



A welcoming new entryway to ECIDA headquarters, 143 Genesee St., Buffalo

ECIDA Makes Physical Upgrades to its Genesee Street Headquarters

After selling a portion of its property to Enterprise Charter School in February, the agency elected to invest in exterior updates and enhanced landscaping to make the most of its heavily-trafficked, downtown corner location at 143 Genesee Street.

Phil Riggs, Facilities, Rail and Sites Manager for the ECIDA, said the agency commissioned a study last year to explore ways to capitalize on the building's central location near the Kensington Expressway entrance and the downtown business district.

Riggs said the agency decided to mirror the redevelopment concept of the Genesee Gateway project across the street. "They did great work across the street at Gateway. We wanted to jump on the bandwagon with their design," Riggs said.

Architects David Deboy and Jennifer Fedeson of the Buffalo Design Collaborative designed an updated front entranceway and garden space to reflect the older, urban brick tone of the Gateway project.

Emerald Services removed the concrete barriers enclosing the building's wheelchair ramp, added large planter walls with limestone facing, restored the front entrance and stairway using exposed aggregate concrete, and installed safety lighting. Those improvements cost \$74,643.

The agency also had the facility's flat, rubber roof replaced at a cost of \$85,197. Sahlem's Roofing and Siding did that work.



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ECIDA Broadens Its Loan Product Offerings

New Loans Will Assist Entrepreneurs in Emerging Business Categories Attract Talent, Develop Products and Grow Via Non-Traditional Financing

The Erie County Industrial Development Agency and Regional Development Corporation boards of directors will soon offer an enhanced slate of loan programs aimed at serving a broader range of emerging and expanding businesses.

The new loan categories target non-traditional industries and better serve start-up businesses.

"When the ECIDA made the first loan in 1979, our clients were primarily larger industrial companies with similar needs in terms of loans and tax abatements," said ECIDA Chairman Philip C. Ackerman.

"The development marketplace has changed dramatically and it's critical that our products reflect that shift. We want to be able to lend a hand to everybody, from manufacturers employing hundreds to one-person, high-tech shops needing money for R&D and talent attraction to grow. We need to be more creative and more flexible to accomplish our mission," Mr. Ackerman said.

The chairman noted 70 percent of local companies employ 10 or fewer staffers and there is a growing number of smaller minority- and women-owned businesses. Also many entrepreneurs have marketable products and businesses with real potential, but don't qualify for traditional bank financing or agency loan programs.

Under its updated Loan Administration Plan, the agency's \$23 million revolving loan fund would be divided into three overall loan categories: Basic, Patient and Strategic.

- **Basic:** Approximately \$14 million (or 60 percent of loan fund) would be directed to this 'traditional' loan program geared to large and established businesses able to obtain matching bank loans. Payment period would run up to 10 years, and loan amounts would be capped at 50 percent of project costs.
- **Patient:** Aimed at companies seeking non-traditional financial aid, this loan category would include: micro-lending, minority entrepreneur, and R&D and innovation-based borrowers. Payment terms, loan amounts, and the amount of a project to be funded would vary depending on the type of business. Roughly \$4.6 million (or 20 percent of loan fund) would be allocated to these lending programs.
- **Strategic:** This set of loan programs would include: Business Attraction (money to bring new companies to Erie County), Second Look (declined because they don't quite meet bank criteria) and Key Management (funds to attract critical personnel needed for a business to grow) categories. Loan terms would be variable and RDC could fund up to 100 percent of need. Approximately \$4.6 million (about 20 percent of total loan fund) would be dedicated to Strategic lending.

"This updated slate of lending options brings together types of loans that have been our bread and butter for over 30 years, several of the newer products we've created in recent years, and some innovative tools to aid business growth in entirely new ways," said ECIDA COO Al Culliton.

"We are very hopeful the federal EDA will embrace these fresh ideas so we can be more nimble in our assistance," Mr. Culliton added.

The new products are expected to be available by the end of the first quarter pending federal approval.



NEWS FROM THE ECONOMIC DEVELOPMENT CORPORATION FOR ERIE COUNTY

ECIDA Backs Education Projects as Key Economic Drivers for Region

Development Agency Facilitates Funding for Projects Ranging from Elementary Classrooms to College Dormitories in 2011

Over the past year, the Erie County Industrial Development Agency aided more than \$276 million worth of projects for area educational institutions. Promoting investment in one of our regions strategic economic sectors, ECIDA incentives supported capital investments and job creation educational projects last year that will pay dividends to the region for years to come.

The largest was the 2011 installment of the Buffalo Joint Schools Construction Board's school modernization program. In May, the agency board approved \$195 million in bonds for the Buffalo Public Schools rehabilitation and expansion program, which dates back to 2002. The ECIDA serves as the "pass through" agency for the federal and state funds which will see some 80 school buildings upgraded at a cost of approximately \$1.4 billion.

Also in May, the agency approved a \$6.5 million tax exempt industrial revenue bond and a \$300,000 taxable bond for Enterprise Charter School for its campus expansion and upgrade. Enterprise had been the ECIDA's tenant at 275 Oak Street until this spring when the school purchased the

space it occupies for \$4.7 million.

The bonds aided the school with the purchase of 83,307-square-feet of space it had leased since 2003, as well as construction of a 10,000-square-foot addition which will house a gymnasium and related facilities for the K-8 campus. Enrollment at the school currently stands at just over 400 students.



Historically significant former orphanage at 1140 Ellicott St. finds new life as Buffalo Health Sciences Charter School.

The agency also aided two other charter school efforts, including the adaptive reuse of an endangered, historic structure adjacent to the Buffalo Niagara Medical Campus as the Health Sciences Charter School, while also providing inducements for expansion of Tapestry Charter School.

Ellicott Development received a \$239,000 package of sale and mortgage recording tax abatements for the \$5.7

million project to convert 1140 Ellicott Street to a health sciences-focused high school.

The five-story brick and stone building, designed by famed architect E.B. Green, dates back to 1898. Architecturally significant, it is ornamented with Neo-Gothic, Classical and Renaissance details. The building originally housed a convent and St. Vincent's Female Orphanage Asylum, later was home to Bishop O'Hern High School, and then was Erie Community College's city campus. It sat vacant from 1982 until fall 2011.

The triple-phase project began with renovation of the ground, first and second floors, including the replacement of the entire roof, all windows and the mechanical, electrical and plumbing systems.

Phase II will involve renovations of the third and fourth floors, to be completed by fall 2012. Renovation and possible expansion of the gymnasium by late summer 2013 is slated for Phase III.

The Health Sciences Charter School was founded in 2010 and initially operated out of leased space in the Town of Tonawanda. The primary purpose of the school is to provide high school students with an academically challenging learning environment that will enable them to excel in higher education, and achieve quality, sustainable health care careers.

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Springville Woman Launches Unique Musical Service with ECIDA Support

When Kate Moody's husband had to travel out-of-town on their 20th wedding anniversary, she wanted to have a special message waiting on his cell phone when his flight landed. She envisioned a personal voice recording, complete with romantic background music.

"After looking online, I was startled to find there was no such service," said Moody.

Moody, who works part-time as Executive Director of the Springville Area Chamber of Commerce, continued to research and realized through various blogs and online comments that other people were looking for the same service.

So, she started her own company, Your Troubadour, Inc., a phone and email messaging service, which opened for business in November.

Through the Your Troubadour website (www.musicalmelodies.com), customers are able to record customized messages, with original background music. They can have them sent to any phone number or email address.

"The appeal is the customer can specify the day and time they want their message delivered," said Moody. "For example, if I know my daughter is walking into her final exam at three o'clock, I can send a message at 2:55 to give her a boost."

Your Troubadour is also teaming with area florists to spread cheer. When customers order flowers, they can opt to include a toll-free number on the card so the recipient can call the number and can hear the personalized voice message.

Because of complicated licensing issues with popular songs, the service will use original music. The Your Troubadour website will house an artist gallery and Moody will work out licensing agreements with smaller-name, local musicians.

Moody spent months researching the feasibility of her idea, and working with the Small Business Development Center at Buffalo State College on marketing plans and business strategies. After reviewing her business plan, the ECIDA assisted her with a \$35,000 start-up loan. Moody said the agency representatives also provided helpful suggestions for her budget projections and other plans.

"The people at the ECIDA really do have a great interest in seeing small businesses succeed and they're always keeping their eye out for opportunities," said Moody. "My advice for start-up business owners is, do not skip over the planning. If it takes 12 to 14 months to do things properly, take 12 or 14 months and utilize the resources of agencies like the Small Business Development Center and the ECIDA."



Kate Moody, founder of Your Troubadour, Inc., secured a \$35,000 low-interest loan to start her musical greeting business.

ECIDA Board Approves 2012 Budget

The ECIDA will work off a 2012 budget totaling \$2.44 million, up 2.7 percent from the prior year's spending plan. The 2011 budget totaled \$2.37 million.

The budget, which went into effect on Jan. 1, holds the line on professional service contract costs, including legal services, while boosting management fee revenues tied to the ECIDA's related development funding entities: the Regional Development Corporation and the Industrial Land Development Corporation (8 percent), and increased rental income from the Buffalo Urban Development Corporation (13 percent).

The budget also anticipates a 17 percent increase in revenues from the agency's International Division credit report service.

The fiscal plan also includes an 8 percent increase in salaries and benefits, growing from \$1.6 million to \$1.8 million. The higher pay costs reflect the addition of a full-time comptroller post, replacing what had been a part-time senior bookkeeper position, filling of a staff position in the international division, which had been vacated during 2011, and increases in salary and benefit costs.

Erie County Industrial Development Agency Finds International Success with Growing Foreign Trade Zone Offerings

As a way to encourage U.S. commercial competitiveness, the Foreign Trade Zones (FTZ) program was authorized by Congress in 1934 allowing for delayed or reduced payments of duty on U.S. imports. Grantees apply for the designation through the FTZ Board in Washington D.C. with U.S. Customs and Border Protection (CBP) overseeing the day-to-day operations within FTZs. By encouraging production closer to market, FTZs help maintain and create U.S. jobs.

Erie County became a grantee with Site #23 created in March of 1976 with the ECIDA serving as administrator. Originally, the space thought to be best suited to utilize FTZ benefits was the Oak-Michigan Industrial Corridor in Downtown Buffalo and almost 700 acres around the Buffalo Niagara International Airport chosen as sites for use as a FTZ. Over time, other development such as offices and retail arose and these types of facility had no requirement for a FTZ.

In order to best manage the program, the FTZ board does not allow any additionally designated space, therefore administrators must reclaim the non-used space to give it to the new applicant seeking designation. As this can be cumbersome and time-consuming, the FTZ board designed the new Alternative Site Framework (ASF) giving greater flexibility to FTZ administrators by using a more efficient procedure to bring FTZ designation to locations where a company has a demonstrated need to operate as an FTZ.

There are currently nine designated FTZ sites in Erie County with plans for two more additions as FTZ #23 continues to grow in size, operators, volume and jobs. The volume of goods passing through these sites was over \$47 million in 2010, an increase over the \$35 million moving through in 2009 when there were only five sites.

Some of the FTZ space in Erie County includes the original operator, Western New York Foreign Trade Zones Operators, Inc., located in the 20 acre Gateway Trade Center.

Starline USA in Grand Island became a FTZ in 2008 and shifted their Canadian operations completely to the Grand Island facility which brought 45 new jobs.

"Starline USA activated its Foreign Trade Zone in June 2009 and the timing couldn't have been better. With the downturn of the economy in 2009 and 2010, we were able to consolidate our facilities to serve customers in Canada and the U. S. from one plant," said Patrick Moran, Vice President/Controller of Starline USA.

"We realized tremendous savings and cash flow benefits through duty deferral, decreased brokerage fees and elimination of the costly duty drawback process. This enabled Starline to remain competitive and keep its U. S. employment levels close to pre-recession levels."

While most countries have some variation of a free trade zone/foreign trade zone or export processing zone, the United States' largest trading partner and closest neighbor, Canada, does not have a designated national FTZ program. Discussions are under as part

of the ECIDA's Binational Global Gateway strategic initiative.

Led by Port Colborne Mayor Vince Badaway, and facilitated by Patrick Robson, Commissioner of Community Planning for the Niagara Region, the Niagara Gateway Economic Zone and Centre hopes to incorporate a FTZ. This designation would allow U.S. shippers to take advantage of duty deferrals within the boundaries of the proposed zone.

Empire State Shippers' Association (ESSA) looks to be the next new operator in FTZ #23 and hopes to apply for FTZ status in 2012.

"Western New York is

a prime location for international logistics, and I see tremendous advantages in pursuing a FTZ designation. In addition to helping companies improve cash flow with duty deferral, a FTZ designation would help ESSA's membership take advantage of many FTZ benefits," said John Soos, General Manager of ESSA. "Members' merchandise may be assembled, exhibited, repackaged, processed, repaired, tested, and stored. With an FTZ designation, ESSA could attract new businesses to its facility, and provide more services. An obvious result of this is job creation."

With the transition to the new site designation process, continued work with the Niagara Region and additions to FTZ #23 such as ESSA, the FTZ program is on track to continue bringing opportunities and jobs to Erie County.



Foreign Trade Zone #23, located at 10 North Gates Ave., Lackawanna

Starline USA activated its Foreign Trade Zone in June 2009 and the timing couldn't have been better.

ECIDA Backs Education Projects as Key Economic Drivers for Region

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The tuition-free school was launched with a class of 120 ninth-graders. When fully operational the high school will house nearly 500 students in grades 9 through 12.

The ECIDA also provided financial support for three major college projects in the past year. Most notably, it approved the reissuance of \$55 million in bonds for construction of a new dormitory at Buffalo State College. The five-story, 245,000-square-foot residential structure debuted in late August, at the corner of Grant Street and Rockwell Road, offering state-of-the-art student suites with 507 beds.

The complex is the first entirely new housing erected on the campus in 40 years. The addition of the apartments also means the college no longer needs to shelter students in downtown hotels.

The housing complex has 125 four-bedroom suites. Each is furnished and has two bathrooms, a kitchen and living space.

Canisius, Medaille and Bryant & Stratton colleges also received aid through the development agency for key infrastructure projects to upgrade facilities and accommodate student enrollment growth.

The ECIDA board okayed a \$3.1 million inducement package for Bryant & Stratton College for its Southtowns campus, located at 180 Redtail Road, in Orchard Park. The project calls for a 20,000-square-foot facility to house a call center to support its online education programs.

The inducement package includes \$578,000 in property, sales and mortgage recording tax abatements. The enhanced call center is expected to boost employment to 145 full- and part-time jobs, up from a current 80 positions.

The agency's loan arm, the Industrial Land Development Corporation, granted \$16 million in tax-exempt financing for a state-of-the-art science center on the Canisius College campus. The project is transforming a building at 1901 Main St., which began life as a Sears Roebuck department store and most recently housed HealthNow, into the college's Science Hall.

The board also approved a \$12 million bond sale to support Medaille College's expansion of its Huber Hall and Sullivan Center to create a mix of academic and recreational space.