

Hertel Pacific, LLC / Cypress North Corp.
\$935,160
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 541511

COMPANY INCENTIVES

- Approximately \$30,625 in sales tax savings
- Approximately \$41,000 in real property tax savings
- Approximately \$5,250 in mortgage recording tax savings

EMPLOYMENT

- Retained Jobs: FT 16, PT 1
- Projected New Jobs: FT 2, PT 1
- Total Jobs 2 Years After Project Completion: FT 18, PT 2
- Annual payroll: \$1,120,000
- Estimated salary of jobs to be created: \$60,685
- Estimated salary of jobs to be retained: \$60,685

PROJECT HISTORY

- No public hearing required since estimated benefit amount is less than \$100,000
- 8/28/2019 Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA
- 8/28/2019 Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Hertel Pacific, LLC / Cypress North Corp.

Project Address: 211 Hertel Avenue
 Buffalo, New York 14207
 (Buffalo City School District)

Agency Request

A sales tax, mortgage tax and real property tax abatement in connection with the renovation of a vacant facility.

Building Acquisition	\$235,160
Renovation/Infrastructure	\$600,000
Non-Manufacturing Equipment	\$100,000

TOTAL PROJECT COST \$935,160

85% \$794,886

Company Description

Hertel Pacific, LLC was formed by Gregory Finn and Matthew Mombrea to undertake the project on behalf of Cypress North Corp. Each gentlemen represents 50% of the ownership team. Cypress North is a software engineering, digital marketing and design agency. The company creates computer software for companies throughout the country as well as internationally. Cypress North is currently leasing space on Exchange Street in the City of Buffalo.

Project Description

Cypress North has been slowly outgrowing its current leased space as it continues to expand products and services. The company has purchased a former 8,500 sq. ft. manufacturing facility located at 211 Hertel Avenue in the City of Buffalo Black Rock community and will be renovating the building as its primary office location. The building, which is over 90 years old, has been vacant for approximately 10 years. The company will relocate to the new facility once the Exchange Street lease has expired.

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 = \$935,160 85% = \$794,886
Employment	Coincides with 7 Year PILOT term	Maintain Base: 16 Create 85% of Projected Projected: 2 85% : 2 Recapture Employment: 18
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 7 Year PILOT term	Adherence to Policy
Unpaid Tax	Coincides with 7 Year PILOT term	Adherence to Policy
Recapture Period	PILOT term	Real Property Taxes State and Local Sales Taxes Mortgage Tax

Recapture applies to:
Real Property Taxes
State and Local Sales Taxes
Mortgage Recording Tax

Recapture

Pursuant to New York State General Municipal Law, the agency shall modify, recover, recapture or terminate any financial assistance taken by the company that is in violation of the GML.

At completion of the project company must certify i) total investment amount is equal to or greater than 85% of the anticipated project amount; ii) Company has maintained 16 FTE and created 2 FTE jobs, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.