

## Application Title

Compass East Tax Incentive Application

## Section I: Applicant Background Information

### Applicant Information - Company Receiving Benefit

**Total Project Cost** 21086889  
**Applicant Name** 425 Michigan Avenue, LLC  
**Applicant Address** 560 Delaware Avenue, Suite 300, Buffalo, New York 14202  
**Phone** 716-829-1900  
**Fax** 716-885-1319  
**E-mail** dshainbrown@mcguiredevelopment.com  
**Website**  
**Fed ID#**

### Individual Completing Application

**Name** Danielle E. Shainbrown, Esq.  
**Title** Vice President  
**Address** 560 Delaware Avenue, Suite 300, Buffalo, New York 14202  
**Phone** 716-829-1544  
**Fax** 716-885-1319  
**E-Mail** dshainbrown@mcguiredevelopment.com

### Company Contact (if different from individual completing application)

**Name** Same  
**Title**  
**Address**  
**Phone**  
**Fax**  
**E-Mail**

### Company Counsel

**Name of Attorney** Same  
**Firm Name**  
**Address**  
**Phone**  
**Fax**

**E-Mail**

**Identify the assistance being requested of the Agency**

<b>Exemption from Sales Tax</b>	Yes
<b>Tax Exempt Financing</b>	No
<b>Exemption from Mortgage Tax</b>	No
<b>Exemption from Real Property Tax</b>	No
<b>Assignment/Assumption of existing PILOT benefits</b>	No

**Business Organization**

<b>Type of Business</b>	Limited Liability Company
<b>Year Established</b>	2012
<b>State of Organization</b>	New York

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

**Please include name and % of ownership.**

Buffalo Revitalization Group, LLC - 100%.

**Business Description**

**Describe in detail company background, products, customers, goods and services**

Applicant is a single-purpose, real estate owning entity formed to own and operate the former Sheehan Memorial Hospital, located at 425 Michigan Avenue, Buffalo, New York 14203. Applicant was formed on December 4, 2012 and since inception has focused on maintaining and securing the building, as well as working with neighborhood and local elected leadership to develop an adaptive reuse plan for the property that provides the highest and best use of this asset for the benefit of the City of Buffalo and its East Side.

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	0
Estimated % of sales outside the U.S.	0

**What percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County? (You may be asked to provide supporting documentation of the estimated percentage of local purchases)**

100%

## Section II: Project Description & Details

### **Location of proposed project facility**

<b>Address</b>	425 Michigan Avenue
<b>City</b>	Buffalo
<b>State</b>	New York
<b>Zip Code</b>	14203
<b>SBL Number</b>	111.14-1-2
<b>Town/City/Village</b>	Buffalo
<b>School District</b>	Buffalo
<b>Present Project Site Owner</b>	Applicant

### **Please provide a brief narrative of the project**

Applicant, initially through an affiliated entity, took title to the property on December 5, 2012 following an auction held by the United States Bankruptcy Court on behalf of the former Sheehan Hospital. Applicant was the sole bidder at the auction, and immediately took steps to secure and operate the building so it would remain a viable asset and be returned to the Erie County tax rolls for the first time in over 35 years. Since that time, Applicant has been working with local elected officials, community leaders, and not-for-profit organizations to develop an adaptive reuse plan to convert this 136,000 SF former hospital building into a community center for workforce training and placement services for Buffalo's East Side neighborhood under the STEM model (Science, Technology, Engineering, and Mathematics). These services are to be provided for and on behalf of hiring tenants such as our proposed 47,000 SF anchor tenant, Time Warner Cable Northeast LLC, seeking to add up to 150 new back-office jobs to the Western New York marketplace, The McGuire Group, Inc. and its certified nursing assistant training program ("TMG") which hires and trains approximately 150 new CNAs for its 5 Western New York long-term care facilities, University Pediatric Dentistry, P.C. ("UPD") and its training programs for dental assistants, hygienists, and dentists graduating from the University at Buffalo School of Dental Medicine, as well as prospective training and education programs offered through Trocaire College. Applicant is collaborating with workforce training and placement agencies, the Buffalo Arts and Technology Center, and other community-based entities and organizations fulfilling the above-listed objectives.

### **Site Characteristics**

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

Yes

**If yes, please explain**

The existing Phase I Environmental Assessment indicates the presence of underground storage tanks and/or historically questionable use of the site (i.e., print and machine shops operating there prior to the construction of the current building). Applicant will comply with all DEC requirements in remediating these conditions on the site.

**Has a Phase I Environmental Assessment been prepared, or will one be prepared with respect to the proposed Project Site? (If yes, please provide copy)**

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.

**Will project include leasing any equipment?**

No  
If yes, please describe equipment and lease terms

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

No  
If yes, please attach additional documentation describing the efficiencies achieved.

**Does or will company perform substantial 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?**

N/A

**Explain why IDA participation is necessary for this project to proceed. Focus on competitiveness issues, project shortfalls, etc.**

Participation by the Erie County Industrial Development Agency is critical to the viability of this Project. Applicant was the only willing participant in the Bankruptcy Court's auction of this significant property and thus the only entity willing to put forth the time, effort, and most significantly, monetary investment to seek and achieve a successful reuse for the site. This Project is a regional economic priority for its reuse of a blighted and deteriorating downtown eyesore that has been mismanaged and inappropriately utilized to the detriment of its surrounding community for more than a decade. But for Applicant's purchase of the property, this building would have become a mothballed eyesore, remaining off of Erie County's tax rolls, and it would continue to be a detriment to the growth that is taking place on the Buffalo Niagara Medical Campus, Larkinville, Canalside, Buffalo's City Center, and the Michigan Street African American Heritage Corridor, on which this property is situated. Applicant seeks assistance in the form of a sales tax abatement from the ECIDA in investing significant dollars to redevelop this asset into a center of excellence for career path development that draws the successes from these surrounding areas of growth into Buffalo's East Side neighborhood. To date, this neighborhood and its residents have been overlooked and underserved by the successes going on elsewhere in the City. Through driving jobs, training, and attention to this property, Applicant believes that a renaissance for Buffalo's East Side is not only imminent, but achievable. Unfortunately, the expenses associated with bringing this outdated and mismanaged structure up to standard and to code for the intended mixed-use occupancy, in order to attract those tenants necessary to accomplish Applicant's vision, renders the property financially not viable. Applicant seeks IDA benefits to facilitate rehabilitation of the exterior facade, replacement of windows and HVAC systems which are failing and/or inefficient and/or improper for the intended uses, as well as renovation of the electrical systems throughout the facility. Applicant seeks to bring the property up to par for immediate occupancy, so that it may quickly become a successful, tax contributing property in Buffalo and Erie County.

**Project Information**

**Estimated costs in connection with project**

<b>Land and/or Building Acquisition</b>	\$ 2125000
8.64 acres    136000.00 square feet	
<b>New Building Construction</b>	\$ 0
0.00 square feet	
<b>New Building addition(s)</b>	\$ 0
0.00 square feet	
<b>Renovation</b>	\$ 9194000
0.00 square feet	
<b>Manufacturing Equipment</b>	\$ 0
<b>Non-Manufacturing Equipment: (furniture, fixtures, etc.)</b>	\$ 200000
<b>Soft Costs: (professional services, etc.)</b>	\$ 1867889

**Other Cost**     \$ 7700000

**Explain Other Costs**     Tenant Improvement Expenses

**Total Cost**     21086889

**Project Refinancing (est. amount)**     10939681

**Select Project Type (check all that apply)**

No <b>Industrial</b>	Yes <b>Multi-Tenant</b>	Yes <b>Mixed Use</b>
Yes <b>Acquisition of Existing Facility</b>	Yes <b>Commercial</b>	No <b>Facility for the Aging</b>
Yes <b>Housing</b>	Yes <b>Back Office</b>	No <b>Civic Facility (not for profit)</b>
No <b>Equipment Purchase</b>	Yes <b>Retail</b>	No <b>Other</b>

**SIC Code** 6512, 6519  
**NAICS Code** 531120

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

<b>Manufacturing/Processing</b>	0.00 square feet
<b>Warehouse</b>	0.00 square feet
<b>Research &amp; Development</b>	0.00 square feet
<b>Commercial</b>	44916.00 square feet
<b>Retail</b>	4588.00 square feet
<b>Office</b>	81696.00 square feet
<b>Other</b>	6000.00 square feet
<b>Specify Other</b>	Housing

**Utilities and services presently serving site. Provide name of utility provider**

<b>Gas</b>	National Fuel Gas		
<b>Electric</b>	National Grid	<b>Size</b>	Two 23,000 volt primary fed substations
<b>Water</b>	Buffalo Water	<b>Size</b>	6 inch service
<b>Sewer</b>	Buffalo Sewer	<b>Size</b>	4 inch service
<b>Other (Specify)</b>			

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

No

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

<BLANK>

**What is your project timetable (Provide dates)**

**Start date : acquisition of equipment**

2013-06-15

**End date : Estimated completion of project**

2014-12-30

**Project occupancy : estimated starting date of operations**

2013-11-01

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

No

**Have any expenditures already been made by the company?**

Yes

**If yes, indicate particulars (ECIDA benefits do not apply to expenses incurred prior to Board approval)**

Yes, Applicant purchased the property and its contents at auction for \$2,000,000.00 in December 2012, and since that time has expended several thousand dollars to secure the building, and maintain existing operations including mechanical systems, electric service delivery, interior cleaning, and exterior maintenance.

**Is project necessary to expand project employment?**

Yes

**Is project necessary to retain existing employment?**

No

**Employment Plan (project location)**

	Current Jobs	If project is to retain jobs, number of jobs to be retained	Total # of jobs 2 years after project completion
Full time	0	0	0
Part time	0	0	0
<b>Current Full Time Jobs in other Erie county locations</b>	<b>0</b>		
<b>Current Part Time Jobs in other Erie county locations</b>	<b>0</b>		

**Payroll Information**

**Annual payroll**

0

**Estimated average annual salary of jobs to be retained**

0

**Average estimated annual salary of jobs to be created**

30000

**Estimated salary range of jobs to be created**

**From** 20000 **To** 50000

**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**

See Cover Letter for job details associated with tenant prospects.

**Were you offered financial assistance to locate outside of New York State?**

No

**If yes, from whom and what type of assistance was offered**

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

**Have you contacted or been contacted by other economic or governmental agencies regarding this project?**

No

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

## Section III: Adaptive Reuse Projects

**Are you applying for a tax incentive under the Adaptive Reuse Program?**

Yes

**What is the age of the structure (in years)?**

38.00

**If yes, number of years vacant?**

10

**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)**

Yes

**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)**

Yes

**Does the site have historical significance?**

No

**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 (cash flow projections documenting costs, expenses and revenues indicating below average return on investment rates compared to regional industrial averages)**

Applicant took possession of the property in December 2012. For more than a decade prior, this building was inappropriately and inefficiently utilized, based upon its location and the availability of amenities to the surrounding neighborhood. Built as a hospital in the 1970s, the property was decommissioned as a hospital by the Berger Commission and thereafter was converted to use as a detoxification and drug rehabilitation facility, with one floor rented to Schofield Residences for operation of an adult day care facility, and an attempted primary care clinic and dental clinic. Besides the dental and primary care clinics, which were built out in 2009-2010 using NYS HEAL grant monies, the building has not been properly maintained, updated, or operated in more than a decade. The roofing systems, aside from the section of roof located directly over the dental clinic, has deteriorated to the point of requiring full replacement. Likewise, the building's envelope, including its façade and windows, are failing and causing the building to be severely energy inefficient. Applicant seeks an adaptive reuse of the property to meet the community's highest and best use, which is a center for workforce development. Applicant expects that these necessary initial infrastructure improvements will total approximately \$10,000,000, which renders the Project fiscally infeasible to stand on its own. Cash flow projections and infrastructure improvement estimates are attached for the Board's review.

**Briefly summarize the demonstrated support that you intend to receive from local government entities. Please provide the ECIDA with documentation of this support in the form of signed letters from these entities**

Applicant's representatives have spent a significant amount of time meeting with community members to determine the most appropriate and highest/best use for this Project. Specifically, Applicant has received input and support from the City of Buffalo, by way of Mayor Byron Brown and City Councilman Darius Pridgen; the New York State legislative contingency, including Assemblywoman Crystal Peoples-Stokes and Senator Timothy Kennedy; and our federal legislative contingency, including Senators Charles Schumer and Kirsten Gillibrand and Representative Brian Higgins.

**Please indicate other factors that you would like the 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 or structure is presently delinquent in property tax payments**

This 136,000 SF building is a dilapidated eyesore for the East Side neighborhood in which it is located and, while at times there were occupants of the building over the past decade, the property has been misused resulting in vagrancy, and/or constructively vacant for a significant period of time. The building's infrastructure has become dilapidated, requiring significant investment to bring it up to not only code compliance but present day operational standards. Likewise, the attached Phase I Environmental Assessment indicates the presence of underground storage tanks, as well as questionable historical uses of the property prior to the hospital's construction, which likely will require remediation by Applicant. This property has not been on the tax rolls for the City of Buffalo or Erie County for over 35 years, but Applicant's plans include returning it to taxable purposes which will not only benefit the surrounding neighborhood, but create a positive revenue stream for the County. Finally, this property is located in a distressed census tract, and more significantly, an area of Buffalo that largely has been overlooked by recent real estate investments and developments to the detriment of its citizens.

## Section IV: Retail Determination

**Will project involve the sales of goods or services to customers who personally visit the facility?**

Yes

If yes, complete the Retail Questionnaire Supplement below.

**Will any portion of the project consist of facilities or property that is primarily used in making sales of goods or services to customers who personally visit the project site?**

Yes

If the answer is yes, please continue.

**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?**

3.00  
%

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).

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

No

**Is the project likely to attract a significant number of visitors from outside the economic development region in which the project will be located?**

No

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

**Would the project occupant, but for the contemplated financial assistance from the industrial development agency, locate the related jobs outside the State of New York?**

Yes

If yes, please provide documentation regarding investigation of sites outside New York State.

**Is the predominant purpose of the project to make available goods or services which would not otherwise be reasonably accessible to the residents of the project municipality?**

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?**

Yes

**Is the project located in a Neighborhood Redevelopment Area?**

Yes

### Section V: Inter-Municipal Move Determination

**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 EITHER IS YES, please complete the following. If BOTH ARE NO, please 'save and continue' to the next section (Section VI: Facility Type - Single or Multi Tenant).

The Agency is required by state law to make a determination that Agency assistance is required to prevent the project occupant from relocating out of the state, or to preserve the project occupant's competitive position in its respective industry.

**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 (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...)**

Applicant's proposed Project occupant requires significant onsite parking, but prefers an urban location to provide job opportunities to residents of the City of Buffalo. Moreover, the proposed Project occupant requires a minimum of 47,000 square feet of state-of-the-art commercial office space to house a brand new back office commercial service center to facilitate operations in the Northeast United States.

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

No

**Is the project reasonably necessary to preserve the project occupant's competitive position in its industry?**

No

**If yes, please explain and provide supporting documentation**

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

The proposed Project occupant is attracted to Erie County by the readily available workforce, reasonable cost of living standards, and the efforts that Erie County has made to attract national business ventures to expand here.

**What is going to happen to the current facility that project occupant is located in?**

N/A.

**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.**

See attached description of the proposed Project occupant.

## Section VI: Facility Type - Single or Multi Tenant

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

Multi-Tenant Facility

### **For Single Use Facility**

**Occupant Name**

**Address**

**Contact Person**

**Phone**

**Fax**

**E-Mail**

**Federal ID #**

**SIC/NAICS Code**

### **Multi-Tenant Facility**

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

This property is already constructed, at 136,000 usable square feet.

### **Have any tenant leases been entered into for this project?**

Yes

**If yes, please list below and provide square footage (and percent of total square footage) to be leased to tenant and NAICS Code for tenant and nature of business**

## Section VII: Environmental Questionnaire

### **General Background Information**

#### **Address of Premises**

425 Michigan Avenue Buffalo, New York 14203

#### **Name and Address of Owner of Premises**

425 Michigan Avenue, LLC 560 Delaware Avenue, Suite 300 Buffalo, New York 14202

#### **Describe the general features of the Premises (include terrain, location of wetlands, coastlines, rivers, streams, lakes, etc.)**

This Property is composed of a flat, urban/city block.

#### **Describe the Premises (including the age and date of construction of any improvements) and each of the operations or processes carried out on or intended to be carried on at the Premises**

1978 steel structure with concrete decks (including the roof) - Hospital Building.

#### **Describe all known former uses of the Premises**

Sheehan Memorial Hospital, Sheehan Health Network (rehabilitation and detoxification services, as well as more recent primary care and dental services), Schofield Residences Adult Day Care program.

#### **Does any person, firm or corporation other than the owner occupy the Premises or any part of it?**

Yes

#### **If yes, please identify them and describe their use of the property**

Langston Hughes Institute occupies a portion of the first floor as interim administrative office space and storage gratis, but will be vacating their space in July 2013 as Applicant begins remediation and renovation efforts in earnest.

#### **Have there been any spills, releases or unpermitted discharges of petroleum, hazardous substances, chemicals or hazardous wastes at or near the Premises?**

No

#### **If yes, describe and attach any incident reports and the results of any investigations**

**Has the Premises or any part of it ever been the subject of any enforcement action by any federal, state or local government entity, or does the preparer of this questionnaire have knowledge of: a) any current federal, state or local enforcement actions; b) any areas of non-compliance with any federal, state or local laws, ordinances, rules or regulations associated with operations over the past 12 months?**

No

**If yes, please state the results of the enforcement action (consent order, penalties, no action, etc.) and describe the circumstances**

**Has there been any filing of a notice of citizen suit, or a civil complaint or other administrative or criminal procedure involving the Premises?**

No

**If yes, describe in full detail**

**Solid And Hazardous Wastes And Hazardous Substances**

**Does any activity conducted or contemplated to be conducted at the premises generate, treat or dispose of any petroleum, petroleum-related products, solid and hazardous wastes or hazardous substances?**

No

**If yes, provide the Premises' applicable EPA (or State) identification number**

**Have any federal, state or local permits been issued to the Premises for the use, generation and/or storage of solid and hazardous wastes?**

No

**If yes, please provide copies of the permits.**

**Identify the transporter of any hazardous and/or solid wastes to or from the Premises**

**Identify the solid and hazardous waste disposal or treatment facilities which have received wastes from the Premises for the past two (2) years**

Unkn.

**Does or is it contemplated that there will occur at the Premises any accumulation or storage of any hazardous wastes on-site for disposal for longer than 90 days?**

No

**If yes, please identify the substance, the quantity and describe how it is stored**

**Discharge Into Waterbodies**

**Briefly describe any current or contemplated industrial process discharges (including the approximate volume, source, type and number of discharge points). Please provide copies of all permits for such discharges**

None contemplated.

**Identify all sources of discharges of water, including discharges of waste water, process water, contact or noncontact cooling water, and stormwater. Attach all permits relating to the same. Also identify any septic tanks on site**

Sewer and storm water waste.

**Is any waste discharged into or near surface water or groundwaters?**

No

**If yes, please describe in detail the discharge including not only the receiving water's classification, but a description of the type and quantity of the waste**

**Air Pollution**

**Are there or is it contemplated that there will be any air emission sources that emit contaminants from the Premises?**

No

**If yes, describe each such source, including whether it is a stationary combustion installation, process source, exhaust or ventilation system, incinerator or other source**

**Are any of the air emission sources permitted?**

No

**If yes, attach a copy of each permit.**

**Storage Tanks**

**List and describe all above and under ground storage tanks at the Premises used to store petroleum or gasoline products, or other chemicals or wastes, including the contents and capacity of each tank. Please also provide copies of any registrations/permits for the tanks**

One empty fiberglass tank (15,000 gallon capacity)

**Have there been any leaks, spills, releases or other discharges (including loss of inventory) associated with any of these tanks?**

No

**If yes, please provide all details regarding the event, including the response taken, all analytical results or reports developed through investigation (whether internal or external), and the agencies which were involved**

**Polychlorinated Biphenyls ("PCB" or "PCBs") And Asbestos**

**Provide any records in your possession or known to you to exist concerning any on-site PCBs or PCB equipment, whether used or stored, and whether produced as a byproduct of the manufacturing process or otherwise.**

**Have there been any PCB spills, discharges or other accidents at the Premises?**

No

**If yes, relate all the circumstances**

**Do the Premises have any asbestos containing materials?**

Yes

**If yes, please identify the materials**

Yes. Applicant is in possession of an updated asbestos survey and has commenced soliciting bids from asbestos remediation vendors for the safe and compliant removal of such materials. A copy of the asbestos survey is available for this Board's review.