

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

- DATE AND PLACE:** November 2, 2023 at the Erie County Industrial Development Agency, 95 Perry Street, 4th Floor Conference Room, Buffalo, New York 14203
- PRESENT:** Denise Abbott, Hon. Hon. A.J. Baines, April Baskin, Zachary Evans, Richard Lipsitz, Dr. Susan McCartney, Brenda W. McDuffie, Hon. Glenn Nellis, Laura Smith and Lavon Stephens
- EXCUSED:** Rev. Mark Blue, Hon. Byron W. Brown, David J. State, Hon. John Tobia and Paul Vukelic
- OTHERS PRESENT:** John Cappellino, President & CEO; Soma Hawramee, Compliance Portfolio Manager, Brian Krygier, Director of Information Technology; Carrie Hocieniec, Operations Assistant/Assistant Secretary; Andrew Federick, Property & Business Development Officer, and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC
- GUESTS:** Trevor Griffis on behalf of the City of Buffalo; Pierre Lorieau, Jim Kourtis, Don Heins and Jeffrey McGiveron on behalf of Lactalis; Kevin Dagher on behalf of 1175 Delaware Place

There being a quorum present at 9:00 a.m., the Meeting of the Policy Committee was called to order by Mr. Lipsitz.

MINUTES

The minutes of the September 14, 2023, Policy Committee meeting were presented. Upon motion made by Mr. Blue to approve of the minutes, and seconded by Ms. McDuffie, the 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.

PROJECT PRESENTATION

1175 Delaware Capital LLC, 1175 Delaware Avenue, Buffalo, New York 14209. Mr. Cappellino presented this proposed sales and use tax, mortgage recording tax and real property tax abatement benefits project involving the rehab of a 58,000 sq. ft. facility into 83 apartment units and 1 commercial space incorporating New York's green initiative including energy efficient water usage, HVAC, appliances and sustainable building materials. Mr. Cappellino

confirmed that 1175 Delaware Capital LLC is seeking approximately \$1,117,868 in assistance including sales and use tax exemption, mortgage tax exemption and real property tax abatement benefits. The cost benefit is 1:10 so for every \$1 of incentives the community benefit is \$10 in payroll & tax revenue. For Erie County, every \$1 of incentives provides \$13 in community benefits. Mr. Cappellino confirmed the project doesn't qualify for the City's 485-a real property tax abatement and is seeking an ECIDA PILOT.

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

Mr. Cappellino noted the company is applying for and will be the first applicant opting to undertake MWBE contracting and related hiring and "best practice" initiatives for purposes of obtaining the real property tax abatements under the Agency's Economic Inclusion PILOT Program.

Ms. McDuffie queried if the company would be able to apply its 80% AMI criteria to set aside some of the one bedroom units in addition to the studio units. Mr. Dagher stated he would be willing to include some of the one-bedroom units at the 80% AMI level.

Ms. Baskin spoke in favor of the project and about the company's commitment to diversity and inclusion practices. Mr. Baines spoke in favor of the project.

Mr. Cappellino stated that in exchange for providing the sales and use tax, mortgage recording tax exemption 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 = \$16,759,000 85% = \$14,237,500
Employment	Coincides with recapture period	Maintain Base = 0 FTE Projected = 2 PTE Create 85% of Projected = 0 Recapture Employment = N/A
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with recapture period	Adherence to policy
Unpaid Tax	Coincides with recapture period	Adherence to policy
Recapture Period	Coincides with recapture period	Recapture of state and local sales taxes, mortgage recording tax and real property tax

Ms. Smith moved and Ms. Baskin seconded to recommend the project as proposed be forwarded to the members of the ECIDA for approval. Mr. Lipsitz commented that this is the first project to make application for the Agency’s Economic Inclusion PILOT program, and also noted the Erie County IDA is the first in the state to offer such a program. Mr. Lipsitz called for the vote and the project was then unanimously recommended to be forwarded to the Board for approval.

Lactalis American Group, Inc., 2375 South Park Avenue, Buffalo, New York 14220. Mr. Cappellino presented this proposed sales tax benefits project involving infrastructure upgrades for the installation of new mozzarella and ricotta cheese production equipment, a new building addition for the whey evaporator and dryer equipment and regulatory plant-wide infrastructure upgrades.

Mr. Cappellino confirmed that Lactalis American Group, Inc. is seeking \$1,203,247 in incentives including sales tax exemption benefits. Total payroll is projected at \$22,277,956 for the direct and indirect jobs created including 195 construction jobs. The resulting cost benefit is 318:1 so for every \$1 of incentives the community benefit is \$318 in payroll & tax revenue. For Erie County, every \$1 of incentives provides \$557 in community benefits.

Mr. Cappellino stated that in exchange for providing the sales and use tax 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 = \$44,526,000 85% = \$37,847,100
Employment	2 years after project completion	Maintain Base = 375 FTE Create 85% of Projected Projected = 27 FTE 85% = 22 FTE Recapture Employment = 397 FTE
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	2 years after project completion	Adherence to policy
Unpaid Tax	2 years after project completion	Adherence to policy
Recapture Period	2 years after project completion	Recapture of state and local sales taxes

Ms. McDuffie spoke in favor of the project. Ms. Smith spoke in favor of the project and noted how important this project is for the dairy and agricultural sector.

Ms. McCarthy moved and Mr. Baynes seconded to recommend the project as proposed be forwarded to the members of the ECIDA for approval. Mr. Lipsitz called for the vote and the project was then recommended to the Board for approved.

2024 MEETING SCHEDULE

Mr. Cappellino reviewed the 2024 meeting schedule.

SODEXO/UNILAND UPDATE

Mr. Cappellino briefly discussed, as reported in the Buffalo News, contemplated job losses at the Sodexo facility and confirmed the Agency is working with Uniland to obtain information to confirm job retention commitments as a material term related to the provision of the PILOT benefits. Mr. Cappellino noted Agency staff has reached out to Uniland to discuss the losses of employment, and will continue to review and report findings to the Policy Committee.

There being no further business to discuss, Mr. Lipsitz adjourned the meeting at 9:50 a.m.

Dated: November 2, 2023



Elizabeth A. O'Keefe, Secretary