



Policy Committee

September 3, 2015
8:30 am
95 Perry Street, 5th Floor Conference Room
Buffalo, NY

1. Call Meeting to Order
2. Approval of Minutes
 - a. Policy Committee August 6, 2015 Minutes **(Pages 2-7)**
3. Project Matrix **(Pages 8-13)**
4. Project Presentations
 - a. 722 West Delavan, LLC **(Pages 14-42)**
5. 2015 - 2016 Work Plan
 - a. Issues for Discussion
 - 1.0 Good Standing Tax
 - 2.0 Living Wage
 - 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
6. Adjournment
 - a. Next Meeting – Tuesday October 6, 2015 (new date)

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

- MEETING:** August 6, 2015, at Erie County Industrial Development Agency, 95 Perry Street, 5th Floor Conference Room, Buffalo, New York
- PRESENT:** Elizabeth Burakowski, Hon. Mary Cooke, Hon. Mary F. Holtz, Richard Lipsitz, Jr., Brenda W. McDuffie, John J. Mudie, Hon. Glenn R. Nellis, and Hon. Edward A. Rath,
- ABSENT:** James J. Allen, Hon. Byron W. Brown, Chris T. Johnston, Frank B. Messiah, Laura Smith and David J. State
- OTHERS PRESENT:** Steven Weathers, Chief Executive Officer; Karen M. Fiala, Assistant Treasurer; and Robert G. Murray, Secretary
- GUESTS:** Maria Whyte, Deputy County Executive, Scott Brooks, on behalf of Sodexo and Misti Meggs, on behalf of Mohr Partners/Sodexo

There being a quorum present at 8:47 a.m., Mr. Lipsitz called the meeting to order.

MINUTES

The minutes of the July 2, 2015 Policy Committee meeting were presented. Upon motion made by Mr. Nellis, and seconded by Mr. Rath, the aforementioned Policy Committee meeting minutes were unanimously approved.

PROJECT MATRIX

Mr. Lipsitz reviewed the Agency Project Matrix. There being no comments, Mr. Lipsitz directed that the report be received and filed.

PROJECT PRESENTATIONS

95 Pirson Parkway, LLC, 95 Pirson Parkway, Tonawanda, New York. Ms. Fiala reviewed this proposed sales tax, mortgage recording tax and real property tax abatement project involving the construction of a new 40,000 square foot facility in the Town of Tonawanda for MJ Mechanical. MJ Mechanical is a full-service commercial and industrial heating, ventilation and air conditioning contractor service provider and offers design, build, installation, repair, replacement and service assistance capabilities. The project will enable MJ Mechanical to expand its metal fabrication business and to start a new plumbing division.

Ms. Fiala commented that in exchange for providing the sales tax, mortgage recording tax and real property tax abatement benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to potential recapture of financial assistance as follows:

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total Project Amount = \$3,304,500 85% = \$2,808,825
Employment (Tenant)	To coincide with PILOT period	Maintain base: 142 Create 85% of projected: 31 Projected = 31 85% = 26 Recapture Employment = 168
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 10-year PILOT term	Recapture of state and local sales tax and real property taxes

Ms. McDuffie expressed support for the project and made particular note of the significant number of high quality jobs being created. Ms. McDuffie then moved, and Mr. Rath seconded to approve of the project. Mr. Lipsitz called for the vote, and the project was unanimously approved.

The Uniland Partnership of Delaware, L.P., 400 Airborne Parkway, Cheektowaga, New York. Ms. Fiala presented this proposed sales tax, mortgage recording tax, and real property tax abatement benefits project involving the construction of a new 110,000 square foot facility for lease to Sodexo. It was noted that Sodexo currently leases approximately 126,000 square feet of space in four separate facilities located in Amherst, New York, with a lease set to expire in November of 2015. Ms. Fiala commented that in accordance with the agency's inter-municipal move policy, the Supervisors of both the Towns of Cheektowaga and Amherst have been notified of the company's intention to move from Amherst to Cheektowaga.

Ms. Fiala next commented that in exchange for providing sales tax, mortgage recording tax and real property tax abatement benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to potential recapture of financial assistance as follows:

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total Project Amount = \$21,058,095 85% = \$17,899,380
Employment	To coincide with PILOT period	Uniland is committing to the retention of Sodexo's 511 jobs
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 10-year PILOT term	Recapture of state and local sales tax, real property tax and mortgage recording tax

Ms. Burakowski then queried as to prior financial assistance that Sodexo has received within the Town of Amherst. Ms. Fiala reviewed prior financial assistance packages provided by the Amherst IDA to Sodexo and noted that all PILOT benefits expired in either 1998 or 2000 with respect to their four existing facilities in Amherst.

Mr. Lipsitz asked representatives from Sodexo to confirm if they will be consolidating their operations into one single new building in Cheektowaga to be leased by Sodexo from Uniland. Mr. Scott Brooks confirmed that the company will be consolidating its operations into one new single facility to be located in Cheektowaga, New York.

Mr. Lipsitz then queried Sodexo with respect to their financial assistance offer letter received from the State of Maryland. In particular, Mr. Lipsitz expressed concern that the letter is dated June 27, 2014 and subsequent to the issuance of the letter, the State of Maryland is now governed by a different governor and administration and expressed additional concern that the offer may no longer be valid due to the change in administration.

Mr. Rath expressed support for the project, noted that the Town of Amherst Supervisor is not objecting to the move of the company from Amherst to Cheektowaga and further commented that the State of Maryland is competing for Sodexo's 511 jobs. In conclusion, Mr. Rath stated that all of these factors allow him to be in favor of this project.

Ms. Holtz expressed support for the project and in particular, support for keeping the 511 jobs in Western New York.

Mr. Lipsitz then asked Ms. Fiala to present the related Sodexo project.

Sodexo, Inc. 400 Airborne Parkway, Cheektowaga, New York. Ms. Fiala reviewed the proposed sales tax benefit only project to enable Sodexo, as a tenant in the facility to be constructed as described in the Uniland project, to acquire and install machinery and equipment for the Human Resources, Finance, and Information Technology functions related to Sodexo's operations.

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

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total Project Amount = \$6,076,002 85% of total project amount = \$5,164,600
Employment	See recapture period	Maintain 100% of existing 511 employees
Recapture Period	Coincides with Uniland's 10-year PILOT term	Recapture of state and local sales taxes and mortgage recording tax

Ms. Fiala confirmed that the benefit monitoring period requiring Sodexo to maintain the 511 jobs will run for a ten-year period, concurrent with the 10-year PILOT benefit period associated with the PILOT to be placed upon the project.

Mr. Lipsitz then asked Mr. Brooks if he could comment on the offer letter received by Sodexo from the State of Maryland. Mr. Brooks expressed concern about discussing, in open session, employee salaries. However, Mr. Brooks stated that the average salary for Sodexo's 511 employees is approximately \$62,000.

Mr. Mudie then asked Mr. Brooks if it is true that Sodexo was accused of overcharging state universities and as a result had agreed to pay a \$20 million settlement related thereto and if so, if Sodexo has taken corrective action to make sure that procedures are put in place so that such an overcharging does not happen again. Mr. Brooks responded that the company has put in place such measures and would be more than willing to share those procedures with the Agency.

Ms. McDuffie commented that with respect to wages, the agency normally looks to build a high-quality work force and as such, requested if the company could provide the agency with the average salary based on certain employment classifications.

Ms. Meggs, a representative on behalf of Mohr Partners, noted that Mohr Partners was retained by Sodexo to help Sodexo with a site selection process related to the consolidation of its Amherst New York workforce. As a result, Mohr Partners identified three options including staying in Amherst, constructing a new facility that would consolidate all office functions, or move to Maryland. In response to the three alternatives, the State of Maryland provided Mohr Partners with a financial assistance letter in June of 2014. Mr. Lipsitz again stated that the offer was made under a different governor and administration. Ms. Meggs stated that the offer was made at, or during the initial stages of when, Sodexo began its site selection process. Ms. Cooke then queried as to whether a change in a governor changes anything. Mr. Lipsitz expressed concern that the current governor may not agree with the old governor and the old offer. Ms. Cooke then asked Ms. Meggs if financial assistance offers carry forward over new

administrations. Ms. Meggs responded that such offers typically do carry forward, but such things are always subject to change.

Mr. Lipsitz and Ms. McDuffie then reiterated the request for Sodexo to provide the average salary per classification of its workforce. Mr. Brooks again expressed concern about discussing such salaries in public. Ms. McDuffie then reiterated that the agency is concerned about employee wages and would like to ensure that companies that receive financial assistance from the agency pay wages sufficient to avoid having its employees also needing assistance from the public sector. As such, Ms. McDuffie again asked if Sodexo could provide this information to the agency to ensure that its employees are enjoying a quality of life.

Mr. Rath stated that a valid concern regarding the Maryland offer and whether or not such offer is still valid, has been raised but also stated that Sodexo has collaborated with the Buffalo Niagara Enterprise in an effort to ensure that the 511 jobs remain in Western New York, that the New York State Empire State Development Corporation has also provided an incentive package to ensure that the 511 jobs remain in New York, and we should not overlook the fact that Sodexo is a formidable company in New York and noted that Maryland is a more business-friendly state than New York and we may not want to get into an incentive competition between Erie County and Maryland. Finally, Mr. Rath stated that the members should be mindful that the Uniland and Sodexo applications are linked.

Ms. Burakowski stated that she is uncomfortable supporting a financial assistance request when the company is not willing to publicly state its employee wages. Mr. Brooks stated that Sodexo has provided the agency with a table of average employee salary per worker classification, but it marked the table "confidential" to protect the employees themselves and to protect the company itself from competition. However, Mr. Brooks stated the company would be willing to discuss employee wages in Executive Session if the agency desires to have such a discussion.

Mr. Lipsitz stated that the agency is being asked to vote based on a threat that the company will move and such a threat is based on a letter drafted by an administration that is no longer in office. However, Mr. Lipsitz expressed agreement with Mr. Rath's point that we are talking about a large number of jobs, and based on the overall average salary, it appears, without a breakdown, that the company is paying good wages.

Ms. Whyte then spoke and stated that it is not sufficient for the wage information to not be released publicly when at the same time, the IDA, as a steward of the public's money, is being asked to provide financial assistance to the company.

Ms. Holtz then stated, upon reviewing the employee wage information, that she does not care if an employee is an exempt employee or a non-exempt employee or even what the employee's title is, and stated she is interested in knowing the number of employees employed at each pay range and would also like to be able to determine if employees have an opportunity to move upward and forward within the company.

Ms. McDuffie then commented that the agency is trying to respect the company's request for salary confidentiality; however, the agency would find it acceptable if you can publicly state

the average salary for tiers of employees so that we are able to identify the lowest and highest wages paid.

Mr. Brooks then responded that in total, the company employs 13 employees who make an average rate of \$10.30 per hour, and employs 498 employees who receive an average hourly salary between \$18 to \$79 per hour.

Mr. Lipsitz again expressed concern about the validity of the offer from the State of Maryland.

Mr. Loomis then spoke on behalf of the Buffalo Niagara Partnership, and expressed support for both the Uniland and Sodexo applications. Mr. Loomis noted that the vast majority of jobs are good paying jobs, and stated that the Agency should support the back-office job sector. Mr. Loomis also noted that the State of Maryland is on the table because Sodexo is headquartered in Maryland, and it is realistic to expect that Sodexo could consolidate its operations into its headquarter facilities. In sum, Mr. Loomis stated the agency should be doing everything it can to try to retain the 511 jobs here in Erie County.

Ms. Holtz recalled the API project and reminded members that the Agency's provisions of financial assistance to API was critical in allowing API to maintain its operations in Cheektowaga, New York as opposed to the alternative of having API leave the state to consolidate its operations elsewhere.

Ms. Meggs then stated that Sodexo and Mohr Partners have no reason to think that the Maryland offer has been rescinded particularly because, for the State of Maryland, it would mean the creation of 511 new jobs as opposed to the retention of 511 jobs in New York.

Mr. Rath then moved, and Ms. Holtz seconded, to approve of the Uniland project.

Mr. Lipsitz called for the vote, and the motion was passed by a vote of seven in favor, zero against, and one abstention by Mr. Lipsitz.

Mr. Rath then moved, and Ms. McDuffie seconded, to approve of the Sodexo project. Mr. Lipsitz called for the vote, and the motion was approved by a vote of seven in favor, zero against, with one abstention from Mr. Lipsitz.

Mr. Rath then moved, and Ms. Holtz seconded, to adjourn the meeting. The motion was unanimously approved, and the meeting was adjourned at 9:42 a.m.

Robert G. Murray, Secretary

Project Matrix/Material Factors/Cawbacks

Count	Project Name	Approval Date	Project Amount	Jobs Retained	Job Creation	Jobs Created	Cawback	Local Labor	Length of Term	Additional Findings	Incentive Amount
1	ITM Montante	Apr-13	\$10,628,000	168	85%-New 70 jobs	82	Sales Tax		Period of PILOT 10 Years		\$2,056,000
1	Niagara Blower	Apr-13	\$1,035,000	110	85%-New 17 jobs	20	Sales Tax		5 years		\$61,250
1	Swan Street	Apr-13	\$13,664,000				Sales Tax		5 years	Adaptive Reuse	\$591,000
1	Automated Machine Tech	May-13	\$925,000	3	85%-New 1 jobs	1	Sales/ Mortgage Tax	YES	Period of PILOT 10 Years		\$156,250
1	Mc Gaird	May-13	\$8,250,000	457	85%-New 19 jobs	22	Sales/ Mortgage Tax	YES	Period of PILOT 7 Years		\$1,123,000
1	Ellcott - Arctic Freezer	May-13	\$14,675,000				Sales/ Mortgage Tax	YES	2 years or Termination of Sales Tax	Adaptive Reuse	\$634,000
1	HH Richardson	Jun-13	\$55,153,782		85%-New 47 jobs	55	PILOT/SalesM ortgage Tax	YES	Period of PILOT 10 Years	Retail Highly Distressed/Hotel Policy/Adaptive Reuse	\$8,465,000
1	Simmers Crane	Jun-13	\$1,710,000	30	85%-New 4 jobs	5	PILOT/SalesM ortgage Tax	YES	Period of PILOT 10 Years		\$388,000
1	Compass East	Jun-13	\$21,086,889				Sales Tax	YES	2 years or Termination of Sales Tax	Retail Highly Distressed/Adaptive Reuse	\$456,612
1	Prey the Wheelman	Jul-13	\$1,050,000	8	85%-New 1 job	1	PILOT/SalesM ortgage Tax	YES	Period of PILOT 7 Years		\$478,600
1	OSC Equipment Services	Aug-13	\$17,539,473	20	85%-New 9 job	10	PILOT/SalesM ortgage Tax	YES	Period of PILOT 10 Years		\$355,135
1	Calspan Corp - Phase II	Aug-13	\$10,000,000	90	85%-New 4 jobs	4	Sales Tax	YES	2 years or Termination of Sales Tax		\$393,750
1	Calspan Corp/Harper - Phase 1	Aug-13		75	85%-New 4 job	5	Sales Tax	YES	2 years or Termination of Sales Tax		\$306,250
1	Zaeffel Dev. Wyrthe Will	Sep-13	\$18,700,000	217	85%-New 29 jobs	34	PILOT/SalesM ortgage Tax	YES	Period of PILOT 10 Years		\$5,147,500
1	Bosche LLC	Oct-13	\$5,800,000				Sales/ Mortgage Tax	YES	2 years or Termination of Sales Tax	Adaptive Reuse	\$255,000
1	Upstate Niagara Coop.	Oct-13	\$2,900,000	175			PILOT/Sales Tax	YES	Period of PILOT 7 Years		\$265,000
1	API Heat Transfer	Nov-13	\$1,732,134	287	85%-New 6 jobs	7	PILOT/Sales Tax	YES	Period of PILOT 10 Years		\$187,000
1	Delaware North Co	Nov-13	\$17,152,000	350	85%-New 55 jobs	64	Sales Tax	YES	2 years or Termination of Sales Tax		\$807,000

Project Matrix/Material Factors/Clawbacks

Count	Project Name	Approval Date	Project Amount	Jobs Retained	Job Creation	Factors		Clawback	Local Labor	Length of Term	Additional Findings	*Incentive Amount
						Jobs Created	Jobs Created					
1	Custom Sheet Metal	Dec-13	\$1,049,127	11	85% -New 2 Jobs	2		PILOT/SalesM ortgage Tax	YES	Period of PILOT 7 Years		\$100,000
1	DNC 250 (Uniland)	Dec-13	\$51,785,708	350	85% -New 55 Jobs	64		PILOT/SalesM ortgage Tax	YES - Including Hotel	Period of PILOT 7 and 10 years Retail/Perking 7 DNC Spec 10	Retail Highly Distressed/No Sales Tax for Vacant Space Buildout	\$10,017,000

Count	Project Name	Approval Date	Project Amount	Jobs Retained	Job Creation	Factors		Clawback	Local Labor	Length of Term	Additional Findings	Incentive Amount
						Jobs Created	Jobs Created					
5	Adaptive Reuse 2013 SUB Total		\$110,379,671	8		55						\$10,401,612
20	2013 Total /April - Dec		\$264,896,173	2354		376						\$32,249,947

*Incentive Amount does not include other public incentives ie:

485-a, Historic Tax Credits etc

Project Matrix/Material Factors/Clawbacks

Count	Project Name	Approval Date	Project Amount	Investment	Job Retent	Jobs Retained	Jobs Created	Terms	Clawback	Local Labor	Length of Term	Additional Findings	*Incentive Amount
1	AMMS Servicing, LLC	Jan-14	\$2,504,300	85% threshold \$2,128,655	100% Base 270 jobs	270	194		Sales Tax	YES	2 years after Termination of Sales Tax		\$219,000
1	North American Salt	Jan-14	\$7,300,000	85% threshold \$6,205,000			7		PILOT/Sales Tax	YES	Period of PILOT 7 Years		\$1,358,500
1	500 Seneca, LLC	Feb-14	\$31,737,624	85% threshold \$26,976,98 0	100% Base 20 jobs	20	13		Sales/ Mortgage Tax	YES	2 years after Termination of Sales Tax	Adaptive Reuse Retail Highly Distressed/No Sales Tax for Vacant Space Buildout	\$1,180,000
1	Fin-Michigan Holdings	Feb-14	\$8,133,102	85% threshold \$6,913,136	100% Base 19 jobs	19	1		Sales/ Mortgage Tax	YES	2 years after Termination of Sales Tax	Adaptive Reuse Sales Tax Limited to Residential Buildout	\$259,000
1	ARCO Lofts	Mar-14	\$12,424,750	85% threshold \$10,561,03 7					Sales/ Mortgage Tax	YES	2 years or Termination of Sales Tax	Adaptive Reuse	\$416,000
1	19187 Group(173 Elm St)	Mar-14	\$1,768,000	85% threshold \$1,502,800					Sales/ Mortgage Tax	YES	2 years or Termination of Sale Tax	Adaptive Reuse	\$65,800
1	1954 West Ferry LLC	May-14	\$1,615,000	85% threshold \$1,372,750					Sales/ Mortgage Tax	YES	2 years or Termination of Sale Tax	Adaptive Reuse /No Sales Tax for Tenant Space Buildout	\$64,500
1	Petrofit	Jun-14	\$1,582,250	85% threshold \$1,344,912			9		Sales Tax	YES	2 years or Termination of Sales Tax		\$24,500
1	Derrick Corp.	Jun-14	\$9,750,000	85% threshold \$8,287,500	100% Base 477 jobs	477	9		PILOT/Sales Tax	YES	Period of PILOT 10 Years		\$1,940,000
1	Flying Bison	Jun-14	\$2,500,000	85% threshold \$2,125,000	100% Base 5 jobs	5	4		PILOT/SalesM ortgage Tax	YES	Period of PILOT 7 Years	No Sales Tax for Retail Tasting Room Buildout	\$372,500
1	A. Than	Jun-14	\$4,215,000	85% threshold \$3,582,750	100% Base 30 jobs	30	9		Sales/ Mortgage Tax	YES	2 years or Termination of Sales Tax		\$106,750
1	Fisher Price	Jun-14	\$8,000,000	85% threshold \$6,800,000	100% Base 750 jobs	750			Sales Tax	YES	2 years or Termination of Sale Tax		\$565,000
1	Curtis Buffalo	Jun-14	\$18,100,000	85% threshold \$15,385,00 0			29		Sales/ Mortgage Tax	YES	2 years or Termination of Sale Tax	Retail Highly Distressed/Adaptive Reuse	\$685,000
1	Simmons Crane(Rev. 6/13)	Jun-14	\$2,140,000	85% threshold \$1,819,000	100% Base 30 jobs	30	5		PILOT/SalesM ortgage Tax	YES	Period of PILOT 10 Years		\$503,000
1	Conventus Partners	Jun-14	\$10,000,000	85% threshold \$8,500,000					Sales/ Mortgage Tax	YES	2 years or Termination of Sales Tax	Relied on ESD Job Requirement for AMRI	\$472,000

Project Matrix/Material Factors/Cawbacks

Count	Project Name	Approval Date	Project Amount	Investment	Job Retent	Jobs Retained	Jobs Created	Terms	Cawback	Local Labor	Length of Term	Additional Findings	*Incentive Amount
1	Orchard Heights	Jul-14	\$28,600,000	85% threshold \$24,310,000	100% Base 42 FT & 61 PT jobs	72	13		PILOT/SaleM ortgage Tax	YES	Period of PILOT 7 Years	Assisted Living Care Facility	\$1,790,000
1	Cameron Compression	Aug-14	\$6,560,652	85% threshold \$5,576,554	100% Base 584 jobs	584			Sales Tax	YES	2 years or Termination of Sales Tax	Includes Asset Sale Restriction	\$183,000
1	Conserve	Aug-14	\$1,400,000	85% threshold \$1,190,000	100% Base 100 jobs	100	40		Sales Tax	N/A	2 years or Termination of Sales Tax	Purchase of Equipment Only/ No Labor Anticipated	\$122,500
1	Unifrax J, LLC (Firetower)	Aug-14	\$33,000,000	threshold \$28,050,000	100% Base 268 jobs	268	25		PILOT/SaleM ortgage Tax	YES	Period of PILOT 10 Years		\$1,273,000
1	Unifrax J, LLC (NWCC)	Sep-14	\$18,018,000	threshold \$15,315,300	0		25		PILOT/Sales Tax	YES	Period of PILOT 10 Years		\$1,206,580
1	Select One Holdings	Oct-14	\$1,700,000	85% threshold \$1,445,000	100% Base 14 FT & 2 PT jobs	15	6		PILOT/SaleM ortgage Tax	YES	Period of PILOT 7 Years	Retail Highly Distressed/Adaptive Reuse/No Sales Tax for Vacant Space Buildout	\$144,000
1	Maclean Curtis LLC	Oct-14			100% Base 165 jobs	165			PILOT	N/A	Period of Remaining PILOT 6 Years	Assumption of Existing PILOT	\$346,800
1	1391 Herrel, LLC	Dec-14	\$5,411,625	85% threshold \$4,599,891			4		Sales/ Mortgage Tax	YES	2 years or Termination of Sales Tax	Adaptive Reuse	\$236,000
1	Niagara Street Buffalo	Dec-14	\$11,663,462	85% threshold \$9,913,942			4		Sales/ Mortgage Tax	YES	2 years or Termination of Sales Tax	Adaptive Reuse	\$420,946
1	1483 Main Street	Dec-14	\$1,065,000	85% threshold \$905,250			2		Sales Tax	YES	2 years or Termination of Sales Tax	Adaptive Reuse	\$35,000

Count	Project Name	Approval Date	Project Amount	Investment	Job Retained	Jobs Retained	Jobs Created	Terms	Cawback	Local Labor	Length of Term	Additional Findings	Incentive Amount
10	Adaptive Reuse		\$98,618,563		54	59							\$9,506,146
28	2014 Sub Total		\$229,189,765		2695	399							\$19,991,276

*Incentive Amount does not include other public incentives ie: 485-a, Historic Tax Cre

Project Matrix/Material Factors/Clawbacks

Count	Project Name	Approval Date	Project Amount	Investment	Material	Jobs Retained	Job Created/ Jobs Created	Clawback	Local Labor	Length of Term	Additional Findings	*Incentive Amount
1	Derrick Corp.	Jan-15	\$1,150,000	85% threshold \$977,500	477			PILLOT/Sales Tax	YES	Period of PILOT 7 Years		\$139,000
1	Lazarus Properties	Jan-15	\$2,483,000	85% threshold \$2,110,550		85% -New 9 jobs	11	Sales/ Mortgage Tax	YES	2 years after Termination of Sales Tax	Adaptive Reuse	\$92,000
1	North American Salt	Mar-15	\$8,100,000	85% threshold \$6,685,000		85% -New 6 jobs		PILLOT/Sales Tax	YES	Period of PILOT 7 Years	Amendment of January 2014 Approval	\$1,428,500
1	9271 Group 960 Busi	Apr-15	\$6,960,000	85% threshold \$5,916,000		85% -New 1 job	1	Sales/ Mortgage Tax	YES	2 years or Termination of Sales Tax	Adaptive Reuse/Retail Highly Distressed Finding	\$339,000
1	MSBP- 251 Main	Apr-15	\$8,195,110	85% threshold \$6,665,843	6	85% -New 1 job	1	Sales/ Mortgage Tax	YES	2 years or Termination of Sales Tax	Adaptive Reuse	\$413,000
1	Phoenix Brewery	Apr-15	\$7,565,000	85% threshold \$6,430,250		85% -New 1 job	1	Sales/ Mortgage Tax	YES	2 years or Termination of Sale Tax	Adaptive Reuse	\$316,000
1	Broadway Industrial Park	Apr-15	\$6,480,000	85% threshold \$5,508,000		85% -New 30 job	35	PILLOT/Sales Tax	YES	Period of PILOT 7 Years	Spec Space/ Warehouse/ Manufacturing	\$899,000
1	500 Seneca LLC	May-15	\$35,675,400	85% threshold \$30,324,090	20	85% -New 13 job	15	Sales/ Mortgage Tax	YES		Adaptive Reuse/ Amendment of February 2014 Approval	\$1,550,000
1	Gordon Companies	May-15	\$1,825,000	85% threshold \$1,551,259	82	85% -New 5 job	6	PILLOT/Sales Tax	YES	Period of PILOT 7 Years		\$217,500
1	432 Abbott, LLC	Jun-15	\$4,570,000	85% threshold \$3,884,500		85% -New 3 job	3	Sales/ Mortgage Tax	YES	2 years or Termination of Sale Tax	Adaptive Reuse	\$94,250
1	500 Parker, LLC	Jun-15	\$3,458,192	85% threshold \$2,999,463		85% -New 2 job	2	Sales/ Mortgage Tax	YES	2 years or Termination of Sale Tax	Adaptive Reuse	\$78,800
1	Orchard Heights Inc	Jul-15	\$18,698,569	85% threshold \$15,893,783	75	85% -New 11 job	14	PILLOT/Sales Mortgage Tax	YES	Period of PILOT 7 Years		\$2,468,672
1	95 Prison (MI Mech)	Aug-15	\$3,304,500	85% threshold \$2,808,825	142	85% -New 26 job	31	PILLOT/Sales Mortgage Tax	YES	Period of PILOT 10 Years		\$860,250
1	Sodexo	Aug-15	\$6,076,002	85% threshold \$5,164,600	511			Sales Tax	YES	Period of PILOT 10 Years		\$467,000
1	Uniland(Sodexo)	Aug-15	\$21,058,095	85% threshold \$17,899,380	511			PILLOT/Sales Mortgage Tax	YES	Period of PILOT 10 Years		\$3,921,440

Count	Project Name	Material	Factors	Clawback	Local Labor	Length of Term	Additional Findings	Incentive Amount
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Project Matrix/Material Factors/Clawbacks

Count	Project Name	Approval Date	Project Amount	Investment	Material	Jobs Retained	Job Created	Jobs Created	Clawback	Local Labor	Length of Term	Additional Findings	*Incentive Amount
		Approval Date	Project Amount	Investment	Jobs Retained	Jobs Retained	Jobs Created	Jobs Created					
Adaptive Reuse													
2015 Sub Total			\$68,906,702		26		34						\$2,883,050
2015 Total			\$135,598,869		1824		120						\$13,283,412
Adaptive Reuse													
2013-15 Total			\$272,904,936		80		148						\$16,790,898
2013-15 Total			\$619,623,746		6980		895						\$59,518,085

*Incentive Amount does not include other public incentives ie:

485-a, Historic Tax Cre

Ellicott Development/722 Group, LLC/School 56

\$5,760,000

INDUCEMENT RESOLUTION

ELIGIBILITY
<ul style="list-style-type: none"> • NAICS Section - 53110
COMPANY INCENTIVES
<ul style="list-style-type: none"> • Approximately \$171,500 in sales tax savings • 1% of the final mortgage amount. At this time, the estimated amount of the mortgage is \$4,500,000 for a savings of \$45,000. • The company will be utilizing the City's 485-a exemption program.
EMPLOYMENT
<ul style="list-style-type: none"> • Current - 0 • Jobs Projected - 2
PROJECT HISTORY
<ul style="list-style-type: none"> • 8/27/2015 - Public hearing held. Transcript attached • 7/28/15 - City of Buffalo as lead agency, adopts Negative Declaration in accordance with SEQRA. • 9/16/2015 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: 722 Group, LLC

Project Address: 722 West Delavan Ave.
Buffalo, New York 14222
(City of Buffalo School District)

Agency Request

A sales tax and mortgage recording tax exemption in connection with the adaptive reuse of an existing school facility.

Land & Building Acquisition	\$1,100,000
Renovation	\$3,920,000
Soft Costs	\$ 740,000
Total Project Cost	\$5,760,000
85%	\$4,896,000

Company Description

722 Group, LLC is a corporation formed by Ellicott Development for the purpose of constructing the project.

Ellicott Development is a real estate development company and property management firm with over 30 years of experience. Ellicott Development controls a diverse portfolio of commercial and residential real estate including Class A office space, hotel construction and management and loft style apartments. The most recent project approved by the ECIDA Board was for the reconstruction and adaptive reuse of 960 Busti Avenue.

Project Description

The proposed project entails the adaptive reuse of the former City of Buffalo School 56 building. The building is 69,000 sq. ft. and will include a residential and commercial component. It is estimated the developer will construct 33 apartments containing studio, 1,2 and 3 bedroom configurations. In addition, there will be approximately 10,000 sq. ft. of space for lease to not-for-profit entities in the basement and 1st floor level. The apartments will range in size from 515 sq. ft. to 1,325 sq. ft. and rents will be in the \$850 to \$2,195 range.

School 56 has not been in service as a Buffalo Public School since September, 2011.

Retail Determination

Tenant/Use	Sq. Ft.	Cost	% of Projected Cost
Residential	59,000	\$3,728,000	80%
Retail/Tenant Office	10,000	\$932,000	20%
Total	69,000	\$4,660,000	100%

Since less than 1/3 of the total project cost is associated with a potential retail tenant, a retail finding by the County Executive is not required.

Impact on Taxes

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue Over 12 Years	Additional City Revenue Over City 485-a Abatement Period	New Yearly Taxes Upon Expiration of Abatement Period
\$0	\$1,960,000	\$128,113	\$105,801	\$63,576
Combined Rate: \$33.00 Property is Exempt				

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount Total Project Amount = \$5,760,000 85% of total project amount = \$4,896,000
Employment	See recapture period	New job creation of 2
Pay Equity	See recapture period	Adherence to pay equity policy
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Recapture Period	2 years after project completion	Recapture of state and local sales taxes and mortgage tax

Recapture applies to:

- State and Local Sales Taxes
- Mortgage Recording Taxes

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

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

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) confirm that company will create of 2 new jobs iii) confirm adherence to ECIDA local labor hiring and pay equity policy.

ADAPTIVE REUSE REPORT

Ellicott Development/722 Group, LLC/School 56

Age of Structure (must be at least 20 years old and present functional challenges to redevelopment)	The four-story, 70,000 sq. ft. building is over 100 years old and dates back to 1909.
Structure has been vacant or underutilized for a minimum of 3 years (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)	School 56 has not been in service as a Buffalo Public School since September, 2011 per letter from Buffalo Public Schools.
Structure is not generating significant rental income (defined as 50% or less than the market rate income average for that property class)	No income is currently generated as the building is empty.
Project is in compliance with the investment and growth criteria of the Framework for Regional Growth	The Framework states that investment should be targeted to “developed areas” and “regional centers”. This project falls within the designated area.
Demonstrated evidence of financial obstacle to development without ECIDA or other public assistance (cash flow projections documenting costs, expenses and revenues indicating below average return on investment rate as compared to regional industry averages)	There are heightened costs associated with the historic renovation of the property. The developer has supplied an ROI which indicates a below average rate of return on the investment. Since the property was never utilized for housing it will require modern updates to all building and life safety systems including HVAC, electrical, plumbing, fire safety and a new roof. Heightened costs associated with rehabbing this structure are not supported by current rental rates for residential and not for profit space.
Demonstrated support of local government entities	The developer was chosen by the City of Buffalo through an RFP process for redevelopment of the site. The Planning Board has approved the project. In addition, a support letter has been provided by Mayor Brown. Developer is seeking historic tax credits as part of project from SHPO.
OTHER FACTORS TO CONSIDER:	
Structure or site presents significant public safety hazard and or environmental remediation costs	There are asbestos containing materials present in the pipe wrap and floor tiles which will require abatement at a cost of approximately \$120,000.

Structure presents significant costs associated w/ building code compliance.	Any asbestos on the premises will be remediated. All life and safety systems required updating.
Site or structure is presently delinquent in property tax payments	Currently exempt from taxes due to its ownership by the school district project will result in property being placed on tax rolls.

Dated: September 16, 2015

Ellicott Development/722 Group, LLC/School 56

Return on Investment

Regional Return on Investment (ROI) numbers vary depending on the interest rate environment, investor availability and risk associated with a project.

The National Development Council, which has experience financing projects in higher risk urban areas across the Northeast, uses 10% - 12% as a benchmark rate of return for urban high risk projects.

Empire State Development financing officials when reviewing similar projects in the City of Buffalo have used 12% as an acceptable ROI for publicly assisted development projects.

Adaptive Reuse Projects

Many Adaptive Reuse Projects are hampered by upfront development costs that are not typical in new build green field development projects. These upfront costs can hinder the ability of the projects to attract financing, and provide cash flow. The upfront costs associated with site contamination, asbestos removal, code compliance, structural deficiencies can make Adaptive Reuse projects difficult to undertake and attract private investment and financing, particularly in real estate markets where rental values are relatively low. Historically real estate projects in the region are difficult to undertake, local real estate developers have indicated that the typical ROI investors and developers seek to achieve in mixed use development projects are in the 10% - 12% range, although they can run higher for projects with significant risk.

Public Incentives Requested

- ECIDA Sales Tax Abatement approximate value \$171,500
- Approximately a \$45,000 in mortgage tax savings
- Approximately \$980,000 in historic tax credits

ROI

The developer has submitted a pro forma documenting the expenses and revenues and ROI for the project.

Annual ROI for the project with ECIDA assistance is 9.8% per year

Annual ROI for the project without ECIDA assistance is 9.1% per year

Historic Status

The developer is in the process applying to SHPO for National Register certification. A letter of eligibility has been received.



CITY OF BUFFALO
BYRON W. BROWN
MAYOR



August 21, 2015

Mr. John C. Cappellino
Erie County Industrial Development Agency
143 Genesee Street
Buffalo, New York 14203

RE: 722 West Delavan Avenue

Dear Mr. Cappellino:

This letter expresses my support for the adaptive reuse of 722 West Delavan Avenue by 722 Group LLC and their request to the Erie County Industrial Development Agency (ECIDA) for consideration of an exemption on sales tax and mortgage recording fees.

722 West Delavan Avenue is the former PS 56. Built in 1909, it was used as a Buffalo Public School until 2012. In 2012, it became part of the City of Buffalo's real estate inventory. In the spring of 2015 the City of Buffalo released a Request for Proposals for the development of this site. The 722 Group, LLC, was selected as preferred developer. 722 Group, LLC's plan is to convert this historic building into 33 market-rate apartments with 10,000 square feet commercial space for non-profit use. The developer will also be applying for Historic Tax Credits and the 485 a program.

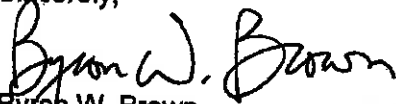
As an added community benefit of the project, the City has required 722 Group, LLC to pursue, and all indications are that it will be met, a minority workforce goal of 25%, a woman workforce goal of 5%, a minority owned business enterprise (MBE) utilization goal of 25% and a women owned business enterprise (WBE) utilization goal of 5% of the project construction cost.

In addition, Ellicott Development and Sinatra & Company, LLC members have agreed to achieve or through business tenants of their project at 905 Elmwood Avenue to give preference to persons residing within the limits of the City of Buffalo when filling employment vacancies or hiring new employees, in accordance with the City's desire to promote development of business within the City of Buffalo and or increase employment opportunities for Buffalo residents.

The City has also required Ellicott Development and Sinatra & Company to use commercially reasonable efforts to list all new employment opportunities generated at 905 Elmwood Avenue with the Department of Labor, Buffalo Employment Training Center (BETC) and Workforce Investment Board (WIB).

The City of Buffalo wholly supports this project and the positive impact it will have in this residential neighborhood.

Sincerely,


Byron W. Brown
Mayor



Donald Ogilvie
Superintendent

Joseph P. Giusiana, PE
Executive Director of Facilities

Paul McDonnell, AIA
Director of Facilities, Planning,
Design & Construction

City of Buffalo Division of Real Estate
901 City Hall
Buffalo, New York 14202

August 14, 2015

To whom it may concern:

This is to confirm that former School 56 located at 716 West Delavan has not been in service as a Buffalo Public School since September 2011.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul McDonnell".

Paul McDonnell AIA
Director of Facilities Planning, Design and Construction

403 City Hall Buffalo, New York 14202

Phone: 716.816.3562 ♦ Fax: 716.851.3527 ♦ Email: pmcdonnell@buffaloschools.org

Putting children and families first to ensure high academic achievement for all



W. Delavan

Section I: Applicant Background Information

Applicant Information- Company Receiving Benefit

Applicant Name 722 Group LLC
Applicant Address 295 Main Street, Suite 210, Buffalo, NY 14203
Phone 716-854-0060
Fax
E-mail Lhall@ellicottdevelopment.com
Website www.ellicottdevelopment.com
Federal ID# 47-3447051
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 722 Group LLC
Federal ID# 47-3447051
State and Year of Incorporation/Organization New York State, 2015
List of stockholders, members, or partners of Real Estate Holding Company 7112 Group LLC, Henry Gorino, Chuck Mauro, Sinatra & Company Real Estate LLC

Individual Completing Application

Name Lauren Hall
Title Assistant
Address 295 Main Street, Suite 210, Buffalo, NY 14203
Phone 716-854-0060
Fax 716-852-2829
E-Mail lhall@ellicottdevelopment.com

Company Contact (if different from individual completing application)

Name Thomas Fox
Title Director of Development
Address 295 Main Street, Suite 210, Buffalo, NY 14203
Phone 716-854-0060
Fax 716-852-2829
E-Mail tfox@ellicottdevelopment.com

Company Counsel

Name of Attorney Joseph Cavan
Firm Name Paladino, Cavan, Quinlivan
Address 295 Main Street, Suite 210, Buffalo, NY 14203
Phone 716-852-8222
Fax 716-852-2829
E-Mail jrc1015@aol.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.

7112 Group LLC 40%, Sinatra & company Real Estate LLC 40%

Applicant Business Description

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

The applicant, 722 Group, LLC, is a partnership between Ellicott Development Company and Sinatra & Company Real Estate. This partnership is well qualified to undertake the proposed project with their collective experience in real estate development, management and leasing in a wide variety of projects including office, retail, hotels, multi-family and mixed-use developments. Ellicott Development Company is a multi-faceted, fully integrated Property Management, Leasing and Development firm with the "In-House" capacity to provide legal, administrative, financial, management, accounting, development, site selection, site assemblage, architectural design and drafting services, construction, leasing, maintenance, janitorial and security services. Ellicott Development Company has been responsible for more than \$500 million in real estate development projects, ranging from new construction to historic rehabilitation. Together with its affiliates, it owns and controls more than 7 million square feet of office, commercial and residential space, including more than 2 million square feet of office space in downtown Buffalo, 8 hotels with 3 more under development, 400 mid to high-end apartment units with an additional 300+ units currently under development, and more than 2 million square feet of retail space throughout Upstate New York and Western Pennsylvania. Headquartered in downtown Buffalo, Ellicott Development Company employs more than 500 people locally in Western New York. Sinatra & Company is a real estate investment firm focused on the Western New York and Southern California areas. The company invests in distressed multi-family, single-family, and commercial real estate. Since inception, it has acquired over 1 million square feet of real estate with more in the pipeline. In addition to managing their own properties, Sinatra & Company manages their own construction processes, including histories renovation and preservation projects. In addition, Sinatra & Company operates a brokerage arm of their business called Sinatra & Company Realty through American Dream Realty of WNY, which services the Western New York residential sales community.

Estimated % of sales within Erie County	0
Estimated % of sales outside Erie County but within New York State	0
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

City of Buffalo

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

City of Buffalo

Address

722 West Delavan, Buffalo, NY 14222

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?

Yes

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

SBL Number for Property upon which proposed Project will be located

89.70-2-21

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

Assessed value of land

68,000

Assessed value of building(s)

1,346,700

Are Real Property Taxes current?

Yes

If no please explain

Town/City/Village of Project Site

Buffalo

School District of Project Site

Buffalo School Districts

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

City 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

722 West Delavan was home to former School 56. The property consists of a 69,000 square foot vacant building which has been vacant for many years.

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)

We are proposing to renovate the building into a mix of uses, including residential and commercial. From the basement through the 3rd floor, we will be constructing a total of 33 apartments in studio, one-, two-, and three-bedroom configurations. In addition, we will have approximately 10,000 square feet of not-for-profit commercial space in the basement and 1st floor. As required by code, an elevator shaft and new entrance lobby will be added at the northwest corner of the building. The elevator shaft and lobby will be clad in architectural split face block in a color matching the brick facade of the existing building. The redevelopment of this site will also include resurfacing and restriping the existing parking surface in the rear of the building.

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)

IDA assistance is required given unknown costs associated with renovating an existing building that has been vacant for many years. The project will include many substantial costs including window restoration, a new elevator, sprinklers, structural and masonry repairs and all new electrical, plumbing and mechanical systems to bring the building into code compliance.

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

The project site is located in R2 district.

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

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

There are asbestos containing materials in the building that will need to be abated.

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?

No

If yes, please explain.

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

Select Project Type for all end users at project site (you may check more than one)

\$ 1,960,000

% sourced in Erie County

100%

% sourced in State

100% (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

\$ 1,960,000

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

\$ 171,500

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	10,000 square feet	\$ 932,000	20
Retail	square feet	\$ 0	0
Office	square feet	\$ 0	0
Specify Other	59,000 square feet	\$ 3,728,000	80

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

10/1/2015

End date : Estimated completion date of project

4/1/2016

Project occupancy : estimated starting date of operations

4/1/2016

Have construction contracts been signed?

No

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

Yes

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

Yes

Is project necessary to expand project employment?

No

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	2	2
Part time	0	0	0	0
Total	0	0	2	0

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

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

Yes

Payroll Information

Annual Payroll at Proposed Project Site

\$ 60,000

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

\$ 30,000

To \$ 30,000

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?

Yes

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

Yes, responded to the City of Buffalo's RFP for redevelopment of the structure.

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)

20% Historic Tax Credit, 485a

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)?	107
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	\$
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	\$ 980,000
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)	
<p>The redevelopment of former School 56 at 722 West Delavan is accompanied with many challenges making the project an uncertain success without assistance such as that which is available through the ECIDA's Adaptive Reuse Program. The building was constructed more than 100 years ago in 1909 and was operated as a school until 2012 at which point the property became vacant. Since the property was never utilized for housing it will require modern updates to all building and life safety systems including HVAC, electrical, plumbing, fire safety and a new roof. In addition, many modifications to the existing stairwell. The building contains asbestos laden materials which will need to be abated. In addition, the existing windows will require significant modifications to increase the natural light provided to the interior along with improving their thermal performance to increase efficiency. The heightened costs associated with rehabilitating this structure are not supported by the current rental rates for residential and not-for-profit commercial space in the project area.</p>	
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	
<p>We have received support from the City of Buffalo Planning Board, along with the Mayors Office of Strategic Planning and the Delaware district Common Council Members Office.</p>	
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	
<p>The redevelopment of former School 56 at 722 West Delavan is being completed in concert with the SHPO and NPS. The property has recently received an approved Historic Rehabilitation Tax Credit Part 1 application. In completing this project as a certified historic rehabilitation, we will be facing many additional and costly upfront expenses with no guarantee on delivery of a tax credit upon project completion to offset said costs.</p>	

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? <BLANK>

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? 0 %

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? No

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?

No

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?

<BLANK>

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

The project is supported by current market conditions. Based on our market research, there is currently a strong demand for market-rate apartments and commercial space in the project location.

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 project 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 722 West Delavan, Buffalo NY, 14222

Name and Address of Owner of Premises 722 Group LLC, 295 Main Street Suite 210, Buffalo, NY 14203

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

The project site is generally flat and is not in close proximity to any wetlands, coastline, rivers, streams and lakes.

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

The building was constructed in 1909 and has since been operated as a school.

Describe all known former uses of the Premises

School 56.

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

<BLANK>

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?

<BLANK>

If yes, please provide copies of the permits.

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

N/A

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

N/A

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

N/A

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

An 8,000 gallon storage tank is present in the former coal vault of the school, however no leaks or spills have been reported. The storage tank is currently registered with the DEC. See attached Phase I report for further details.

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?

<BLANK>

If yes, relate all the circumstances

Do the Premises have any asbestos containing materials?

Yes

If yes, please identify the materials

See attached asbestos study.

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 9:30 a.m. at the Agency's offices, at 95 Perry Street-Suite 403, Buffalo, NY 14203 regarding:

722 Group 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 parcel or parcels of land located at 722 Delavan West in the City of Buffalo, Erie County, New York (the "Land") improved thereon with the vacant former School 56 building containing in the aggregate approximately totaling 69,000 +/- square feet (the "Existing Improvements"), (ii) the renovation, upgrading and equipping of the Existing Improvements on the Land to accommodate (a) approximately 33 apartments in studio, one-, two-, and three-bedroom configurations from the basement level through the third floor, (b) approximately 5,000-10,000 sq. ft. of commercial space in the basement level and first floor, (c) an elevator shaft, (d) a new entrance lobby, and (e) re-surfacing and re-striping of the existing parking surface (collectively, 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

PUBLIC HEARING SCRIPT

**722 Group LLC and/or Individual(s) or
Affiliate(s), Subsidiary(ies), or Entity(ies)
formed or to be formed on its behalf
Project**

Public Hearing to be held on August 27, 2015 at 9:30 a.m.,
at the offices of the Erie County Industrial Development Agency located
at 95 Perry Street, Suite 403, Buffalo, New York 14203

ATTENDANCE

Members of the General Public

First Option: To be followed when no Members of the Public are in attendance:

Hearing Officer noted that no Members of the Public are in attendance.

ADJOURNMENT.

As there were no comments, the Hearing Officer closed the hearing at _____ a.m.

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 9:30 a.m. My name is Grant Lesswing [or _____]. I am the Business Development Officer [or title _____] 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 722 Group LLC and/or Individual(s) or Affiliate(s), Subsidiary(ies), or Entity(ies) formed or to be formed on its behalf 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 Monday, August 17, 2015.*

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

Hearing Officer: *The proposed project (the "Project") consists of: (i) a leasehold interest in a parcel or parcels of land located at 722 West Delavan in the City of Buffalo, Erie County, New York (the "Land") improved thereon with the vacant former School 56 building containing in the aggregate approximately totaling 69,000 +/- square feet (the "Existing Improvements"), (ii) the renovation, upgrading and equipping of the Existing Improvements on the Land to accommodate (a) approximately 33 apartments in studio, one-, two-, and three-bedroom configurations from the basement level through the third floor, (b) approximately 5,000-10,000 sq. ft. of commercial space in the basement level and first floor, (c) an elevator shaft, (d) a new entrance lobby, and (e) re-surfacing and re-striping of the existing parking surface (collectively, 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 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 September 15, 2015. 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.

[Insert transcription of public comments here.]

-OR-

Hearing Officer: *Note that no one in attendance wished to make a comment.*

6. ADJOURNMENT.

As there were no further comments, the Hearing Officer closed the public hearing at 9:45 a.m.

**SIGN IN SHEET
PUBLIC HEARING**

August 27, 2015, at 9:30 a.m.

at the offices of the Erie County Industrial Development Agency located
at 95 Perry Street, Suite 403, Buffalo, New York 14203
regarding:

**722 Group LLC and/or Individual(s) or Affiliate(s), Subsidiary(ies),
or Entity(ies) formed or to be formed on its behalf**

Project Location: 722 West Delavan, Buffalo, New York

Name	Company and/or Address	X box to speak/ comment
Tom Fox	Ellicott Development Co.	x