

Laborers Way 1, LLC/Zephyr (Managing Partner)

\$ 27,800,000

PRIVATE INVESTMENT INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 531120

COMPANY INCENTIVES

- Approximately \$ 1,088,281 in sales tax savings
- Approximately \$ 1,879,009 in real property tax savings
- Up to 3/4 of 1% of the final mortgage amount estimated at \$ 120,000.

JOBS & ANNUAL PAYROLL

- Current Jobs: 0
- Projected / new jobs: 20 FT, 34 PT (37 FTE)
- Est. salary/yr. of jobs created: \$60,000 FT, \$35,000 PT
- Total jobs after project completion: 37 FTE
- Construction Jobs: 119

PROJECTED COMMUNITY BENEFITS*

- Term: 15 YEARS – PILOT Deviation (BLCP PILOT Agmt)
 - NET Community Benefits: \$ 92,463,618
 - Spillover Jobs: 141
- Total Payroll: \$ 85,984,983

INCENTIVE COST / COMMUNITY BENEFIT RATIO (discounted at 2%)*

Incentives: \$ 2,840,048

Community Benefit: \$ 80,824,364

Cost: Benefit Ratio

- 1:28

Project Title: Laborers Way 1

Project Address: 310 Ship Canal Parkway
Buffalo, NY 14218
(City of Buffalo School District)

Agency Request

A sales tax, mortgage recording tax and real property tax abatement in connection with the construction of two buildings totaling 75,000 sq ft to be used for cannabis cultivation that includes production, packaging and distribution.

Land Acquisition	\$ 425,000
New Building Construction	\$ 21,825,000
Infrastructure	\$ 3,050,000
Soft Costs/Other	\$ 2,500,000
Total Project Cost	\$ 27,800,000
 85%	 \$ 23,630,000

Company Description

Laborers Way 1, LLC will be the owner/ landlord for this facility. The 75,000 sq ft facility will be subleased to Etain, LLC. Etain, founded by Amy, Hillary and Keeley Peckham received its medical marijuana license in 2015, With a focus on delivering high quality products, Etain currently operates four dispensaries across NYS with a flagship location in Manhattan and other locations in Kingston, Syracuse and Yonkers. Additionally, Etain operates a greenhouse facility in Chestertown, NY which is currently undergoing an expansion from 12,000 sq ft to 56,000 sq ft.

Project Description

The applicant, Laborers Way 1, LLC is under contract to purchase designated Brownfield land (project site) within the Buffalo Lakeside Commerce Park from the Buffalo Urban Development Corporation (BUDC). Following the property acquisition and remediation, the company will construct 2 one-story steel framed structures totaling 75,000 sq ft on the site consisting of an office building and a production building. This facility will be used for cannabis production - manufacturing, cultivating, packaging and distribution. The facility will focus on recreational and/or medical cannabis consistent with NYS laws and the Office of Cannabis Management (OCM) regulations. 100% of the products (such as oils, edibles, and extracts for adult-use) created at the site will be sold within NYS. This project is the first phase of a plan to create approx. 211,000 sq ft campus on this site, comprised of 3 buildings supporting cultivation and manufacturing operations.

* Cost Benefit Analysis Tool powered by MRB Group

Economic Impact: Inform Analytics Cost-Benefit Analysis

The Erie County Industrial Development Agency uses the Cost Benefit Analysis Tool powered by MRB Group to assess the economic impact of a project applying for incentives. A Cost-Benefit Analysis is required by Section 859-a (5)(b) of General Municipal Law. For the complete Cost Benefit Analysis – please see the attached MRB Cost Benefit Calculator.

Cost: Incentives

COSTS	Tax Exemption	Amount
	Property	1,879,009
	Sales	1,088,281
	Mortgage Recording	120,000
	Total	3,087,290
	Discounted at 2%	2,840,048

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **
	Erie County	Individuals	Payroll Construction	17,482,687
			Payroll Permanent	68,502,296
		Public	Property Taxes	1,252,665
			Sales Taxes	714,750
			Other Muni Rev (NFTA)	40,000
	New York State	Public	Income Taxes	3,869,324
			Sales Taxes	601,895
			Total Benefits to EC + NYS***	92,463,618
			Discounted at 2%	80,824,364

* Cost Benefit Analysis Tool powered by MRB Group **includes direct & indirect \$ over project period *** may not sum to total due to rounding

Discounted Cost \$ 2,840,048
 Discounted Benefit \$ 80,824,364
 Ratio 1:28

Conclusion: The Cost Benefit for this project is 1:28. For every \$1 in costs (incentives), this project provides \$28 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$34 in benefits to the community.**

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over abatement period	Additional Local Revenue Over abatement period	New Yearly Taxes Upon Expiration of Abatement Period
\$400,800	\$ 9,400,800	\$ 271,527	\$ 981,146	\$ 208,779
Combined Tax Rate: \$ 23.198				

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 = \$ 27,800,000 85% = \$ 23,630,000
Employment	Coincides with 10-year PILOT	Maintain Base = 0 Create 85% of Projected Projected = 37 FTE 85% = 31 FTE Recapture Employment = 31 FTE
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 15-year PILOT	Adherence to Policy
Unpaid Tax	Coincides with 15-year PILOT	Adherence to Policy
<u>Recapture Period</u>	Coincides with 15-year PILOT	Recapture of Mortgage recording tax, state and local sales taxes

Recapture applies to:

State and Local Sales Taxes
Real Property Tax
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 created 31 FTE jobs, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.

Project ECIDA History

- 8/2/22: Public hearing held.
- 8/24/22: Inducement Resolution presented to Board of Directors adopting SEQR with City of Buffalo Common Council as lead agency confirmation that the project will be carried out in conformance with the conditions and thresholds contained in the 2002 FGEIS.
- 8/24/22: Lease/Leaseback Inducement Resolution presented to the Board of Directors