



**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORP.
BUFFALO & ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORP.**

**Joint Finance & Audit Committee Meeting
June 20, 2016 at 9:00 a.m.**

Agenda

1. Approval of Minutes – March 18, 2016
2. Buffalo Niagara Medical Campus Bond Issuance
3. 2017 Preliminary Budget Briefing
4. Adjourn

**MINUTES OF A JOINT MEETING OF THE
FINANCE & AUDIT COMMITTEES OF THE
ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (ECIDA or AGENCY)
THE BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT
CORPORATION (RDC) AND THE BUFFALO & ERIE COUNTY INDUSTRIAL
LAND DEVELOPMENT CORPORATION (ILDC)**

- MEETING:** March 18, 2016, at the Erie County Industrial Development Agency, 95 Perry Street, Suite 403, Buffalo, New York 14203
- PRESENT:** Penny Beckwith, James F. Doherty; Chris T. Johnston, Michael Szukala and William Witzleben
- ABSENT:** Glenn R. Nellis
- OTHERS PRESENT:** Steve Weathers, Chief Operating Officer; John C. Cappellino, Executive Vice President; Andrew Schoepich, Treasurer; Mollie Profic, Assistant Treasurer; Dawn Boudreau, Compliance Officer; and Robert G. Murray, Secretary
- GUESTS:** Seth Hennard and Sara Dayton from Lumsden & McCormick

There being a quorum present at 12:03 p.m., Mr. Johnston called the meeting of the Finance & Audit Committee of the ECIDA, RDC and ILDC (the "Committee") to order.

MINUTES

The December 1, 2015 minutes of the joint meeting of the Committee were presented. Upon motion made by Mr. Szukala, and seconded by Mr. Doherty, the December 1, 2015 minutes of the Committee were unanimously approved.

PUBLIC AUTHORITIES 2015 REPORT

Mr. Schoepich gave an overview of the Public Authorities annual report to be submitted for the 2015 fiscal year. Mr. Schoepich explained that the ECIDA, an industrial development agency, together with its affiliates, is required to comply with the New York State Public Authorities Law and submit a comprehensive annual report including information on numerous topics such as, for example, annual operations and accomplishments and a summary of financial reports. Mr. Schoepich noted that not much has changed from the prior year's report.

INVESTMENT GUIDELINES

Ms. Profic then reviewed the ECIDA's Investment and Deposit Policy. Ms. Profic noted that Article III(b) of the Investment Policy sets forth the parameters of the types of investments the ECIDA can invest in. She noted that nothing has changed in terms of the scope of permitted investments to be approved in this year's policy.

INVESTMENT REPORT

Ms. Profic then gave an overview of the Agency's 2015 Annual Investment Report noting the purpose of the report, in compliance with Section 2925(6) of the Public Authorities Law, is to prepare a schedule detailing the Agency's investment income and related fees for the year ended December 31, 2015. Ms. Profic explained there may be consideration in the future to move towards investment periods greater than the currently allowed investment terms of up to two years. Ms. Profic noted that the Agency may wish to consider holding off on re-evaluating the allowable investment periods until after the dust settles on the merger between First Niagara Bank and Key, given the Agency's current investments are managed by First Niagara Bank.

At this point in time, Mr. Johnston asked whether there were any regulations on long term investments. Mr. Schoepich replied that the ECIDA's investment policy mirrors state regulations. Mr. Schoepich also noted First Niagara Bank will be presenting investment options to the Committee in the future.

At this point, Mr. Witzleben joined the meeting.

CORPORATE CREDIT CARD POLICY

Mr. Schoepich reviewed the Corporate Credit Card Policy for consideration by the Committee. Mr. Schoepich explained the corporate credit cards are primarily used for travel expenses and that a report will be presented delineating exactly what the card was used for.

FINANCE & AUDIT COMMITTEE SELF-EVALUATION

Ms. Boudreau explained the ABO requires a self-evaluation to be completed by each member of the Committee. Ms. Boudreau noted that the self-evaluation tracks the expectations that are placed on the Committee as set forth in the Governance Committee Charter.

Upon motion made by Mr. Szukala and seconded by Ms. Beckwith, a motion to approve the proposed Investment Report; Investment Guidelines; Finance & Audit Committee Charter; Corporate Credit Card Policy; and Finance & Audit Committee Self-Evaluation was unanimously approved.

CORPORATE CREDIT CARD USAGE REPORT

Mr. Schoepich reviewed a summary of charges made to the corporate credit card, noting, as mentioned previously, the majority of the expenditures were for travel and expenses associated with conferences, seminars and luncheons. Mr. Johnston inquired whether the expenditures were within the budget. Mr. Weathers noted that the total expenditures were slightly over budget with regard to travel because certain conferences were attended by both Agency and Erie County employees; and expenditures for the County participation amounted to approximately \$2,000. Whereupon, Mr. Johnston directed the Corporate Credit Card Usage Report be received and filed.

LUMSDEN & MCCORMICK REPORT INCLUDING DRAFT 2015 AUDITED FINANCIAL STATEMENTS

Mr. Hennard and Ms. Dayton from Lumsden & McCormick presented a draft report of the 2015 Audited Financial Statements for the ECIDA and its affiliates. Ms. Dayton first reviewed the audit scope and deliverables expected by each entity. Deliverables included: i) an independent auditor's opinion on financial statements (which was unmodified); ii) independent auditor's report on internal controls over financial reporting, compliance and other matters based on audit of financial statements (performed in accordance with government auditing standards) (no matters to report); iii) independent auditor's report on compliance with Section 2925(3)(f) of the New York State Public Authorities Law; iv) independent auditor's opinion on the Buffalo Brownfields Redevelopment Fund schedule; v) communications with those charged with governance; and vi) a no material weakness letter. In addition, Ms. Dayton reported an independent auditor's report was produced with regard to compliance for major federal programs and internal controls within the RDC. Ms. Dayton also reported the IRS Forms 990 for RDC and ILDC are in progress and are due May 15th. Ms. Dayton noted that there are new audit standards which preclude the auditors from reporting on internal controls; however, Lumsden & McCormick tested the internal controls and found no problems.

With regard to the Brownfields Redevelopment Fund, Ms. Dayton noted that the ECIDA is a trustee for these funds. Mr. Schoepich explained that the Brownfields Redevelopment Fund is a collaboration between BUDC and ECIDA, and the fund was set up by the City of Buffalo and County of Erie. Mr. Schoepich further explained, as the ECIDA takes PILOT revenues into the Fund, a portion goes to the City and County and the rest allocated to infrastructure projects, such as, for example, the Lakeside Commerce Park and the Northland projects.

Mrs. Dayton reported on RDC loan fund utilization rates, noting the utilization rate remains below 75%. Ms. Beckwith then inquired whether there is an issue of recapture due to the fact that the utilization rate remains low. Mr. Schoepich replied that there is a potential recapture issue but the Agency is working diligently with the federal government to restructure the loan program in order to alleviate any threat of recapture. Mr. Schoepich explained that currently, HUD and EDA regulations apply to the fund and the Agency is working with HUD to restructure the funds so the HUD regulations do not apply.

Ms. Dayton reviewed the condensed financial information by entity noting that information was broken up by current and non-current dollar amounts. Ms. Dayton noted that there is a large change in overall net position of the ILDC, due to increased administrative fees, and on the expense side of the ILDC there was a collection for People's Mart loan.

With regard to RDC assets, there were 5.3 million dollars in new loans in 2015. Liabilities included accumulated interest owed to HUD and administrative fees payable to the IDA. With regard to RDC revenues and expenses, Ms. Dayton noted that the sale of Kinex stock warrants caused an increased revenue stream in 2015. Total net income for the RDC in 2015 amounted to \$439,000.

With regard to the ECIDA, there were no major changes in the balance sheet in any category. Ms. Dayton explained there are currently \$16.3 million in current assets, noting that the anticipated sale of the Gemcor interest held by the ECIDA has not been finalized.

Mr. Johnston then inquired whether there is information in the reports regarding the value of the ECIDA's real estate holdings. Mr. Schoeppich directed Mr. Johnston's attention to page 82 of the Committee package, containing a property report. Ms. Dayton then continued her review of financial information by entity, noting the ECIDA incurred an increase of \$2.435 million in its net position for fiscal year 2015. Ms. Dayton then reviewed the ECIDA's revenue and expense trends for the last several years, noting that the \$1.8 million spike in revenue last year was primarily attributable to an increase in ILDC administrative fees. With regard to expenses, a marketing person was added to staff salaries, resulting in an increase to salary and benefit expenses. Overall, expenses increased from \$2.88 million to \$3.207 million year over year. Special project grants increased year over year with regard to BBRP and Launch NY contributions made by the ECIDA to each organization.

Next, Ms. Dayton reviewed the "Communication with Those Charged with Governance" section of the Lumsden & McCormick report, noting there were no material concerns and no new accounting policies to report. However, Ms. Dayton explained GASB 77 was just issued in August of 2015, and requires municipalities to report on all tax abatements. As such, Ms. Dayton advised the Committee, municipalities impacted by ECIDA projects may be seeking information from the ECIDA in the future in order to complete their reporting requirements in accordance with the new GASB 77 standards. The standards apply for periods beginning after December 15, 2015. Mr. Johnston then inquired whether there were any questions or comments regarding the financial statements. Hearing none, upon motion made by Mr. Szukala and seconded by Mr. Witzleben, a motion to approve the Draft 2015 Audited Financial Statements for ECIDA and its affiliates was unanimously approved.

Next, Mr. Cappellino introduced an action item with regard to the Campus Square Housing project. Mr. Cappellino explained that this project involves a mixed-use construction project involving affordable housing and commercial component. The Campus Square Housing project will come before the Board for approval in April. Mr. Cappellino explained that the proposed resolution before the Committee involves tax-exempt bonds approval and approval of the issuance of tax-exempt bonds or incidental taxable bonds in an aggregate amount not to exceed \$52,500,000, for the purposes of undertaking the project and funding the costs.

Upon motion made by Penny Beckwith and seconded by William Witzleben, the following resolution as unanimously approved:

RESOLUTION OF THE MEMBERS OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA" OR "ISSUER") FINANCE & AUDIT COMMITTEE RECOMMENDING THAT THE ECIDA FINANCE CERTAIN COSTS RELATING TO, AND APPROVING THE UNDERTAKING OF A CERTAIN PROJECT DESCRIBED BELOW AT THE REQUEST OF PILGRIM VILLAGE ASSOCIATES II LP, AND THE GRANTING OF CERTAIN FINANCIAL ASSISTANCE IN CONNECTION THEREWITH, INCLUDING THE ISSUANCE OF THE ISSUER'S TAX-EXEMPT BONDS OR INCIDENTAL TAXABLE BONDS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$52,500,000 FOR THE PURPOSES OF UNDERTAKING THE PROJECT AND FUNDING THE COSTS OF SUCH ISSUANCE

DRAFT
Subject to Committee Approval

At this point, Mr. Johnston left the meeting. Mr. Schoepich then reviewed the information provided to the Committee members entitled "Considerations for Audit Committee Members" and explained it contains information for Committee members to familiarize themselves with in order to better serve in their role as Committee members.

There being no further business to discuss, upon motion made by Mr. Doherty and seconded by Mr. Szukala, the meeting was adjourned.

Dated: March 18, 2016

Pietra G. Lettieri, Assistant, Secretary



Buffalo Niagara Medical Campus, Inc.
 a 501(c)(3) not-for-profit corporation
BOND SALE INDUCEMENT RESOLUTION
\$53,500,000

- HIGHLIGHTS**
- Eligibility: 501 (c)(3) Not-For-Profit Corporation.
- COMPANY INCENTIVES**
- Tax exempt financing
 - Mortgage tax benefit up to 1% of project amount or \$535,000

Project Name	Buffalo Niagara Medical Campus, Inc.
Project Address:	854 Ellicott Street, Buffalo, New York (Buffalo City School District)
SIC/NAICS:	7521/812930

Agency Request

Issuance of a tax exempt bond and a mortgage tax savings in connection with the construction of a parking garage, to be located at The Buffalo Niagara Medical Campus ("BNMC")

Company Description

The Buffalo Niagara Medical Campus, Inc. is a consortium of the region's premier health care, life sciences research, and medical education institutions, all located on 120 acres in downtown Buffalo, New York. The BNMC is dedicated to the cultivation of a world class medical campus for clinical care, research, education, and entrepreneurship. They coordinate activities related to planning, development and enhancement of the 120-acre space, facilitate collaboration among member institutions and the community, and work to create a distinct environment that provides opportunities for active and healthy living.

Project Description

The proposed project involves the demolition of an existing 900 car parking garage which is deteriorated and currently not handicapped accessible. In its place will be a new 1,800 (approximate) space parking garage designed to meet the needs of Oshei Children's Hospital and Jacobs School of Medical and Biomedical Sciences. The City of Buffalo, as the owner of the property, has entered into a ground lease with BNMC.

The City's agreement with the company contemplates the following: 25% minority and 5% women workforce goal; 25% MBE and 5% WBE construction spending goal; prevailing wage, local workforce goal of 75%; LEED principles where practicable; hiring of third party construction monitor to ensure compliance; and living wage requirements during operations. The company has also agreed to abide by the ILDC's prevailing wage local labor policy.

Project Costs

Land/Building Acquisition	\$ 3,250,000
New Building Construction	\$47,350,000
Non-Manufacturing Equipment	\$ 500,000
Soft Costs	\$ 2,400,000
Total Project Cost:	\$53,500,000

Employment

	<u>Retained</u>	<u>Projected</u>
Part Time	2	4

Project History

- 6/8/2016 Public hearing held. Transcript attached.
- 6/13/2016 Negative Declaration adopted by the City of Buffalo
- 6/22/2016 \$53,500,000 Inducement Resolution presented to Board of Directors

Buffalo Niagara Medical Campus, Inc.
854 Ellicott Street, LLC
Briefing Memo
ILDC Tax Exempt Financing
Audit & Finance: June 20, 2016
ILDC Board: June 22, 2016

The Buffalo Niagara Medical Campus, Inc. (“BNMC”) is a consortium of the region’s premier health care, life sciences research and medical education institutions, all located on 120 acres in downtown Buffalo, New York. The BNMC is dedicated to the cultivation of a world class medical campus for clinical care, research, education and entrepreneurship. They coordinate activities related to planning, development and enhancement of the 120 -acre space, facilitate collaboration among member institutions and the community, and work to create a distinct environment that provides opportunities for active and healthy living.

Project:

The proposed project involves the demolition of an existing 900 car parking garage which is deteriorated and currently not handicapped accessible. In its place will be a new 1,800 (approximate) space parking garage designed to meet the needs of Oshei Children’s Hospital and Jacobs School of Medical and Biomedical Sciences. The City of Buffalo, as the owner of the property, has entered into a ground lease with BNMC to construct the project.

The City’s agreement with the company contemplates the following: 25% minority and 5% women workforce goal; 25% MBE and 5% WBE construction spend goal; prevailing wage, local workforce goal of 75%; LEED principles where practicable; hiring of third party construction monitor to ensure compliance; and living wage requirement during operations. The company has also agreed to abide by the ILDC’s prevailing wage and local labor policy.

Project Financing:

The anticipated bond amount is \$44,328,500 on a total proposed project cost of \$53,500,000. As of this writing, the M&T commitment is for the following: See chart for bond terms/amortization and interest rates.

	Conversion/Call Date	Amortization	Index/Indicative Tax Exempt Spread	Indicative Tax Exempt Non-Qualified Rate (as of 6/2/16)
Construction Period (Facility A&B)	Up to 24 months from closing	Interest Only	Floating at 67% of the 1-month LIBOR +1.91%	2.25%
Facility A – Permanent Period (Post-Construction) \$37,053,762	8 years from the conversion date	33 years	Variable Option: Floating at 67% of the 1-month LIBOR +1.74%	2.08%
			Fixed Option: fixed at 67% of the 8-year cost of funds +1.74%	2.79%
Facility B – Permanent Period (Post-Construction) \$7,274,738	8 years (maturity date)	Up to 15 years	Variable Option: Floating at 67% of the 1-month LIBOR +1.74%	2.08%
			Fixed Option: Fixed at 67% of the 8-year cost of funds +1.74%	2.79%

ILDC issued bonds are not an obligation of the ILDC, ECIDA or County.

PUBLIC HEARING SCRIPT

854 Ellicott St., LLC Project

Public Hearing to be held June 8, 2016 at 9:00 a.m. in the offices of the Buffalo and Erie County Industrial Land Development Corporation (the "ILDC" or the "Issuer") at 95 Perry Street, Suite 403, Buffalo, New York 14203

ATTENDANCE

Patrick Kilcullen, Buffalo Niagara Medical Campus

1. WELCOME: Call to Order and Identity of Hearing Officer.

Hearing Officer: *Welcome. This public hearing is now open; it is 9:00 a.m. My name is John Cappellino. I am the Executive Vice President of the Erie County Industrial Development Agency, and I have been designated by the ILDC to be the hearing officer to conduct this public hearing.*

2. PURPOSE: Purpose of the Hearing.

Hearing Officer: *Pursuant to and in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Issuer is conducting this public hearing in connection with a certain proposed project, as more fully described below (the "Project"), to be undertaken by the Issuer for the benefit of 854 Ellicott St., LLC (the "Company").*

The Issuer published a Notice of Public Hearing with respect to the Project in The Buffalo News on May 25, 2016.

3. PROJECT SUMMARY: Description of Project and Contemplated Agency Benefits.

Hearing Officer: *The proposed Project shall consist of the issuance by the Issuer of its tax-exempt and/or taxable revenue refunding bonds under Section 145 of the Code in an aggregate principal amount not to exceed \$53,500,000.00 (Buffalo Niagara Medical Campus, Inc. Project), in one or more series, in the maximum aggregate amount not to exceed \$53,500,000 (the "Bonds"), the proceeds of which will be used to make a*

loan to the Company to pay a portion of the costs of the acquisition, renovation, construction and equipping of a project to be undertaken on land to be ground leased by the City of Buffalo, New York to the Company located at 854 Ellicott Street, Buffalo, New York (the "Land"), consisting of: (A) the demolition of the existing improvements located on the Land, consisting principally of an existing approximately 155,100 square-foot parking garage containing approximately 900 parking spaces; (B) the acquisition, construction and equipping on the Land of an approximately 640,000 square-foot parking garage containing approximately 1,800 parking spaces to accommodate the parking needs of Oishei Children's Hospital and Jacobs School of Medical and Biomedical Sciences (the "Improvements"); (C) the acquisition and installation in and around the Improvements of certain items of machinery, equipment and other tangible personal property (the "Equipment", and collectively with the Land and the Improvements, the "Facility"); and (D) funding a debt service reserve fund, if any, and paying capitalized interest, if any and paying of certain costs and expenses incidental to the issuance of Bonds (the costs associated with items (A) through (D) above being hereinafter referred to as the "Project Costs"). The Project will be owned and/or operated by the Company.

Pursuant to the Code, interest on the Bonds will not be excluded from gross income for Federal income tax purposes unless the issuance of the Bonds is approved by the Buffalo and Erie County Industrial Land Development Corporation Board of Directors. It is anticipated that the Buffalo and Erie County Industrial Land Development Corporation Board of Directors will approve of the issuance of the Bonds at its meeting on June 22, 2016.

4. FORMAT OF HEARING: Review rules and manner in which the hearing will proceed.

Hearing Officer: *All those in attendance are required to register by signing the sign-in sheet at the front of the room; you will not be permitted to speak unless*

you have registered. If you have a written comment to submit for the record, you may do so. Written comments may also be delivered to the Issuer at 95 Perry Street, Suite 403, Buffalo, New York 14203 until the comment period closes on June 21, 2016. There are no limitations on written comments.

☒ 5. PUBLIC COMMENT: Hearing Officer gives the Public an opportunity to speak.

Hearing Officer: *If anyone is interested in making a comment, please raise your hand, state your name and address; if you are representing a company, please identify the company. I request that speakers keep comments to 5 minutes, and if possible, 3 minutes.*

The Hearing Officer calls on those who raise their hand.

Patrick Kilcullen, Chief Financial Officer – Buffalo Niagara Medical Campus – I want to thank you for the opportunity to speak here today about the project which is a critical component of the continued growth of the north end of the Medical Campus. In particular, this new parking garage which will serve the needs of the Oishei Children’s Hospital, Jacobs School of Medicine & Biomedical Sciences, Buffalo General Hospital, the Conventus Property and other continued developments at the north end. Approximately 50% of the garage will serve the needs of the visitors to the hospitals and those facilities and the remaining will help address the needs of the employees to the campus.

We see the assistance of the ILDC as critical in the financing as the tax exempt status will assist us in keeping the rates for the parking as low as possible to ensure that there is not undue economic harm to those visitors who come to the campus in the process.

☒ 6. ADJOURNMENT.

As there were no further comments, the Hearing Officer closed the public hearing at 9:15 a.m.

SIGN IN SHEET

PUBLIC HEARING

June 8, 2016 at 9:00 a.m. at
95 Perry Street, Suite 403, Buffalo, NY 14203 regarding:

854 Ellicott St., LLC

Project Location: 854 Ellicott Street, City of Buffalo, Erie County, New York

Name	Company and/or Address	X box to speak/ comment
Patrick Kilcullen	Buffalo Niagara Medical Campus 640 Ellicott Street Buffalo, New York 14203	X



854 Ellicott Street, LLC

Section I: Applicant Background Information

Applicant Information - Company Receiving Benefit

Applicant Name	Buffalo Niagara Medical Campus, Inc.
Applicant Address	640 Ellicott Street
Applicant Address 2	
Applicant City	Buffalo
Applicant State	New York
Applicant Zip	14203
Phone	716-218-7154
Fax	716-218-7150
E-mail	pkilcullen@bnmc.org
Website	www.bnmc.org
Federal ID#	16-1388796
NAICS Code	
Will a Real Estate Holding Company be utilized to own the Project property/facility	Yes
What is the name of the Real Estate Holding Company	854 Ellicott Street, LLC
Federal ID#	47-4875494
State and Year of Incorporation/Organization	NY 2015
List of stockholders, members, or partners of Real Estate Holding Company	Sole member is Buffalo Niagara Medical Campus, Inc.

Individual Completing Application

Name	Patrick Kilcullen
Title	Chief Financial Officer
Address	640 Ellicott Street
Address 2	
City	Buffalo
State	New York
Zip	14203
Phone	716-218-7154

6/13/2016

The Erie County Industrial Development Agency (ECIDA)

Fax

716-218-7150

E-Mail

pkilcullen@bnmc.org

Company Contact (if different from individual completing application)

Name
Title
Address
Address 2
City
State
Zip
Phone
Fax
E-Mail

Company Counsel

Name of Attorney Terrence M. Gilbride
Firm Name Hodgson Russ
Address The Guaranty Building
Address 2 140 Pearl Street
City Buffalo
State New York
Zip 14202
Phone 716-848-1236
Fax 716-819-4625
E-Mail tgilbrid@hodgsonruss.com

Identify the assistance being requested of the Agency

Exemption from Sales Tax No
Exemption from Mortgage Tax Yes
Exemption from Real Property Tax No
Tax Exempt Financing* Yes

* (typically for not-for-profits & small qualified manufacturers)

Business Organization

Type of Business Corporation
Type of Ownership
Year Established 1990
State of Organization New York

List all stockholders, members, or partners with % of ownership greater than 20%

Please include name and % of ownership.

Not Applicable. Non profit.

Applicant Business Description

Describe in detail company background, products, customers, goods and services. Description is critical in determining eligibility

To cultivate a world class medical campus for clinical care, research, education and entrepreneurship.

Estimated % of sales within Erie County	100
Estimated % of sales outside Erie County but within New York State	0
Estimated % of sales outside New York State but within the U.S.	0
Estimated % of sales outside the U.S.	0

(*Percentage to equal 100%)

What percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County? Include list of vendors, raw material suppliers and percentages for each. Provide supporting documentation of the estimated percentage of local purchases

Section II: Eligibility Questionnaire - Project Description & Details

Project Location

Municipality or Municipalities of current operations

City of Buffalo

Will the Proposed Project be located within a Municipality identified above?

Yes

In which Municipality will the proposed project be located

City of Buffalo

Address

854 Ellicott Street, Buffalo, NY 14203

Will the completion of the Project result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state OR in the abandonment of one or more plants or facilities of the project occupant located within the state?

<BLANK>

If the Proposed Project is located in a different Municipality than that Municipality in which current operations are being undertaken, is it expected that any of the facilities in any other Municipality will be closed or be subject to reduced activity?

No

(If yes, you will need to complete the Retail Section of this application)

SBL Number for Property upon which proposed Project will be located

100.71-5-2.11

What are the current real estate taxes on the proposed Project Site

0

Assessed value of land

67,100

Assessed value of building(s)

4,653,000

Are Real Property Taxes current?

Yes

If no please explain

Town/City/Village of Project Site

City of Buffalo

School District of Project Site

Buffalo

Does the Applicant or any related entity currently hold fee title to the Project site?

No

If No, indicate name of present owner of the Project Site

City of Buffalo. Property is subject of a negotiated ground lease between City of Buffalo and 854 Ellicott Street, LLC

Does Applicant or related entity have an option/contract to purchase the Project site?

No

Describe the present use of the Proposed Project site

Site is currently the site of a parking garage consisting of approximately 900 spaces.

Please provide narrative of the proposed project and the purpose of the proposed project (new build, renovations, and/or equipment purchases). Identify specific uses occurring within the project. Describe any and all tenants and any/all end users: (This information is critical in determining project eligibility)

Applicant intends to demolish the current parking garage which is deteriorated and is not handicapped accessible and will build a 1,800 space new parking garage designed to meet the needs of Oishei Children's Hospital and Jacobs School of Medical and Biomedical Sciences.

Describe the reasons why the Agency's Financial Assistance is necessary and how the Financial Assistance enables the company to undertake the Project to facilitate investment, job creation and/or job retention. Focus on competitiveness issues, project shortfalls, etc... Your eligibility determination will be based in part on your answer (attach additional pages if necessary)

The Agency's financial assistance is needed to ensure the project can be completed and financed in a cost effective manner. The resulting costs of parking will be competitive in the marketplace and will not be seen as an impediment to the costs of health care delivered to patients and visitors to the Medical Campus.

Please confirm by checking the box, below, if there is likelihood that the Project would not be undertaken but for the Financial Assistance provided by the Agency

<BLANK>

If the Project could be undertaken without Financial Assistance provided by the Agency, then provide a statement in the space provided below indicating why the Project should be undertaken by the Agency:

If the Applicant is unable to obtain Financial Assistance for the Project, what will be the impact on the Applicant and Erie County?

Will project include leasing any equipment?

No

If yes, please describe equipment and lease terms.

Site Characteristics

Will the Project meet zoning/land use requirements at the proposed location?

Yes

Describe the present zoning/land use

Describe required zoning/land use, if different

If a change in zoning/land use is required, please provide details/status of any request for change of zoning/land use requirements

A portion of the property occupied by the current City owned garage is zoned residential and will require rezoning.

Is the proposed Project located on a site where the known or potential presence of contaminants is complicating the development/use of the property?

No

If yes, please explain

Has a Phase I Environmental Assessment been prepared, or will one be prepared with respect to the proposed Project Site?

Yes

If yes, please provide a copy.

Have any other studies, or assessments been undertaken with respect to the proposed Project Site that indicate the known or suspected presence of contamination that would complicate the site's development?

Yes

If yes, please provide copies of the study.

If you are purchasing new machinery and equipment, does it provide demonstrable energy efficiency benefits?

You may also attach additional information about the machinery and equipment at the end of the application.

Does or will the company or project occupant perform research and development activities on new products/services at the project location?

No

If yes, please explain.

What percentage of annual operating expenses are attributed to the above referenced research and development activities?

Select Project Type for all end users at project site (you may check more than one)

Will customers personally visit the Project site for either of the following economic activities? If yes with respect to either economic activity indicated below, complete the Retail Determination contained in Section IV of the Application.

Please check any and all end uses as identified below.

Retail Sales Yes **Services** Yes

For purposes of this question, the term "retail sales" means (i) sales by a registered vendor under Article 28 of the Tax Law of the State of New York (the "Tax Law") primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b)(4) (i) of the Tax Law), or (ii) sales of a service to customers who personally visit the Project.

- | | | |
|--|------------------------|--|
| No Manufacturing | No Multi-Tenant | No Mixed Use |
| No Acquisition of Existing Facility | Yes Commercial | No Facility for the Aging |
| No Housing | No Back Office | Yes Civic Facility (not for profit) |
| No Equipment Purchase | No Retail | Yes Other |
| | | parking ramp |

Project Information

Estimated costs in connection with project

Land and/or Building Acquisition

\$ 3,250,000 square feet 2 acres

New Building Construction

\$ 47,350,000 550,000 square feet

New Building addition(s)

\$ 0 square feet

Infrastructure Work

\$ 0

Renovation

\$ 0 square feet

Manufacturing Equipment

\$ 0

Non-Manufacturing Equipment: (furniture, fixtures, etc.)

\$ 500,000

Soft Costs: (professional services, etc.)

\$ 2,400,000

Other Cost

\$ 0

Explain Other Costs

Total Cost

\$ 53,500,000

Project Refinancing; estimated amount (for refinancing of existing debt only)

\$ 0

Have any of the above costs been paid or incurred as of the date of this Application?

Yes

If Yes, describe particulars:

Property acquisition due diligence and legal costs

Sources of Funds for Project Costs:

Equity (excluding equity that is attributed to grants/tax credits):

\$ 9,000,000

Bank Financing:

\$ 0

Tax Exempt Bond Issuance (if applicable):

\$ 0

Taxable Bond Issuance (if applicable):

\$ 0

Public Sources (Include sum total of all state and federal grants and tax credits):

\$ 0

Identify each state and federal grant/credit:

Total Sources of Funds for Project Costs:

\$9000000.00

Has a financing preapproval letter or loan commitment letter been obtained?

<BLANK>

Mortgage Recording Tax Exemption Benefit:

Estimated Mortgage Amount (Sum total of all financing – construction and bridge).

***Amount of mortgage, if any, that would be subject to mortgage recording tax.**

\$ 44,500,000

Lender Name, if Known

Estimated Mortgage Recording Tax Exemption Benefit (product of Mortgage Amount as indicated above multiplied by 1%):

\$445000.00

Construction Cost Breakdown:

Total Cost of Construction

\$ 47,850,000 (sum of 2,3,4,5, and/or 7 in Question K, above)

Cost for materials

\$ 24,000,000

% sourced in Erie County

75%

% sourced in State

100% (including Erie County)

Gross amount of costs for goods and services that are subject to State and local sales and use tax- said amount to benefit from the Agency's sales and use tax exemption benefit

\$

Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above):

\$

Real Property Tax Benefit:

Identify and describe if the Project will utilize a real property tax exemption benefit OTHER THAN the Agency's PILOT benefit:

For proposed facility please include # of sq ft for each of the uses outlined below

		Cost	% of Total Cost
Manufacturing/Processing	square feet	\$ 0	0
Warehouse	square feet	\$ 0	0
Research & Development	square feet	\$ 0	0
Commercial	550,000 square feet	\$ 53,500,000	100
Retail	square feet	\$ 0	0
Office	square feet	\$ 0	0
Specify Other	square feet	\$ 0	0

If you are undertaking new construction or renovations, are you seeking LEED certification from the US Green Building Council?

Yes

If you answered yes to question above, what level of LEED certification do you anticipate receiving? (Check applicable box)

Standard

Provide estimate of additional construction cost as a result of LEED certification you are seeking

100,000

Will project result in significant utility infrastructure cost or uses

No

What is your project timetable (Provide dates)

Start date : acquisition of equipment or construction of facilities

7/1/2016

End date : Estimated completion date of project

2/28/2018

Project occupancy : estimated starting date of operations

7/1/2017

Have construction contracts been signed?

No

Have site plans been submitted to the appropriate planning department for approval?

Yes

Has the Project received site plan approval from the appropriate planning department?

No

Is project necessary to expand project employment?

Yes

Is project necessary to retain existing employment?

Yes

Employment Plan (Specific to the proposed project location):

	Current # of jobs at proposed project location or to be relocated at project location	IF FINANCIAL ASSISTANCE IS GRANTED – project the number of FTE and PTE jobs to be RETAINED	IF FINANCIAL ASSISTANCE IS GRANTED – project the number of FTE and PTE jobs to be CREATED upon TWO years after Project completion	Estimate number of residents of the Labor Market Area in which the Project is located that will fill the FTE and PTE jobs to be created upon TWO Years after Project Completion **
Full time	0	0	0	0
Part time	2	2	4	2
Total	2	2	4	

Salary and Fringe Benefits for Jobs to be Retained and Created:

Category of Jobs to be Retained and Created	Average Salary or Range of Salary	Average Fringe Benefits or Range of Fringe Benefits
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Management	\$ 0	\$ 0
Professional	\$ 0	\$ 0
Administrative	\$ 0	\$ 0
Production	\$ 0	\$ 0
Independent Contractor	\$ 0	\$ 0
Other	\$ 18,000	\$ 0

Employment at other locations in Erie County: (provide address and number of employees at each location):

Address	134 High Street	589 Ellicott Street	
Full time	0	0	0
Part time	3	2	0
Total	3	2	0

Will any of the facilities described above be closed or subject to reduced activity?

No

Payroll Information

Annual Payroll at Proposed Project Site

\$ 72,000

Estimated average annual salary of jobs to be retained

\$ 18,000

Estimated average annual salary of jobs to be created

\$ 18,000

Estimated salary range of jobs to be created

From \$ 16,000 **To** \$ 22,000

Is the project reasonably necessary to prevent the project occupant from moving out of New York State?

No

If yes, please explain and identify out-of-state locations investigated

What competitive factors led you to inquire about sites outside of New York State?

Have you contacted or been contacted by other Local, State and/or Federal Economic Development Agencies?

No

If yes, please indicate the Agency and nature of inquiry below

Do you anticipate applying for any other assistance for this project?

No

If yes, what type of assistance (Historic Tax Credits, 485(a), Grants, Utility Loans, Energy Assistance, Workforce Training)

Section III: Facility Type - Single or Multi Tenant

Is this a Single Use Facility or a Multi-Tenant Facility?

Single Use Facility

For Single Use Facility

Occupant Name 854 Ellicott Street, LLC
Address Buffalo Niagara Medical Campus, Inc. 640 Ellicott Street, Buffalo, NY 14203
Contact Person Patrick Kilcullen
Phone 716-218-7154
Fax 716-
E-Mail
Federal ID #
SIC/NAICS Code

Multi-Tenant Facility

Please explain what market conditions support the construction of this multi-tenant facility

Have any tenant leases been entered into for this project?

No

If yes, please fill out a tenant form in section VII, for each tenant.

Tenant Name	Current Address (city, state, zip)	# of sq ft and % of total to be occupied at new projet site	SIC or NAICS-also briefly describe type of business, products services, % of sales in Erie Co.
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Section VI: Inter-Municipal Move Determination

The Agency is required by state law to make a determination that, if completion of a Project benefiting from Agency Financial Assistance results in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, Agency financial Assistance is required to prevent the project occupant from relocating out of the state, or is reasonably necessary to preserve the project occupant's competitive position in its respective industry.

Will the project result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the state to another area of the state? No

Will the project result in the abandonment of one or more plants or facilities of the Project occupant located within the state? No

If Yes to either question, explain how, notwithstanding the aforementioned closing or activity reduction, the Agency's Financial Assistance is required to prevent the Project from relocating out of the State, or is reasonably necessary to preserve the Project occupant's competitive position in its respective industry:

Does this project involve relocation or consolidation of a project occupant from another municipality or abandonment of an existing facility?

Within New York State No

Within Erie County No

If Yes to either question, please, explain

Will the project result in a relocation of an existing business operation from the City of Buffalo?

No

If yes, please explain the factors which require the project occupant to relocate out of the City of Buffalo (For example, present site is not large enough, or owner will not renew leases etc.)

What are some of the key requirements the project occupant is looking for in a new site? (For example, minimum sq. ft., 12 foot ceilings, truck loading docs etc.)

If the project occupant is currently located in Erie County and will be moving to a different municipality within Erie County, has the project occupant attempted to find a suitable location within the municipality in which it is currently located?

<BLANK>

What factors have lead the project occupant to consider remaining or locating in Erie County?

If the current facility is to be abandoned, what is going to happen to the current facility that project occupant is located in?

Please provide a list of properties considered, and the reason they were not adequate. (Some examples include: site not large enough, layout was not appropriate, did not have adequate utility service, etc.) Please include full address for locations.

Section VII: Adaptive Reuse Projects

Are you applying for tax incentives under the Adaptive Reuse Program?	No
What is the age of the structure (in years)?	0
Has the structure been vacant or underutilized for a minimum of 3 years? (Underutilized is defined as a minimum of 50% of the rentable square footage of the structure being utilized for a use for which the structure was not designed or intended)	No
If vacant, number of years vacant.	0
If underutilized, number of years underutilized.	0
Describe the use of the building during the time it has been underutilized:	
Is the structure currently generating insignificant income? (Insignificant income is defined as income that is 50% or less than the market rate income average for that property class)	No
If yes, please provide dollar amount of income being generated, if any	\$
Does the site have historical significance?	No
Are you applying for either State/Federal Historical Tax Credit Programs?	No
If yes, provide estimated value of tax credits	\$
Briefly summarize the financial obstacles to development that this project faces without ECIDA or other public assistance. Please provide the ECIDA with documentation to support the financial obstacles to development (you will be asked to provide cash flow projections documenting costs, expenses and revenues with and without IDA and other tax credits included indicating below average return on investment rates compared to regional industry averages)	
Briefly summarize the demonstrated support that you intend to receive from local government entities. Please provide ECIDA with documentation of this support in the form of signed letters from these entities	
Please indicate other factors that you would like ECIDA to consider such as: structure or site presents significant public safety hazard and or environmental remediation costs, site or structure is located in a distressed census tract, structure presents significant costs associated with building code compliance, site has historical significance, site or structure is presently delinquent in property tax payments	

Section VIII: Senior Citizen Rental Housing Projects

Are you applying for tax incentives under the Senior Rental Housing policy?

Has the project received written support from the city, town or village government in which it is located?

Describe the location of the project as it relates to the project's proximity to the town / village / city center or to a recognized hamlet.

Is the project consistent with the applicable municipal master plan?

If yes, please provide a narrative identifying the master plan (by name) and describing how the project aligns with the plan details

Does the project advance efforts to create a walkable neighborhood and community in proximity to important local amenities and services?

If yes, please provide a narrative describing the walkable nature of the project including access seniors would have to specific neighborhood amenities.

Has a market study shown that there is a significant unmet need in the local community or specific neighborhood where seniors are unable to find appropriate housing opportunities?

Is the project located in an area (defined as a 1 – 5 mile radius of the project site) where there are significant local resident populations that are at or below the median income level?

If yes, please describe how you made this determination based upon census tract and other relevant third party data.

Does the project provide amenities that are attractive to seniors and differentiates the project from standard market rate housing?

Are there impediments that hinder the ability to conventionally finance this project and /or negatively impact the project's return on investment?

If yes, please briefly summarize the financial obstacles to development that this project faces without ECIDA or other public assistance. Please provide the ECIDA with documentation to support the financial obstacles to development (you will be asked to provide cash flow projections documenting costs, expenses and revenues with and without IDA and other tax credits included indicating below average return on investment rates compared to regional industry averages)

Will the project target (and maintain during the incentive period) a minimum 50% occupancy rate of senior citizens whose income is at or below 60-80% of the median income for Erie County?

If yes, please describe provide a narrative citing key facts that substantiate this finding.

Section IX: Retail Determination

Will any portion of the project (including that portion of the costs to be financed from equity or other sources) consist of facilities or property that are or will be primarily used in making sales of goods or services to customers who personally visit the project site? Yes

If yes, complete the Retail Questionnaire Supplement below.

What percentage of the cost of the project will be expended on such facilities or property primarily used in making sales of goods or services to customers who personally visit the project? 100 %

If the answer to this is **less than 33%** do not complete the remainder of the page and proceed to the next section (Section V: Inter-Municipal Move Determination).

If the answer to A is Yes AND the answer to Question B is greater than 33.33%, indicate which of the following questions below apply to the project:

Will the project be operated by a not-for-profit corporation? Yes

Is the project location or facility likely to attract a significant number of visitors from outside the economic development region (Erie, Niagara, Allegheny, Chautauqua and Cattaraugus counties) in which the project will be located? No

If yes, please provide a third party market analysis or other documentation supporting your response.

Is the predominant purpose of the project to make available goods or services which would not, but for the project, be reasonably accessible to the residents of the municipality? Are services provided at the proposed project site needed because of a lack of reasonably accessible retail trade facilities offering such goods or services? No

If yes, please provide a market analysis supporting your response.

Will the project preserve permanent, private sector jobs or increase the overall number of permanent private sector jobs in the State of New York? No

If yes, explain

Is the project located in a Highly Distressed Area? Yes