

Curtiss Buffalo, Inc.
\$18,100,000
INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - 53

COMPANY INCENTIVES

- Approximately \$575,000 in sales tax benefits
- 1% of the final mortgage amount. At this time, the estimated amount of the mortgage is \$11,000,000 for a savings of \$110,000
- It is anticipated the company will apply to the City of Buffalo for a 485 -a exemption.



Project Title: Curtiss Buffalo, Inc.
 Project Address: 204-216 Franklin Street
 Buffalo, New York 14202
 (Buffalo City School District)
 NAICS: 531110

Agency Request

A sales tax and mortgage tax exemption in connection with the adaptive reuse of 204-216 Franklin Street.

Acquisition	\$ 3,380,000
Renovation	\$ 10,090,000
Non-Manufacturing Equipment	\$ 1,530,000
Soft Costs:	\$ 3,100,000
 Total Project Cost	 \$ 18,100,000
 85% of Project Cost	 \$ 15,385,000
 Estimated Mortgage Amount	 \$ 11,000,000

Company Description

Curtiss Buffalo, Inc. is a corporation formed in 1998 and is 100% owned by Buffmark Holdings, LLC. Mark Croce is the sole owner of Buffmark. Mr. Croce is a local entrepreneur/restaurateur. Recent accomplishments include successfully transforming the Statler Towers into Statler City and transforming an old carriage house into the Buffalo Chophouse. He has created a number of restaurants and hospitality based businesses including D’Arcy McGee’s Irish pub, Laughlin’s, Brownstone Bistro, Bucking’ Buffalo Saloon and the SkyBar.

Project Description

The project involves the complete rehabilitation and historic renovation of the 57,560 sq. ft. Curtiss Building and the redevelopment of the former Continental Building which was previously demolished. This will transform the Curtiss Building and adjacent lot into a 67-room, high end boutique hotel, fine dining restaurant, lounge, spa and fitness center. The project will include an indoor/outdoor year round water element featuring a waterfall and urban hot-springs environment. In addition, one apartment unit will be constructed.

The building is over 100 years old and is listed on the National Register of Historic Places and has been a vacant, blighted structure for over 12 years. Its location falls within a highly distressed area as defined by New York State Statute.

The project is expected to add significantly to the downtown entertainment district by bringing product online that does not currently exist in downtown Buffalo.

The renovated Curtiss Building, with its close proximity to the Convention Center complemented by the selection of other hotels surrounding it, is expected to enhance the Convention Center’s ability to promote Buffalo as a convention destination. (see attached letter from Visit Buffalo Niagara).

Project Incentives

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Employment

At Application Projected Year 2
 0 30

Real Estate Tax Impact

Current Assessment	Current Yearly Taxes	Estimated new assessed value (50% of construction budget)	New County Revenue over 12 years	New City Revenue over 12-Year 485-a abatement period	New Taxes in first year after expiration of abatement
\$200,000	\$6,900	\$5,045,000	\$330,000	\$292,000	\$173,000
Combined Tax Rate: \$34.41					

Project Benefits

- The investment of over \$18,000,000 in the urban core.
- The adaptive reuse of a facility that has been vacant for over 12 years
- The redevelopment of a property in a highly distressed census tract
- 30 new jobs to the area
- Over \$1,400,000 in new bed tax revenue to the County over a 10-year period.

Retail Determination

Tenant	Sq. Ft.	Cost	% of Project Cost
Hotel/Spa/Restaurant	57,560	\$18,100,000	100%

According to state law if more than 1/3 of the cost of the total project is devoted to retail the IDA must make a retail finding. This requires a sign off by the County Executive.

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount Project Amount = \$18,100,000 85% = \$15,385,000
Employment	See recapture period	85% of project employment: Projected Jobs = 30 85% of Projected Jobs = 25
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	The later of 2 years after project completion or termination of Agent and Financial Assistance	Recapture of State and Local Sales Taxes and Mortgage Tax

Recapture applies to:

- State and local sales taxes
- Mortgage recording 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 and the mortgage recording 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 full time employment and iii) confirm adherence to ECIDA local labor hiring policy.

Project History

- 6/2/2014 Public Hearing Held. Transcript attached.
- 06/18/2014 Inducement Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
- 06/18/2014 Lease/Leaseback Inducement Resolution presented to Board of Directors.