

Emerson Huron, LLC
\$36,798,900
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 531110

COMPANY INCENTIVES

- Approximately \$1,750,000 in sales tax savings
- Up to 3/4 of 1% of the final mortgage amount estimated at \$180,000

EMPLOYMENT

- Retained Jobs = 60 FT

PROJECT HISTORY

- 11/30/2017 - Public Hearing Held. Transcript attached.
- City of Buffalo, as lead agent adopts a negative declaration in accordance with SEQRA
- 12/20/2017 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Emerson Huron, LLC - c/o McGuire Development
Emerson Hospitality School

Project Address: 75 West Huron
Buffalo, New York 14202
(Buffalo City School District)

Agency Request

A sales tax and mortgage recording tax exemption in connection with the adaptive reuse of the former C.W. Miller Livery for lease to the Buffalo School District.

Building Acquisition	\$ 298,900
New Building Construction	\$ 2,000,000
Renovation	\$24,000,000
Equipment	\$ 4,500,000
Soft Costs	\$ 6,000,000
 Total Project Cost	 \$36,798,900
85%	\$31,279,065

Company Description

Emerson Huron, LLC was formed to undertake the project. F. James McGuire, Mark Croce & James Jerge or a related company each own 33.3% of the LLC. The developers have a history of undertaking commercial development projects in Western New York and throughout the country.

Project Description

The project consists of the renovation and redevelopment of the former C.W. Miller Livery facility located on Huron Street; adjacent to the newly renovated Curtiss Building. The building has been vacant for 15 years. When complete, the building will serve as the site for a new Buffalo Culinary School and will be operated and leased solely by the Buffalo Public Schools.

The Emerson program including the expansion to a second facility, has been extremely successful with high demand from students and a continual waiting list. Since 2015, the Buffalo Public School has operated a temporary hospitality school located on South Park Avenue. The purpose was to increase the number of students in attendance within the program to ensure there would be an adequate number of freshmen to senior level students who would be able to fill the new Emerson hospitality school once completed. Once the new school is ready for occupancy, the new student body would be comprised of current upper level students, together with new students recruited to the program. The current school is led by approximately 60 full time staff comprised of teaching staff, administrators/support staff as well as maintenance technicians. 10 of the 60 are teaching staff at the high school that teach specialized courses relating to the hospitality and/or culinary aspects of this unique high school curriculum. All 60 full time staff will be retained and transferred to the new Emerson Hospitality School once completed in 2019.

Retail Determination

Use	Sq. Ft.	Cost	% of Project Cost
Emerson Culinary School	95,000	\$35,798,900	99%
Retail	5,000	\$1,000,000	1%
Total	100,000	\$36,798,900	100%

Since the retail component of the project represents 1% of the project cost, no sign off by the County is required.

10/1/2018 3:00 PM

The facility will be broken out as follows:

1st Floor	Lobby/Restaurant open to public/School main entry/small store for school supplies/items/sweatshirts
2nd Floor	School administrative office/Banquet/Special event space/Back of house teaching for food prep/serving and bakery/Access to gym
3rd Floor	Classroom/guidance counselors/nurse
4th Floor	Special education classroom
5th Floor	Interchangeable classrooms/science rooms/office space
6th Floor	Cafeteria/Library/Computer/Resource rooms/ 1-1 bedroom apartment

The apartment will measure approximately 600 sq. ft. and rent for approximately \$800/month.

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over 485-a Abatement Period	Additional City Revenue over 485-a Abatement Period	New Yearly Taxes Upon Expiration of Abatement Period
\$9,800	\$12,000,000	\$929,000	\$648,000	\$401,000
Combined Tax Rate: 33				

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 = \$36,798,900 85% = 31,279,065
Employment	Same as recapture period	Maintain 100% of base = 60
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Same as recapture period	Adherence to Policy
Unpaid Tax	Same as recapture period	Adherence to Policy
Recapture Period	2 years after project completion	Recapture of state and local sales taxes and mortgage recording tax

Recapture applies to:
Mortgage Recording Tax
Sales 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 project completion the company must certify i) total investment is equal to or greater than 85% of the anticipated project amount; ii) confirm company has 60 FTE's at the facility iii) confirm adherence to ECIDA local labor policy during construction and iv) adherence to unpaid tax and pay equity policies for the recapture term.