

**MINUTES OF A MEETING OF THE
POLICY COMMITTEE OF THE
ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

- MEETING:** August 1, 2019, at Erie County Industrial Development Agency, 95 Perry Street, 5th Floor Conference Room, Buffalo, New York
- PRESENT:** Hon. April Baskin, Richard Cummings, Colleen DiPirro, Richard Lipsitz, Jr., Hon. Glenn R. Nellis, Laura Smith, David J. State, Lavon Stephens and Maria Whyte
- EXCUSED:** Brenda W. McDuffie¹
- ABSENT:** Rev. Mark E. Blue, Hon. Byron W. Brown, Hon. Johanna Coleman, Hon. William J. Krebs and John J. Mudie
- OTHERS PRESENT:** John Cappellino, Executive Vice President, Mollie Profic, Chief Financial Officer; Atiqa Abidi, Assistant Treasurer; Dawn Boudreau, Compliance Officer; Beth O’Keefe, Business Development Officer; Karen M. Fiala, Assistant Treasurer/Secretary
- GUESTS:** Robert G. Murray, General Counsel; Matt Mombrea on behalf of Cypress North Corp.; Robert Laughlin and Kirk Dorn on behalf of TMP Technologies; John Baldo on behalf of SelectOne RE Holdings

There being a quorum present at 9:10 a.m., the meeting of the Policy Committee was called to order by Mr. Lipsitz.

MINUTES

The minutes of the July 11, 2019 Policy Committee meeting were presented. Upon motion made by Mr. Nellis, and seconded by Mr. Cummings, the aforementioned Policy Committee meeting minutes were unanimously approved.

PROJECT MATRIX

Mr. Cappellino reviewed the Agency’s project matrix. Mr. Lipsitz directed that the report be received and filed.

¹ Ms. McDuffie participated via telephone conference call, however, she did not count for quorum purposes and is not considered present or eligible for purposes of voting on any action items.

PROJECT PRESENTATIONS

Cypress North Corp./Hertel Pacific, LLC, 211 Hertel Avenue, Buffalo, New York. Mr. Cappellino presented this proposed sales tax, mortgage recording tax and real property tax abatement benefits project involving the renovation of an existing 8,500 sq. ft. former manufacturing facility located at 211 Hertel Avenue which has been vacant for approximately 10 years.

Mr. Cappellino stated that in exchange for providing the sales and use tax, mortgage recording tax and real property tax abatement benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to the potential modification, recapture and/or termination of financial assistance as follows:

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 = \$935,160 85% = \$794,886
Employment	Coincides with 7-year PILOT	Maintain Base: 16 Create 85% of Projected Projected = 2 85% = 2 Recapture Employment = 18
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 7-year PILOT	Adherence to policy
Unpaid Tax	Coincides with 7-year PILOT	Adherence to policy
Recapture Period	PILOT Term	Recapture of state and local sales tax, mortgage recording tax and real property taxes.

Mr. Cappellino introduced Matt Mombrea of Cypress North who spoke on behalf of the project who noted that the company’s current lease is expiring and that the company needs to expand and grow.

Ms. DiPirro spoke in favor of the project and the reuse of a vacant building.

Ms. Whyte spoke in favor of the project.

Mr. Nellis moved and Ms. Whyte seconded to approve of the project as proposed and forward to the ECIDA Board for approval.

At this point in time, Ms. Baskin joined the meeting.

Mr. Lipsitz called for the vote and the project was then unanimously approved.

Time Release Properties, LLC / Time Release Sciences, Inc., 2303 Hamburg Turnpike, Lackawanna, New York. Mr. Cappellino presented this proposed sales tax, mortgage recording tax and real property tax abatement benefits project involving the construction of and equipping of an approximately 290,000 sq. ft. manufacturing facility at the former Bethlehem Steel site in the City of Lackawanna, New York.

Mr. Cappellino noted that the PILOT abatement is still in the process of being developed as it is anticipated that a custom PILOT with a unique abatement schedule will be developed for this project, said custom PILOT to ultimately be presented to and approved by the ECIDA board of directors.

Mr. Cappellino stated that in exchange for providing the sales and use tax, mortgage recording tax and real property tax abatement benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to the potential modification, recapture and/or termination of financial assistance as follows:

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 = \$22,700,000 85% = \$19,295,000
Employment	Coincides with 10-year PILOT	Maintain Base: 103 Create 85% of Projected Projected = 12 85% = 10 Recapture Employment = 113
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with the term of the PILOT Agreement	Adherence to policy
Unpaid Tax	Coincides with the term of the PILOT Agreement	Adherence to policy
Recapture Period	PILOT Term	Recapture of state and local sales tax, mortgage recording tax and real property taxes.

Mr. Cappellino introduced TMP representative, Mr. Laughlin, and thanked the company for its investment and patience in working with the landowner ILDC and ECIDA. Mr. Laughlin and Mr. Dorn gave a presentation to the Committee further describing the project and anticipated investment.

Ms. Smith queried as to the timing of the closing on the land purchase. Mr. Cappellino stated it could be as early as the end of August, 2019.

Ms. Whyte confirmed that the PILOT abatement schedule is still being worked out and will be presented to the Board of the ECIDA for final approval. Ms. Whyte also thanked TMP for investing in Lackawanna at the former Bethlehem Steel site, noted that there are inherent difficulties with developing and constructing at the Bethlehem Steel site that have resulted in TMP incurring greater costs than it may have incurred at alternative sites, although Ms. Whyte also noted that there are no viable alternative sites that suit TMP's needs. Ms. Whyte also noted that the project is eligible for lucrative Brownfield Cleanup Program tax credits which more than offset such additional development costs.

Ms. Whyte moved and Ms. DiPirro seconded to approve of the project as proposed and forward to the ECIDA Board of Directors for approval.

Mr. Cummings asked the company about its diversity program related to the construction workforce. The company stated its goals are to obtain a diverse construction workforce and stated they will speak with its contractor to ask that diverse construction workers goals are meet.

Mr. Lipsitz called for the vote and the project was then unanimously approved.

COMPLIANCE DISCUSSION

SelectOne RE Holdings. Mr. Cappellino provided members with the background related to the company's 2014 project involving the adaptive reuse of its facility. Mr. Cappellino explained that the receipt of financial assistance was conditioned upon adherence to certain material terms and conditions, and that the company was required to retain 14 full-time and 2 part time employees, and to create five new full-time positions by May 31, 2019, being two years following project completion. The company met those requirements from 2014-2017, however, it fell below its job retention requirements in 2018, by 1.5 employee positions, being 11% below its employment requirement.

Mr. Cappellino presented three recapture options to the committee, noting that Option 2, calling for the recapture of one year of PILOT benefits based on the company's 11% employment shortfall, has been the option and rationale behind other similar recapture events approved by the ECIDA for other projects.

Mr. Baldo spoke on behalf of the company.

Mr. Stephens noted and commented on the tight labor market and noted that those people who are unemployed in today's economy typically lack the skills to fill open positions.

Ms. Smith expressed support for Option #2.

Ms. Whyte spoke in favor of Option #2.

Ms. Whyte moved and Mr. Cummings seconded to approve of recapture option #2. Mr. Lipsitz called for the vote and recapture option #2 was then unanimously approved for recommendation to members of the Agency.

There being no further business to discuss, Mr. Lipsitz adjourned the meeting at 10:01 a.m.

Dated: August 1, 2019



Karen M. Fiala, Secretary