

ECIDAAid

YOUR GROWTH IS OUR BUSINESS

NEWS FROM THE ECONOMIC DEVELOPMENT CORPORATION FOR ERIE COUNTY

Erie County Industrial Development Agency Minority Entrepreneur Program Assists Six Local Companies

The Regional Development Corporation, the loan division of the ECIDA, has added six more emerging, minority-owned companies to the successful program.

The businesses, five existing firms and one start-up, will get a total of \$139,000 in low-interest loans and grants through the Regional Development Corporation, the loan division of the ECIDA.

"These companies were selected from an initial field of 89 applications. After much scrutiny we determined these six businesses showed the greatest potential for success and we are delighted to welcome them into the Minority Entrepreneurs program," said Karen Fiala, ECIDA Tax Incentive Product Coordinator.

The recipients include:

- Integrated Thermal Solutions, a wood treatment company, located at 2600 Hamburg Turnpike, Lackawanna; \$50,000;
- Bubble's Q Sauce, a barbecue sauce manufacturer, 380 E. Ferry St., Buffalo; \$50,000;
- The Ink Spot, an office supply store, 1440 Jefferson Ave., Buffalo; \$16,500;
- Appaloosa Productions, a video production company, 108 Leonard St., Buffalo; \$12,500;
- Olivers Cleaning Service, a office cleaning firm, 29 Stevens Ave., Buffalo; \$5,000;
- Jovino Property and Financial Management Co., a real estate and mortgage brokerage firm, 2344 Seneca St., Buffalo, \$5,000.



Terrence Gidney, owner of Affordable Scrubs & Stuff, expanded his business and relocated it to Main Place Mall, with help of Minority Entrepreneur program loan

"Nine out of 10 companies we approved in 2008 are still going strong and we hope to see a similar high rate of success with this group," Fiala said.

The agency received 89 initial applications, with 55 companies following through with detailed funding documents, which included business plans.

Following extensive analysis, multiple credit checks, and lien and judgment searches, the field was trimmed to the final six awardees.

"This program by its very definition exists to assist high-risk businesses that don't tend to qualify for traditional bank financing. We challenged them to prove to us they are in a position to use the funds to grow and prosper, and these companies stepped up to the challenge," said Brenda W. McDuffie, Chairman and CEO of the Buffalo Urban League, and ECIDA board member.

In 2008, 70 companies applied for the specialized loans and grants, with 10 businesses eventually receiving nearly \$400,000. Nine of those companies – ranging from a gourmet catering firm to a bowling center to a demolition company – remain in operation and support 23 new local jobs.

The 10-year, low interest loans, are funded through a U.S. Department of Commerce economic development program. Recipients pay "interest only" for the first three years, and pay back interest, plus principal over the remaining seven years of the loan term.

ECIDA Revs Up GM's Tonawanda Powertrain Plant Plans

More than \$800 million in engine line upgrades planned, backed \$1.68 million in ECIDA incentives

The Erie County Industrial Development Agency will provide General Motors Co. with sales tax abatements totaling \$1.68 million dollars to assist with bringing its new "Generation V" V-8 engine line to the Tonawanda Powertrain plant.

The tax breaks will also cut GM's costs to retrofit the plant to accommodate production of new 2.2- and 2.5 liter engines, and position the facility for future production of a new V-6 line.

On April 27, GM announced it will invest \$400 million in its Tonawanda plant to produce a new V-8 engine starting in 2012, and creating as many as 415 new jobs. The facility currently employs 872 workers.

"The ECIDA has a long history of working with GM to retain and add jobs and continue Erie County's deep ties to the auto manufacturing sector," said ECIDA Chairman Phil Ackerman. "At a time when the American auto industry has seen more retraction than expansion, we're extremely pleased to be a partner for growth."

Company-wide, the automaker will invest \$890 million into the new engine lines, creating a total of 1,600 new jobs in the production of engines and related components. The new engines will be used in pickup trucks, sport utility vehicles and high-performance cars.

In February, GM announced a \$425 million investment to produce the automaker's four-cylinder, next-generation Ecotec engine. That production is also expected to begin in 2012.

The ECIDA also agreed to extend an existing Payment in Lieu of Taxes (PILOT) arrangement for Building 1 at the River Road site, as an incentive for GM to locate the V-8 engine work at the Tonawanda plant.



The former AM&As department store complex is targeted for a \$70 million overhaul into hotel, residential and office space



Vacant Alling & Cory paper warehouse is being transformed to a 'dorm-style' student housing development to be called Lofts @136

Adaptive Reuse Incentives Spur Re-Investment in Vacant and Under-Utilized Structures Across Erie County

Barely a year after its adoption, the ECIDA's Adaptive Reuse Policy is proving extremely popular with developers seeking to bring new life to endangered older buildings.

Since its inception in January 2009, the adaptive reuse policy has leveraged more than \$166 million in projects. Through the first four months of 2010, the agency has approved tax abatements of more than \$4.5 million to aid nearly \$117 million in reuse investments.

The former AM&As Department Store complex on Main Street in downtown Buffalo is among the most recent wave of endangered buildings to receive program benefits. Buffalo developer Rocco Termini and his Signature Development of WNY were awarded \$1.9 million in sales tax forgiveness, plus a mix of property and mortgage recording tax abatements for the \$70 million project.

ECIDA Executive Vice President John Cappellino said Termini's plan to revive the downtown landmark as a mix of hotel, office and other commercial space is a great fit with the agency's support of adaptive reuse projects.

"That building is a poster child for adaptive reuse," Cappellino said. "It's such a well-known site that sits in the heart of downtown Buffalo."

Reuse plans call for a portion of the century-old, 10-story structure to become a Hilton Garden hotel. The Amherst-based Hamister Group is co-developing the hotel and plans to move its headquarters to the building at 377 Main St. The project is expected to create 50 new jobs.

Termini was also approved for nearly \$2.1 million in sales and mortgage tax breaks to aid reinvention of the historic Hotel Lafayette, on Washington Street in downtown Buffalo.

The \$34 million project, which requires an infusion of state historic tax credits to make it a go, would see the recently-closed structure converted into a 30-room



Student living space at new Lofts @136 is taking shape for an August debut

boutique hotel with a banquet hall on the ground floor, and 100 apartments on the upper floors.

Meanwhile, some of first projects to benefit from the ECIDA's Adaptive Reuse Program are moving towards completion. Architect and developer Jake Schneider is making steady progress in turning a former paper company warehouse into student residences.

The Lofts @ 136, located in the former Alling & Cory paper company warehouse on North Division Street, will welcome its first tenants in August.

"We're over 75 percent complete now, we have a model unit open, and we're starting to pre-lease, so it's getting there," Schneider said.

Financing for the \$16 million overhaul, which will offer dormitory-style housing to some 300 area students from various schools, included more than \$500,000 in ECIDA mortgage and sales tax abatements.

"A half million dollars on a \$16 million project is significant for us. We needed everything to come together on both the public and private side to make something like this work," Schneider said.

In addition to living and recreation space for tenants, the building will also be home to a 12,000-square-foot Wilson Farms Convenience Store.

Students from Erie Community College, the University at Buffalo, Canisius, Medaille, Buffalo State College and D'Youville College have expressed interest in campus-like residential complex.

Recent additions to the agency's Adaptive Reuse program list include:

- The Cooperage, 55 Chicago St., Buffalo a \$6.6 million effort to convert a Civil War Era barrel plant into live/work lofts and commercial space. (\$245,000 in tax abatements)
- Baker Shoe Building, 456 Main St., Buffalo, \$4.3 million project to create apartments and retail space. (\$218,000 in abatements)
- Huron Hotel, 201 Huron St., Buffalo, \$1.8 million project to turn vacant, 114-year-old building into upscale apartments. (\$80,600 in abatements)

Erie County & ECIDA Launch 'Your Growth Is Our Business'

Effort aims to help local business best utilize available programs/services

Your Growth Is Our Business is a new collaborative initiative aimed at helping local businesses access programs and services needed to expand and create jobs.

Key to the effort is a communications outreach program to remind business owners of the many programs the ECIDA and its various partner organizations offer to help them achieve success.

ECIDA Leadership and Erie County Executive Chris Collins jointly announced the effort.

"As my Administration focuses on rebuilding the local economy, our local business owners must become aware of the programs and services available to help them expand and create jobs in Erie County," said Erie County Executive Chris Collins. "It's critically important that the ECIDA, working with its partnership organizations, becomes someone's first call when seeking business assistance."

"Our main goal is to reach out to businesses in the area, understand their needs, and use our network of partner resources to help grow business here in Erie County," said Phil Corwin, ECIDA

vice chairman and director of economic development for Erie County. "We are coordinating with our partners and adding resources to get more feet on the street to meet with local businesses."

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Your Growth Is Our Business partners include Buffalo & Erie County Workforce Investment Board, Buffalo Niagara Partnership, Buffalo Economic Renaissance Corporation, and Amherst Industrial Development Agency.

The partners are making direct contact with hundreds of local businesses to better understand their needs and how the ECIDA, or a local partner agency,

can be of assistance. The growth network of services includes workforce training, low-cost financing, international exporting assistance, energy efficiency programs, and help navigating state and federal economic development agencies.

The independent, non-profit ECIDA is the county's main source for economic development programs and expansion project coordination. It maintains strategic relationships with a diverse group of private and public sector entities to assist business owners and developers with a comprehensive slate of business planning, working capital, fixed asset financing, import-export assistance and workforce training resources.

As part of the Your Growth Is Our Business initiative, a new \$200,000 Microenterprise Loan Fund has been established. Tapping Community Development Block Grant resources, the fund will provide financing and mentoring to qualifying businesses with no more than five employees, including the owner.

For more information, please visit www.growth.ecidany.com

Micro Loan Gives Cycle Shop Mega Business Boost

When a Town of Tonawanda motorcycle shop crossed paths with the ECIDA last year, the result was a low-interest loan that put the young company on the road to success.

SIC Choppers, located at 1714 Military Road, Tonawanda, has seen its business more than double by offering specialized, high-performance tuning services.

"We'll probably be up 125 percent by the end of the month. Last year at this time this place was a ghost town, but we're rockin' now with the 'Dyno,'" said SIC Choppers co-owner Mike Rollo.

The 'Dyno' is the DYNomite Dynamometer, a high-tech diagnostic tool the company purchased with the help of a \$15,000 ECIDA Micro Loan.

The machine, one of the few of its kind in Western New York, allows technicians to fine-tune factory settings on everything from motorcycles and dirt bikes, to ATVs and personal watercraft to boost power. The equipment is housed in a specially-built room where atmospheric conditions can be carefully controlled.

Our slogan is "Let Us Unleash Your Hidden Horsepower" and thanks to the ECIDA we're doing it all day, everyday," Rollo said.

Rollo and his business partner, Ted Stinner, started out building and customizing bikes on a part-time basis under the SIC Choppers name in 2006. By 2008, it was a full-time venture, but struggling to find growth capital.

"I was crying the blues about how banks wouldn't look at us because we're a little, start-up company, but the ECIDA took us seriously," Rollo said.



Mike Rollo (left) and Ted Stinner, co-owners of SIC Choppers, put a bike through its paces on their new Dynamometer diagnostic equipment

Business Development Officer Elizabeth O'Keefe met with Rollo and Stinner last August, and by mid-fall SIC Choppers was ordering the critical new equipment.

"We're in a unique position to assist new and small businesses traditional financial institutions often consider 'unbankable.' Mike and Ted knew where they wanted their business to go and we helped them solidify their plans," O'Keefe said.

The ECIDA Micro Loan program, which offers loans up to \$35,000, assisted eight businesses in 2009 with a total of \$224,500 in aid.

Through the end of April, the agency has approved loans for six companies totaling \$163,000.

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Erie County Development Agencies Propose Innovative, Uniform Incentive System

New "Scored" Formula Offers Enhanced Tax Breaks to Projects Combining New Jobs with Brownfield Redevelopment, Adaptive Reuse and Green Construction

Companies seeking incentives to set-up shop or expand in Erie County can receive enhanced tax breaks if their projects mix new jobs with broader regional benefits.

The tiered incentive policy, developed by the Industrial Development Agency Leadership Council of Erie County, rewards companies in targeted industries whose growth strategies combine job growth with brownfield redevelopment, adaptive reuse of older buildings and green technologies.

"This is a new way of looking at projects," said John Cappellino, ECIDA executive vice president and director of business development. "Job creation is still the prime driver, but it's a much more holistic approach to economic development."

Six IDAs across Erie County, including the Erie County Industrial Development Agency (ECIDA), all approved the revamped incentive guidelines. The new guidelines went into effect as of Jan. 1. The joint approval was key to using the incentive system as a part of a framework for regional growth.

The new system replaces the current two-tier system, which offers 10- and 15-year PILOT (payment in lieu of taxes) incentives, with a three-tier framework. The groundbreaking model, with shorter seven- and 10-year abatement periods, also include an enhanced 10-year "Jobs Plus" category that would provide the best incentives for companies whose growth would have the greatest regional economic impact.

"This puts our region on the forefront of economic development thinking, creating a unique system that incentivizes business growth and promotes regional thinking," said David C. Harzell Jr., chairman of the IDA Leadership Council.

While the compacted PILOT periods shorten the amount of time companies would receive breaks on property, sales and other taxes, the overall amount of abatements would not be reduced.

"We'd love to see this become a template for the rest of the state," said James Allen, Amherst Industrial Development Agency executive director.

Under the new tiered system, companies seeking PILOT abatements are scored under a slate of criteria to measure whether their projects meet multiple regional economic growth objectives, such as:

- Start-up or expansion in targeted industries, including advanced manufacturing, life sciences, tourism, distribution logistics, back office and agriculture;
- redevelopment of blighted areas and existing structures;
- building within areas already served by infrastructure to control sprawl;
- use of green technologies and building materials, especially LEED certification; and
- purchase of materials/supplies from local sources.



Contact us today to find out how we can assist you.

2009 Highlights



A Message from Chairman Philip C. Ackerman

Looking back at 2009, I am proud to say we came through a challenging economic year with many accomplishments in all areas of our mission here at the ECIDA.

On the Business Development side, we launched a targeted proactive outreach program called "Your Growth is Our Business." Through this new initiative our staff talked with over 1,100 business owners and representatives and set the stage for more than 300 assistance opportunities.

Our traditional development actions included ownership transfer of the Steuben Foods site in Elma to that growing food company, concluding a 26-year effort to turn an idle property into a prospering manufacturing venue. We also continued to oversee clean-up of the Spaulding Fibre complex in the Town of Tonawanda and coordination of rail corridor upgrades at the former Bethlehem Steel Facilities, along Route 5 in Lackawanna.

Lending activity was strong in 2009, with the ECIDA and its loan corporations closing 23 loans which provided over \$5.2 million in financing for local companies - the second largest amount of loans funded in its 30-year history. Another eight small companies received \$224,250 via our Micro Loan program.

We also continued to see positive results from our Venture Capital program which focuses on financing of development and commercialization of intellectual property for early stage high tech and life science companies. In the past 13 years, the ECIDA has invested over \$8.5 million in 35 local companies leveraging \$30 million in additional public and private venture investment.

Our International Business Development focus included participation in the MEDICA trade show in Düsseldorf, Germany and the Paris Air Show, showcasing 11 area companies.

And once again, the ECIDA's slate of tax incentive offerings aided dozens of key local projects. Tax breaks and special financing packages touched some 70 projects, leveraging over \$800 million in public and private dollars.

2010 has started off with a bang, led by our involvement in the award of General Motor's new V-8 engine line to the Tonawanda Powertrain Plant, a marquee project that will result in nearly \$900 million in investment and creation/safeguarding of over 1,000 local jobs.

We look forward to aiding projects big and small in 2010 as we work to spur on economic development across Erie County.

In 2009 ECIDA Launched a targeted proactive outreach program called "Your Growth is Our Business." The program involved sending letters to local businesses, and following up with personal site visits with business development specialists from the IDA's and other Economic Development partners. This graph depicts areas of service interests from over 170 local business development site visits.

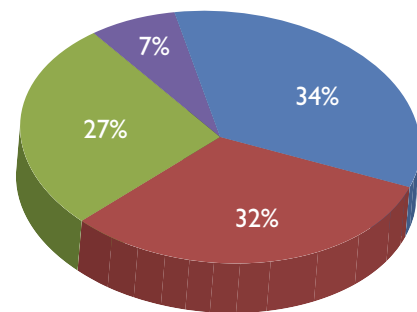
"Your Growth is Our Business" Resulting Services



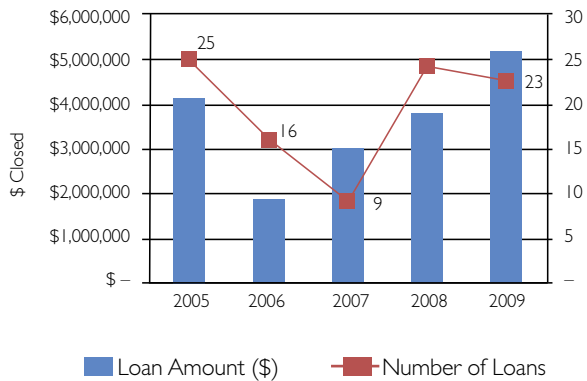
Business Development

- ECIDA's Business Development Team talked with over 1,100 business owners and representatives in 2009.
- During the year ECIDA Business Development Group tracked and worked on over 320 opportunities

Project Opportunities



Lending RDC/ILDC Loans Closed – 5 Year History



ECIDA's lending arm closed the second largest amount of loans in its history.

- Closed 23 loans providing over \$5.2 million in financing for local companies. Those loans leveraged over \$63 million in new investment, helped retain 621 jobs and are projected to create 124 new jobs.
- Initiated second round of Minority Enterprise Loan Program, received 89 applications. Six finalists received \$139,000.
- ECIDA's Micro Loan program is geared to help small start up businesses. In 2009, ECIDA funded eight Micro Loans for a total of \$224,250.

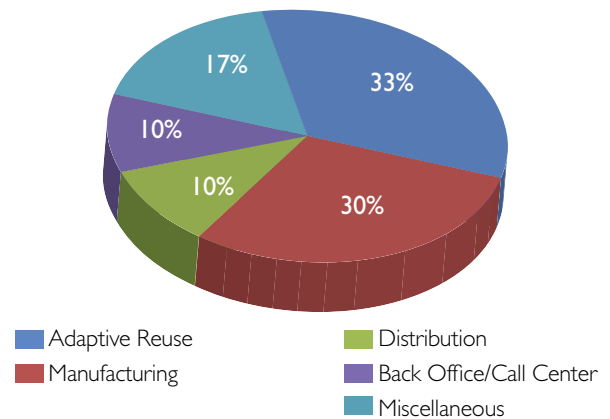
Venture Investment

- ECIDA's Venture program focuses on early stage high tech and life science companies finance the development and commercialization of intellectual property.
- From 1996 through 2009 ECIDA has invested over \$8.5 million in 35 local companies that leveraged an additional \$30 million in additional public and private venture investment.

Tax Incentives

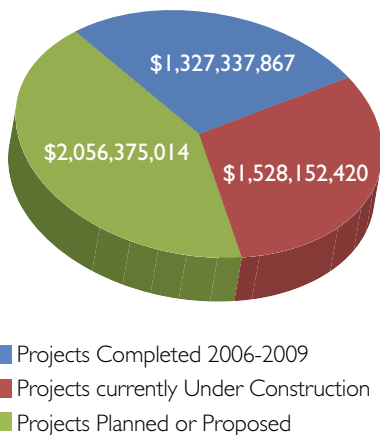
- ECIDA approved 30 projects in 2009, representing over \$142 million in new investment in the region.
- During 2009, 38 projects which received tax incentives were closed or completed representing over \$628 million in new project investment, which retained 9108 jobs and are projected to create 653 new jobs.
- ECIDA also utilized its subsidiary Local Development Corporation to fund a \$47,755,000 financing for Buffalo State College to construct new student housing facilities. This structure was unique in the state and helped Buffalo State start construction of a project which had been halted by the State Legislature's failure to renew ECIDA ability to finance not for profit projects.
- ECIDA approved a new Adaptive Reuse Policy in 2009 aimed at redeveloping abandoned and blighted buildings and sites. 10 old abandoned building were redeveloped utilizing ECIDA's adaptive reuse incentive program creating \$49.5 million in new investment in the region.

Tax Incentive Projects



City of Buffalo Reinvestment

ECIDA' Sister Organization Buffalo Urban Development Corporation continued to track City of Buffalo Economic Investment in 2009, table shows project completed, planned or underway.



International Services

Worldwide Credit Reports

Over 100 companies from around the world were assisted and sales averaged over \$3000 per month.

Foreign Trade Zone

Erie County Foreign Trade Zone #23 is administered by the International Division on behalf of Erie County. For Oct. 1, 2008-Sept 30, 2009, over \$30 million of merchandise was moved at the 6 active sites that make up FTZ#23:

Export Credit Insurance Policies

The International Division brokered policies for 9 local companies supporting \$2,350,000 in export sales.

Trade Shows

Using a grant from Empire State Development Corp., the ECIDA purchased booth space and provided companies from across NYS the opportunity participate in their industry's largest world class trade shows. In 2009 11 local companies were able to attend, the MEDICA Trade show in Düsseldorf, Germany and the PARIS AIR SHOW