an existing Senior Living facility that measures roughly 53,000 sqft. Wetlands do not exist. The southern portion of the site, which is undeveloped, has a steep grade that slopes away from the building towards Chestnut Ridge Road. Roughly half of the site is currently vacant and densely treed.

Describe the Premises (including the age and date of construction of any improvements) and each of the operations or processes carried out on or intended to be carried on at the Premises

Original structure was built between 1990 and 1991.

Describe all known former uses of the Premises

Prior to construction of the original ALF in 1991, the Site was a vacant wooded land. However, the eastern portion of the Site appeared to be formerly occupied by a residence from at least the 1920s to the late 1970s.

Does any person, firm or corporation other than the owner occupy the Premises or any part of it?

No

If yes, please identify them and describe their use of the property

Have there been any spills, releases or unpermitted discharges of petroleum, hazardous substances, chemicals or hazardous wastes at or near the Premises?

No

If yes, describe and attach any incident reports and the results of any investigations

Has the Premises or any part of it ever been the subject of any enforcement action by any federal, state or local government entity, or does the preparer of this questionnaire have knowledge of: a) any current federal, state or local enforcement actions; b) any areas of non-compliance with any federal, state or local laws, ordinances, rules or regulations associated with operations over the past 12 months?

No

If yes, please state the results of the enforcement action (consent order, penalties, no action, etc.) and describe the circumstances

Has there been any filing of a notice of citizen suit, or a civil complaint or other administrative or criminal procedure involving the Premises?

No

If yes, describe in full detail

Solid And Hazardous Wastes And Hazardous Substances

Does any activity conducted or contemplated to be conducted at the premises generate, treat or dispose of any petroleum, petroleum-related products, solid and hazardous wastes or hazardous substances?

No

If yes, provide the Premises' applicable EPA (or State) identification number

Have any federal, state or local permits been issued to the Premises for the use, generation and/or storage of solid and hazardous wastes?

No

If yes, please provide copies of the permits.

Identify the transporter of any hazardous and/or solid wastes to or from the Premises

Identify the solid and hazardous waste disposal or treatment facilities which have received wastes from the Premises for the past two (2) years

Does or is it contemplated that there will occur at the Premises any accumulation or storage of any hazardous wastes on-site for disposal for longer than 90 days?

No

If yes, please identify the substance, the quantity and describe how it is stored

Discharge Into Waterbodies

Briefly describe any current or contemplated industrial process discharges (including the approximate volume, source, type and number of discharge points). Please provide copies of all permits for such discharges

N/A

Identify all sources of discharges of water, including discharges of waste water, process water, contact or noncontact cooling water, and stormwater. Attach all permits relating to the same. Also identify any septic tanks on site

Wastewater is tied into the town sanitary system, and storm water is controlled / released by a retention pond.

Is any waste discharged into or near surface water or groundwaters?

No

If yes, please describe in detail the discharge including not only the receiving water's classification, but a description of the type and quantity of the waste

Air Pollution

Are there or is it contemplated that there will be any air emission sources that emit contaminants from the Premises?

No

If yes, describe each such source, including whether it is a stationary combustion installation, process source, exhaust or ventilation system, incinerator or other source

Are any of the air emission sources permitted?

<BLANK>

If yes, attach a copy of each permit.

Storage Tanks

List and describe all above and under ground storage tanks at the Premises used to store petroleum or gasoline products, or other chemicals or wastes, including the contents and capacity of each tank. Please also provide copies of any registrations/permits for the tanks

N/A

Have there been any leaks, spills, releases or other discharges (including loss of inventory) associated with any of these tanks?

No

If yes, please provide all details regarding the event, including the response taken, all analytical results or reports developed through investigation (whether internal or external), and the agencies which were involved

Polychlorinated Biphenyls ("PCB" or "PCBs") And Asbestos

Provide any records in your possession or known to you to exist concerning any on-site PCBs or PCB equipment, whether used or stored, and whether produced as a byproduct of the manufacturing process or otherwise.
Have there been any PCB spills, discharges or other accidents at the Premises?

No

If yes, relate all the circumstances

Do the Premises have any asbestos containing materials?

No

If yes, please identify the materials

ORCHARD HEIGHTS, INC.
Affiliated with The Hamister Group, Inc.

6200 Chestnut Ridge Road
Orchard Park, New York 14127
Phone: 716.662.0551
Fax 716.662.2870
www.OrchardHeights.com

June 11, 2014

Erie County Industrial Development Agency
Attn: Grant Lesswing
95 Perry St, Suite 403
Buffalo, NY 14203

RE: Orchard Heights Expansion Project- Market Information

Mr. Lesswing,

Enclosed for your reference and use, are market data reports generated by the National Investment Center for the Senior Housing and Care Industry, and www.demographicsnow.com, for the Buffalo-Metro area and Orchard Park. These reports are representative of the data analyzed by industry experts and distributed to stakeholders (investors, banks, etc.) for development projects.

To briefly summarize, the data contained within the attached reports indicates that there has been modest growth in the number of independent living apartments in the market, 180, during a time period where the population utilizing such facilities has grown by approximately 939 persons, or 17.1%, and shows projected growth of the senior population aged 75+ by 409 persons, or 6.4% over the next five years. The reports also show that the occupancy rate for the market has been steadily increasing over the past five quarters, and is currently at 95.1%, well above that of the national average of 90.5%, and that the market is also seeing positive absorption of units for the past four consecutive quarters.

Adult children who are between the ages of 55 and 64, and still have living parents often play an important role in determining where their parents live when entering into senior housing. The attached data, shows that this age cohort has grown by 35.7% between the years 2000 and 2013, and that it is projected to grow by an additional 6.4% over the next five years. While there is no rule of thumb used to quantify the impact of this age group on the overall demand for senior housing in a market, there is a direct impact resulting in increased demand due to such population growth. Having said that, this impact is not included in the income qualified seniors analysis below.

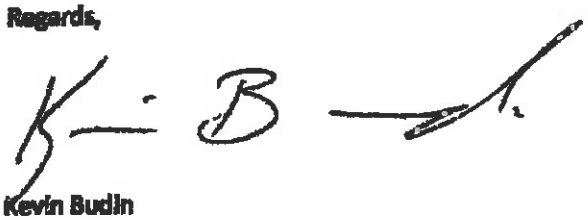
Further analysis of the demographic data shows that there are approximately 2,447 income qualified seniors located within a five mile radius of the project site, and that within the same radius there are only 358 independent living apartments. When determining the market potential for certain development sites, it is common practice to determine a market penetration rate. This is calculated by dividing the number of available units, in this case 358, by the total number of income qualified residents, 2,447, to obtain the market penetration rate. The current penetration rate for the Orchard Park market is 14.6%. If this project were to come to fruition, there would be an additional 64 units added to the market, and the market penetration rate of independent living apartments would increase to 17.25%. A general rule of thumb within the industry states that markets with a penetration rate of 25% or less have a high need to additional units. Markets with penetration rates between 25%-30%

Caring IS OUR PRIVILEGE.

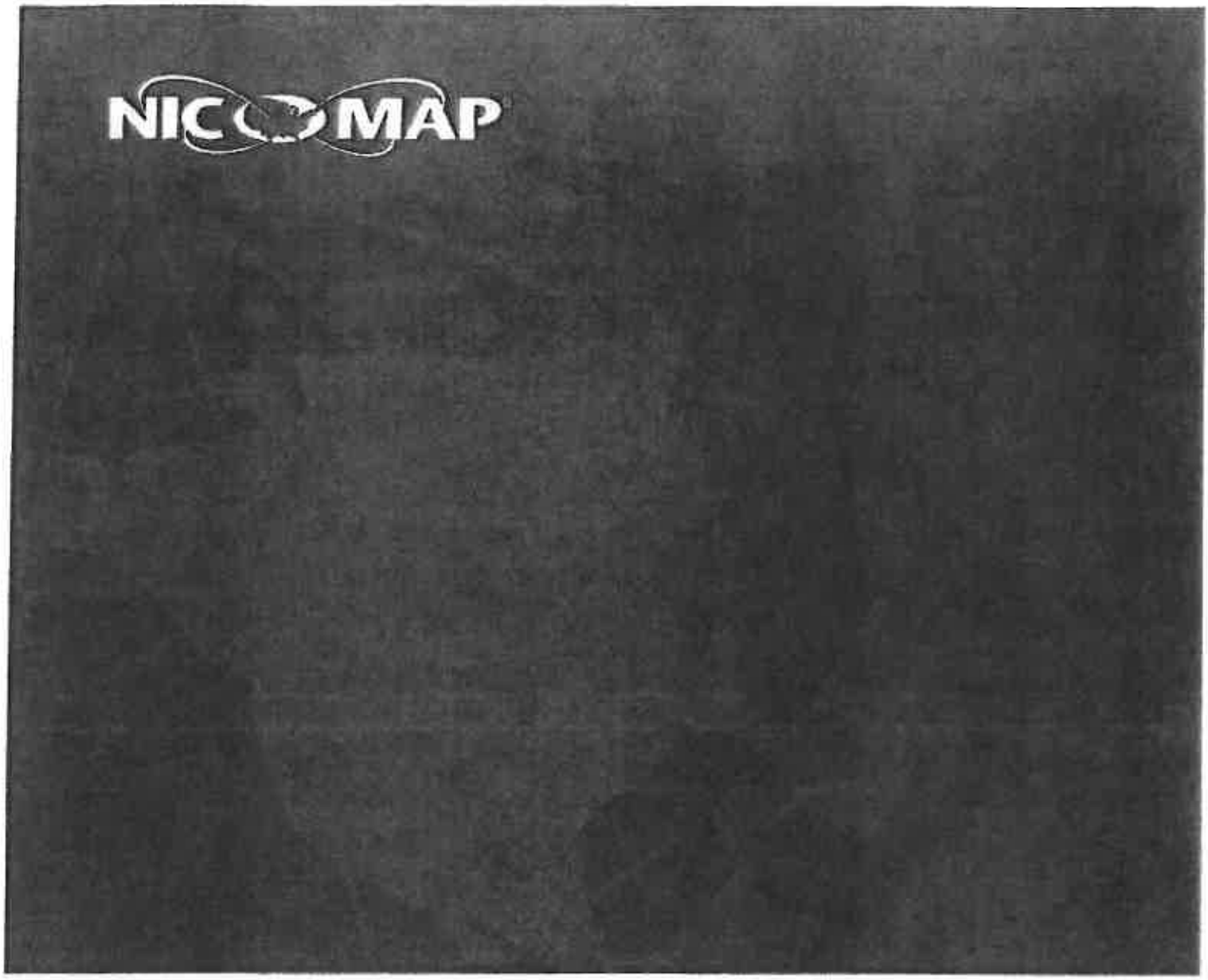
have a moderate need for additional units, 30%-35% have a low need for additional units, and markets with 35% or more have no need for additional units.

Taken as a whole, the data illustrates that there is demand for this project, and the number of units proposed is justifiable. After your review of the information, if there are any questions, please feel free to contact me at 716.839.4000.

Regards,



Kevin Budin
Financial Analyst



PROPERTY ADVISOR REPORT ™

1Q14

Date Printed: 6/11/2014 11:43:20 AM

© 2014 National Investment Center (NIC). All rights reserved. Data believed to be accurate but not guaranteed; subject to future revision. This report is a part of the NIC MAP Data & Analysis Service (NIC MAP). Distribution of this report or any part of this report without prior written consent or license by NIC is prohibited. For license information please contact NIC at 410-267-0504

PROPERTY ADVISOR REPORT

Comp Set Characteristics

Properties	6
Units	742
Avg Age	18
Metros	Buffalo, NY
Counties	Erie (NY)

Top 5 Operators

Operator	Properties	Units	Share
United Church Home Society (PID# 7783)	1	231	31.1%
Emeritus Senior Living (Multiple)	2	145	19.7%
The Hamister Group, Inc. (PID# 9900)	1	136	18.3%
The Courtyards, LLC (PID# 8585)	1	133	17.9%
Elderwood Senior Care (PID# 8738)	1	96	12.9%

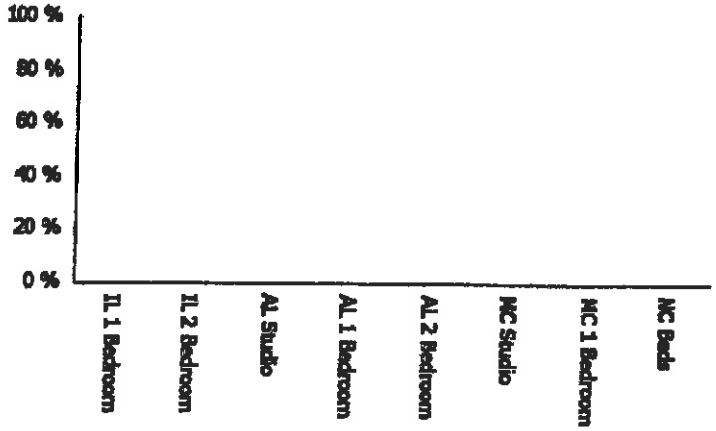
Segment Data

		Occupancy			Average Rent		RPI
	Inventory	1Q14	Quarterly Change	Annual Change	1Q14	Annual Change	1Q14
Independent Living	280	Protected	Protected	Protected	Protected	Protected	Protected
Assisted Living	400	93.0%	-250 bps	-328 bps	$3,722	3.3%	$3,471
Memory Care	62	Protected	Protected	Protected	Protected	Protected	Protected
Nursing Care	50	Protected	Protected	Protected	Protected	Protected	Protected

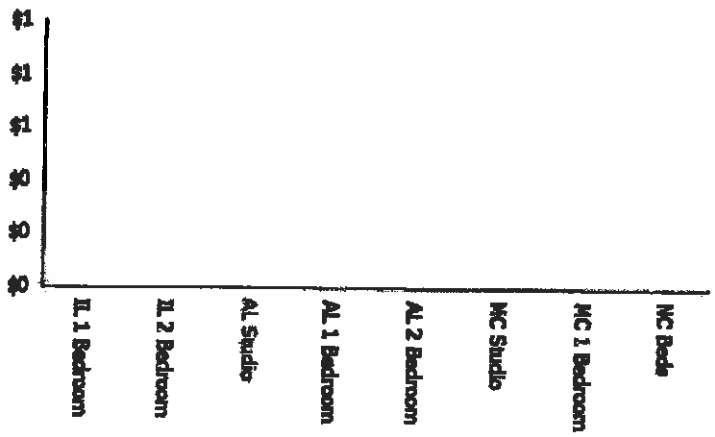
Unit Data

Segment	Unit Type	Inventory	Unit Mix	Occupancy	Average Rent	Entrance Fee
Independent Living	1 Bedroom	40	7.3%	Protected	Protected	N/A
Independent Living	2 Bedroom	48	8.7%	Protected	Protected	N/A
Assisted Living	Studio	181	33.0%	Protected	Protected	N/A
Assisted Living	1 Bedroom	164	29.9%	Protected	Protected	N/A
Assisted Living	2 Bedroom	4	0.7%	Protected	Protected	N/A
Memory Care	Studio	16	2.9%	Protected	Protected	N/A
Memory Care	1 Bedroom	46	8.4%	Protected	Protected	N/A
Nursing Care	Beds	50	9.1%	Protected	Protected	N/A

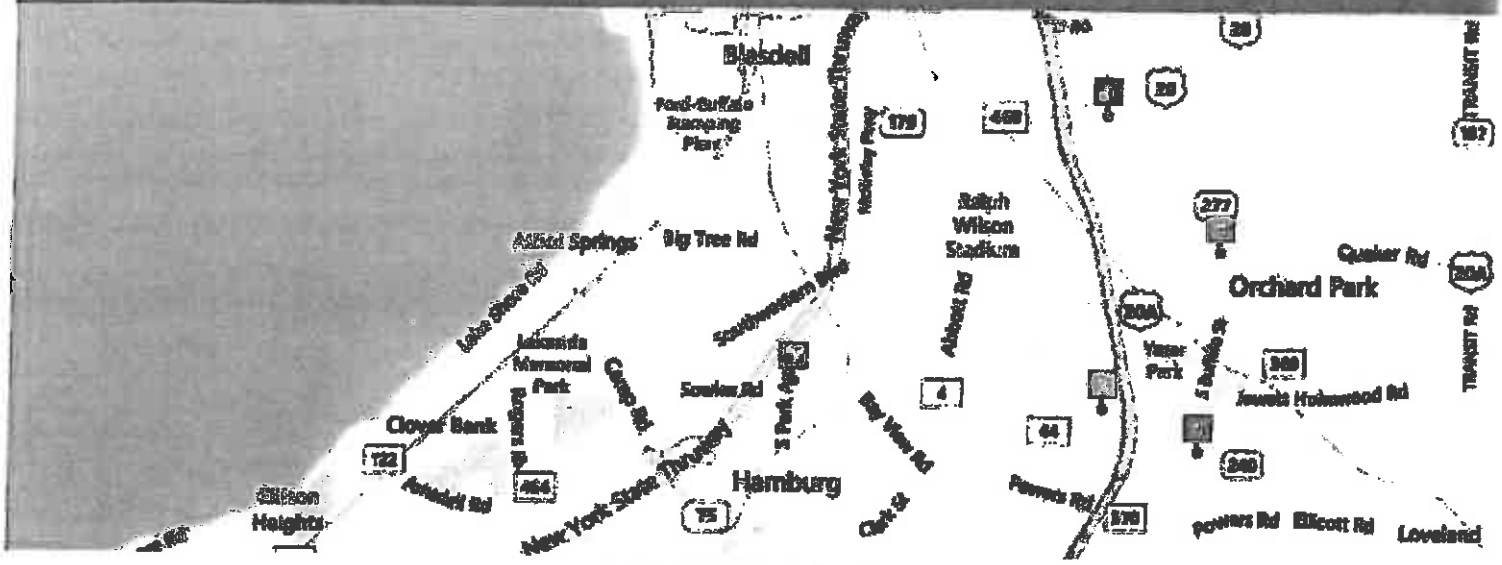
Occupancy By Unit Type



Average Rent By Unit Type



PROPERTY ADVISOR REPORT



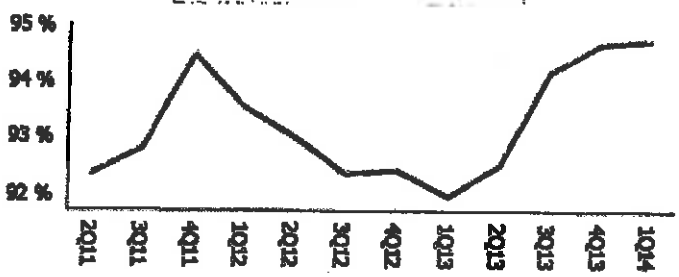
Comp Set Properties

#	ID	Name	Age	Address	Metro	County	Property Type/ Campus Type	Units	Operator
1	8585	Courtyards	30	5285 S Park Ave Hamburg,NY 14075	Buffalo, NY	Erie	Majority AL Freestanding	IL Units: AL Units: 133 MC Units: NC Beds:	The Courtyards, LLC
2	8738	Elderwood Village at Rosewood	16	76 Buffalo St Hamburg,NY 14075	Buffalo, NY	Erie	Majority AL Freestanding	IL Units: AL Units: 96 MC Units: NC Beds:	Elderwood Senior Care
3	9899	Emeritus at Orchard Glen	15	6055 Armor Rd Orchard Park,NY 14127	Buffalo, NY	Erie	Majority IL Freestanding	IL Units: 100 AL Units: MC Units: NC Beds:	Emeritus Senior Living
4	7783	Fox Run at Orchard Park	6	4125 N Buffalo Rd Orchard Park,NY 14127	Buffalo, NY	Erie	Majority IL CCRC	IL Units: 180 AL Units: 51 MC Units: NC Beds: 50	United Church Home Society
5	9900	Orchard Heights	22	5200 Chestnut Ridge Rd Orchard Park,NY 14127	Buffalo, NY	Erie	Majority AL Combined	IL Units: AL Units: 120 MC Units: 16 NC Beds:	The Hamister Group, Inc.
6	10052	Quakers Landing	15	101 Sterling Dr Orchard Park,NY 14127	Buffalo, NY	Erie	Majority AL Freestanding	IL Units: AL Units: MC Units: 46 NC Beds:	Emeritus Senior Living

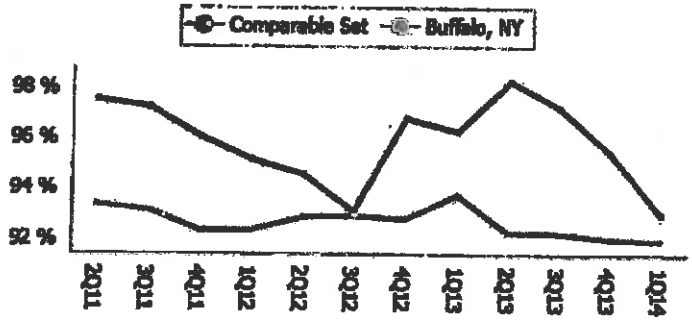
Segment Occupancy

Seniors Housing Occupancy

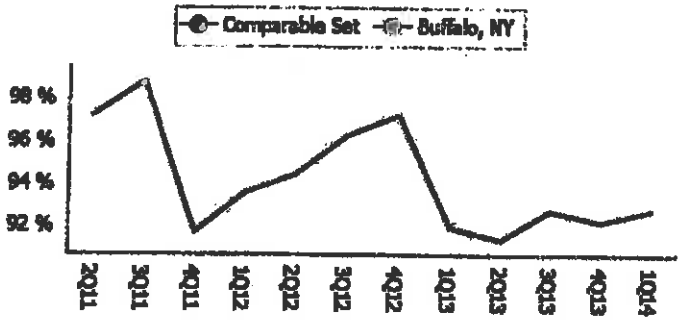
Independent Living Occupancy



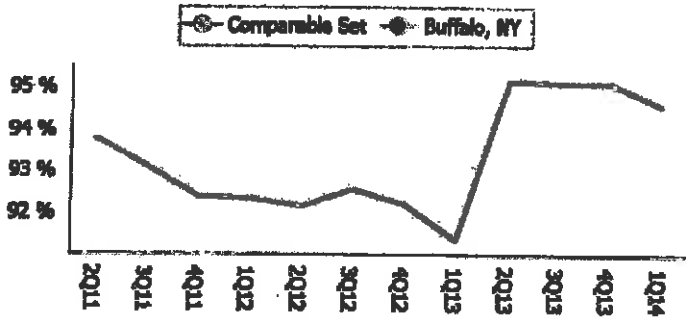
Assisted Living Occupancy



Memory Care Occupancy

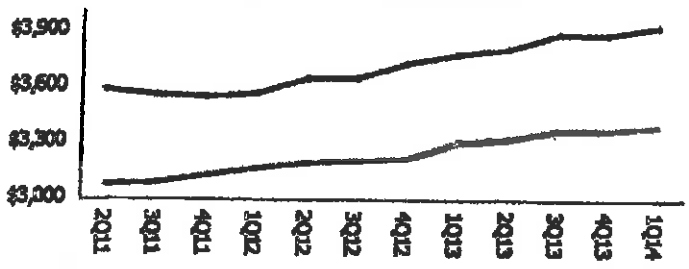


Nursing Care Occupancy

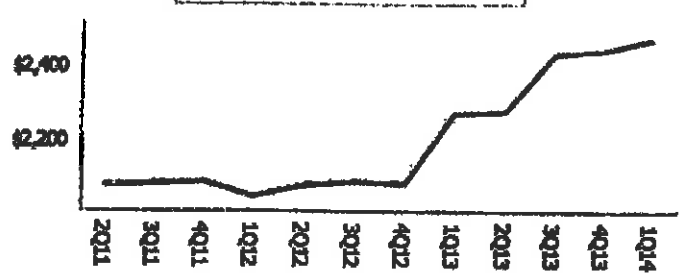


Segment Average Rent

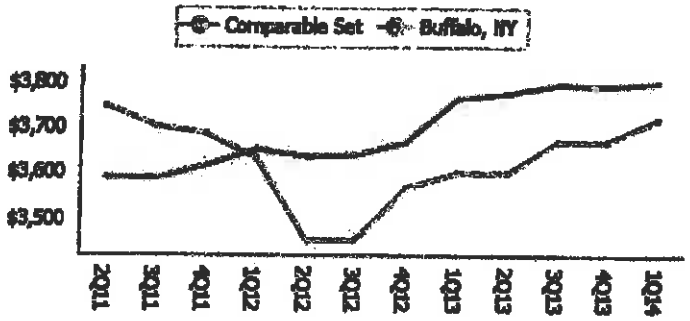
Seniors Housing Average Rent



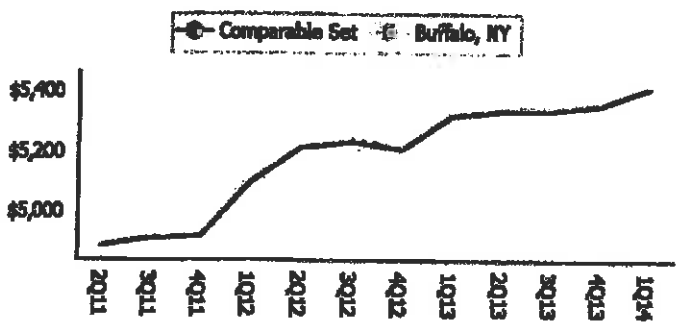
Independent Living Average Rent



Assisted Living Average Rent

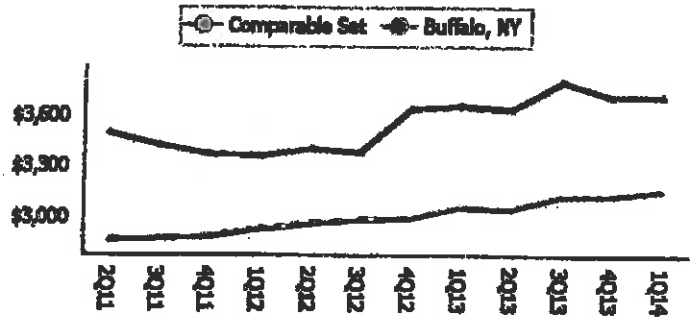


Memory Care Average Rent

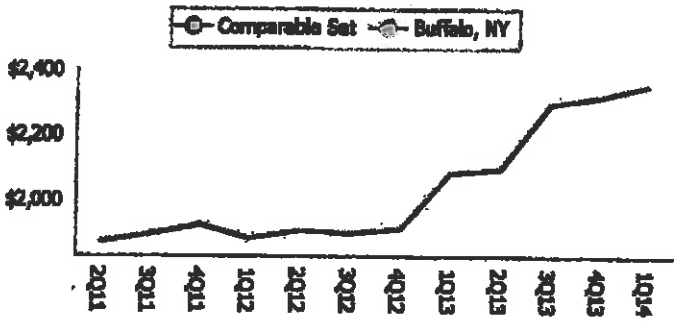


Segment Relative Performance Indicator (RPI)

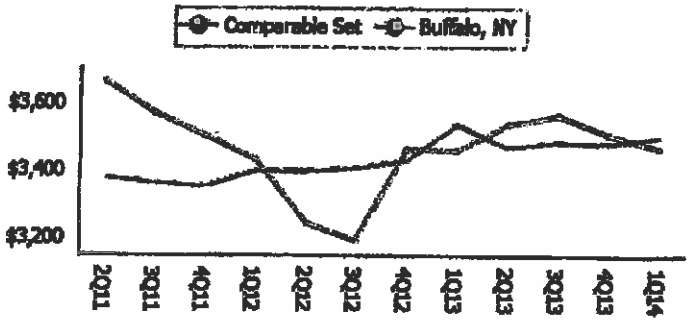
Seniors Housing Relative Performance Indicator (RPI)



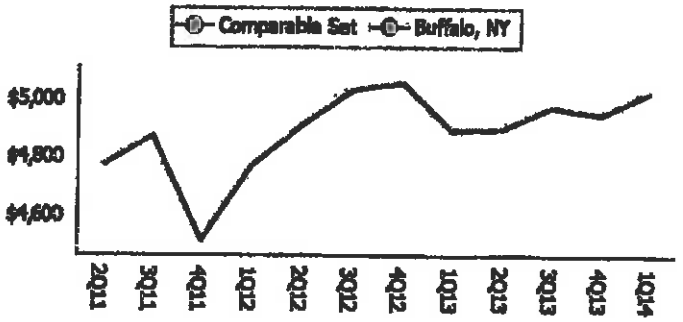
Independent Living Relative Performance Indicator (RPI)



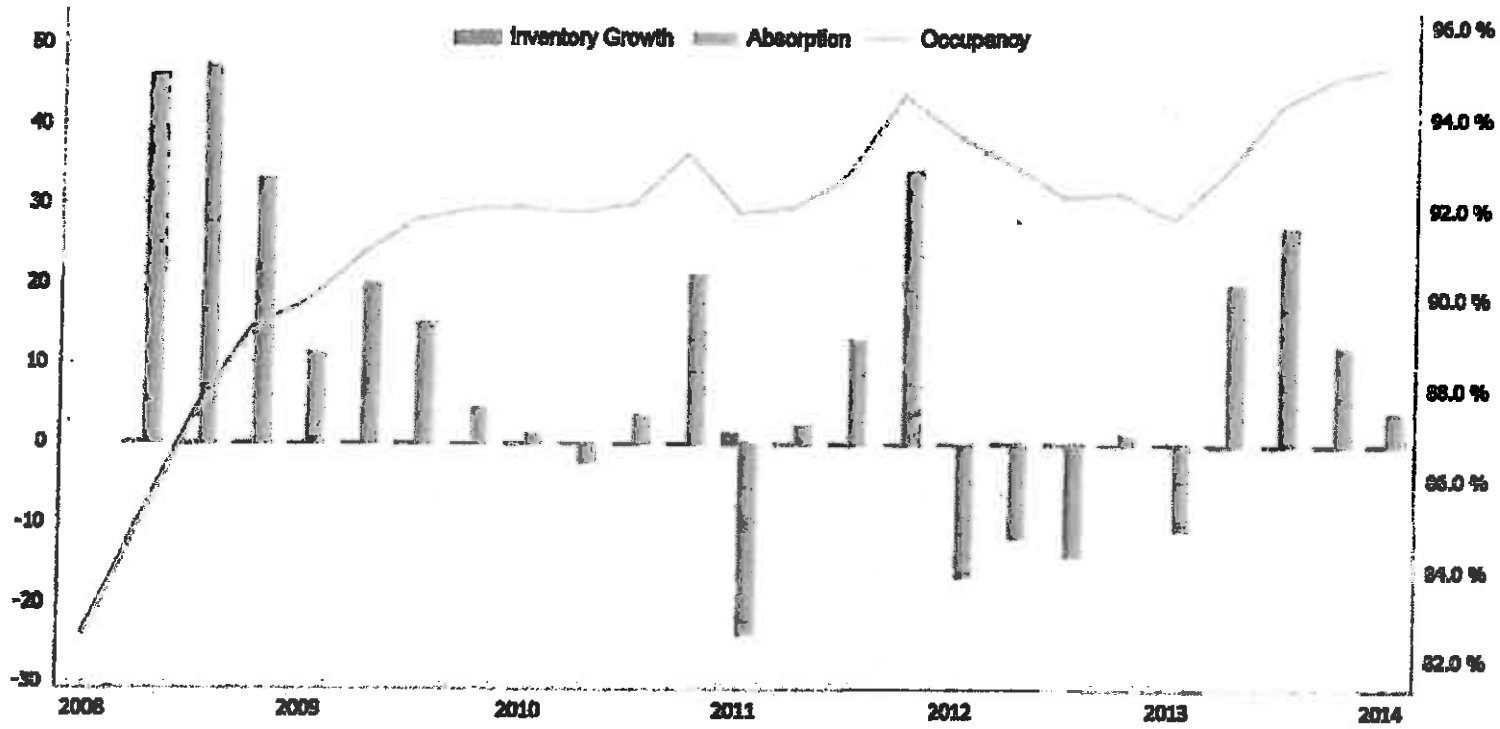
Assisted Living Relative Performance Indicator (RPI)

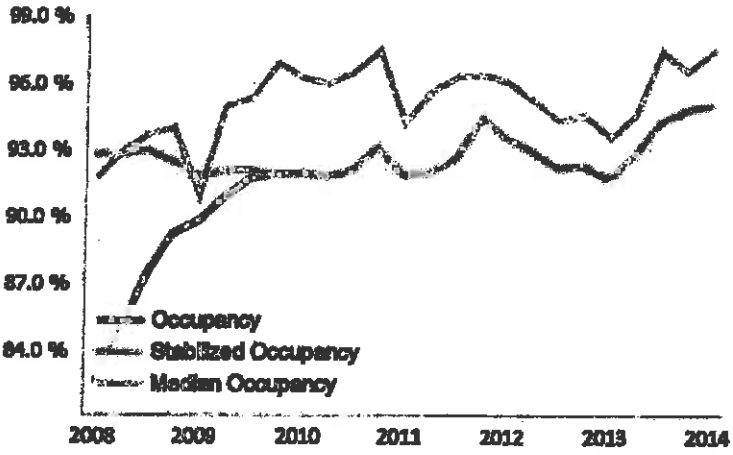


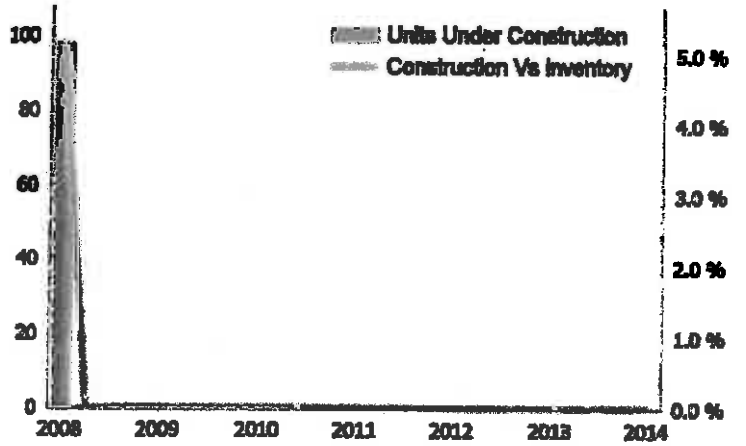
Memory Care Relative Performance Indicator (RPI)

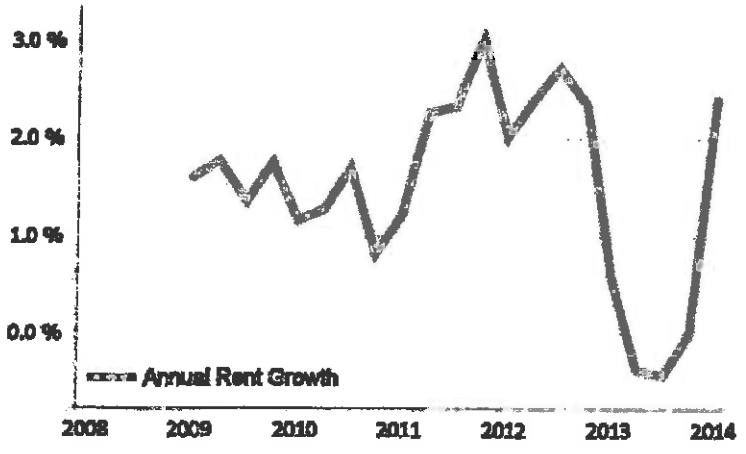


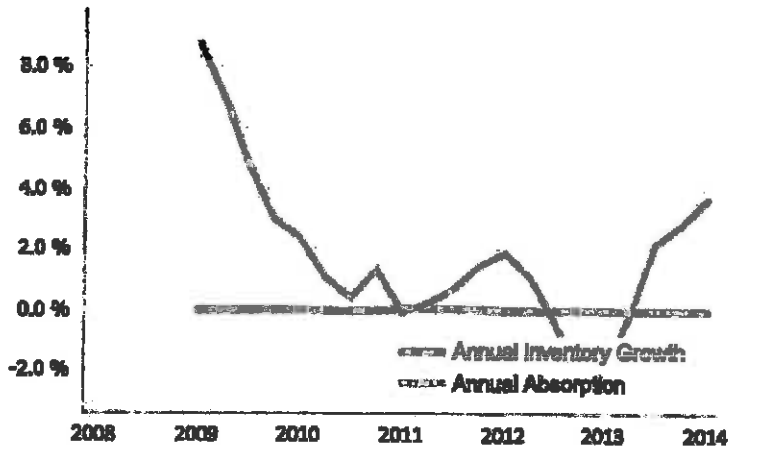
Buffalo, NY Metro Market











© 2014 National Investment Center (NIC). All rights reserved. Data believed to be accurate but not guaranteed; subject to future revision. This report is a part of the NIC MAP Data & Analysis Service (NIC MAP). Distribution of this report or any part of this report without prior written consent or license by NIC is prohibited. For license information please contact NIC at 410-267-0504.

Date Printed: 6/11/2014 11:55:40 AM

Closed Transactions

Date	Property Name	Address	Metro	Prop. Type/ Campus Type	Inventory	Buyer/Seller	Close Price	Price Per Unit	Year Built/ Renovated
2/28/2014	Peregrines Landing Senior Community	575 Cayuga Creek Rd Buffalo, NY 14227	Buffalo, NY	Majority IL Combined	IL: 78 AL: MC: 22 NC: Tot: 100	Buyer: Northstar Healthcare Income Trust Seller: Peregrine Senior Living (NY) Seller Broker:	$12,500,000	$125,000	Built: 2004 Ren:
2/27/2014	Chautauqua County Home	10836 Temple Rd Dunkirk, NY 14048	Buffalo, NY	Majority NC FreeStanding	IL: AL: MC: NC: 216 Tot: 216	Buyer: Seller: Seller Broker:	$16,000,000	$74,074	Built: 1949 Ren: 2003
8/4/2013	MapleWood Campus: Commons, Village, & Healthcare	151 Bennett Rd Buffalo, NY 14227	Buffalo, NY	Majority NC Combined	IL: AL: 80 MC: NC: 170 Tot: 250	Buyer: Post Acute Partners Seller: Elderwood Senior Care Seller Broker:	$23,945,207	$93,381	Built: 1981 Ren:
8/4/2013	Elderwood Healthcare at Wrastfield	2800 Niagara Falls Blvd Niagara Falls, NY 14304	Buffalo, NY	Majority NC FreeStanding	IL: AL: MC: NC: 160 Tot: 160	Buyer: Post Acute Partners Seller: Elderwood Senior Care Seller Broker:	$10,766,049	$67,288	Built: 1995 Ren:
8/4/2013	Elderwood Healthcare at Lakewood	5775 Meelou Dr Hamburg, NY 14075	Buffalo, NY	Majority NC FreeStanding	IL: AL: MC: NC: 186 Tot: 186	Buyer: Post Acute Partners Seller: Elderwood Senior Care Seller Broker:	$14,558,413	$87,701	Built: 1980 Ren:
8/4/2013	Elderwood Healthcare at Oakwood	200 Bassett Rd Buffalo, NY 14221	Buffalo, NY	Majority NC FreeStanding	IL: 0 AL: 0 MC: 0 NC: 200 Tot: 200	Buyer: Post Acute Partners Seller: Elderwood Senior Care Seller Broker:	$9,333,008	$46,665	Built: 1983 Ren:
8/4/2013	Elderwood Healthcare at Wedgewood	4459 Bailey Ave Buffalo, NY 14226	Buffalo, NY	Majority NC FreeStanding	IL: AL: MC: NC: 70 Tot: 70	Buyer: Post Acute Partners Seller: Elderwood Senior Care Seller Broker:	$6,601,001	$94,300	Built: 1981 Ren:
8/4/2013	Elderwood Village at Glenwood	5271 Main St Buffalo, NY 14221	Buffalo, NY	Majority AL FreeStanding	IL: AL: 87 MC: NC: Tot: 87	Buyer: Post Acute Partners Seller: Elderwood Senior Care Seller Broker:	$7,295,517	$83,857	Built: 1990 Ren:
8/4/2013	Elderwood Village at Rosewood	76 Buffalo St Hamburg, NY 14075	Buffalo, NY	Majority IL Combined	IL: 66 AL: 30 MC: NC: Tot: 96	Buyer: Post Acute Partners Seller: Elderwood Senior Care Seller Broker:	$5,779,329	$60,201	Built: 1998 Ren:
8/4/2013	Elderwood Village at Westwood	880 Orchard Park Rd Buffalo, NY 14224	Buffalo, NY	Majority AL FreeStanding	IL: 0 AL: 112 MC: 0 NC: 0 Tot: 112	Buyer: Post Acute Partners Seller: Elderwood Senior Care Seller Broker:	$14,045,738	$125,408	Built: 1998 Ren:
8/4/2013	Elderwood Health Care at Linwood	1818 Camp Park Blvd Lancaster, NY 14086	Buffalo, NY	Majority NC FreeStanding	IL: AL: MC: NC: 94 Tot: 94	Buyer: Post Acute Partners Seller: Elderwood Senior Care Seller Broker:	$2,071,407	$22,036	Built: 1995 Ren:
8/4/2013	Crestwood Commons	6910 Witmer Rd Niagara Falls, NY 14304	Buffalo, NY	Majority IL FreeStanding	IL: 98 AL: MC: NC: Tot: 98	Buyer: Post Acute Partners Seller: Elderwood Senior Care Seller Broker:	$5,797,071	$59,154	Built: 2008 Ren:
8/4/2013	Elderwood Healthcare at Riverwood	2850 Grand Island Blvd Grand Island, NY 14072	Buffalo, NY	Majority NC FreeStanding	IL: AL: MC: NC: 90 Tot: 90	Buyer: Post Acute Partners Seller: Elderwood Senior Care Seller Broker:	$7,893,115	$87,701	Built: 1990 Ren:

GLOSSARY/TERMS

Average Rent	Asking private-room rent plus the average fee for care services. For nursing care, this represents the average per diem private-pay rate for private rooms. Average rent may also be referred to as AMR for independent living, assisted living, and memory care and ADR for nursing care.
Care Segment Type	Levels of care and services provided by the property. This can also be referred to as care segment. One unit of independent living, assisted living or memory care is equivalent to one nursing care bed.
Seniors Housing	The combination of independent living, assisted living, and memory care units.
Independent Living Units	The part or section of the property that provides independent living services.
Assisted Living Units	The part or section of the property that provides assisted living services, not including memory care services.
Memory Care Units	The part or section of the property that provides services to persons with Alzheimer's disease or other form of dementia. These are generally separate or secured areas, with specific programming for persons with memory impairment in addition to services provided for persons in assisted living.
Nursing Care Beds	The part or section of a property that only provides nursing care services.
Close Price	The total sales transaction price. If joint venture interest sold, this price is based on the 100% grossed-up price.
Competitive Set	Properties specified by the user to be used in analysis.
Index	"My Property" divided by the "Competitive Set" for any given metric. If the index value exceeds 1.0, "My Property" has a higher value than the "Competitive Set".
Inventory	The number of independent living units, assisted living units, memory care units, and nursing care beds that are operational and available for residence. One unit of independent living, assisted living, or memory care is equivalent to one nursing bed.
Occupancy	The average unit occupancy of reporting properties.
Entrance Fee	A property that charges a lump sum amount of money paid by a resident at the beginning of their stay that provides the right to occupy the residence. Properties generally charge at least $20,000 for this lump sum payment. This type of property generally charges a monthly fee in addition.
Price Per Unit	The close price divided by the inventory of the portfolio.
Protected	Data are marked as "Protected" if there are an insufficient number of properties and/or unique stakeholders reporting data.
Revenue Performance Indicator (RPI)	The sum of occupied inventory multiplied by "Average Rent" for each distinct independent living, assisted living, or memory care unit type divided by total inventory of that care segment.
Unit Mix	The percent of units of a specific type relative to the total number of units. For example, a property with 50 one-bedroom units and 100 two-bedroom units has a one-bedroom unit mix of 33.3%. This excludes "unknown" units.

TO: Policy Committee

FROM: Karen Fiala

DATE: July 2, 2014

REF: Tenant Approvals

In 2008 the ECIDA entered into a Lease/Leaseback agreement with Uniland Development Company for the construction of a 100,000 sq. ft. industrial, flex-type building for lease to industrial, manufacturing, warehouse and commercial tenants.

We have received a request for a tenant approval for this project as follows:

Tenant Name: Novel Solutions, LLC

Square Feet: 1,634

Novel Solutions currently has warehouse operations in the Town of Cheektowaga and is a provider of rust and corrosion prevention products. The additional square footage will house administrative offices for marketing and sales personnel.

The company has 2 full time and 2 part time employees.

Tenant Form

This section must be completed for each proposed tenant.

NOTE: A Retail Determination (Section IV) and An Inter-Municipal Move Determination (Section V) should be completed for <u>each</u> tenant using the facility to make sales of goods or services or will be relocating from another municipality or abandoning an existing facility.

PART I—TO BE COMPLETED BY LESSEE (DEVELOPER)

Property Address: 300 Airborne Pkwy, Suite 212

City/Town/Village: Cheektowaga NY 14225

The following information is an outline relative to the potential client and their proposed contract to sublease space in the above reference facility.

Tenant Name: Novel Solutions LLC

Amount of space to be leased: 1,634 SF. What percentage of the building does this represent? _____%

Are terms of the lease: GROSS ☒ or NET ☐

If GROSS lease, please explain how Agency benefits are passed to the tenant:

Tenant is responsible for Pro Rata share of Real Estate taxes over base year. Agency's participations is being passed on to the Tenant in the form of reduced overall occupancy costs.

Estimated date of occupancy: March 15, 2014

PART II TO BE COMPLETED BY PROPOSED TENANT

Company Name: Novel Solutions LLC.

Local Contact Person: Bill Balcom Title: Owner

Phone: 716-523-1211 Fax: _____

E-mail: Bill@ZingaUSA.com Web site: Zinga-USA.com

Company President/General Manager: Bill Balcom

Number of employees at new project location:

Full-Time: 2 Part-Time: 2 Total: 4

Please describe briefly the nature of the business in which the proposed tenant is/will be engaged. This should include SIC/NAICS Code; type of business and products or services; percent of total sales in Erie County and the United States:

Administrative offices for marketing and sales of rust/corrosion prevention products. Sales TBD.

561499

History of Company (i.e. start-up, recent acquisitions, publicly traded): New Division of established 25+ year business

Please list the square footage which the proposed tenant will lease at the IDA project location: _____SF

Please list the square footage which the proposed tenant leases at its present location(s): _____SF

Will the project result in a relocation and/or abandonment of other tenant/user(s) facilities in Erie County, or New York State? ☐ Yes or ☑ No. Where is company relocating from?

Address 2475 Broadway City/Town/Village: Cheektowaga State: NY Zip: 14227

If yes, please provide reason for move; ie larger facility, competitive, lease expiration, etc.

If owned, what will happen to the existing facility once vacated? Other division will maintain warehouse location.

If leased, when does lease expire? _____, 20 16

Are any of the proposed tenant's current operations located in facilities which have received an Industrial Development Agency benefit? ☐ Yes or ☐ No. If yes, please provide details as to location, and amount of leased space, how long leased? _____

Is location necessary to:

Discourage your company from moving out of New York State: ☐ Yes or ☑ No

Maintain your company's competitiveness within the industry: ☑ Yes or ☐ No (if yes is checked on one or both please provide specific explanation as an attachment on company letterhead)

Will tenant/user's use of the project involve the sales of goods OR services to customers who personally visit the facility ☐ Yes or ☑ No If the answer is YES, are sales taxes collectible under Article 28 of the Tax Law of the State of New York on sales of these goods ☐ Yes or ☐ No

Were local economic development officials contacted about the availability of alternative sites within the community you are leaving? ☐ Yes or ☑ No If yes, what was the outcome? _____

_____

_____

If no, why not? _____

_____

_____

Will present location be your company's headquarters? ☑ Yes or ☐ No If No, Where is the location of HQ: City: _____ State: _____

FORM COMPLETED BY: April Rudnicki
(please print)

RELATIONSHIP TO COMPANY: Office Manager

SIGNATURE: A Rudnicki DATE: 2/8/2012

Section IV: Retail Determination

To ensure compliance with the *Uniform Tax Exemption Policy (UTEP)*, the industrial development agencies of Erie County have prepared the following questions for projects involving retail sales, as defined in the 1993 IDA Reform Law.

Upon review of this information, the Agency may find it necessary to request additional written information. Should additional information be required, the Agency will not formally consider any request for financing assistance until this information is received in its entirety.

Will project involve the sales of goods or services to customers who personally visit the facility?
☐ Yes or ☑ No. If yes, complete the following. If no, proceed to Section V

Please answer the following:

A. Will any portion of the project consist of facilities or property that is primarily used in making sales of goods or services to customers who personally visit the project site? ☐ Yes or ☐ No. If the answer is yes, please continue.

B. What percentage of the cost of the project will be expended on such facilities or property primarily used in making sales of goods or services to customers who personally visit the project? _____ %. If the answer is less than 33% do not complete the remainder of the retail determination and proceed to Section V.

If the answer to A is Yes AND the answer to Question B is greater than 33.33%, indicate which of the following questions below apply to the project:

1. Will the project be operated by a not-for-profit corporation ☐ Yes or ☐ No. Is the project likely to attract a significant number of visitors from outside the economic development region in which the project will be located? ☐ Yes or ☐ No If yes, please provide a market analysis or other documentation supporting your response.

2. Would the project occupant, but for the contemplated financial assistance from the industrial development agency, locate the related jobs outside the State of New York ☐ Yes or ☐ No (If yes, please provide documentation regarding investigation of sites outside New York State.)

3. Is the predominant purpose of the project to make available goods or services which would not, but for the project, be reasonably accessible to the residents the project municipality within which the project will be located, because of a lack of reasonable accessible retail trade facilities offering such goods or services ☐ Yes or ☐ No (If yes, please provide a market analysis supporting your response.)

4. Will the project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York? Yes or ☐ No

5. Is the project located in a Neighborhood Redevelopment Area? ☐ Yes or ☐ No

Section V: Inter-Municipal Move Determination

Does this project involve relocation or consolidation of a project occupant from another municipality or abandonment of an existing facility of the project occupant?

Within New York State ☐ **Yes or** ☑ **No** **Within Erie County** ☐ **Yes or** ☑ **No** **If yes to either, please answer the following. If no, please proceed to Section VI**

The Agency is required by state law to make a determination that Agency assistance is required to prevent the project occupant from relocating out of the state, or to preserve the project occupant's competitive position in its respective industry.

A. Will the project result in a relocation of an existing business operation from the City of Buffalo?

☐ Yes or ☑ No. If yes, Please explain the factors which require the project occupant to relocate (for example, present site is not large enough, or owner will not renew leases etc.)

B. What are some of the key requirements the project occupant is looking for in a new site (for example minimum of number of sq. ft., 12 foot ceilings, truck loading docks etc...)

3 offices, boardroom, reception area, modern decor, proximity to airport, travel distance to office daily

C. If the project occupant is currently located in Erie County and will be moving to a different municipality, has the project occupant attempted to find a suitable location within the municipality? ☐ Yes or ☐ No N/A

Is the project reasonably necessary to preserve the project occupant's competitive position in its industry?

☐ Yes or ☑ No If yes, please explain and provide supporting documentation.

D. What factors have lead the project occupant to consider remaining or locating in Erie County?

Prior business is already established in the area.

E. What is going to happen to the current facility that project occupant is located in?

will remain in use as warehouse

E. Please provide a list of properties considered, and reasons they were not adequate. (Some examples include: site not large enough, layout was not appropriate, did not have adequate utility service, etc.)

Property (Address)	Reason
34 other properties in Amherst Williamsville, Lancaster	Location, Size, modern/new - not adequate

County-Wide IDA Eligibility Policy – Market Rate Senior Housing

Policy Options Regarding For-Profit Market Rate Senior Housing

Purpose: To establish and clarify the IDA policy in Erie County regarding the provision of tax and financing incentives for market rate for-profit senior housing projects.

Current Policy: Current IDA Policy regarding market rate for-profit senior housing is to consider these projects under the general commercial project interpretation that defines residential rentals as a commercial activity. By way of background, New York General Municipal Law (GML) Section 854 defines "project" to include "commercial" facilities. The term "commercial" is not defined, but has been interpreted to be limited to for-profit projects. In 1985, the Office of the New York State Comptroller ("OSC") was asked whether the construction of an apartment complex constituted a "commercial" project within the meaning of the GML and thereby a proper project for IDA assistance (OSC Opinion 85-51). This opinion provides that, in order to qualify as a commercial activity, and therefore a permissible project, a project should be one that promotes employment opportunities and prevents economic deterioration in the area served by the IDA. The opinion further provides that the determination of whether the construction of an apartment complex qualifies as "commercial" in the context of the GML must be made by local officials (IDA board members) based upon all the relevant facts.

State Law issues / requirements: NYS state law regarding Senior Housing was specific to not-for-profit senior housing facilities and was contained in the Civic Facilities section of the state law, which has since expired. It provided very little guidance as to the nature of the facilities, wealth of residents, or rental costs but only required that the residents be 60 years of age or older, and allowed for the tax exempt bond financing of projects. This legislation referenced negative fiscal effects of losing seniors to other states as a result of a lack of senior specific housing.

Background: The IDA's in Erie County policy and project history has been to consider housing as a commercial project under two distinct circumstances, Adaptive Reuse projects and Senior Housing as defined under the old Civic Facility definition. Due to the sunset of Civic Facilities, the policy and practice is in need of reconsideration. As a result, in late 2011 the ECIDA and Amherst IDA commissioned the UB Regional Institute to study the Market Factors in Erie County relating to senior housing, in order to inform the agency's policy consideration, the study was completed in 2012.

Study Findings:

- Market-rate rentals represent a small share of housing for seniors, about 1/3 of all senior apartments and about 3 percent of all senior households
- 2/3 of market-rate senior units are located in Erie County's inner-ring suburbs
- Subsidized senior housing units have significant waiting lists, while there are handful of market rate complexes reporting sizable waiting lists

- Overall demand for senior housing is not anticipated to increase above current levels until after 2030.
- Only a small amount of seniors migrate out of Erie County annually, about 1 %, and an even smaller fraction indicate housing availability as a reason.
- Overall economic impact of retaining more seniors will likely be slight until after 2030, after which demand for this housing is anticipated to grow.

Policy Recommendation: Absent retaining seniors in the area, and New York State as a whole, board members from all IDA's in Erie County are questioning the need for incentives for market rate senior facilities and are weighing the following policy options:

IDA support for market-rate senior housing recognizes that there is public benefit to providing incentives for these projects that is not focused on long-term permanent employment opportunities. It is not the intention of an IDA to subsidize activities that the private market can bear, such as affluent senior housing, senior housing projects which do not face development obstacles and documented unique costs, or projects which do not advance a larger community need.

Adaptive Reuse

IDA support for Smart Growth principles continues to be an important policy consideration for the redevelopment of our city, town, village and neighborhood centers. The redevelopment of abandoned, blighted sites and structures through the current Uniform Tax Exemption Policy's Adaptive Reuse provisions should remain a priority and continue to allow for the eligibility of market rate senior housing projects. These projects would continue to be eligible through the Adaptive Reuse eligibility provisions as a commercial activity under current agency practices. Adaptive Reuse projects that have a market rate senior housing component would not be subject to the additional criteria as defined below.

For purposes of eligibility, "senior housing" is defined here to mean that at least one of the residents is 60 years of age or older per unit and 90% of the total number of residential units of the facility be occupied by a person of qualified age.

Market rate senior housing projects approved by an IDA are eligible for a PILOT the equivalent of the 485(b) property tax incentive that includes all taxing jurisdictions, a sales tax exemption on equipment and construction materials, and a mortgage recording tax exemption.

The IDA board should consider any correspondence from the community in which the project is located as to the appropriateness of the project relating to the community's master plan, redevelopment efforts or any of the additional criteria noted below, that they deem important to the community and for the IDA's consideration of the project.

Projects seeking IDA's assistance should demonstrate and or meet several of the following additional criteria:

- Projects located in a city, village, hamlet or town center that supports that community's Master Plan and redevelopment efforts.

- Projects that advance efforts to create walk able neighborhoods and communities for seniors in proximity to important local amenities and services.

- Projects that through an independent market study show a significant unmet need in a local community or specific neighborhood region where seniors are unable to find appropriate housing opportunities.

- Projects located in areas of the Community where there are significant local resident populations that are at or below the median income level as defined by a 1- 2 mile radius of the project site.

- Projects that provide amenities that are attractive to seniors and differentiates the project from standard market rate apartments including but not limited to:
    - Community Rooms, including social/recreational activities
    - In facility senior specific services and amenities
    - Senior oriented fixtures and safety amenities (hand-rails, ramps, elevators, safety devices etc.)
    - Security, call systems
    - Health and or on site medical services

- Project rental rates would be affordable for the target population of individuals with incomes at or below the median income level.

Subsidized for profit housing and Life Care Community projects would not be impacted by the proposed policy changes under either option, and may still be eligible for IDA financing and or incentives under different sections of the state law and or IDA policy.