



THE ECONOMIC DEVELOPMENT CORPORATION FOR ERIE COUNTY

2015 YEAR IN REVIEW

2015

2015 was a very busy year for the ECIDA and our nonprofit affiliates, the Regional Development Corporation (RDC) and the Industrial Land Development Corporation (ILDC).

The ECIDA Board approved 19 projects, generating \$194.7 million in private investment in Erie County. The RDC, which serves as our lending affiliate, closed on \$5.9 million in loans, leveraging \$29.8 million in private investment. Our bond-issuance affiliate ILDC provided two tax-exempt bond issuances enabling \$133.4 million in private investment. We've highlighted some of these projects in the following pages.

In 2015, the ECIDA also adopted several new policies to ensure continued responsible administration of the incentives our Board approves. With directives from County Executive Mark Poloncarz, and leadership from Board Chair Brenda McDuffie and our Policy Committee Chair Richard Lipsitz, the ECIDA Board adopted a more narrow Senior Housing incentive policy, a Good-standing Tax policy, and a Pay Equity policy that requires applicants certify that they pay female employees on the same pay scale as their male counterparts.

These policies ensure that if applicants receiving incentives are unable to meet these requirements, the ECIDA can recapture or rescind the incentives and protect the investment made on behalf of the citizens of Erie County. Helping businesses grow is our mission, and part of our responsibility to the residents of Erie County is to serve both businesses and taxpayers with equal accountability.



I encourage business owners, Erie County residents, elected officials and any stakeholders with questions to contact my office at (716) 856-6525, or visit our website at ecidany.com for more information about these policies, any of our incentives, loans or business development services.

While it is important to employ best practices, we want to innovate them as well. As we move forward into 2016, we will continue these strategic discussions at the Board level, and focus on our mission to further economic growth in Erie County.

Sincerely,
Steve Weathers
President & CEO

YEAR IN REVIEW

The economic impact of the private investment generated by ECIDA incentives is far-reaching. From growing businesses, to the rehabilitation of dilapidated buildings into tax-generating entities, to creating jobs that flood the community with payroll dollars that are spent locally on goods and services, these numbers represent the fruits of our labor and an economic development success story for Erie County.

TAX INCENTIVES

19
PROJECTS
APPROVED

\$849M
ECONOMIC
IMPACT

\$195M
PRIVATE
INVESTMENT

ADAPTIVE REUSE

6 PROJECTS APPROVED



generated **\$44.8M**
in private investment

LOANS

9 BUSINESSES



borrowed **\$5.9M**
generated **\$29.8M**
in private investment

ILDC BOND FINANCING

2 PROJECTS APPROVED



\$133.4M
new private investment

JOBS

1,967
JOB
IMPACT

321 new jobs created

1,646 jobs retained

*Average
annual salary of
new jobs created:*

\$37,508

920 construction
jobs created

ECIDA OVERVIEW

2015 was a very productive year for the Western New York economy, and for the ECIDA. The 19 projects incentivized by the ECIDA generated an estimated \$849 million in additional economic impact in Erie County.

Governor Andrew Cuomo's "Buffalo Billion" initiative and other New York State incentive programs that attract large-scale projects like SolarCity to Western New York have enabled the ECIDA to focus our resources on critical job retention and growth of our local Erie County businesses.

The following pages highlight some of our 2015 projects.

2015

19 projects
incentivized by ECIDA

\$849 million
additional economic impact

In 1970, the New York State Legislature created the Erie County Industrial Development Agency to encourage economic development in Erie County. Our experienced staff helps Erie County businesses grow by administering tax incentives, loans, and tax-exempt bonds for nonprofits through the ECIDA and our two affiliates, the Regional Development Corporation (RDC) and the Industrial Land Development Corporation (ILDC).

The ECIDA is not supported by any tax revenue stream and is not part of Erie County government; we operate as a public benefit corporation, and we maintain our operating funds by charging fees to private businesses for our services.

Learn more about the ECIDA at www.ecidany.com or call our offices at (716) 856-6525.

TAX INCENTIVES

Tax incentives are important to economic development because regional competition for quality jobs is aggressive. These tax incentives administered by the ECIDA are not “grants” or cash, but rather “discounts” or “savings” on: sales tax (on limited construction materials, for example); a portion of property taxes for a limited term (usually from seven to ten years); or the applicant is allowed a one-time elimination of the fee assessed by the County when a mortgage is taken out (the “mortgage recording fee”).

SODEXO

CHEEKTOWAGA, NY

It takes a village | When global food services employee contractor Sodexo outgrew its two Amherst administrative office locations, they began to explore alternatives, including relocating the entire back office operation to their headquarters in Maryland. This would have meant a loss of 511 well-paying office jobs in Erie County.

In a concerted effort to make Western New York more attractive than anywhere else for Sodexo, Empire State Development offered an incentive package; developer Uniland found an ideal new-build location in the Town of Cheektowaga, and struck a lease deal with Sodexo; the Town of Amherst offered its blessing to the inter-municipal move; the ECIDA approved \$467,000 in sales tax savings for Sodexo on machinery acquisition and \$949,000 in sales tax savings for Uniland on construction materials, and the \$27 million project came to life. Sodexo chose to stay in Western New York, and those critical 511 jobs stayed in Erie County.

\$27 million

Total Project Cost



Photo courtesy Uniland Development

511

Jobs Stayed in Erie County

TAX INCENTIVES



Photo courtesy 240 Kensington, LLC

◀ KENSINGTON PLACE APARTMENTS BUFFALO, NY

This unique project has the distinction of being the first to be approved under the ECIDA's new 2015 Senior Housing Policy. [For a complete review of the Senior Housing Policy please visit www.ecidany.com.]

Developers 240 Kensington, LLC proposed a 40-unit, \$5.8 million senior housing project on Buffalo's East Side—a community that has expressed a strong need for senior housing. The developer applied for \$218,000 in sales tax savings, and a one-time elimination of the County's 1% mortgage recording fee, approximately \$40,000. Additional savings on real property taxes will be realized through the City's 485-b exemption program, approximately \$220,000 in property taxes over a term of ten years. In keeping with the ECIDA's 2015 Senior Housing Policy, the rents will be affordable to seniors at 50% - 80% of the area median income, and the property is located near public transportation.

GARRETT LEATHER BUFFALO/CHEEKTOWAGA, NY ▶

From their humble beginnings as a home-business in 1988, Garrett Leather has grown into a global high-quality leather upholstery producer for Gulfstream jets, yachts and Royal Caribbean cruise ships. They have outgrown their current factory location on Niagara Street in the City of Buffalo and purchased the former Miken Systems building in Cheektowaga. To bring the 80,000 sq. ft. building up to current code and help finance major renovations, Garrett came to the ECIDA to apply for \$70,000 in sales tax savings incentives on materials and equipment.

With support from City of Buffalo Mayor Byron Brown and then-Town of Cheektowaga Supervisor Mary Holtz, the ECIDA Board approved the incentives. The \$4.1 million project will move forward, preserving 32 jobs and adding a projected ten more jobs in the coming two years.



Photo courtesy Architectural Resources/Garrett Leather



TAX INCENTIVES

FLEXOVIT EVANS, NY

Industrial abrasive manufacturer Flexovit lost its 62,000 sq. ft. manufacturing and warehouse facility due to a devastating roof collapse. In spite of reaching a settlement with their insurance company, the losses exceeded the insurance award and Flexovit lost 40 of its 90 full time positions.

Flexovit applied for \$143,000 in sales tax savings on equipment and materials on a new \$3.1 million facility, and approximately \$343,000 in total property tax savings over a term of ten years. With total rebuilding costs exceeding \$8 million, the incentives helped make their recovery financially possible.

It's important to note that the local school district, the Town of Evans and the County would lose the tax revenue generated by the company if Flexovit were to shut its doors. In addition, if Flexovit's millions in annual payroll expenditure is no longer pouring into the community, then those employees are no longer spending that money on housing, entertainment, groceries, and other goods and services. As with any closure, the ripple effects could have been devastating.

When completed, the project is expected to return Flexovit's workforce to 81 positions—almost to pre-storm staff levels.

DAVID GORDON COMPANIES CHEEKTOWAGA, NY

Another casualty of Winter Storm Knife was David Gordon Companies, which operates a large Christmas and home decorating goods warehouse distribution center in Cheektowaga. The facility is a critical back operations hub for Gordon's retail website and Dave's Christmas Shop store.

A 28,000 sq. ft. section of the warehouse collapsed under the weight of the snow on the roof during the storm. Thankfully as in the case with Flexovit, no one was injured, but all the contents of the warehouse including inventory and equipment were destroyed. Two other sections of the building totaling 44,000 sq. ft. were also damaged, and the entire structure was condemned by the Town of Cheektowaga.

A second warehouse roof collapsed, rendering about a third of that building in need of corrective rehabilitation before it could be cleared for use again.

Gordon applied for \$87,000 in sales tax savings on equipment and construction supplies, and approximately \$130,000 in total property tax savings over a period of seven years.

The company projects the addition of six jobs with the expansion and repairs, which also directly created at least eleven construction jobs.

SNOW DAMAGE

IN NOVEMBER 2014 WESTERN NEW YORK WAS HIT WITH AN UNPRECEDENTED AMOUNT OF SNOWFALL IN WHAT BECAME KNOWN AS "WINTER STORM KNIFE," FOR ITS BLADE-SHAPED BAND OF SNOW THAT DUMPED MORE THAN SEVEN FEET OF SNOW ACROSS SOUTHERN ERIE COUNTY. ROOF COLLAPSES WERE NOT UNCOMMON, AND TWO AREA BUSINESSES THAT SUFFERED SEVERE LOSSES IN THE STORM SOUGHT HELP FROM THE ECIDA.

THE INCENTIVES APPROVED NOT ONLY ALLOWED THESE COMPANIES TO KEEP THEIR DOORS OPEN AND SAVE THE JOBS OF THEIR CURRENT EMPLOYEES, BUT THEY ALSO EXPANDED THEIR BUSINESSES TO CREATE NEW JOBS AND TURN WHAT WAS A TERRIBLE LOSS INTO FUTURE GROWTH AND SUCCESS.

ADAPTIVE REUSE

City of Buffalo Mayor Byron Brown [also an ECIDA Board member by virtue of his office] has presided over a major infusion of urban redevelopment in recent years. Several of these projects benefited from the ECIDA's Adaptive Reuse tax incentive program, which helps owners of industrial properties overcome remediation and other prohibitive costs.

Most of the properties are located in highly distressed areas, and often are the first example in what eventually becomes a rehabilitated neighborhood. Costly challenges can come with renovating these structures; special remediation for hazardous materials and historic preservation status are just two of the issues that may need to be accommodated in the reconstruction design.

As the properties are transformed, they rejoin the City's tax rolls.

ST. ROSE OF LIMA CHURCH SCHOOL BUFFALO, NY

An adaptive reuse of a vacant school property will create 21 market-rate apartments at the former St. Rose of Lima school at 1030 Parkside Avenue in North Buffalo. The consortium of developers headed by the Frizlen Group plan to keep historic elements such as blackboards, entry doors and original hardwood floors in the design, and maintain the school gym as a community rental facility for sports activities. The building has been vacant since 2007.



21

Market-rate Apartments

ST. THOMAS AQUINAS CHURCH COMPLEX

BUFFALO, NY

Two empty school buildings located at the former St. Thomas Aquinas Church complex at 31 Tamarack Street in Buffalo, will join the City tax rolls as 32 market-rate apartments, complete with fitness center, once the project is completed.

Developer 432 Abbott LLC, led by Karl Frizlen, applied to the ECIDA for \$61,250 in sales tax savings on construction materials, and a one-time savings of the 1% mortgage recording fee, for a savings of approximately \$33,000 on the acquisition price of \$3.3 million for the property. The \$4.6 million project will incorporate designs approved by the State Historic Preservation Office, and once the City's 485-a incentive program term is up, will bring \$52,000 annually in property taxes to the City of Buffalo.

Photo credit: Nancy J. Parisi

ADAPTIVE REUSE

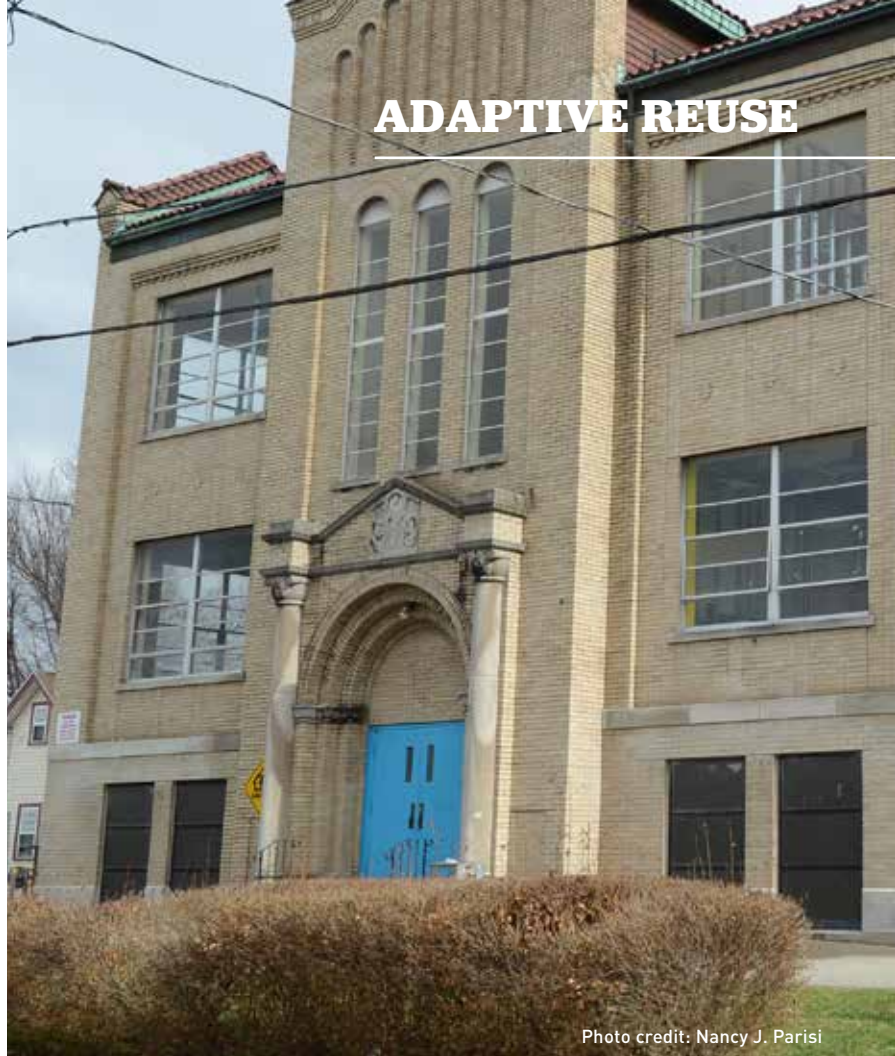


Photo credit: Nancy J. Parisi



PHOENIX BREWERY APARTMENTS

BUFFALO, NY

835-847 Washington Street is the location of the former Phoenix Brewery. Developer Sinatra & Co. plans to convert the vacant 55,000 sq. ft. structure into thirty luxury apartments ranging in size between 750 sq. ft. to 1,250 sq. ft., with a parking garage for 24 cars. The ECIDA approved approximately \$251,000 in sales tax savings on construction materials, and a one-time elimination of the 1% mortgage recording fee, for additional savings of approximately \$65,000. The rising demand for housing adjacent to the fast-growing Buffalo Niagara Medical Campus makes this \$7.5 million development an ideal adaptive reuse project.

RDC LOANS

LARGE BUSINESS LOANS

The Regional Development Corporation (RDC) serves as the lending arm of the ECIDA. The RDC provides small businesses in Erie County with loans up to \$50,000, and large businesses with loans from \$50,000 to \$2 million. The RDC collects its operating funds by charging fees and interest rates for its services.

2015 turned out to be our largest loan-volume year since 2004; the RDC provided more than \$5.6 million in new loans to help large and small Erie County businesses.

BOSTON VALLEY TERRA COTTA BOSTON, NY

World-renowned clay company Boston Valley Terra Cotta manufactures a wide variety of architectural terra cotta products, including roof tiles, sculptured siding, cornices and gargoyles, and specializes in historical restoration work.

A \$1 million loan was approved for Boston Valley Terra Cotta for the purchase of manufacturing equipment and working capital for their Orchard Park manufacturing facility. The expansion will add 26 jobs to the 119 workers currently employed there.

\$1 million

Approved Loan

26

Jobs Added

Photo credit: Daniel Cappellazzo

Custom-profiled adobe-colored panels and louvers manufactured by Boston Valley Terra Cotta for Roswell Park Clinical Sciences Center

TMP TECHNOLOGIES BUFFALO, NY

TMP Technologies, a market leader in industrial foam, plastic, rubber and metal components, manufactures the "Magic Eraser" cleaning sponge at their Dingens Street location in Buffalo. The company was about to be sold to a buyer who wanted to move the entire operation outside of New York State, taking 124 quality jobs with them.

Two longstanding executives within the corporation, Robert Laughlin and Kirk Dorn, proposed a local buyout that would keep the factory in the community and preserve the local jobs. With a critical gap in their funding from traditional lenders, they came to the RDC for a \$2 million loan. TMP Technologies stayed in Buffalo, and 124 workers kept their jobs.



Photo credit: Peggy Barringer

Pictured: Robert Laughlin

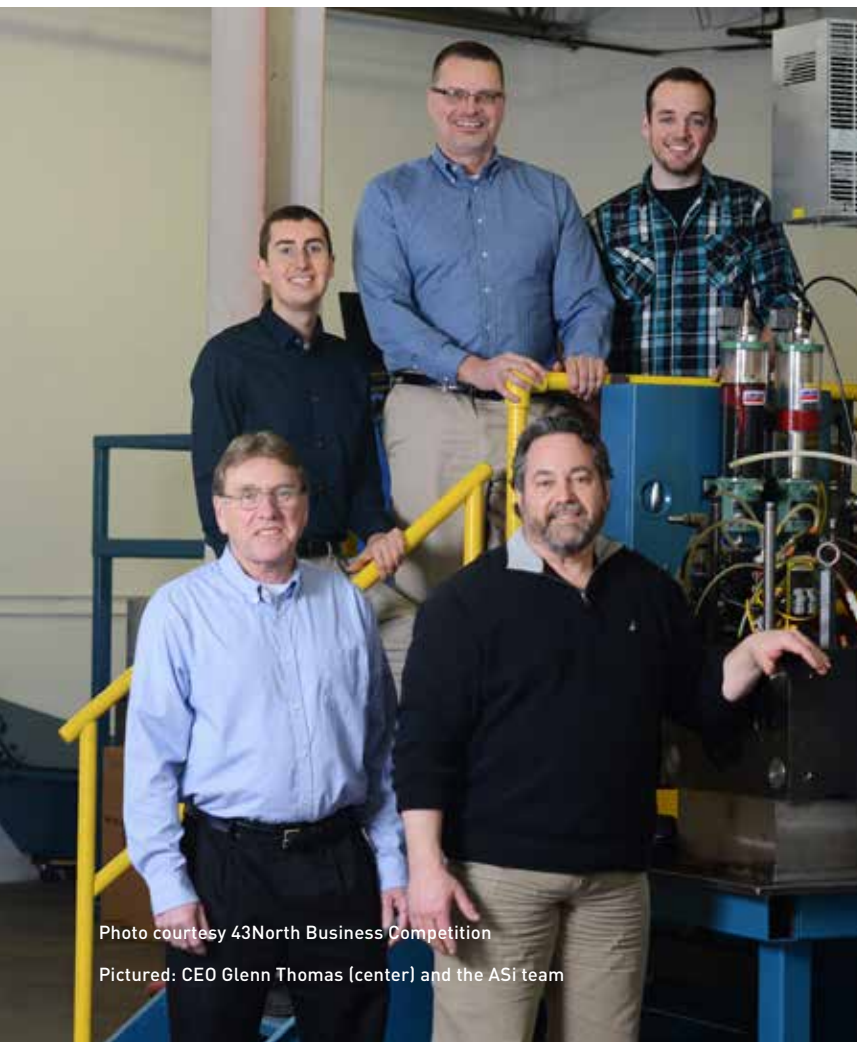


Photo courtesy 43North Business Competition

Pictured: CEO Glenn Thomas (center) and the ASi team

ADIABATIC SOLUTIONS, LLC (ASi) TONAWANDA, NY

Adiabatic Solutions, LLC, (ASi) produces high-strength metal component parts using a unique technology called Adiabatic Softening. This process uses a one-of-a-kind high velocity impact press, and ASi has the only one in the world. After winning the \$1 million first place award in New York State's 43North venture capital business competition, ASi began looking for additional funds to begin production. RDC provided a \$250,000 loan to purchase equipment for a new larger space, enabling ASi to begin generating revenue in their first year of operation.



A Member of the EQDA Financing and Development Group

RDC LOANS



Photo courtesy TM Montante Development
Site of demolished Millard Filmore Hospital

GATES CIRCLE PROJECT BUFFALO, NY

One of 2015's most high-profile City of Buffalo projects was the demolition of the former Millard Filmore-Gates Circle Hospital at Delaware and West Delavan Avenues. Developer TM Montante's mixed-use plans for the property include senior housing, a parking garage, and retail. The RDC provided a \$2 million loan to finance the critical first step in the complex remediation of the property.

LAKEWARD SPIRITS BUFFALO, NY

Some businesses qualify for both tax credits from the ECIDA and loans from the RDC.

Lazarus Properties proposed transforming a vacant property on 65 Vandalia Street in Buffalo into a distillery and malt house, with a small tasting area. Lazarus was approved for \$72,000 in sales tax savings on construction and other equipment, and a one-time elimination of the mortgage recording fee, saving them an additional \$20,000.

The \$2.5 million mixed-use project will house Lakeward Spirits Distillery and Queen City Malting, with the 1500 sq. ft. of retail "tasting room" space receiving no ECIDA benefits.

The RDC also approved a \$320,000 term loan for Lazarus affiliate Lakeward Spirits/Mainspring LLC to help finance Lakeward's production facility and bring the 110-year-old building back to life.



Photo credit: Peggy Barringer
Pictured: Owner Stephan Bystran

ILDC BOND FINANCING

The Industrial Land Development Corporation is the bond issue and land development affiliate of the ECIDA. Nonprofit corporations can use the ILDC as a pass-thru agency to issue bond financing, and although the ILDC does not carry the actual debt, the bond issuances are tax-free.

CATHOLIC HEALTH SYSTEMS BUFFALO, NY



In one of the more complex deals struck by the ILDC, Catholic Health Systems, Inc. was issued \$130,000,000 in tax-exempt and taxable bonds. The sizeable issuance would finance reimbursement of costs for improvement projects at various CHS locations, new financial reporting technology programs, supply chain management and the purchase of their corporate offices at 144 Genesee Street. Catholic Health carries the debt obligation of the bonds, not the ILDC, but because the ILDC served as the pass-through bond issuer, CHS will benefit from the lowered borrowing costs.



Photo courtesy Uniland Development

\$130M

Tax-exempt and
taxable bonds



ECIDA Board of Directors Meeting: December 16, 2015

2015 BOARD OF DIRECTORS

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City of Buffalo

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Regional Executive
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MS. DOTTIE GALLAGHER-COHEN

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President
Western New York Area Labor Federation



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Buffalo Urban League

ECIDA Board Chair
Brenda McDuffie is the first female Chair in the Agency's forty-five year history.

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NAACP

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NFTA

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Supervisor
Town of Amherst

COMMUNITY OUTREACH

In participation with the annual WNY United Way of Buffalo & Erie County Day of Caring, ECIDA staff volunteered at Kevin Guest House in August, removing old fence posts, clearing brush and installing a new wooden fence. Located adjacent to the Buffalo Niagara Medical Campus, Kevin Guest House provides comfort, support and affordable accommodations for patients and their loved ones seeking care at area medical facilities.

www.kevinguesthouse.org



Photo credit: Robbie-Ann McPherson

MEET OUR STAFF

First row, left to right - Grant Lesswing, Mollie Profic, Carrie Hocieniec, Brian Krygier, Robbie-Ann McPherson, Andrew Schoeppich, Steve Weathers, Karen Fiala, John Cappellino, Dawn Boudreau. Second row, left to right - Laurie Hendrix, Beth O'Keefe. Third Row, left to right - Phil Riggs, Jerry Manhard, Michael Alexander. Not pictured - Robbie Michaels, Pat Smith.



Photo credit: Nancy J. Parisi

