

Application Title

API Corporate Office Tax Incentive Application

Section I: Applicant Background Information

Applicant Information - Company Receiving Benefit

Total Project Cost 1732000
Applicant Name API Heat Transfer Inc.
Applicant Address 2777 Walden Avenue, Buffalo, NY 14225
Phone 716-684-6700
Fax 716-684-2155
E-mail esmouse@apiheattransfer.com
Website <http://apiheattransfer.com/>
Fed ID#

Individual Completing Application

Name Edward Smouse
Title Vice President of Manufacturing
Address 2777 Walden Avenue, Buffalo, NY 14225
Phone 716-684-6700
Fax 716-684-2155
E-Mail esmouse@apiheattransfer.com

Company Contact (if different from individual completing application)

Name
Title
Address
Phone
Fax
E-Mail

Company Counsel

Name of Attorney Ed Daniel
Firm Name McConville Considine Cooman & Morin PC
Address 25 East Main Street, Rochester, New York 14614
Phone (585)546-2500
Fax (585)546-7218

E-Mail

edaniel@mccmlaw.com

Identify the assistance being requested of the Agency

Exemption from Sales Tax	Yes
Tax Exempt Financing	No
Exemption from Mortgage Tax	No
Exemption from Real Property Tax	Yes
Assignment/Assumption of existing PILOT benefits	No

Business Organization

Type of Business	Corporation
Year Established	2005
State of Organization	Delaware

List all stockholders, members, or partners with % of ownership greater than 20%

Please include name and % of ownership.

Wellspring Capital Partners V, LP. - 75% (Private Equity Fund)

Business Description

Describe in detail company background, products, customers, goods and services

Design, manufacture, and distribution of shell and tube heat exchangers, shell and plate heat exchangers, bar and plate heat exchangers, aluminum bar plate, aluminum tube and header, engine cooling systems, and seam welded brass and aluminum tubing products. API supplies products to the Industrial, Process, Power, Food/Beverage and Mobile industries.

Estimated % of sales within Erie County	5
Estimated % of sales outside Erie County but within New York State	14
Estimated % of sales outside New York State	81
Estimated % of sales outside the U.S.	15

What percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County? (You may be asked to provide supporting documentation of the estimated percentage of local purchases)

50

Section II: Project Description & Details

Location of proposed project facility

Address	2777 Walden Avenue
City	Buffalo
State	New York
Zip Code	14225
SBL Number	103.14-2-20.11
Town/City/Village	Cheektowaga
School District	Cheektowaga
Present Project Site Owner	Freemont Buffalo, LLC

Please provide a brief narrative of the project

API is planning to add 6,000 square feet of office space (2 story, 3,000 each floor). This addition will be the Corporate offices for API Heat Transfer.

Site Characteristics

Is the proposed Project located on a site where the known or potential presence of contaminants is complicating the development/use of the property?

No

If yes, please explain

Has a Phase I Environmental Assessment been prepared, or will one be prepared with respect to the proposed Project Site? (If yes, please provide copy)

No

If yes, please provide a copy.

Have any other studies, or assessments been undertaken with respect to the proposed Project Site that indicate the known or suspected presence of contamination that would complicate the site's development?

No

If yes, please provide copies of the study.

Will project include leasing any equipment?

No

If yes, please describe equipment and lease terms

If you are purchasing new machinery and equipment, does it provide demonstrable energy efficiency benefits?

No

If yes, please attach additional documentation describing the efficiencies achieved.

Does or will company perform substantial research and development activities on new products/services at the project location?

Yes

If yes, please explain

2777 Walden Avenue is the home of the R&D department for API Heat Transfer.

What percentage of annual operating expenses are attributed to the above referenced research and development activities?

2

Explain why IDA participation is necessary for this project to proceed. Focus on competitiveness issues, project shortfalls, etc.

In 2012, API Heat Transfer Inc and ThermoSys were combined to form a new company, API Heat Transfer. The result is a multi-national company with sales, design and manufacturing facilities worldwide (6 in the US, 2 in the UK, 3 in Germany and 4 in China). As part of this integration, API Heat Transfer made the decision to locate and consolidate the Corporate headquarters and the thermal testing R&D laboratory for this new company in Western New York at the Walden Avenue facility, closing the former ThermoSys Corporate offices and the thermal testing R&D laboratory in Montgomery, Alabama. The growth in jobs API has experienced and the new jobs for Western New York with the Corporate Integration has created a need for additional office space in the Buffalo facility. API is asking for sales tax and property tax relief to offsite some of the investment API Heat Transfer is making in Western New York.

Project Information**Estimated costs in connection with project****Land and/or Building Acquisition** \$ 0

0.00 acres 0.00 square feet

New Building Construction \$ 714000

6.00 square feet

New Building addition(s) \$ 0

0.00 square feet

Renovation \$ 443000

3900.00 square feet

Manufacturing Equipment \$ 0**Non-Manufacturing Equipment: (furniture, fixtures, etc.)** \$ 525134**Soft Costs: (professional services, etc.)** \$ 50000**Other Cost** \$ 0**Explain Other Costs****Total Cost** 1732134**Project Refinancing (est. amount)** 0

Select Project Type (check all that apply)

Yes Industrial	No Multi-Tenant	No Mixed Use
No Acquisition of Existing Facility	No Commercial	No Facility for the Aging
No Housing	No Back Office	No Civic Facility (not for profit)
Yes Equipment Purchase	No Retail	No Other

SIC Code 3443

NAICS Code 332410

For proposed facility please include # of sq ft for each of the uses outlined below

		Cost	% of Total Cost
Manufacturing/Processing	0 square feet	0	0
Warehouse	0 square feet	0	0
Research & Development	0 square feet	300000	17
Commercial	0 square feet	0	0
Retail	0 square feet	0	0
Office	100 square feet	1432134	83
Specify Other	0 square feet	0	0

Utilities and services presently serving site. Provide name of utility provider

Gas		
Electric	Size	
Water	Size	
Sewer	Size	
Other (Specify)		

If you are undertaking new construction or renovations, are you seeking LEED certification from the US Green Building Council?

No

If you answered yes to question above, what level of LEED certification do you anticipate receiving? (Check applicable box)

<BLANK>

What is your project timetable (Provide dates)**Start date : acquisition of equipment**

2013-12-01

End date : Estimated completion of project

2014-06-01

Project occupancy : estimated starting date of operations

2014-06-01

Have site plans been submitted to the appropriate planning department for approval?

No

Have any expenditures already been made by the company?

No

If yes, indicate particulars (ECIDA benefits do not apply to expenses incurred prior to Board approval)**Is project necessary to expand project employment?**

Yes

Is project necessary to retain existing employment?

No

Employment Plan (Specific to location):

	Current # of jobs at project location or to be relocated at project location	If project is to retain jobs, number of jobs to be retained	Total # of jobs 2 years after project completion
Full time	287	0	293
Part time	0	0	0
Total	0	0	0

Employment at other locations in Erie County: (provide address and number of employees at each location):

Address	91 North Street Arcade, NY		
Full time	186	0	0
Part time	18	0	0
Total	204	0	0

Payroll Information**Annual payroll**

23400000

Estimated average annual salary of jobs to be retained

0

Average estimated annual salary of jobs to be created

300000

Estimated salary range of jobs to be created**From** 30000 **To** 100000

Is the project reasonably necessary to prevent the project occupant from moving out of New York State?

Yes

If yes, please explain and identify out-of-state locations investigated

API Heat Transfer is a multinational company owned by a private equity group in New York City. Discussions on the Corporate Integration Project covered the benefits of locating the Corporate offices near New York City (near the Private Equity Group) and locating near a larger airline hub (Atlanta or Chicago) to minimize and simplify travel cost.

Were you offered financial assistance to locate outside of New York State?

No

If yes, from whom and what type of assistance was offered

What competitive factors led you to inquire about sites outside of New York State?

Have you contacted or been contacted by other economic or governmental agencies regarding this project?

No

If yes, please indicate the Agency and nature of inquiry below

Section III: Adaptive Reuse Projects

Are you applying for a tax incentive under the Adaptive Reuse Program?

No

What is the age of the structure (in years)?

60.00

If yes, number of years vacant?

0

Has the structure been vacant or underutilized for a minimum of 3 years? (Underutilized is defined as a minimum of 50% of the rentable square footage of the structure being utilized for a use for which the structure was not designed or intended)

No

Is the structure currently generating insignificant income? (Insignificant income is defined as income that is 50% or less than the market rate income average for that property class)

Yes

Does the site have historical significance?

No

Briefly summarize the financial obstacles to development that this project faces without ECIDA or other public assistance. Please provide the ECIDA with documentation to support the financial obstacles to development (cash flow projections documenting costs, expenses and revenues indicating below average return on investment rates compared to regional industrial averages)

The project has a cap on cost from our Board of Directors. Without financial help from the ECIDA, API Heat Transfer will be forced to abandon the project or ask the Board for more money which will reopen the discussion on Corporate office location somewhere other than Western New York.

Briefly summarize the demonstrated support that you intend to receive from local government entities. Please provide the ECIDA with documentation of this support in the form of signed letters from these entities

API has not asked for support from any other government entities.

Please indicate other factors that you would like the ECIDA to consider such as: structure or site presents significant public safety hazard and or environmental remediation costs, site or structure is located in a distressed census tract, structure presents significant costs associated with building code compliance, site or structure is presently delinquent in property tax payments

Section IV: Retail Determination

Will project involve the sales of goods or services to customers who personally visit the facility?

No

If yes, complete the Retail Questionnaire Supplement below.

Will any portion of the project consist of facilities or property that is primarily used in making sales of goods or services to customers who personally visit the project site?

No

If the answer is yes, please continue.

What percentage of the cost of the project will be expended on such facilities or property primarily used in making sales of goods or services to customers who personally visit the project?

0.00

%

If the answer to this is **less than 33%** do not complete the remainder of the page and proceed to the next section (Section V: Inter-Municipal Move Determination).

Will the project be operated by a not-for-profit corporation?

No

Is the project likely to attract a significant number of visitors from outside the economic development region in which the project will be located?

No

If yes, please provide a market analysis or other documentation supporting your response.

Would the project occupant, but for the contemplated financial assistance from the industrial development agency, locate the related jobs outside the State of New York?

No

If yes, please provide documentation regarding investigation of sites outside New York State.

Is the predominant purpose of the project to make available goods or services which would not otherwise be reasonably accessible to the residents of the project municipality?

No

If yes, please provide a market analysis supporting your response.

Will the project preserve permanent, private sector jobs or increase the overall number of permanent private sector jobs in the State of New York?

Yes

Is the project located in a Neighborhood Redevelopment Area?

No

Section V: Inter-Municipal Move Determination

Does this project involve relocation or consolidation of a project occupant from another municipality or abandonment of an existing facility?

Within New York State No

Within Erie County No

If EITHER IS YES, please complete the following. If BOTH ARE NO, please 'save and continue' to the next section (Section VI: Facility Type - Single or Multi Tenant).

The Agency is required by state law to make a determination that Agency assistance is required to prevent the project occupant from relocating out of the state, or to preserve the project occupant's competitive position in its respective industry.

Will the project result in a relocation of an existing business operation from the City of Buffalo?

No

If yes, please explain the factors which require the project occupant to relocate (For example, present site is not large enough, or owner will not renew leases etc.)

What are some of the key requirements the project occupant is looking for in a new site? (For example, minimum sq. ft., 12 foot ceilings, truck loading docs etc...)

6,000 square feet of Corporate Office space

If the project occupant is currently located in Erie County and will be moving to a different municipality, has the project occupant attempted to find a suitable location within the municipality?

No

Is the project reasonably necessary to preserve the project occupant's competitive position in its industry?

Yes

If yes, please explain and provide supporting documentation

API Heat Transfer needs to integrate the Corporate offices of the combined company. Strategic sales and marketing world wide depend on direction and information from the Corporate offices.

What factors have lead the project occupant to consider remaining or locating in Erie County?

API Heat Transfer has strong ties to the Western New York area and Erie county. The company has been the in Buffalo facility for over 50 years and supports jobs and business in Erie County.

What is going to happen to the current facility that project occupant is located in?

API Heat Transfer is expanding the current facility.

Please provide a list of properties considered, and the reason they were not adequate. (Some examples include: site not large enough, layout was not appropriate, did not have adequate utility service, etc.) Please include full address for locations.

API Heat Transfer considered leasing temporary office space in the Buffalo area and not closing the thermal lab in Montgomery. After months of analysis, API Heat Transfer did not want a temporary solution and elected to build a permanent office at the Buffalo facility. API considered offices in the Key Center, Buffalo NY and 400 Essjay Road, Williamsville, NY.

Section VI: Facility Type - Single or Multi Tenant**Is this a Single Use Facility or a Multi-Tenant Facility?**

Single Use Facility

For Single Use Facility

Occupant Name API Heat Transfer INC.
Address 2777 Walden Avenue, Buffalo, NY 14225
Contact Person Ed Smouse
Phone (716)684-6700
Fax (716)684-2155
E-Mail esmouse@apiheattransfer.com
Federal ID #

SIC/NAICS Code 3443/332410

Multi-Tenant Facility

Please explain what market conditions support the construction of this multi-tenant facility

Have any tenant leases been entered into for this project?

<BLANK>

If yes, please list below and provide square footage (and percent of total square footage) to be leased to tenant and NAICS Code for tenant and nature of business

Section VII: Environmental Questionnaire

General Background Information

Address of Premises

2777 Walden Avenue Buffalo, NY 14225

Name and Address of Owner of Premises

Freemont Buffalo, LLC; 65 LaSalle Road, Suite 202; West Hartford CT, 06107

Describe the general features of the Premises (include terrain, location of wetlands, coastlines, rivers, streams, lakes, etc.)

The site is non agricultural meadows with no wetlands on the site

Describe the Premises (including the age and date of construction of any improvements) and each of the operations or processes carried out on or intended to be carried on at the Premises

The first building was built on the Premises in 1953 (60 years). An addition was made to the building in 1991, followed by another expansion in 2009. API Heat Transfer performs machining, painting, welding and assembly of shell and tube heat exchangers on the site.

Describe all known former uses of the Premises

No known former uses.

Does any person, firm or corporation other than the owner occupy the Premises or any part of it?

No

If yes, please identify them and describe their use of the property

API Heat Transfer leases the property from Freemont. No other person, firm or corporation occupies the premises.

Have there been any spills, releases or unpermitted discharges of petroleum, hazardous substances, chemicals or hazardous wastes at or near the Premises?

No

If yes, describe and attach any incident reports and the results of any investigations

Has the Premises or any part of it ever been the subject of any enforcement action by any federal, state or local government entity, or does the preparer of this questionnaire have knowledge of: a) any current federal, state or local enforcement actions; b) any areas of non-compliance with any federal, state or local laws, ordinances, rules or regulations associated with operations over the past 12 months?

No

If yes, please state the results of the enforcement action (consent order, penalties, no action, etc.) and describe the circumstances

Has there been any filing of a notice of citizen suit, or a civil complaint or other administrative or criminal procedure involving the Premises?

No

If yes, describe in full detail

Solid And Hazardous Wastes And Hazardous Substances

Does any activity conducted or contemplated to be conducted at the premises generate, treat or dispose of any petroleum, petroleum-related products, solid and hazardous wastes or hazardous substances?

Yes

If yes, provide the Premises' applicable EPA (or State) identification number

NYD002114643

Have any federal, state or local permits been issued to the Premises for the use, generation and/or storage of solid and hazardous wastes?

No

If yes, please provide copies of the permits.

Identify the transporter of any hazardous and/or solid wastes to or from the Premises

Advanced Waste Solutions, Buffalo, NY

Identify the solid and hazardous waste disposal or treatment facilities which have received wastes from the Premises for the past two (2) years

Advanced Waste Solutions, Buffalo, NY

Does or is it contemplated that there will occur at the Premises any accumulation or storage of any hazardous wastes on-site for disposal for longer than 90 days?

No

If yes, please identify the substance, the quantity and describe how it is stored

Discharge Into Waterbodies

Briefly describe any current or contemplated industrial process discharges (including the approximate volume, source, type and number of discharge points). Please provide copies of all permits for such discharges

None

Identify all sources of discharges of water, including discharges of waste water, process water, contact or noncontact cooling water, and stormwater. Attach all permits relating to the same. Also identify any septic tanks on site

Storm water only

Is any waste discharged into or near surface water or groundwaters?

No

If yes, please describe in detail the discharge including not only the receiving water's classification, but a description of the type and quantity of the waste

Air Pollution

Are there or is it contemplated that there will be any air emission sources that emit contaminants from the Premises?

Yes

If yes, describe each such source, including whether it is a stationary combustion installation, process source, exhaust or ventilation system, incinerator or other source

(4) Process sources

Are any of the air emission sources permitted?

Yes

If yes, attach a copy of each permit.

Storage Tanks

List and describe all above and under ground storage tanks at the Premises used to store petroleum or gasoline products, or other chemicals or wastes, including the contents and capacity of each tank. Please also provide copies of any registrations/permits for the tanks

Storage Tanks Capacity (gal) Contents 2100 Gallon Main Floor Oil Flush Tank 2100 Indoors, above ground Hydraulic Oil 500 Gallon Main Floor Oil Flush Tank 500 Indoors, above ground Hydraulic Oil 1200 Gallon DFT Oil Flush Tank 1200 Indoors, above ground Hydraulic Oil 500 Gallon DFT Oil Flush Tank 500 Indoors, above ground Hydraulic Oil

Have there been any leaks, spills, releases or other discharges (including loss of inventory) associated with any of these tanks?

No

If yes, please provide all details regarding the event, including the response taken, all analytical results or reports developed through investigation (whether internal or external), and the agencies which were involved

Polychlorinated Biphenyls ("PCB" or "PCBs") And Asbestos

Provide any records in your possession or known to you to exist concerning any on-site PCBs or PCB equipment, whether used or stored, and whether produced as a byproduct of the manufacturing process or otherwise.

Have there been any PCB spills, discharges or other accidents at the Premises?

No

If yes, relate all the circumstances

Do the Premises have any asbestos containing materials?

Yes

If yes, please identify the materials

Pipe insulation from the building construction in 1953. No asbestos in the construction area.