

Delaware North Companies, Inc. \$17,152,000 INDUCEMENT RESOLUTION

HIGHLIGHTS

- **Eligibility: NAICS Section - 55**
- **Highly Distressed**

COMPANY INCENTIVES

- Sales tax savings of approximately \$807,000



Project Title: Delaware North Companies, Inc.

Project Address: 250 Delaware Avenue
Buffalo, New York 14202
(Buffalo City School District)

NAICS: 5812/551114

Agency Request

A sales tax savings in connection with the tenant buildout and FFE purchases of new office space.

Tenant Buildout	\$8,948,000
Non-Manufacturing Equipment	4,758,000
Soft Costs	1,259,000
Other	2,187,000
Total Project Cost	\$17,152,000

Company Description

Delaware North was founded in 1915 and is recognized globally as one of the largest privately held hospitality companies in the world with more than \$2.6 billion in annual revenue and 55,000 employees operating on four continents.

Delaware North is a global leader in hospitality and the food service industry. The company has seven operating divisions: sports facilities, airports, national parks and attractions, hotels and resorts, gaming and arena ownership. All divisions combined serve approximately 500 million customers on an annual basis. Almost 90% of the company's sales are outside of New York State and 14% of sales are to customers located outside of the U.S.

Project Description

It is contemplated Delaware North will be a leading tenant in the proposed new facility being constructed at 250 Delaware Avenue by Uniland Development Company. Delaware North's project is for the build out of approximately 100,000 sq. ft. of space in this new facility which will serve as its world headquarters.

Because Delaware North's current facility at Key Center does not meet the critical components for its long term growth plans, the expiration of its lease on August 31, 2015 creates an opportunity for Delaware North to move into a state of the art office complex to showcase its global sophistication to its national and international vendors and business partners. In addition, the new facility allows the Jacobs family and senior management to recruit global talent for the new jobs being created. The new building will facilitate technology research and development and promote green initiatives and, most importantly, skills training for its associates. The building will be constructed to Silver LEED standards. The project is located in a highly distressed census tract 165.

For global companies such as Delaware North, other viable alternatives exist. Receipt of available incentives is a critical factor that would enable Delaware North to keep its existing world headquarters operations intact, and its incremental corporate growth in Buffalo for many years to come.

Delaware North Companies, Inc.

Project Benefits

The project provides an opportunity to keep the expected future growth of DNC's World Headquarters in Buffalo for decades to come.

Project Incentives

- Sales tax savings of approximately \$807,000

Employment

<u>Current</u>	<u>Year 2</u>
350	415

Draft 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 = \$17,152,000 85% = \$14,579,200
Employment		100% of base (350) and 85% of projected (55) = 405
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	The later of two years following i) The construction completion date, or ii) the termination of the Agent or Financial Assistance Agreement	Recapture of state & local sales

Recapture applies to:

- State and Local Sales Taxes

Recapture

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales and use tax exemption benefits taken by the company that are in violation of the GML.

In addition it is the recommendation of the ECIDA's Policy Committee to recapture the local share of sales tax.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) confirm that company has met 85% of its projected FTE employment while maintaining 100% of its base and iii) confirm adherence to ECIDA local labor hiring policy.

Project History

10/29/2013 Public Hearing conducted. Transcript attached.

11/18/2013 Lease/Leaseback Inducement Resolution presented to Board.