

NOTICE OF PUBLIC HEARING

Pursuant to Article 18-A of NYS General Municipal Law, the Erie County Industrial Development Agency (the "Agency") will hold a public hearing on August 27, 2015 at 9:00 a.m. at the Agency's offices located at 95 Perry Street-Suite 403, Buffalo, NY 14203 regarding:

17 Mineral Springs LLC, and/or Individual(s) or Affiliate(s), Subsidiary(ies), or Entity(ies) formed or to be formed on its behalf (the "Company"), has submitted an application to the Agency (a copy of which is on file at the office of the Agency) requesting the Agency to undertake a certain project (the "Project") consisting of: (i) a leasehold interest in a 0.56+/- acre parcel of land located at 17 Mineral Springs Road, City of Buffalo, Erie County, New York (the "Land") improved thereon with an existing school building totaling 35,200+/- SF (the "Existing Improvements"), (ii) the renovation, upgrading and equipping of the Existing Improvements on the Land converting the school building into 37 market-rate apartments and office space(s) (the "Improvements"), and (iii) the acquisition and installation 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 Agency will acquire a leasehold interest in the Facility and lease the Facility back to the Company. The Company will operate the Facility during the term of the lease. At the end of the lease term, the leasehold interest will be terminated. The Agency contemplates that it will provide financial assistance to the Company for qualifying portions of the Project in the form of sales and use tax exemption benefits and mortgage recording tax exemption benefits consistent with the policies of the Agency.

A representative of the Agency will be present at the above-stated time and place to present a copy of the Application and hear and accept written and oral comments from all persons with views in favor of or opposed to the proposed financial assistance. Written comments may be submitted at this public hearing or delivered to the Agency at 95 Perry Street-Suite 403, Buffalo, NY 14203 until the comment period closes on September 15, 2015. The project application is available for public inspection at the Agency's offices Monday through Friday (excluding public holidays) from 9:00 a.m. until 4:00 p.m.

This public hearing is being conducted in accordance with Subdivision 2 of Section 859-a of the New York General Municipal Law.

Erie County Industrial Development Agency



The School Lofts @ Mineral Springs

Section I: Applicant Background Information

Applicant Information- Company Receiving Benefit

Applicant Name	Karl Frizlen
Applicant Address	257 Lafayette Avenue, Buffalo, NY 14213
Phone	716.881.0046
Fax	716.881.5110
E-mail	frizlen@frizlengroup.com
Website	frizlengroup.com
Federal ID#	47-3336785
NAICS Code	
Will a Real Estate Holding Company be utilized to own the Project property/facility	Yes
What is the name of the Real Estate Holding Company	17 Mineral Springs LLC
Federal ID#	47-3336785
State and Year of Incorporation/Organization	New York- 2015
List of stockholders, members, or partners of Real Estate Holding Company	Karl Frizlen, JLS, LLC with Michael Joseph, Jordan Levy and Ron Schreiber as members

Individual Completing Application

Name	Karl Frizlen
Title	Managing Partner
Address	257 Lafayette Avenue, Buffalo, NY 14213
Phone	716.881.0046
Fax	716.881.5110
E-Mail	frizlen@frizlengroup.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
Phone	716.853.5100
Fax	716.853.5199
E-Mail	bschwartz@lippes.com

Identify the assistance being requested of the Agency

Exemption from Sales Tax	Yes
Exemption from Mortgage Tax	Yes
Exemption from Real Property Tax	No
Tax Exempt Financing*	No

* (typically for not-for-profits & small qualified manufacturers)

Business Organization

Type of Business	Limited Liability Company
Type of Ownership	
Year Established	2015
State of Organization	New York

List all stockholders, members, or partners with % of ownership greater than 20%**Please include name and % of ownership.**

Karl Frizlen- 50% JLS, LLC- 50%

Applicant Business Description**Describe in detail company background, products, customers, goods and services. Description is critical in determining eligibility**

The Frizlen Group is a full service architectural firm that was founded over 30 years ago by principal Karl Frizlen, AIA, LEED AP. The firm has completed over 1200 projects with an aggregate construction cost of over 1 billion Dollars in nine US States, Canada and Germany. The company's expertise is the design of new urban infill projects as well as restoration and adaptive reuse of existing buildings in mostly urban environments. Some of the local urban projects that were designed and completed are: • 468 Delaware is a 3-story mixed-use infill project, which features 9 loft style apartments, 15,000 sq. ft. offices and parking underneath the building on a tight urban corner lot. In addition, a carriage building from 1860's was restored and converted into 3 apartments. Project cost is \$ 4.5MM and the owner is Scott Croce. • 766 Elmwood Avenue is a 3-story mixed-use new infill project on an existing parking lot, featuring 24 market-rate apartments, 4 retail storefronts and parking underneath the building. Project cost is \$ 5.0MM and the developer is Benchmark Properties. The project is currently under construction. • 448 Elmwood is a 3-story mixed-use new infill project on a prominent corner where there used to be a dilapidated one-story franchise building. The award-winning building features 12 luxury apartments, a coffee shop and two retail storefronts. All parking is under the building accessible from a side street. The project cost was \$ 4.0 MM and was privately financed. The development arm of The Frizlen Group was formed in 2005 with the goal to acquire and develop primarily dilapidated buildings and properties in urban areas. Some of the local urban developments that are completed are: • 257 Lafayette is an adaptive reuse project of a 1928 school that was converted into 20 market-rate apartments and 10,000 sq. ft. commercial space. The building has received numerous design and restoration awards and is now a national historic landmark. The \$ 4.0 MM project was financed with historic tax credit investors and private banks. • Horsefeathers Market @ Residences used to be a 5-story warehouse built in 1896 that was converted into 24 loft-style apartments and a food-makers market on the ground and basement floor. The building has obtained national landmark status and is a popular destination for 'foodies'. The \$ 4.0 MM project was financed with historic tax credit investors and private banks. • 504 Elmwood is a new urban infill project on a tight city lot. The 3-story building features 9 loft-style apartments and three commercial businesses. The award winning \$ 1.5 MM project has been privately financed. • 305 Utica is a new urban infill project on three city lots, replacing 2 dilapidated rooming houses. It features 18 apartments with private garages underneath the building. The award winning \$ 2.5 MM project has been privately financed.

Estimated % of sales within Erie County	90
Estimated % of sales outside Erie County but within New York State	10
Estimated % of sales outside New York State but within the U.S.	0
Estimated % of sales outside the U.S.	0

(*Percentage to equal 100%)

What percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County? Include list of vendors, raw material suppliers and percentages for each. Provide supporting documentation of the estimated percentage of local purchases

100%

Section II: Eligibility Questionnaire - Project Description & Details

Project Location

Municipality or Municipalities of current operations

Buffalo, NY

Will the Proposed Project be located within the Municipality, or within a Municipality, identified above?

Yes

In which Municipality will the proposed project be located

Buffalo, NY

Address

17 Mineral Springs

If the Proposed Project is located in a different Municipality than that Municipality in which current operations are being undertaken, is it expected that any of the facilities in any other Municipality will be closed or be subject to reduced activity?

No

(If Yes, you will need to complete Section V of this Application)

SBL Number for Property upon which proposed Project will be located

Part of Lot 8, Township 10, Range 7

What are the current real estate taxes on the proposed Project Site

None- religious site

Assessed value of land

None- religious site

Assessed value of building(s)

None- religious site

Are Real Property Taxes current?

No

If no please explain

none- religious sites do not pay taxes

Town/City/Village of Project Site

City of Buffalo

School District of Project Site

Buffalo School District

Does the Applicant or any related entity currently hold fee title to the Project site?

No

If No, indicate name of present owner of the Project Site

Diocese of Buffalo

Does Applicant or related entity have an option/contract to purchase the Project site?

Yes

Describe the present use of the Proposed Project site

St. Teresa School has been closed for over 3 years and prior to that was underutilized.

Please provide narrative of project (new build, renovations, and/or equipment purchases). Identify specific uses occurring within the project. Describe any and all tenants and any/all end users: (This information is critical in determining project

eligibility)

The development team is acquiring and parceling out the existing school building plus parking area from the St Teresa church campus. The intent is to convert the existing school building into 37 market rate apartment with minor office space, and parceling out some land from the existing parking area for tenant parking including a green space facing Seneca Street to be converted into parking. The integrity of the class room will be maintained and each will be converted into one apartment with partition walls separating the living/ dining/ kitchen area from the bedroom and bathroom area. Historic and authentic features such as black board, entry doors, windows, transoms, wood floor will be kept and restored. Building was built in 1907 and is eligible for historic landmark consideration. Restoration of the entire building will follow Department of Interior Standards. The tenants will be technology workers from nearby Solar Park, nurses, residents and hospital staff from nearby Mercy Hospital.

Describe the reasons why the Agency's Financial Assistance is necessary and how the Financial Assistance enables the company to undertake the Project to facilitate investment, job creation and/or job retention. Focus on competitiveness issues, project shortfalls, etc... Your eligibility determination will be based in part on your answer (attach additional pages if necessary)

Seneca Street in S Buffalo is an under-served neighborhood with stagnant rents and property values. There are no new apartment buildings with modern comfort and amenities and this will attract tenants from other areas in the City. The apartment rents in Buffalo are very low compared to similar cities, and in order to make a project financially feasible, numerous incentives are required such as property tax abatement, mortgage and sales tax exemption in order to garner a reasonable return on investment given the additional risk of adaptive reuse of an older, vacant building and additional costs associated with a historic renovation. This project is located in a highly distressed area of the City according to census tract information.

Will project include leasing any equipment?

No

If yes, please describe equipment and lease terms.

Site Characteristics

Will the Project meet zoning/land use requirements at the proposed location?

Yes

Describe the present zoning/land use

R-2, allowing this type of use

Describe required zoning/land use, if different

If a change in zoning/land use is required, please provide details/status of any request for change of zoning/land use requirements

Developer received a variance to existing zoning that allows the construction of 37 apartments within the existing building

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?

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.

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

You may also attach additional information about the machinery and equipment at the end of the application.

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

\$ 2,950,250 (sum of 2,3,4,5, and/or 7 in Question K, above)

Cost for materials

\$ 800,000

% sourced in Erie County

90%

% sourced in State

95% (including Erie County)

Gross amount of costs for goods and services that are subject to State and local sales and use tax- said amount to benefit from the Agency's sales and use tax exemption benefit

\$ 800,000

Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above):

\$ 70,000

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

		Cost	% of Total Cost
Manufacturing/Processing	square feet	\$ 0	0
Warehouse	square feet	\$ 0	0
Research & Development	square feet	\$ 0	0
Commercial	square feet	\$ 0	0
Retail	square feet	\$ 0	0
Office	200 square feet	\$ 29,502	1
Specify Other	35,000 square feet	\$ 2,920,748	99

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>

Provide estimate of additional construction cost as a result of LEED certification you are seeking

Will project result in significant utility infrastructure cost or uses

Yes

What is your project timetable (Provide dates)

Start date : acquisition of equipment or construction of facilities

11/1/2015

End date : Estimated completion date of project

9/1/2016

Project occupancy : estimated starting date of operations

8/1/2016

Have construction contracts been signed?

Yes

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

<BLANK>

Has the Project received site plan approval from the appropriate planning department?

Yes

Is project necessary to expand project employment?

Yes

Is project necessary to retain existing employment?

No

Employment Plan (Specific to the proposed project location):

	Current # of jobs at proposed 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	Net total new jobs
Full time	0	0	0	0
Part time	0	0	2	2
Total	0	0	2	

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

Address	257 Lafayette	346 Connecticut	504 Elmwood
Full time	6	1	0
Part time	1	1	2
Total	7	2	2

Will any of the facilities described above be closed or subject to reduced activity?

No

Payroll Information

Annual Payroll at Proposed Project Site

\$ 30,000

Estimated average annual salary of jobs to be retained

\$ 0

Estimated average annual salary of jobs to be created

\$ 30,000

Estimated salary range of jobs to be created

From \$ 25,000 **To** \$ 35,000

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

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

Have you contacted or been contacted by other Local, State and/or Federal Economic Development Agencies?

No

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

Do you anticipate applying for any other assistance for this project?

Yes

If yes, what type of assistance (Historic Tax Credits, 485(a), Grants, Utility Loans, Energy Assistance, Workforce Training)

Historic tax Credit & 485 (a) Tax Abatement

Section III: Adaptive Reuse Projects

Are you applying for tax incentives under the Adaptive Reuse Program? Yes

What is the age of the structure (in years)? 110

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) Yes

If yes, number of years vacant? 3

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) Yes

If yes, please provide dollar amount of income being generated, if any \$ 0

Does the site have historical significance? Yes

Are you applying for either State/Federal Historical Tax Credit Programs? Yes

If yes, provide estimated value of tax credits \$ 1,300,000

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 (you will be asked to provide cash flow projections documenting costs, expenses and revenues with and without IDA and other tax credits included indicating below average return on investment rates compared to regional industry averages)

Without sales tax/mortgage tax and property tax exemption, the debt service will drop to 1.08 from 1.32, well below the lender's minimum requirement

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

Planning Board, Zoning Board of Appeals

Please indicate other factors that you would like 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 has historical significance, site or structure is presently delinquent in property tax payments

The building will be restored in compliance with Department of Interior Standards that are required to obtain historic landmark status. The Standards represent a very high level of material quality and craftsmanship and will translate into substantial increase in construction cost, estimated to be 25-30%

Section IV: Retail Determination

Will any portion of the project (including that portion of the costs to be financed from equity or other sources) consist of facilities or property that are or will be primarily used in making sales of goods or services to customers who personally visit the project site? Yes

If yes, complete the Retail Questionnaire Supplement below.

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? 1 %

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).

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:

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

Is the project location or facility likely to attract a significant number of visitors from outside the economic development region (Erie, Niagara, Allegheny, Chautauqua and Cattaraugus counties) in which the project will be located? <BLANK>

If yes, please provide a third party market analysis or other documentation supporting your response.

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 of the municipality? Are services provided at the proposed project site needed because of a lack of reasonably accessible retail trade facilities offering such goods or services? <BLANK>

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? <BLANK>

If yes, explain

Is the project located in a Highly Distressed Area? <BLANK>

Section V: Inter-Municipal Move Determination

The Agency is required by state law to make a determination that, if completion of a Project benefiting from Agency Financial Assistance results in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, Agency financial Assistance is required to prevent the project occupant from relocating out of the state, or is reasonably necessary to preserve the project occupant's competitive position in its respective industry.

Will the project result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the state to another area of the state? No

Will the project result in the abandonment of one or more plants or facilities of the Project occupant located within the state? No

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

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 Yes to either question, please, explain

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

<BLANK>

If yes, please explain the factors which require the project occupant to relocate out of the City of Buffalo (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 within Erie County, has the project occupant attempted to find a suitable location within the municipality in which it is currently located?

No

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

If the current facility is to be abandoned, 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

There is a strong market for market rate apartments in South Buffalo with the proximity of the new Solar Park and Mercy Hospital

Have any tenant leases been entered into for this project?

No

If yes, please fill out a tenant form in section VII, for each tenant.

Tenant Name	Current Address (city, state, zip)	# of sq ft and % of total to be occupied at new projet site	SIC or NAICS-also briefly describe type of business, products services, % of sales in Erie Co.
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Section VII: Environmental Questionnaire

General Background Information

Address of Premises 17 Mineral Springs, Buffalo NY

Name and Address of Owner of Premises Diocese of Buffalo, 665 Main Street, Buffalo, NY

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

Existing building with surrounding parking lot.

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

Existing school was built in 1906 and will be converted into 37 market rate apartments

Describe all known former uses of the Premises

Only school use

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

None

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

residential waste discharged into existing municipal sewer

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?

No

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

None

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?

Yes

If yes, please identify the materials

pipe wrap, floor tiles