

PUBLIC HEARING DEVIATION SCRIPT

**Laborers Way 1, LLC and/or
Individual(s) or Affiliate(s),
Subsidiary(ies), or Entity(ies) formed or
to be formed on its behalf Project**

Public Hearing to be held on August 2, 2022 at 9:00 a.m.,
at the Agency's offices at 95 Perry Street, Suite 403, 4th Floor Conference Room,
Buffalo, New York 14203

ATTENDANCE:

Masiello, Martucci & Associates
Alexa Sass – BUDC
Grant Lesswing – ECIDA
Aleece Burgio – MJI Solutions
Soma Hawramee – ECIDA

☒ 1. WELCOME: Call to Order and Identity of Hearing Officer.

Hearing Officer: Welcome. This public hearing is now open; it is 9:00 a.m. My name is Andrew Federick. I am the Business Development Officer of the Erie County Industrial Development Agency, and I have been designated by the Agency to be the hearing officer to conduct this virtual public hearing. This public hearing is being live-streamed and made accessible on the Agency's website at www.ecidany.com.

☒ 2. PURPOSE: Purpose of the Hearing.

Hearing Officer: We are here to hold the public hearing on the Laborers Way 1, LLC and/or Individual(s) or Affiliate(s), Subsidiary(ies), or Entity(ies) formed or to be formed on its behalf project. The transcript of this hearing will be reviewed and considered by the Agency in determination of this project. Notice of this hearing appeared in The Buffalo News on July 21, 2022.

☒ 3. PROJECT SUMMARY: Description of Project and Contemplated Agency Benefits.

Hearing Officer: The proposed project (the "Project") consists of: (i) the acquisition by the Agency of a leasehold interest in certain property located on 310 Ship Canal Parkway, City of Buffalo, Erie County, New York (the "Land"), (ii) the construction on the Land of an approximately 75,000+/- sq. ft. cannabis cultivation facility to be utilized for the production, packaging and distribution of cannabis (the "Improvements"), and (iii) the acquisition by the Company in and around the Improvements of certain items of machinery, equipment and other tangible personal property (the

“Equipment”; and, together with the Land and the Improvements, the “Facility”).

The Agency will acquire a leasehold interest in the Facility and lease the Facility back to the Company. The Company will operate the Facility during the term of the lease. At the end of the lease term, the leasehold interest will be terminated. The Agency contemplates that it will provide financial assistance to the Company for qualifying and certain specified portions of the Project in the form of sales and use tax exemption benefits and mortgage recording tax exemption benefits, and real property tax abatement benefits. With respect to the contemplated real property tax abatement, the Company has requested, in cooperation with the City of Buffalo (the “City”) and the County of Erie (the “County”), that the Agency and the Company enter into a non-standard payment-in-lieu-of-tax agreement (“PILOT Agreement”) whereby the Company will make payment, for each tax fiscal year, in an amount equal to the real property taxes that would be paid as if the Company owned the Facility and the Agency had no interest in the Facility, multiplied by the applicable percentage set forth below:

<u>PILOT Year</u>	<u>Applicable Percentage</u>
1	20%
2	20%
3	30%
4	30%
5	40%
6	40%
7	40%
8	40%
9	40%
10	50%
11	50%
12	50%
13	50%
14	50%
15	50%

The PILOT Agreement will operate consistent with the Buffalo Lakeside Commerce Park Development and PILOT Redistribution Agreement, dated as of July 1, 2005, by and among the Buffalo Urban Development Corporation (the “BUDC”), the City, the County, and the Agency (the “BLCP Agreement”). The BLCP Agreement established the Buffalo Brownfield Redevelopment Fund (the “BBRF”) to be funded, in this case, with certain portions of the PILOT Agreement payments as herein described. Funds deposited in the BBRF are to be utilized for certain infrastructure costs associated with lands owed by BUDC adjacent to the

Project Facility and/or for other comparable project undertaken by BUDC located with the City of Buffalo. The BLCP Agreement requires that, with respect to the Project, PILOT Agreement payments be made to the Agency, and then (i) 50% of the PILOT Agreement payment will be submitted to the BBRF, and (ii) 50% of the PILOT Agreement payment will be remitted to the City and the County.

4. FORMAT OF HEARING: Review rules and manner in which the hearing will proceed.

Hearing Officer: All those in attendance are required to register by signing the sign-in sheet at the front of the room; you will not be permitted to speak unless you have registered. Everyone who has registered will be given an opportunity to make statements and/or comments on the Project.

If you have a written statement or comment to submit for the record, please submit it on the Agency's website or mail to the Agency at 95 Perry Street, Suite 403, Buffalo, New York 14203. The comment period closes at 4:00 p.m. on August 23, 2022. There are no limitations on written statements or comments.

5. PUBLIC COMMENT: Hearing Officer gives the Public an opportunity to speak.

Hearing Officer: If anyone is interested in making a statement or comment, please raise your hand, state your name and address; if you are representing a company, please identify the company. I request that speakers keep statements and/or comments to 5 minutes, and if possible, 3 minutes.

Tony Masiello, Masiello, Martucci & Associates – I am a consultant representing Zephyr Partners. Zephyr is the managing member of the project applicant Laborers Way 1, and is a southern California based real estate developer with local ties to Buffalo through their CEO, Brad Termini. Zephyr's past real estate experience is primarily in California ranging from the development of residential communities to industrial buildings including construction of one of the largest cannabis manufacturing facilities in the state of California. Zephyr was looking for the right opportunity in Buffalo and was fortunate to come to an agreement with the Buffalo Urban Development Corporation in 2019 to acquire their 73 acres of land in the Lakeside Commerce Park located in southern Buffalo.

Laborers Way 1 sits on approximately 5 net acres within the park and will be the first phase of a multi-phased project that will ultimately create an approximate 1 million square foot industrial cannabis campus. The first phase includes the construction of two buildings totaling approximately 75,000 square feet that will be utilized for manufacturing, cultivation, packaging, and distribution. The facility will focus on both adult-use and medical cannabis consistent with New York State laws and the Office of Cannabis Management regulations. And 100% of the products produced at the facility will be sold within New York State.

Regarding tenancy, Zephyr is in the final discussions with The Etain Companies to lease 100% of the first phase and to build a second phase, which will grow their footprint at the park over

200,000 square feet in total. RIV Capital, its parent company, recently acquired ownership and control of The Etain Companies, who is one of the original five medicinal cannabis license recipients in New York State and is currently one of ten approved vertically integrated cannabis operators in the state. Given the formation of our new partnership with Etain we are very excited to be able to invest significant resources and capital while creating new permanent and temporary jobs for the local community in Buffalo.

Once the first phase is fully operational, the facility is expected to be running 24 hours a day and 7 days a week and anticipated to produce over 50 new permanent jobs plus temporary construction jobs. The permanent jobs will include roles such as, cultivation laborers, product development specialists, maintenance technicians, packaging technicians, administrative staff, and marketing professionals. Project employment policies will have a commitment to promoting social equity and diversity, with a focus on hiring members of disadvantaged communities to create a diverse, equitable, and inclusive environment with priority employment given to employees that live locally in Buffalo.

To conclude, we are very thankful for the opportunity to apply for the ECIDA's financial assistance programs. When determining which market to expand to, we analyzed various locations and determined that the subject site in Buffalo was ideal given the ability to apply for financial assistance being essential in securing a tenant. The Incentives allow for the ability to keep operating costs low in order to maintain competitiveness in a new and expanding industry. Without the benefits offered by the ECIDA, our project would not be feasible from an economic standpoint and our tenant would need to pursue alternative locations.

We would like to thank Mayor Brown, Buffalo city staff and the community for being very supportive of our project during the planning and permitting process. Working with the different local agencies has been a breath of fresh air compared to the challenges we face back in California. Finally, we would like to thank the ECIDA staff for diligently working with us throughout the application process and the ECIDA board for considering our application. We are beyond excited to kick off our first of many development projects in the community. Thank you.

☒ 6. ADJOURNMENT:

As there were no further statements and/or comments, the Hearing Officer closed the public hearing at 9:10 a.m.



CITY OF BUFFALO
OFFICE OF THE MAYOR

BYRON W. BROWN
MAYOR

July 28, 2022

Mr. John Cappellino
Chief Executive Officer
Erie County Industrial Development Agency
95 Perry Street, Suite 403
Buffalo, New York 14203

Dear Mr. Cappellino:

The City of Buffalo supports Zephyr Investor's plans to construct a cannabis production facility within Buffalo Lakeside Commerce Park. We believe that this project will be a catalyst for economic development within the City by diversifying Buffalo's local economy and adding new employment opportunities for Buffalo residents.

Following property acquisition and remediation, the company will construct two, one-story steel framed structures totaling 75,000 sq ft on the site. The facility will be used primarily as a cannabis production facility for light manufacturing, cultivating, packaging and distribution. The \$27 million project is anticipated to create 20 full-time and 34 part-time jobs. Beyond the jobs created once the facility is operational, construction job opportunities will be created with specific goals for hiring minority communities that have been disproportionately impacted by cannabis-related crimes. As a result, the project will work to mitigate the impacts of cannabis incarcerations while advancing workforce and economic goals of our city.

The new construction of Zephyr's cannabis manufacturing facility is a welcome addition to the impressive revitalization efforts that continue to propel our local economy forward.

Sincerely,

A handwritten signature in black ink that reads "Byron W. Brown".

Byron W. Brown
Mayor

**SIGN IN SHEET
PUBLIC HEARING**

August 2, 2022 at 9:00 a.m.
at the Agency's offices, at 95 Perry Street, Suite 403, 4th Floor Conference Room,
Buffalo, New York 14203, regarding:

**Laborers Way 1, LLC and/or Individual(s) or Affiliate(s),
Subsidiary(ies), or Entity(ies) formed or to be formed on its behalf**

Project Location: 310 Ship Canal Parkway, City of Buffalo, Erie County, New York

Name	Company and/or Address	X box to speak/ comment
Anthony Masiello	Masiello, Martucci & Associates	X
Alexa Sass	BUDC 95 Perry Street, 4 th Floor Buffalo, New York 14203	
Grant Lesswing	ECIDA 95 Perry Street, 4 th Floor Buffalo, New York 14203	
Aleece Burgio	MJI Solutions	
Soma Hawramee	ECIDA 95 Perry Street, 4 th Floor Buffalo, New York 14203	