Erie County Industrial Development Agency
Meeting of the Membership
September 28, 2016
@ 11:00 a.m.
95 Perry Street
5th Floor ESD Conference Room
Buffalo, New York 14203

1.0 Call to Order

1.1 Call to Order Meeting of the Membership

1.2 Welcome New Board Members

a) Sister Denise Roche, Chair, NFTA

b) Louis Panzica, Chair, Buffalo Niagara Partnership

2.0 Approval of Minutes:

2.1 Approval of Minutes of August 24, 2016 Meeting of Membership **(Pages 2-10)**

3.0 Reports / Action Items / Information Items:

3.1 Financial Report **(Pages 11-14)**
3.2 Approval of 2017 Operating & Capital Budget **(Page 15-19)**
3.3 2016 Tax Incentive Induced/Closing Schedule **(Pages 20-21)**
3.4 Policy Committee Update **(Pages 22-27)**

4.0 Recapture:

4.1 API Heat Transfer **(Pages 28-32)**

5.0 Management Team Reports:

5.1 2017 Board Meeting Schedule **(Page 33)**
5.2 Non Profit Campus Briefing
5.3 Key Bank Update
5.4 43 North Pitch Contest

6.0 Adjournment - Next Meeting – October 26, 2016

MINUTES OF THE MEETING OF THE MEMBERSHIP OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (ECIDA)

DATE AND PLACE: August 24, 2016, at the Erie County Industrial Development Agency, 95 Perry Street, 5th Floor ESD Conference Room, Buffalo, New York 14203

PRESENT: Hon. Byron W. Brown, James F. Doherty, Dennis Elsenbeck, Hon. Joseph H. Emminger, Dottie Gallagher-Cohen, Richard Lipsitz, Jr., Brenda W. McDuffie, Frank B. Mesiah, John J. Mudie, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz, Hon. Edward A. Rath, III and Paul V. Vukelic

EXCUSED: Hon. Diane Benczkowski, David L. Lowrey, Hon. Darius G. Pridgen Sister Denise Roche and Hon. Barry A. Weinstein

OTHERS PRESENT: Steve Weathers, Chief Executive Officer; John Cappellino, Executive Vice President; Karen M. Fiala, Assistant Treasurer; Bradley Bach, Assistant Treasurer; and Robert G. Murray, Secretary

GUESTS: Andrew Federick, Erie County Senior Economic Development Specialist

There being a quorum present at 11:30 a.m., the meeting of the members of the Erie County Industrial Development Agency was called to order by its Chair, Ms. McDuffie.

MINUTES

The minutes of the June 22, 2016 Meeting of the Members were presented. Mr. Lipsitz moved and Mr. Doherty seconded to approve of the minutes. Ms. McDuffie called for the vote and the minutes were unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Financial Report. Mr. Bach presented the financial statements for July 2016 noting that the Agency as of July 31, 2016 has net assets of approximately $32 million. The monthly income statement shows total revenues of approximately $80,000, being approximately $184,000 below budget, and expenses of approximately $231,000, being approximately $18,000 below budget for the month of July, 2016. The year-to-date income statement shows revenues are below budget by approximately $325,000, and operating expenses are also below budget by approximately $9,000. Net income for the year is approximately $4,600,000.

There being no further questions or comments, Ms. McDuffie directed that the report be received and filed.

Proposed Budget Timetable and Review of 2017 Budget. Mr. Weathers reviewed the proposed budget review timetable and the proposed budget for the ECIDA for 2017. In particular, Mr. Weathers noted that the Agency has budgeted for $1,800,000 in Administrative Fees based off a rolling ten-year average. Expenses are projected at $3,200,000 and net income before special projects is budgeted at $178,000. After expenses related to special projects, a net loss of $711,000 is budgeted. Mr. Weathers next briefly reviewed the ECIDA five-year capital budget for 2017-2021. There being no further discussion, Ms. McDuffie directed that the report be received and filed.

Foreign Trade Zone Amendment. Mr. Manhard provided background with respect to the Agency's role in administering Foreign Trade Zone No. 23 on behalf of Erie County since 1998. Mr. Manhard provided background on the role of a Foreign Trade Zone and provided operator reports with respect to the companies utilizing the Foreign Trade Zone in 2015. Mr. Manhard noted that the Erie County Legislature has approved and authorized the Agency to continue to assist in the administration and management of the Foreign Trade Zone from September 1, 2016 until August 31, 2021. The resolution before the Agency today authorizes the Agency to enter into a contract with Erie County and with appropriate consultants and contractors for the purpose of the continued administration of Foreign Trade Zone No. 23.

Mr. Poloncarz moved and Mr. Rath seconded, to approve of the aforementioned resolution. Ms. McDuffie called for the vote and the following resolution was unanimously approved:

> RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZING THE AGENCY TO ENTER INTO A CONTRACT WITH THE COUNTY OF ERIE AND WITH APPROPRIATE CONSULTANT(S) AND/OR CONTRACTORS AND/OR SUB-CONTRACTOR(S) FOR THE PURPOSE OF THE CONTINUED ADMINISTRATION OF FOREIGN TRADE ZONE NO. 23

2016 Tax Incentive Induced/Closing Schedule. Ms. Fiala presented this report. There being no questions, Ms. McDuffie directed that the report be received and filed.

Policy Committee Update. Mr. Lipsitz noted that the Policy Committee reviewed and recommends approval of the three projects that are on today's agenda. Ms. McDuffie directed that this report be received and filed.

INDUCEMENT RESOLTUIONS

Calspan Corporation, 4455 Genesee Street, Cheektowaga, New York. Ms. Fiala reviewed this proposed sales tax exemption, mortgage recording tax exemption, and real property tax abatement benefits project involving the construction of a 50,000 sq. ft. facility at the present site of the company's existing facility located in the Town of Cheektowaga. The

expansion will allow Calspan to undertake research and development of life safety systems for vehicle and pedestrian safety.

As a condition precedent of receiving financial assistance and as a material term and condition established by the Agency in connection with its approval of the project, Ms. Fiala noted that the Company must, subject to potential termination and/or recapture of state and local sales and use tax exemption benefits, mortgage recording tax exemption benefits and real property tax abatement benefits, submit on at least an annual basis or as otherwise indicated below, through the term of the PILOT Agreement, a certification, as so required by the Agency, confirming:

(i) Investment Commitment- the total investment actually made with respect to the Project at the time of Project completion equals or exceeds $6,009,500 (which represents the product of 85% multiplied by $7,070,000, being the total project cost as stated in the Company's application for Financial Assistance).

(ii) Employment Commitment - that there are at least one hundred thirteen (113) existing full time equivalent ("FTE") employees located at, or to be located at, the Facility as stated in the Company's application for Financial Assistance (the "Baseline FTE"); and

- the number of current FTE employees in the then current year at the Facility; and

- that the Company has maintained and created FTE employment at the Facility equal to one hundred twenty-two (122) FTE employees [representing the sum of one hundred thirteen (113) Baseline FTE plus nine (9), being the product of 85% multiplied by eleven (11) (being the total number of new FTE employee positions as proposed to be created by the Company as stated in the Company's application for Financial Assistance)]. In an effort to confirm and verify the Company's employment numbers, the Agency requires that, at a minimum, the Company provide employment date to the Agency on a quarterly basis, said information to be provided on the Agency's "Quarterly Employment Survey" form to be made available to the Company by the Agency.

(iii) Local Labor Commitment - that the Company adheres to and complies with the Agency's Local Labor Workforce Certification Policy on a quarterly basis during the construction period.

(iv) Equal Pay Commitment – that the Company adheres to and complies with the Agency's Pay Equity Policy.

(v) Unpaid Real Property Tax Policy Commitment – that the Company is compliant with the Agency's Unpaid Real Property Tax Policy.

General discussion ensured. Mr. Rath moved and Mr. Vukelic seconded to approve of the project. Ms. McDuffie called for the vote, and the following resolutions were unanimously approved:

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY THAT ACTION TO UNDERTAKE THE CALSPAN CORPORATION (THE "COMPANY") PROJECT WILL NOT HAVE A SIGNIFICANT ADVERSE IMPACT ON THE ENVIRONMENT

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY: (i) ACCEPTING THE APPLICATION OF CALSPAN CORPORATION, AND/OR INDIVIDUAL(S) OR AFFILIATE(S), SUBSIDIARY(IES), OR ENTITY(IES) FORMED OR TO BE FORMED ON ITS BEHALF (INDIVIDUALLY, AND/OR COLLECTIVELY, THE "COMPANY") IN CONNECTION WITH A CERTAIN PROJECT DESCRIBED BELOW; (ii) RATIFYING THE SCHEDULING, NOTICING, AND CONDUCTING OF A PUBLIC HEARING IN CONNECTION WITH THE PROJECT; (iii) APPOINTING THE COMPANY, OR ITS DESIGNEE, AS ITS AGENT TO UNDERTAKE THE PROJECT; (iv) AUTHORIZING THE UNDERTAKING OF THE PROJECT TO PROVIDE FINANCIAL ASSISTANCE TO THE COMPANY IN THE FORM OF (A) A SALES TAX EXEMPTION BENEFIT FOR PURCHASES AND RENTALS RELATED TO THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT, (B) A MORTGAGE RECORDING TAX EXEMPTION BENEFIT FOR FINANCING RELATED TO THE PROJECT, AND (C) A PARTIAL ABATEMENT FROM REAL PROPERTY TAXES BENEFIT THROUGH THE PILOT AGREEMENT; AND (v) AUTHORIZING THE NEGOTIATION AND EXECUTION OF A LEASE AGREEMENT, LEASEBACK AGREEMENT, A PAYMENT-IN-LIEU-OF-TAX AGREEMENT, AN AGENT AND FINANCIAL ASSISTANCE PROJECT AGREEMENT, AND RELATED DOCUMENTS

2855 Clinton St., LLC (Shell Fab), 3254 Clinton Street, West Seneca, New York. Ms. Fiala reviewed this proposed sales tax exemption, mortgage recording tax exemption and real property tax abatement benefits project and stated that the company has no room to expand at its existing location, and in order to meet customer demand, the company is purchasing a vacant parcel and will be constructing a 55,000± sq. ft. manufacturing facility. The company is also purchasing $400,000 of additional manufacturing equipment.

As a condition precedent of receiving financial assistance and as a material term and condition established by the Agency in connection with its approval of the project, Ms. Fiala noted that the Company must, subject to potential termination and/or recapture of state and local sales and use tax exemption benefits, mortgage recording tax exemption benefits and real property tax abatement benefits, submit on at least an annual basis or as otherwise indicated below, through the term of the PILOT Agreement, a certification, as so required by the Agency, confirming:

(i) Investment Commitment- the total investment actually made with respect to the Project at the time of Project completion equals or exceeds $2,324,750 (which represents the product of 85% multiplied by $2,735,000, being the total project cost as stated in the Company's application for Financial Assistance).

(ii) Employment Commitment - that there are at least forty-five (45) existing full time equivalent ("FTE") employees located at, or to be located at, the Facility as stated in the Company's application for Financial Assistance (the "Baseline FTE"); and

- the number of current FTE employees in the then current year at the Facility; and

- that the Company has maintained and created FTE employment at the Facility equal to fifty-three (53) FTE employees [representing the sum of forty-five (45) Baseline FTE plus eight (8) being the product of 85% multiplied by ten (10) (being the total number of new FTE employee positions as proposed to be created by the Company as stated in the Company's application for Financial Assistance)]. In an effort to confirm and verify the Company's employment numbers, the Agency requires that, at a minimum, the Company provide employment date to the Agency on a quarterly basis, said information to be provided on the Agency's "Quarterly Employment Survey" form to be made available to the Company by the Agency.

(iii) Local Labor Commitment - that the Company adheres to and complies with the Agency's Local Labor Workforce Certification Policy on a quarterly basis during the construction period.

(iv) Equal Pay Commitment – that the Company adheres to and complies with the Agency's Pay Equity Policy.

(v) Unpaid Real Property Tax Policy Commitment – that the Company is compliant with the Agency's Unpaid Real Property Tax Policy.

A general discussion ensued. Mr. Elsenbeck moved and Mr. Doherty seconded to approve of the project. Ms. McDuffie called for the vote, and the following resolutions were unanimously approved:

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY THAT ACTION TO UNDERTAKE THE 2855 CLINTON ST., LLC (THE "COMPANY") PROJECT WILL NOT HAVE A SIGNIFICANT ADVERSE IMPACT ON THE ENVIRONMENT

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY: (i) ACCEPTING THE APPLICATION OF 2855 CLINTON ST., LLC AND/OR INDIVIDUAL(S) OR AFFILIATE(S), SUBSIDIARY(IES), OR ENTITY(IES) FORMED OR TO BE FORMED ON ITS BEHALF (INDIVIDUALLY, AND/OR COLLECTIVELY, THE "COMPANY") IN CONNECTION WITH A CERTAIN PROJECT DESCRIBED BELOW; (ii)

RATIFYING THE SCHEDULING, NOTICING, AND CONDUCTING OF A PUBLIC HEARING IN CONNECTION WITH THE PROJECT; (iii) APPOINTING THE COMPANY, OR ITS DESIGNEE, AS ITS AGENT TO UNDERTAKE THE PROJECT; (iv) AUTHORIZING THE UNDERTAKING OF THE PROJECT TO PROVIDE FINANCIAL ASSISTANCE TO THE COMPANY IN THE FORM OF (A) A SALES TAX EXEMPTION BENEFIT FOR PURCHASES AND RENTALS RELATED TO THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT, (B) A MORTGAGE RECORDING TAX EXEMPTION BENEFIT FOR FINANCING RELATED TO THE PROJECT, AND (C) A PARTIAL ABATEMENT FROM REAL PROPERTY TAXES BENEFIT THROUGH THE PILOT AGREEMENT; AND (v) AUTHORIZING THE NEGOTIATION AND EXECUTION OF A LEASE AGREEMENT, LEASEBACK AGREEMENT, A PAYMENT-IN-LIEU-OF-TAX AGREEMENT, AN AGENT AND FINANCIAL ASSISTANCE PROJECT AGREEMENT, AND RELATED DOCUMENTS

791 Washington Street, LLC (Redevelopment of Trico Building), 791 Washington Street, Buffalo, New York. Mr. Cappellino reviewed this proposed sales tax and mortgage recording tax exemption benefits project involving the renovation and redevelopment of the former Trico Building on Washington Street in the City of Buffalo. Mr. Cappellino reviewed the proposed demolition and renovation work which, when complete, will result in a mixed use structure serving as the site for a new Buffalo Culinary School, and Extended Stay Hotel to serve patients and visitors of the Buffalo Niagara Medical Campus, market rate housing to meet the expanding demand for employees and students located on the medical campus, and a limited retail component that will serve the campus and surrounding community. In addition, the building will house commercial space. Mr. Cappellino further noted that the sales tax benefit, with respect to the commercial space, will be limited to only the core and shell component of such space. Parking space will need to be constructed and it is expected to be constructed within the facility as the current location lacks sufficient space for vehicles.

Mr. Cappellino commented that the facility totals approximately 479,000 sq. ft. and is located in a highly distressed census tract. According to state law, Mr. Cappellino stated that if more than 1/3 of the costs of the total project are devoted to retail uses, and at present, Mr. Cappellino stated that 51% of the total project costs associated with the project is classified as retail, an IDA must make a retail finding on the project that will require the affirmation of same from the Erie County Executive. Mr. Cappellino also stated that the company will be relying on the Section 485-e real property tax abatement or, at a future point in time, may request a custom PILOT Agreement that would allow PILOT increment financing to support public infrastructure related to the project. Mr. Cappellino also noted that approximately 130 new jobs will be created.

As a condition precedent of receiving financial assistance and as a material term and condition established by the Agency in connection with its approval of the project, Mr. Cappellino noted that the Company must, subject to potential termination and/or recapture of state and local sales and use tax exemption benefits and mortgage recording tax exemption benefits, submit, on an annual basis or as otherwise indicated below through the conclusion of

the later of either two (2) years following (i) the construction completion date or ii) the termination of the Agent Agreement, a certification, as so required by the Agency, confirming

(i) Investment Commitment- the total investment actually made with respect to the Project at the time of Project completion equals or exceeds $76,916,960.00 (which represents the product of 85% multiplied by $90,490,542.00, being the total project cost as stated in the Company's application for Financial Assistance).

(ii) Employment Commitment - that the Company has maintained and created FTE employment at the Facility equal to One Hundred Ten (110) FTE employees [the product of 85% multiplied by One Hundred Thirty (130) (being the total number of new FTE employee positions as proposed to be created by the Company as stated in the Company's application for Financial Assistance)]. In an effort to confirm and verify the Company's employment numbers, the Agency requires that, at a minimum, the Company provide employment data to the Agency on a quarterly basis, said information to be provided on the Agency's "Quarterly Employment Survey" form to be made available to the Company by the Agency.

(iii) Local Labor Commitment - that the Company adheres to and complies with the Agency's Local Labor Workforce Certification Policy on a quarterly basis during the construction period.

(iv) Equal Pay Commitment – that the Company adheres to and complies with the Agency's Pay Equity Policy.

(v) Unpaid Real Property Tax Policy Commitment – that the Company is compliant with the Agency's Unpaid Real Property Tax Policy.

Mr. Brown then moved to approve the project. He then spoke in favor of the project and of the good work and good track record of the project's developers, the Krog Corporation. Mr. Brown reminded members that the Policy Committee unanimously approved of the project and then thanked the Policy Committee and staff for their good work in deliberation and also thanked the County Executive and his team for their review and support of the project. Mr. Brown stressed the importance of the project as a bridge between the west and east sides of the City of Buffalo and as a bridge between the Buffalo Niagara Medical Campus and the core area of the City of Buffalo. Mr. Brown confirmed that the project will most likely rely on the Section 485-e real property tax exemption benefit from the City of Buffalo which indicates the City's strong commitment to this project.

Mr. Poloncarz seconded to approve of the project and then spoke in favor of the project as a key entry point into the City, and thanked the company for agreeing to limit the sales tax benefit on the vacant commercial portion of the project.

Mr. Lipsitz expressed his support for the project and emphasized the thorough review undertaken by the Policy Committee leading to its support of the project.

Mr. Mudie thanked the developers for undertaking this project and wished them good luck.

Ms. McDuffie called for the vote, and the following resolution was unanimously approved:

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY: (i) ACCEPTING THE APPLICATION OF 791 WASHINGTON STREET, LLC, AND/OR INDIVIDUAL(S) OR AFFILIATE(S), SUBSIDIARY(IES), OR ENTITY(IES) FORMED OR TO BE FORMED ON ITS BEHALF (INDIVIDUALLY, AND/OR COLLECTIVELY, THE "COMPANY") IN CONNECTION WITH A CERTAIN PROJECT DESCRIBED BELOW; (ii) RATIFYING THE SCHEDULING, NOTICING, AND CONDUCTING OF A PUBLIC HEARING IN CONNECTION WITH THE PROJECT; (iii) MAKING A DETERMINATION PURSUANT TO THE STATE ENVIRONMENTAL QUALITY REVIEW ACT; (iv) APPOINTING THE COMPANY, OR ITS DESIGNEE, AS ITS AGENT TO UNDERTAKE THE PROJECT; (v) AUTHORIZING THE UNDERTAKING OF THE PROJECT TO PROVIDE FINANCIAL ASSISTANCE TO THE COMPANY IN THE FORM OF (A) A SALES TAX EXEMPTION BENEFIT FOR PURCHASES AND RENTALS RELATED TO THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION AND/OR RENOVATION, REHABILITATION AND EQUIPPING OF THE PROJECT, AND (B) A MORTGAGE RECORDING TAX EXEMPTION BENEFIT FOR FINANCING RELATED TO THE PROJECT; AND (vi) AUTHORIZING THE NEGOTIATION AND EXECUTION OF A LEASE AGREEMENT, LEASEBACK AGREEMENT, AN AGENT AND FINANCIAL ASSISTANCE PROJECT AGREEMENT, AND RELATED DOCUMENTS

SPECIAL RESOLUTION

Joint School Construction Board 2009A Bond Re-Financing. Ms. Fiala reviewed the underlying resolutions by which the Agency authorized issuance of its school facility bonds on behalf of the City of Buffalo and the City School District of the City of Buffalo in order to finance various public school facilities to assist in the acquisition, renovation, construction and improvement of such public school facilities within the City. Ms. Fiala noted the Agency has been requested to authorize the refunding of the Series 2009A bonds issued in 2013 in the total amount of approximately $62,000,000.

Mr. Brown moved to support the refunding request and stressed the importance of the project's savings for the benefit of the Buffalo City Schools. Mr. Nellis seconded the motion. Ms. McDuffie called for the vote, and the following resolution was unanimously approved:

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZING THE ISSUANCE OF REFUNDING BONDS TO REFUND A PORTION OF THE SERIES 2009A BONDS WITH RESPECT TO ITS PROJECT FOR THE CITY SCHOOL DISTRICT OF THE CITY OF BUFFALO AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH

MANAGEMENT TEAM REPORTS

Mr. Weathers provided members with an update on various management activities. An update on the Beverly Gray project was provided and Mr. Weathers noted that the Agency has provided $150,000 of funding, as previously authorized, and Mr. Brown responded that the City is now allocating the required match of $500,000 to the Beverly Gray Center.

Mr. Weathers updated members on Dawn Boudreau's compliance luncheons that she holds with developers and companies receiving Agency financial assistance to insure proper compliance and monitoring is being undertaken.

Mr. Weathers presented members with a draft press release related to the contemplated acquisition of the American Red Cross facility. Mr. Poloncarz expressed his support for the American Red Cross-Not-For-Profit Campus concept and its mission to assist health and human service and community benefit initiatives.

Mr. Elsenbeck questioned Mr. Weathers if the idea is to leverage themes, like workforce development, or just to try to get any tenant to occupy the facility. Mr. Weathers responded that the Agency is looking to provide space to workforce and community development not-for-profits with the goal of improving the workforce.

Mr. Cappellino updated members on upcoming speakers for the upcoming best practices in economic development meetings.

There being no further business to discuss, Ms. McDuffie adjourned the meeting at 12:07 p.m.

Dated: August 24, 2016

Robert G. Murray, Secretary

Erie County Industrial Development Agency

Financial Statements

As of August 31, 2016

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")
Balance Sheet
August 31, 2016

	August 2016	July 2016	December 2015
ASSETS:			
Cash *	$ 9,684,739	$ 9,726,492	$ 10,281,022
Restricted Cash & Investments *	18,769,409	19,056,283	9,696,690
Due from Affiliates	517,549	489,007	341,189
Due from Buffalo Urban Development Corp.	32,114	27,064	43,616
Other Receivables	216,629	223,906	211,739
Total Current Assets	29,220,439	29,522,753	20,574,256
Loans Receivable, net of allowance	31,185	32,135	38,712
Venture Capital Investments, net of reserves	678,051	678,051	5,628,026
Fixed Assets	1,677,697	1,689,365	1,750,987
Total Long-Term Assets	2,386,934	2,399,552	7,417,725
TOTAL ASSETS	$31,607,373	$31,922,304	$ 27,991,981
LIABILITIES & NET ASSETS			
Accounts Payable & Accrued Exp.	$ 305,196	$ 269,795	$ 281,140
Other Payables	168,884	168,884	187,648
Funds Held on Behalf of Others	3,207,659	3,161,370	3,904,441
Total Liabilities	3,681,738	3,717,146	4,373,229
Net Assets	27,925,635	28,205,158	23,618,752
TOTAL LIABILITIES & NET ASSETS	$31,607,373	$31,922,304	$ 27,991,981

* Cash and restricted cash is invested in checking accounts at First Niagara Bank. The maximum FDIC insured amount = $250,000 with the remainder of the cash balance collateralized with government obligations by the financial institution.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")

Income Statement

Month of August 2016

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Administrative Fees	$ 107,913	$ 150,000	$ (42,087)
Affiliate Management Fees	32,042	32,042	0
Interest Income - Loans	611	604	6
Interest Income - Cash & Investments	2,325	1,208	1,117
Rental Income	18,511	21,217	(2,705)
Other Income	3,500	2,708	792
UDAG Venture Investment Reflow	-	56,250	(56,250)
Total Revenues	164,901	264,029	(99,128)
EXPENSES:			
Salaries & Benefits	$ 158,345	$ 164,951	$ (6,606)
General Office Expenses	27,801	25,364	2,437
Building Operating Costs	13,343	15,600	(2,257)
Professional Services	5,142	27,500	(22,358)
Public Hearings & Marketing	6,787	8,583	(1,796)
Travel, Mileage & Meeting Expenses	6,826	6,500	326
Other Expenses	473	1,500	(1,027)
Total Expenses	218,717	249,999	(31,281)
SPECIAL PROJECT GRANTS:			
Revenues	$ 800	$ 2,500	$ (1,700)
Expenses	(39,840)	(2,500)	(37,340)
	(39,040)	-	(39,040)
NET INCOME/(LOSS) BEFORE NON-RECURRING ITEMS & DEPRECIATION:	(92,856)	14,031	(106,887)
NON-RECURRING/NON-OPERATING ITEMS:			
UDAG Gain/(Loss) on Venture Investments	$ -	$ -	$ -
UDAG Strategic Initiatives	(175,000)	(175,000)	-
	(175,000)	(175,000)	-
NET INCOME/(LOSS) BEFORE DEPRECIATION:	**(267,856)**	**(160,969)**	**(106,887)**
Depreciation	(11,668)	(11,668)	(0)
NET INCOME/(LOSS):	$ (279,524)	$ (172,637)	$ (106,887)

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")

Income Statement

Year to Date: August 31, 2016

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Administrative Fees	$1,238,916	$1,200,000	$ 38,916	$1,238,916	$2,600,875	$(1,361,959)
Affiliate Management Fees	256,333	256,333	0	256,333	247,333	9,000
Interest Income - Loans	3,960	4,833	(873)	3,960	5,869	(1,909)
Interest Income - Cash & Investments	14,933	9,667	5,267	14,933	9,526	5,407
Rental Income	148,142	169,733	(21,591)	148,142	31,084	117,058
Other Income	25,791	21,667	4,124	25,791	16,606	9,185
UDAG Venture Investment Reflow	-	450,000	(450,000)	-	782,475	(782,475)
Total Revenues	1,688,076	2,112,233	(424,157)	1,688,076	3,693,768	(2,005,692)
EXPENSES:						
Salaries & Benefits	1,323,138	1,401,061	(77,923)	1,323,138	1,268,108	55,030
General Office Expenses	249,870	202,913	46,957	249,870	218,100	31,770
Building Operating Costs	114,694	124,800	(10,106)	114,694	111,256	3,438
Professional Services	287,200	250,500	36,700	287,200	138,419	148,781
Public Hearings & Marketing	41,121	68,667	(27,546)	41,121	40,120	1,001
Travel, Mileage & Meeting Expenses	46,527	52,000	(5,473)	46,527	43,313	3,214
Other Expenses	8,828	12,000	(3,172)	8,828	9,548	(720)
Total Expenses	2,071,379	2,111,941	(40,562)	2,071,379	1,828,864	242,515
SPECIAL PROJECT GRANTS:						
Revenues	48,684	166,667	(117,983)	48,684	33,884	14,800
Expenses	(71,233)	(166,667)	95,434	(71,233)	(5,825)	(65,408)
	(22,549)	-	(22,549)	(22,549)	28,059	(50,608)
NET INCOME/(LOSS) BEFORE NON-RECURRING ITEMS & DEPRECIATION:	$ (405,852)	$ 293	$ (406,144)	$ (405,852)	$1,892,963	$(2,298,815)
NON-RECURRING/NON-OPERATING ITEMS:						
UDAG Gain/(Loss) on Venture Investments	$5,366,076	$ -	$5,366,076	$5,366,076	$ -	$ 5,366,076
UDAG Strategic Initiatives	(560,000)	(560,000)	-	(560,000)	(250,000)	(310,000)
	4,806,076	(560,000)	5,366,076	4,806,076	(250,000)	5,056,076
NET INCOME/(LOSS) BEFORE DEPREC:	4,400,224	(559,707)	4,959,932	4,400,224	1,642,963	2,757,261
Depreciation	(93,341)	(93,339)	(2)	(93,341)	(93,341)	(0)
NET INCOME/(LOSS):	$4,306,883	$ (653,047)	$4,959,930	$4,306,883	$1,549,622	$ 2,757,261

Erie County Industrial Development Agency

2017 Budget

Erie County Industrial Development Agency

2017 Budget

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")
Proposed Budget for 2017
DRAFT

	Proposed Budget 2017	Approved Budget 2016	Projected 2016	Actual 2015
REVENUES:				
Administrative Fees	$ 1,800,000	$ 1,800,000	$ 2,000,000	$ 3,756,732
Affiliate Management Fees	353,500	342,500	364,700	353,137
Management Fees - BUDC	42,000	42,000	40,000	38,637
Interest Income - Loans	7,200	7,250	5,742	13,741
Interest Income - Cash & Investments	24,500	14,500	21,614	14,709
Rental Income	254,000	254,600	258,225	182,216
Other Income	42,500	32,500	33,570	27,805
UDAG Venture Investment Income	-	675,000	-	1,218,549
UDAG Venture Sale Income **(one-time receipt)**	880,000	-	5,366,076	-
Total Revenues	3,403,700	3,168,350	8,089,928	5,605,526
EXPENSES:				
Salaries & Benefits (65% - 67%)	2,134,107	2,060,866	1,946,814	1,855,769
Professional Services	266,500	306,500	325,217	191,069
General Office Expenses	244,700	197,250	251,687	220,654
Insurance Expense	100,000	107,120	100,000	102,907
Marketing Expenses	75,000	78,000	44,153	47,472
Invest Buffalo Niagara Membership	75,000	75,000	75,000	75,000
Public Notices	25,000	25,000	14,705	27,746
Building Operating Costs	191,560	208,200	159,758	170,070
Travel, Mileage & Meeting Expenses	82,000	78,000	68,059	61,952
Other Expenses	15,000	18,000	14,323	7,563
Total Expenses	3,208,867	3,153,936	2,999,715	2,760,202
GRANT INCOME:				
Revenues	250,000	250,000	50,000	36,484
Expenses	(250,000)	(250,000)	(53,816)	(9,225)
	-	-	(3,816)	27,259
NET INCOME (LOSS) BEFORE DEPRECIATION:	**194,833**	**14,414**	**5,086,397**	**2,872,583**
Depreciation	(140,000)	(140,000)	(140,012)	(137,120)
NET INCOME (LOSS) BEFORE SPECIAL PROJECTS:	**54,833**	**(125,586)**	**4,946,385**	**2,735,463**
N7+ consultants/expense reserve	(750,000)	-	-	-
NET INCOME (LOSS) AFTER SPECIAL PROJECTS:	$ (695,167)	$ (125,586)	$ 4,946,385	$ 2,735,463

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")
Proposed Budget for Fiscal 2017 - Special Projects
DRAFT

		Source of Funds	Proposed Budget 2017		Budget 2016	Projected Actual 2016	Actual 2015
NET INCOME (LOSS) AFTER SPECIAL PROJECTS:			**$ (695,167)**		**$ (125,586)**	**$ 4,946,385**	**$ 2,735,463**
SPECIAL PROJECTS:							
Initiatives for a Smart Economy:							
Venture Capital Co-Investment		TBD	1,000,000	*	1,000,000	-	-
Partner Initiatives:							
Grow Erie Fund (NDC)		UDAG	500,000	*	500,000	-	-
IBN Contribution (IBN)	**	UDAG	-		-	-	-
Other Initiatives:							
Forgivable Attraction Loan(s)	***	UDAG			2,000,000	-	-
External Special Projects:							
Beverly Gray		UDAG	-		(A)	250,000	-
Launch New York Grant	****	UDAG	-		(A)	100,000	200,000
Buffalo Building Reuse Project (BUDC)		UDAG	-		(A)	75,000	100,000
Canadian Lead Generation (IBN)		UDAG	-		(A)	100,000	-
Labor Market Assessment (IBN)		UDAG	-		(A)	75,000	-
WNY Incubator Network		UDAG	-		(A)	20,000	-
Red Cross Campus		TBD	4,200,000	*	(A)	-	-
Bethlehem Steel/N7+		UDAG	2,700,000	*	(A)	-	-
Total External Special projects			6,900,000		750,000	620,000	300,000
Total Special Project Expenses			8,400,000		4,250,000	620,000	300,000
NET INCOME (LOSS) AFTER OTHER INVESTMENTS:			**$ (9,095,167)**		**$ (4,375,586)**	**$ 4,326,385**	**$ 2,435,463**

* These line items are reported as expenses in the above budget for cash flow purposes, but will be reported as assets on the balance sheet for accounting purposes.

** Annual membership to Invest Buffalo Niagara (formerly Buffalo Niagara Enterprise) is now accounted for in the General Fund budget.

*** In the past, $2,000,000 has been reserved for a forgivable loan; due to not activity over the past couple of years, we have excluded this from the proceeding year budget, however, the monies are available in the UDAG cash account if an opportunity presents itself.

**** 2016 was the final year of a three year, $300,000 commitment to Launch NY.

(A) A budget of $750,000 was approved for 2016 external special projects. Each project was presented to and approved by the Board separately for individual funding amounts.

Erie County Industrial Development Agency

Five Year Capital Budget 2017-2021

DRAFT

	2017	2018	2019	2020	2021	Total
Facilities:						
143 Genesee Street						
Exterior						
Exterior Envelope	$ -	$ -	$ 36,500	$ 17,000	$ 30,000	$ 83,500
Landscaping	5,300	-	-	-		5,300
Lighting	5,000	-	-	-	9,000	14,000
Glazing	5,000	-	-	-	-	5,000
Entry Doors	-	-	-	14,000	-	14,000
Interior						
Kitchen	-	33,000	-	-	-	33,000
Bathrooms	17,000	-	-	-	-	17,000
Electrical	-	-	-	8,000	-	8,000
Painting	4,500	-	-	-	-	4,500
Sustainability	-	5,000	-	-	-	5,000
Misc	3,200	2,000	3,500	1,000	1,000	10,700
	40,000	40,000	40,000	40,000	40,000	200,000
95 Perry Street						
Interior						
Misc	10,000	10,000	10,000	10,000	10,000	50,000
Total Facilities	50,000	50,000	50,000	50,000	50,000	250,000
Information Technology:						
Accounting/loan software	35,000	-	-	-	-	35,000
Network infrastructure	18,000	-	-	-	-	18,000
Phone system	10,000	-	-	-	-	10,000
Servers	8,000	-	-	8,000	-	16,000
Misc.	5,000	2,500	2,500	2,500	2,500	15,000
Total Information Technology	76,000	2,500	2,500	10,500	2,500	94,000
GRAND TOTAL	**$ 126,000**	**$ 52,500**	**$ 52,500**	**$ 60,500**	**$ 52,500**	**$ 344,000**

Tax Incentives Induced 2016

Project Name	Project City	Inducement Amount	Jobs at App	Projected Year 2 Jobs	Closing Date	Project Status
791 Washington Street, LLC (trico Building)	Buffalo	$ 90,490,542	0	130		Pending
Calspan Corporation	Cheektowaga	$ 7,070,000	113	124		Pending
Gordon Restaurant Market LLC/Alt Store, LLC	Buffalo	$ 6,900,000	0	19		Pending
Trahwen-G, LLC (Benderson)	Cheektowaga	$ 5,380,000	0	35		Pending
Great Lakes Orthodontics, Ltd.	Tonawanda	$ 5,005,230	221	230		Pending
Triad Recycling	Tonawanda	$ 2,993,000	0	3		Pending
Shell Fab	West Seneca	$ 2,735,000	45	55		Pending
Kohler Awning, Inc.	Cheektowaga	$ 850,000	50	51		Pending
Upstate Pharmacy, Ltd.	West Seneca	$ 310,000	70	80		Pending
9 Projects		$ 121,733,772	499	727		

228 Projected New Jobs

Tax Incentive Closings 2016

Project Name	Project Amount at Closing	Jobs at App	Projected Year 2 Jobs	Project City	Induced Date	Est. Project Completion Date
The Uniland Partnership of Delaware	$ 21,058,000	511	511	Cheektowaga	8/18/2015	11/30/2017
Delaware North Companies, Inc.	$ 17,000,000	350	415	Buffalo	11/18/2013	12/31/2015
Derrick Corporation	$ 10,825,000	477	477	Cheektowaga	6/18/2014	10/31/2015
9271 Group, LLC/960 Busti	$ 6,960,000	0	1	Buffalo	4/22/2015	8/31/2016
1391 Hertel, LLC	$ 5,380,000	0	4	Buffalo	12/17/2014	3/31/2017
722 Group	$ 4,900,000	0	2	Buffalo	10/21/2015	8/31/2016
95 Pirson Parkway	$ 3,496,788	142	172	Tonawanda	8/18/2015	12/31/2016
Lazarus Properties, LLC	$ 3,269,000	0	11	Buffalo	1/28/2015	4/30/2016
Seneca Mortgage Corp.	$ 2,504,300	270	465	Elma	1/29/2014	3/31/2016
Derrick Corporation	$ 1,211,000	0	0	Cheektowaga	1/28/2015	10/31/2015
486 Elmwood Buffalo, LLC	$ 731,250	0	2	Buffalo	1/8/2015	6/30/2016
11 Projects						
310 Projected New Jobs	$ 77,335,338	1,750	2,060			

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

MEETING: August 4, 2016, at Erie County Industrial Development Agency, 95 Perry Street, 5th Floor Conference Room, Buffalo, New York

PRESENT: Hon. Byron W. Brown, Hon. Johanna Coleman, Richard Lipsitz, Jr., Frank B. Mesiah, John J. Mudie, Glenn R. Nellis, Laura Smith, David J. State, Hon. Geoff Szymanski and Maria Whyte

ABSENT: Brenda W. McDuffie[1], Hon. Edward A. Rath, and Paul V. Vukelic

OTHERS PRESENT: John Cappellino, Executive Vice President; Karen M. Fiala, Assistant Treasurer; Robert G. Murray, Secretary

GUESTS: Rebecca Gandour, City of Buffalo Office of Strategic Planning; Peter Sauer on behalf of Calspan Corporation; Michelle Monaco on behalf of Shell Fab; Peter Cammarata on behalf of the Buffalo Urban Development Corporation; Paul Neureuter on behalf of Krog Corporation,

There being a quorum present at 8:34 a.m., Mr. Lipsitz called the meeting to order.

MINUTES

The minutes of the July 7, 2016 Policy Committee meeting were presented. Upon motion made by Mr. Mesiah, and seconded by Mr. Nellis, the aforementioned Policy Committee meeting minutes were unanimously approved.

PROJECT MATRIX

Mr. Cappellino reviewed the Agency's project matrix. There being no comments, Mr. Lipsitz directed that the report be received and filed.

PROJECT PRESENTATIONS

Calspan Corporation, 445 Genesee Street, Cheektowaga, New York. Ms. Fiala reviewed this proposed sales tax, mortgage recording tax and real property tax abatement benefits project involving the construction of a 50,000 sq. ft. vehicle crash testing facility to accelerate the research and development of life safety systems and to create a new standard in vehicle and pedestrian safety.

[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.

Ms. Fiala stated that in exchange for providing the sales tax exemption, 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 potential recapture 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 = $7,070,000 85% of total project amount = $6,009,500
Employment	Coincides with 10-Year PILOT Term	Maintain Base: 113 Create 85% of projected: Projected Jobs: 11 85 % of projected jobs = 9 Recapture Employment: 122
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 10-Year PILOT Term	Adherence to policy
Unpaid Tax	Coincides with 10-Year PILOT Term	Adherence to policy
Recapture Period	Coincides with 10-Year PILOT Term	Real property taxes, state and local taxes, mortgage tax

At this point in time, Ms. Fiala introduced Mr. Peter Sauer on behalf of Calspan Corporation. Mr. Sauer then provided a presentation of the project to Policy Committee members.

Ms. Whyte queried as to the last time the company invested in its crash test facility. Mr. Sauer responded that the company made various investments in 2011 and 2013 and has ongoing expenses including the purchase of over one million dollars of crash test equipment in 2015. Ms. Whyte then asked why the company is continuing to invest in Cheektowaga as opposed to moving to Michigan or elsewhere closer to car manufacturing facilities. Mr. Sauer responded that all of Calspan's various businesses are inter-related, so closing up one business would adversely affect another business, such that the company desires to remain intact in Cheektowaga.

Ms. Smith expressed support for the project. Mr. Mudie moved and Ms. Whyte seconded to approve of the project as proposed. Mr. Lipsitz called for the vote and the project was unanimously approved.

2855 Clinton Street, LLC (Shell Fab), 3254 Clinton Street, West Seneca, New York. Mr. Cappellino reviewed this proposed sales tax, mortgage recording tax and real property tax

abatement benefits project involving the construction of a new 55,000 sq. ft. manufacturing facility.

Mr. Cappellino stated that in exchange for providing the sales tax exemption, 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 potential recapture 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 = $2,735,000 85% of total project amount = $2,324,750
Employment	Coincides with 7-Year PILOT Term	Maintain Base: 45 Create 85% of projected: Projected Jobs: 10 85 % of projected jobs = 8 Recapture Employment: 53
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 7-Year PILOT Term	Adherence to policy
Unpaid Tax	Coincides with 7-Year PILOT Term	Adherence to policy
Recapture Period	Coincides with 7-Year PILOT Term	Real property taxes, state and local taxes, mortgage tax

At this point in time, Mr. Cappellino introduced Michelle Monaco on behalf of Shell Fab. Ms. Monaco then provided a brief description of the project to Policy Committee members.

Mr. Szymanski queried as to whether there were any existing buildings that would suit the needs of the company. Ms. Monaco responded that the company has spent over one year looking for new space and could not locate an existing building to satisfy their manufacturing needs.

At this point in time, Mr. Brown joined the meeting.

Mr. Mesiah moved and Mr. Nellis seconded to approve of the proposed project. Mr. Lipsitz called for the vote and the project was then unanimously approved.

791 Washington, LLC (Redevelopment of Trico Building), 791 Washington Street, Buffalo, New York. Mr. Cappellino reviewed this proposed sales tax and mortgage recording tax exemption benefits project involving the select demolition and substantial renovation of the Trico building, which when completed will be a mixed use structure that will serve as the site for

a new Buffalo Culinary School, an extended stay hotel to serve patients and visitors of the medical campus, market rate housing to meet the expanding demand for employees and students located on the medical campus and a limited retail component that will serve the campus and surrounding community. In addition, the building will house commercial space and is being marketed to existing businesses looking to expand. Mr. Cappellino stated that sales tax benefits will be limited to only the core and shell component of the commercial space. Mr. Cappellino also stated that the company will not be applying for a payment in lieu of tax agreement and instead will rely on the City of Buffalo Section 485-a real property tax abatement. However, the company may request a PILOT increment financing funding component benefit at a future point in time.

Mr. Cappellino noted that this project qualifies as a retail project under the General Municipal Law, however, the project is located in a highly distressed census tract and as such, with the consent of the County Executive, the Agency can provide financial assistance due to the location of this project in the highly distressed census tract.

Mr. Cappellino stated that in exchange for providing the sales tax exemption and mortgage recording tax exemption benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to potential recapture 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 = $90,490,542 85% of total project amount = $76,916,960
Employment	See recapture period	85% of projected Jobs Projected Jobs = 130 Recapture Jobs = 110
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	See recapture period	Adherence to policy
Unpaid Tax	See recapture period	Adherence to policy
Recapture Period	Two years after project completion	Recapture of state and local taxes and mortgage tax

At this point in time, Mr. Cappellino introduced Peter Cammarata on behalf of the Buffalo Urban Development Corporation who provided historical background related to the construction and historical use of the Trico Building and, more importantly, efforts to reuse and revitalize the building that have been ongoing since 2007.

Mr. Cappellino then introduced Paul Neureuter on behalf of Krog Corporation, the applicant, who provided additional background to Policy Committee members.

Ms. Smith asked if the Agency was treating this project and its component parts in a manner consistent with other similar adaptive reuse projects such as the Richardson project. Mr. Cappellino responded in the affirmative.

Mr. Brown then expressed support for the project and thanked the Buffalo Urban Development Corporation and the Agency for its support of the project. Mr. Brown spoke to the significant ongoing physical deterioration of the building and stressed that many developers have considered redeveloping this property over the prior 15 years but only one developer, the Krog Corporation, has emerged as a viable and qualified developer to undertake this project. Mr. Brown emphasized the important geographic location of this project adjacent to several core areas of the City and also stressed the developer's commitment to MWBE hiring and utilization.

Ms. White expressed support for the project. Mr. Szymanski also expressed his support for the project.

Mr. Mudie expressed support for the project and questioned the developers as to the contemplated rental rates for the market rate apartments. Mr. Neureuter responded that the market rate apartments are going to be rented at a rate of between $1,200-$1,400 per month.

Ms. McDuffie expressed support for the project but also expressed her concerns relating to the unlikely ability of a lower income resident to be able to access the market rate housing within the facility and further expressed concerns that this project could contribute to a segregated community with few minorities being able to afford the market rate apartments.

Mr. Brown then commented on the Chair's point about the affordability of the apartment units and stated he would like the developer to consider establishing a few units as low to moderate income level units.

Ms. Whyte also responded to the market rate apartment concerns being expressed and noted that the Agency is undertaking an adaptive reuse study and affordable housing will be a component part of this study.

Mr. Brown moved and Mr. Mesiah seconded to approve of the project. Mr. Lipsitz called for the vote and the project was then unanimously approved.

At this point, Mr. Nellis left the meeting.

COMPLIANCE ISSUES – API HEAT TRANSFER

Mr. Cappellino reviewed the API Heat Transfer employment issues as related to the potential recapture of Agency financial assistance. Mr. Cappellino reminded Committee members that Agency staff was asked to prepare various recapture options and present those options to the Committee today.

At this point in time, Mr. Brown left the meeting.

Mr. Cappellino then reviewed the various recapture options involving the potential recapture of sales tax, mortgage recording tax and real property tax abatement benefits.

Ms. Whyte expressed support for recapture option #2 because, amongst other reasons, it was a similar recapture option used by the Agency with respect to other companies similarly situated. Mr. Lipsitz also expressed his support of recapture option #2.

Ms. Smith expressed her support for recapture option #3 stating that such an approach recognizes business difficulties and business cycles, particularly in regard to how such business cycles can adversely affect the manufacturing sector as a whole.

Mr. State and Mr. Mesiah then expressed their support for recapture option #2 as well.

Mr. Lipsitz asked for a motion to consider making recapture option #2, which would: (i) require the Company to make a full pay PILOT payment during the two year watch period, and no action would be taken to recapture sales or mortgage recording tax exemption benefits during this same two year watch period and (ii) if, at the conclusion of the two year watch period, the Company still remains non-compliant, then the property would remain subject to a full tax real property tax payment, and there would be a pro-rate sales and mortgage recording tax recapture event – as the preferred recommendation to be presented to the ECIDA Board. Ms. Whyte moved and Mr. Szymanski seconded the motion. Mr. Lipsitz called for the vote, and the motion failed to pass by only obtaining 7 votes in the affirmative and one vote in the negative, with Ms. Smith voting in the negative.

INFORMATION ITEMS-BUFFALO PUBLIC SCHOOLS BOND REISSUANCE

Mr. Cappellino briefly reviewed the proposed refunding of existing Series 2009A School Facility Revenue Bonds.

WORK PLAN ITEMS DISCUSSION

Ms. Whyte and Ms. Smith briefly updated Committee members on upcoming dates at which guest speakers will be available to address Policy Committee members with respect to certain best practice recommendations.

There being no further business to discuss, Mr. Lipsitz adjourned the meeting at 10:08 a.m.

Dated: August 4, 2016

_____
Robert G. Murray, Secretary

241474 2877339v1

MEMO

To: **ECIDA Board of Directors**
Re: **API Employment**
Date: **September 28, 2016**

API Heat Transfer
2777 Walden Avenue
Buffalo, NY 14225

API Heat Transfer is a global leader in heat transfer solutions for industry and various commercial applications, with customers in the oil and gas industry, process manufacturing, food and beverage and power generation. They have 6 locations in the US, 2 in Europe, 1 in India and 1 in China. The Walden Avenue location functions as their Global Headquarters.

The ECIDA has had multiple incentive projects with API over the years, associated with growth and expansion at their Walden Avenue location. However only the most recent project was approved after the IDA recapture policy was put in place. That project is outlined below:

2013 Expansion Project

- A $1.7 million expansion of the facility on Walden Avenue. The project consisted of the construction of a 6,000 sq. ft. addition and the purchase of new product testing equipment. In 2012 API Heat Transfer and ThermaSys were combined to form a new company. The resulting multinational company has manufacturing worldwide. As part of the consolidation jobs and facilities from other US operations were moved to the Walden Avenue site, and the Cheektowaga site was made the corporate global headquarters for API Heat Transfer. The 2013 project expansion was needed to house the corporate office personnel. The project was approved for Sales Tax and PILOT incentives by the ECIDA Board in November of 2013. The project recapture terms included the standard investment and Employment. The employment requirement was for maintaining 287 jobs and adding 6 new positions.

The company experienced layoffs in 2015, as of the December 31, 2015 ECIDA Employment Survey API Heat Transfer reported 247 FTE.

For the 2013 project the company would not be meeting the job retention requirement of 287 jobs that was approved by the Board

Incentives Received:

To date the incentives, they have received are the Sales Tax incentives of $73,866

Total Sales Tax subject to recapture $73,866

Project will receive PILOT benefits for the School tax year ending July 2016, and will receive a PILOT benefit for the County and Town taxes as of December 2016 for the 2016 Fiscal year.

Estimated total PILOT benefit are $12,379

School tax PILOT benefit	$6,606
Town tax PILOT benefit	$3,710
County tax PILOT benefit	$2,063

API Project History

ECIDA Approved 2 projects for API

1. **2008 Project:**
   Project and completed in 2009
   53,000 sq.ft. expansion of existing manufacturing space at the Walden Avenue location
   Project investment amount of $7.1 million
   Initial Jobs at application 249 FTE (no recapture requirements)
   Project investment and construction has been completed

2. **2013 Project:**
   Project and completed in 2015
   6,000 sq.ft. office facility expansion to move Corporate HQ to Walden Avenue location
   Project investment amount of $1.7 million
   Initial Jobs at application 287 FTE – recapture applies to base initial jobs
   Job creation goal 6 new jobs 2 years after project completion
   Project investment and construction has been completed

   Employment History

   2009 – 257 FTE
   2010 – 270 FTE
   2011 – 270 FTE
   2012 – 286 FTE
   2013 – 287 FTE
   2014 – 269 FTE
   2015 – 247 FTE
   2016 – 247 FTE * First Quarter

API RECAPTURE OPTIONS

Watch List

API would be placed on a "watch list" for a two-year period, and would be subject to compliance monitoring every 6 months. API would be required to become compliant with all material factors within the two-year watch list period (if not the ECIDA could take additional actions as stipulated in the Agency's Recapture Policy).

1. During the watch list period API would be required to pay a fee equal to the difference between the PILOT and the full value taxes for each year of non-compliance over the term of the PILOT. This would eliminate the PILOT benefit for each year of non-compliance. In addition, API would be required to repay a portion of the sales and mortgage tax benefits utilizing the pro-rata recapture method.

    i. If non-compliance continued past the watch list period, recapture of the balance of mortgage and sales tax benefits would be recaptured immediately, and the PILOT would be terminated.

2. (Previously Approved Option) During the watch list period API would be required to pay a fee equal to the difference between the PILOT and the full value taxes for each year of non-compliance over the term of the PILOT. This would eliminate the PILOT benefit for each year of non-compliance.

    i. No action would be taken on the sales or mortgage tax benefits during the watch list period, but if non-compliance continued after the watch list period ended, a pro rata method of recapture for sales and mortgage tax benefits would be applied.

*Option 2 voted on at the August Policy Committee Meeting

3. During the watch list period, API would be required to pay a pro-rata portion of the PILOT effective immediately. No action would be taken on the sales or mortgage tax benefits.

    i. If non-compliance continues after the watch list period a pro rata method of recapture for the PILOT would be continued, no action would be taken on the sales or mortgage tax benefits.

4. (Suggested by Company) During the watch list period, no action would be taken on the PILOT, sales or mortgage tax benefits.
    i. If non-compliance continued past the watch list period, API would be required to pay a fee equal to the difference between the PILOT and the full value taxes for each year of non-compliance over the term of the PILOT and no action would be taken on the sales and mortgage tax benefits.

Pro rata Recapture Method: PILOT, sales tax and mortgage benefits recapture would be based on the annual PILOT savings, and prorated sales and mortgage benefits for each PILOT year, based on % of non-compliance. Calculate annual benefit amount and employment shortfall percentage. On a pro rata basis, calculate recapture penalty, (yearly net benefit * shortfall percentage divided by PILOT term).

Example API pro rata PILOT recapture in Year 1

PILOT	FULL TAXES	NET EXEMPTION	PILOT TERM	% EMPLOYMENT SHORTFALL	RECAPTURE AMOUNT (14% OF NET EXEMPTION)
$1,375	$13,754	$12,379	10 YEARS	14% - (287 – 247)	$12,379 * 14% = $1,733

Example API pro rata Sales Tax recapture in Year 1

BOARD APPROVED SALES TAX BENEFIT AMOUNT	COMPANY UTILIZED SALES TAX BENEFIT AMOUNT	% EMPLOYMENT SHORTFALL	PILOT TERM	SALES TAX RECAPTURE PENALTY DIVIDED BY PILOT TERM
$ 96,000	$73,866	14% - (287-247)	10 YEARS	$73,866 * 14%/10 = $1,034

* API did not receive any Mortgage Recording Tax

Recapture Options Matrix (API)

Number	Recapture Options	Description	During Watch List				After Watch List Non - Compliance		
			PILOT	Sales	Mortgage		PILOT	Sales	Mortage
1		PILOT Full Pay, Sales Mortgage Pro-rata Watch List/After Full Pay PILOT, Recapture Sales and Mortgage	Full Tax	Pro-rata	Pro-rata		Termination	Recapture	Recapture
2	Previously Approved Option	PILOT Full Pay Watch List/After Full Pay PILOT, Pro-rata	Full Tax	No Action	No Action		Full Tax	Pro-rata	Pro-rata
3		Pro-rata PILOT Watch List/After Pro-rata PILOT Only	Pro-rata	No Action	No Action		Pro-rata	No Action	No Action
4	Suggested by Company	No Action Watch List/After Full Tax PILOT Only	No Action	No Action	No Action		Full Tax	No Action	No Action

ECIDA & RDC Board of Directors Meetings - 2017
Meetings start at 9:00 a.m.

95 Perry Street
5th Floor ESD Conference Room
Buffalo, New York 14203

Wednesday, January 25

Wednesday, February 22

Wednesday, March 22

Wednesday, April 26 (Annual Meeting)

Wednesday, May 24

Wednesday, June 28

Wednesday, July 26

Wednesday, August 23

Wednesday, September 27

Wednesday, October 25

Wednesday, November 29

Wednesday, December 27