

Pierce Arrow Kanaka, LLC
\$34,535,000
INDUCEMENT RESOLUTION

ELIGIBILITY	Project Title: Pierce Arrow Kanaka, LLC														
<ul style="list-style-type: none"> • NAICS Section - 531110 	Project Address: 1685, 1695 and 1721 Elmwood Avenue Buffalo, New York 14207 (Buffalo City School District)														
COMPANY INCENTIVES	Agency Request														
<ul style="list-style-type: none"> • 3/4 of 1% of the final mortgage amount. At this time, the estimated amount of the mortgage is \$14,250,000 for a savings of \$106,875. • Approximately \$1,137,500 in sales tax savings. 	A sales tax and mortgage recording tax exemption in connection with the redevelopment and adaptive reuse of the former Pierce Arrow plant. <table data-bbox="602 499 1393 730"> <tr> <td>Building Acquisition</td><td>\$ 3,875,000</td></tr> <tr> <td>Building Addition</td><td>\$ 600,000</td></tr> <tr> <td>Infrastructure</td><td>\$ 3,800,000</td></tr> <tr> <td>Renovation</td><td>\$19,460,000</td></tr> <tr> <td>Equipment</td><td>\$ 750,000</td></tr> <tr> <td>Soft Costs</td><td>\$ 6,050,000</td></tr> <tr> <td>Total Project Cost</td><td>\$34,535,000</td></tr> </table>	Building Acquisition	\$ 3,875,000	Building Addition	\$ 600,000	Infrastructure	\$ 3,800,000	Renovation	\$19,460,000	Equipment	\$ 750,000	Soft Costs	\$ 6,050,000	Total Project Cost	\$34,535,000
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Total Project Cost	\$34,535,000														
EMPLOYMENT	85% \$29,354,750														
<ul style="list-style-type: none"> • Real estate tax abatement provided by City of Buffalo. • The project is anticipated to create 2 FT and 2 PT jobs (two years after project completion). 	<p style="text-align: center;">Company Description</p> <p>Pierce Arrow Kanaka, LLC was formed in 2017 for the purpose of undertaking the project. The ownership of the LLC is as follows: Pierce Arrow Kanaka Managing Member, LLC - 99%, Pierce Arrow Kanaka Master Tenant, LLC - 1%.</p> <p>The LLC is teaming up with Nidus Development to undertake and construct the project. Nidus owns and manages medical, commercial and residential properties in multiple states. The company is headed by Dr. Gregory Daniel, the founder of Western New York Immediate Care. Joseph Hecht who has owned the Pierce Arrow building since 2005 is partnering with Nidus in the development and management of the project as well.</p>														
PROJECT HISTORY	Project Description														
<ul style="list-style-type: none"> • 07/26/2018 - - Public Hearing held. Transcript attached. • 08/22/2018 - Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA. • 08/22/2018 - Lease/Leaseback Inducement Resolution presented to the Board of Directors 	<p>The project includes the complete renovation of the historic Pierce Arrow administration building as well as the original garage where the completed automobiles were stored and tested prior to shipping. The development plan includes a small (7,600 sq. ft.) addition and approximately 107 “loft style” apartments measuring 600 sq. ft. - 800 sq. ft. for a one bedroom renting for between \$950 and \$1,100 per month and two and three bedrooms measuring between 850 sq. ft. -1,400 sq. ft. and renting for between \$1,100 and \$1,600 per month.</p> <p>Both indoor and outdoor parking will be made available to the tenants. 10,000 sq. ft. of commercial space will be provided on the 2nd floor in a unique 32’ high arched space, originally constructed as the dining room for workers which must be preserved in compliance with SHPO guidelines. A retail component will be provided to support tenants and may include a restaurant and small retail store along with management office.</p> <p>The Pierce Arrow Administration Building is approximately 110 years old and has been listed on the historic register since the mid-1970’s.</p>														

Impact on Taxes

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over 12 years	Additional City Revenue over 485-a Abatement Period.	New Yearly Taxes Upon Expiration of Abatement Period
N/A	\$9,800,000	\$758,000	\$524,000	\$325,000
Combined Tax Rate: \$33				

Retail Determination

Use	Sq. Ft.	Cost	% of Project Cost
Residential	169,500	\$32,760,000	95%
Commercial/Retail	10,500	\$ 1,775,000	5%
Total	180,000	\$34,535,000	100%

Since the retail component of the project represents only 6% of the project cost, no sign off by the County is required.

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 = \$34,535,000 85% : \$29,354,750
Employment	2 Years after project completion	Create 85% of projected Projected = 3 85% = 2
Local Labor	Construction period	Adherence to policy including quarterly reporting
Unpaid Taxes	Same as recapture period	Adherence to policy
Pay Equity	Same as recapture period	Adherence to policy
Recapture Period	2 years after project completion	State and Local Sales Taxes Mortgage Tax

Recapture applies to:

- State and local sales taxes
- Mortgage 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 2 employees at the facility; iii) its adherence to ECIDA local labor policy during construction and iv) adherence to unpaid tax and pay equity policies for the recapture term.