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NEWS FROM THE ECONOMIC DEVELOPMENT CORPORATION FOR ERIE COUNTY

Federal Grant Boosts to Planned Upstate Public/Private Venture to Aid Fledgling High Tech Businesses

Regional Entrepreneurship Action Plan Awarded \$445,000 to Develop Early Stage Equity Initiative

Efforts to establish a new 'seed money' initiative to aid high-tech, start-up firms across Upstate New York were richly rewarded September 22 with an announcement that the U.S. Economic Development Administration has approved a \$445,000 grant application.

The proposed Regional Entrepreneurship Action Plan (REAP) is the result of a partnership between the Erie County Industrial Development Agency and JumpStart, Inc., a highly-successful, Cleveland-based public/private venture group.

Al Culliton, chief operating officer, ECIDA, said REAP will target embryonic high-tech firms with strong potential to go from the "napkin stage to sustainability."

"We have had a venture capital fund at ECIDA for 16 years," Culliton said, "and we have consistently watched businesses fail because they lack capital, they lack experience and they lack support."

The ECIDA executive said REAP will provide the initial financial support to help these entrepreneurs reach a point where they can successfully attract traditional private and public investment.

The federal grant follows \$230,000 in commitments from a group of regional partners, including: Oishei Foundation/University at Buffalo Foundation - \$100,000; National Grid - \$50,000; ECIDA - \$25,000; and Excell Partners, Inc., High Tech Rochester, Inc. and Greater Rochester Enterprise - \$5,000 each.

Robert Gioia, president of Oishei, compared the announcement to the foundation's decision in 2000 to provide a \$100,000 seed grant to what was then known as the High Street Project, and has

since become the Buffalo Niagara Medical Campus.

"Tens of millions of dollars in investment have come to the campus since then," Gioia said. "The infrastructure is now in place. We have the scientists. What we need now are the entrepreneurs."

The regional funding partners credited



ECIDA Chief Executive Al Culliton (center) announces receipt of REAP funding; joined by NYS Senator-Elect Tim Kennedy (left) and Oishei Foundation President Robert Gioia (right).

the area's congressional delegation -- Reps. Brian Higgins, Chris Lee and Louise M. Slaughter and Sens. Kirsten Gillibrand and Charles E. Schumer -- with helping to secure the federal funds.

"Western New York is well-positioned to grow jobs that embrace innovation, and with this significant federal grant, we can

embark on a project to provide valuable support for tomorrow's thriving high-tech businesses," Higgins said.

Marnie LaVigne, director of business development at the Center of Excellence, said the result of the grants and the 12-month project will be an action plan.

"This is not just another planning study," LaVigne said. "This will be a business plan with all the key pieces we will need to enter the entire entrepreneurial ecosystem."

LaVigne said REAP, which will aid up-and-coming firms across a 19-county region -- stretching from Buffalo to Syracuse -- is modeled after Cleveland-based JumpStart, which was established in 2004 and has provided 84,000 hours of free technical advice to high-tech start-ups and raised \$17 million to invest in 49 of those firms. JumpStart clients have gone on to raise \$300 million in capital and create more than 800 jobs. It has since launched similar operations in Michigan, Indiana and Minnesota.

The counties participating in the project are Erie, Niagara, Chautauqua, Cattaraugus, Orleans, Genesee, Wyoming, Allegany, Monroe, Livingstone, Wayne, Ontario, Yates, Seneca, Cayuga, Oswego, Onondaga, Courtland and Madison.

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More Old Buildings Find New Uses as ECIDA Adaptive Reuse Program Gains Momentum

Project Investments Total More than \$260 Million Since Program's Inception in 2009

The list of endangered older buildings getting bright futures continues to grow as local developers take advantage of the Erie County Industrial Development Agency's Adaptive Reuse Program. Through mid-November, 12 projects, with investment topping \$117 million, have qualified for a variety of tax abatements to leverage millions of dollars in private and public financing.

"Given the number of empty and under-utilized industrial and commercial buildings in Erie County, especially in the urban core, we anticipated there would be strong developer interest, but the interest has exceeded our expectations," said ECIDA Executive Vice President John Cappellino.

Topping the project list through the past 10 months are two high-profile overhauls planned by Rocco Termini's Signature Development: the \$52.5 million conversion of the long-suffering AM&As department



The ECIDA has assisted 1258 Group, LLC with more than \$600,000 for its \$19 million effort to convert a former supermarket on Great Arrow Drive, Buffalo, to Tapestry Charter School.

The ECIDA International Division Aids Effort to Quantify Business Impact of Tightened US/Canadian Travel Restrictions

The Erie County Industrial Development Agency's International Division is a lead partner in a first-of-its-kind study to detail the economic impact of heightened security along the US/Canadian border on cross-border business and tourism.

The ECIDA, working with project organizer, the Binational Economic Development and Tourism Alliance (BETA), as well as other economic development partners in the U.S. and Canada, is helping to fund the \$100,000 Border Remedial Action Plan. The goal is to put "hard numbers" on the difficulties companies and individuals face adhering to new security requirements, according to Maryann Stein, ECIDA, Director of International Programs.

BETA's mission of providing a platform for U.S. and Canadian businesses and organizations to work collaboratively on cross-border economic and tourism development initiatives, complements the ECIDA's Global Gateway strategy of seeking to work closer with Southern Ontario's economic developers.

"We want to turn anecdotal complaints and concerns into cold, hard facts. We know the economies of Western New York and Southern Ontario have been hurt by a tightened border but to get the attention of the powers that be, we have to quantify the negative impact," Stein said.

store building at 377 Main St and the \$34 million overhaul of the historic Lafayette Hotel at 391 Washington St., both in downtown Buffalo.

Signature Development is planning a mix of residential, office and commercial space in both of the well-known downtown Buffalo properties.

Other Buffalo projects recently approved for assistance through the adaptive reuse program include:

- LCo Building LLC, an \$8.4 million effort to renovate a former industrial building and gas station to new commercial uses. The buildings are located at the corner of Seneca and Van Rensselaer streets, on Buffalo's near east side.
- Horsefeathers Market, 346 Connecticut St., a \$3.7 million project to convert a 114-year-old former antiques bazaar on Buffalo's west side into a mix of residential and food-based commercial space, featuring White Cow Dairy.
- 100 South Elmwood LLC, 157 W. Mohawk St., \$3 million renovation of the circa-1916 Robertson Cataract Building (also known as the Corn Exchange) to mix of office and residential space.
- 52 Chippewa LLC/Calumet, 52 W. Chippewa St., \$2.9 million overhaul of historic Calumet Building to add office space to upper floors.
- Alliance Advisory Group, Inc., 600 Delaware Ave., a \$2.7 million project to overhaul the vacant, former home of Rural Metro Ambulance to office space.
- 700 Parkside LLC/Creative Structures, 700 Parkside Ave., a \$1.7 million rehabilitation of the former North Park Presbyterian Church in to a 12-unit apartment complex.
- 678 Associates, LLC, 678 Main St., a \$1.1 million redevelopment of a 110-year-old building for commercial use.

Deloitte and the funding agencies have been soliciting comments from businesses in the region. In the next phase of the study, the firm will conduct more intensive interviews with a subset of affected companies and travelers, leading to release of findings by year's end.

"We understand elected officials and federal agencies on both sides of the border have had to respond to post-9/11 security issues. Unfortunately, improved security has made it difficult, and in some cases, impossible for companies to maintain and grow cross-border business," Stein said.

While best known for its efforts to provide economic leverage to businesses and public initiatives in Erie County, the ECIDA has a long track record of international business development. Since its inception in the 1970s, the agency has been involved in creation of Foreign Trade Zone sites to help local companies expand internationally, and attract global firms to make Western New York connections.

The agency has expanded its international reach to include assistance with U.S. export financing, credit insurance, working capital guarantees and its Worldwide Credit Report service, and has joined with agencies across New York State to assist companies in attending key international trade shows. It also conducts monthly seminars on international trade issues and developments.

Under its year-old Global Gateway Initiative, the ECIDA added a second, full-time staffer, Brian Kurtz, to its International Division. The agency's international programming resources were also bolstered in 2010 when the Binational Alliance moved into the ECIDA's Oak Street offices.

Through the end of October, the International Division has had contact with some 300 businesses, double the number it served in 2009.



Ali Eagen, owner of 'anatomy', 569 Elmwood Ave., Buffalo, shows off one of her self-designed dresses.

ECIDA Microloan Program Targets Small Businesses with Big Ideas

When Ali Eagen needed a financial helping hand to turn her self-designed clothing line into a retail venture, she found the Erie County Industrial Development Agency's MicroLoan Program was a perfect fit.

The 25-year-old fashion designer debuted her Buffalo women's apparel boutique "anatomy" on October 30 with backing from the ECIDA's unique small business loan program.

"I went to a couple of banks and they wanted to know what was in it for them, the people at the ECIDA wanted to understand my dream," Eagen said. "They didn't sugar coat how hard it would be to be successful in my own business, but they believed in me and gave me a chance," Eagen said.

A 2003 graduate of Frontier H.S., Eagen honed her style skills at New York City's Fashion Institute of Technology. After a stint designing sweaters for Abercrombie & Fitch, she returned to Buffalo with the goal of marketing her own clothing lines on home turf.

Juggling part-time jobs, she spent every spare moment designing clothes, crafting a business plan and researching financing options. Tapping the resources of the Buffalo State College Small Business Development Center, she was steered to the ECIDA.

Meetings in fall 2009 with ECIDA staffers Beth O'Keefe and David Kerchoff put her on the runway to approval of a \$27,500 MicroLoan this May.

"I got the call from Dave on May 17 - my birthday - I couldn't have asked for a better birthday present," Eagen said.

Now open for business at 569 Elmwood Ave., 'anatomy' offers a 24-piece collection of Eagen-designed ready to wear pieces, and a 16-piece line of made-to-measure apparel, which features special occasion wear. The collections are modern, with classic elements, designed to appeal to fashion-savvy women from ages 18 to 50-plus.

"The pieces are made to celebrate the beauty of being a woman. These are pieces you pull on and just feel fantastic," Eagen said.

Eagen was one of just 10 entrepreneurs who got congratulatory phone calls so far this year, an eclectic group of businesses that includes a custom motorcycle shop, an ice cream maker, a photography studio and a firm that handles patient health care records. A total of \$255,500 in micro loans have been awarded so far in 2010.

"Some start out with handwritten notes, a few already have detailed business plans, but they all are extremely enthusiastic about pursuing their goals. It's exciting to be part of their quest to turn an idea into a business," said O'Keefe, the ECIDA's business development officer.

The MicroLoan Program aids Erie County-based businesses seeking low-interest loans of between \$5,000 and \$35,000. Qualifying companies can use the funds for working capital, furniture, fixtures, equipment, inventory, materials or supplies. The loans cannot be used to refinance existing debt or to purchase or improve real estate.

Revamped Website Offers Improved Access to ECIDA Programs

The Erie County Industrial Development Agency, enlisting the web design expertise of 360PSG, has completed a total revamp of its website site, www.ecidany.com.

360PSG created the new template following an extensive evaluation of the previous site and discussions on the design, navigation and custom applications. The new site, powered by the Fission Content Management System, went live in late June.

The ECIDA website now lists popular links for businesses and includes ECIDA events and public notices as well as Spotlight articles on ECIDA news.

The site also offers several new features aimed at making it more convenient for users and visitors.

- You can now order Worldwide Credit reports via the website and pay for them online. Both domestic and international business credit reports are available at reduced prices! Check it out!
- Submitting more than one Online Tax Application? The website now accommodates multiple applications from a single user.
- The "Benefits Calculator" has been upgraded to include equalization rates producing even more precise results in calculating PILOT schedules.
- A history of applications is kept on the user's dashboard for their reference.
- Look for our new GIS tool to debut in early 2011!

ECIDA Helps Region's Industrial Business Sector to Invest in Growth

Over the past six months the Erie County Industrial Development Agency has spurred nearly \$100 million in investment to retain and grow several well-known industrial firms.

The ECIDA has provided tax abatements, PILOT arrangements and issued bonds to create, retain and increase jobs across a range of business sections, including food production, apparel fabrication and industrial manufacturing. The list of recipients includes both veteran companies – such as New Era Cap Co. and Graphic Controls – as well as newcomers who are reinventing dormant industrial sites – like Galvstar, LLC, which is giving new life to a portion of the former American Axle plant in Buffalo.

“While our mission has expanded far beyond our initial focus when we opened our doors in 1970, but as we’ve evolved, we have never forgotten the seminal role large industry plays in the economic fabric of Erie County,” said John Cappellino, the agency’s executive vice president.

Two of the largest inducements were extended to Graphic Controls Acquisition Corp. and Galvstar, LLC.

In October, the ECIDA board approved a \$10 million collateral mortgage for RBS Citizens tied to the acquisition of Graphic Controls LLC by Graphic Controls Acquisition Corp. The buyout group, which is led by the existing management team, and backed by a new private equity partner, has pledged to maintain the international company’s headquarters on Exchange Street in Buffalo, and retain the current workforce of over 300.

Galvstar, LLC received an \$18 million tax-exempt bond package to aid conversion of a portion of the former American Axle plant at 1001 E. Delavan Ave. in Buffalo to a steel galvanizing operation. The \$23.8 million project is expected to create 100 new jobs within two years.

Two of the area’s largest food producers also got a boost from the ECIDA in recent months. Steuben Foods, of Elma, was approved for a \$1,818,500 incentive package.

Steuben, one of the country’s largest producers of aseptic drinks and other food products, is poised for what will be a \$52 million expansion of its Elma plant. The ECIDA and Steuben have had a long relationship, dating back to 1983, when the company leased an agency-owned site at 1150 Maple Road, in Elma.

Over the years, Steuben has invested more than \$200 million into what was a vacant building shell to create a state-of-the-art food processing center than now employs a workforce of nearly 500.

“This is especially satisfying to see because of how far that property has come over the years. Steuben could have set up shop anywhere, but they picked Erie County and have grown a significant business,” said ECIDA Chairman Philip Ackerman.

In its next round of investment, Steuben will install new production lines to accommodate a greater array of packaging shapes and sizes, as well as future incorporation of plastic containers, creating 150 new jobs.

Goya Foods, Inc. was approved for a \$1.36 million incentive for a major project to increase the ‘bean soaking’ capacity at its Angola plant. Goya, which produces some 1,600 food products marketed primarily to Hispanic customers worldwide, will add 20 new jobs when its enhanced bean line is up and running.

The ECIDA also helped out New Era Cap Co. with a \$239,000 tax abatement package for New Era Cap Co. to assist in a \$3.1 million expansion of its Derby production facility. The company is consolidating out-of-state cap production to the Erie County site and will reconfigure and upgrade the existing plant for increased output. The project is expected to boost the workforce at the Derby plant from 290 to 315.



The ECIDA assisted the popular Chef's Restaurant, 291 Seneca St., Buffalo, with its \$1.9 million expansion, which includes a drive-up window.



The new owners of Graphic Controls received a \$10 million collateral mortgage through the ECIDA to retain 300 local jobs.



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

ECIDA is in business to grow business in Erie County by helping companies to be competitive and profitable. We can deliver:

- Financial Assistance, Loans, Venture Capital
- Work Force Development, Training
- Business Incentives, Tax Exemptions, Bonds
- Transportation, Infrastructure Financing
- International Trade Assistance
- Referrals and Resources
- Facility / Brownfield Development