



# Policy Committee

March 4, 2021  
9:00 a.m.

Via Conference Call & Live Streaming

1. Call Meeting to Order
2. Approval of the January 7, 2021 Policy Committee Minutes & February 8, 2021 Special Policy Committee Minutes (Pages 2-11)
3. Project Matrix (Page 12)
4. Project Presentation (Staff – Company Q&A)
  - a) Surmet Ceramics Corp. (Pages 13-42)
  - b) Terzo Development/Bush Lofts (Pages 43-76)
5. Polymer Conversions ECIDA Assignment Consent (Pages 77-97)
6. MWBE Update
7. Adjournment – Next Meeting **April 1, 2021 at 9:00 a.m.**

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

- MEETING:** January 7, 2021, at Erie County Industrial Development Agency (the “ECIDA” or “Agency”), meeting held via phone conference. Governor Cuomo’s Executive Order 202.1, as amended from time to time, issued in response to the Coronavirus (COVID-19) crisis, suspended Article 7 of the Public Officers Law to the extent necessary to permit any public body to take actions without permitting in public in-person access to such meetings and authorized such meetings to be held remotely by conference call or other similar service, provided the public has the ability to view or listen to such proceedings and that the meeting is recorded and transcribed.
- LIVE STREAMED:** This meeting is being live-audio streamed and made accessible on the Agency’s website at [www.ecidany.com](http://www.ecidany.com).
- PRESENT:** April Baskin; Rev. Mark Blue; Johanna Coleman; Colleen DiPirro; Hon. William Krebs; Richard Lipsitz; Brenda W. McDuffie; Glenn Nellis; Laura Smith; David State; Lavon Stephens and Maria Whyte
- EXCUSED:** Denise Abbott; Bryon W. Brown and Richard Cummings
- OTHERS PRESENT:** John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer; Karen M. Fiala, Vice President/Secretary; Grant Lesswing, Business Development Officer; Brian Krygier, Systems Analyst; Carrie Hocieniec, Administrative Coordinator; Beth O’Keefe, Business Development Officer; Atiqa Abidi, Assistant Treasurer; Robbie Ann McPherson, Director of Marketing and Communications; and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC
- GUESTS:** Andrew Federick, Erie County Senior Economic Development Specialist; Lisa Hicks on behalf of the City of Buffalo; Alex Carducci on behalf of the City of Buffalo; Sara Sperrazza on behalf of Thermo Fisher; Scott Versot on behalf of Thermo Fisher; Steve Schrader on behalf of Thermo Fisher; Peter Bordonaro on behalf of Calspan; Peter Sauer on behalf of Calspan; Steve Calzi on behalf of Eastman Machine Company; Morgan Morreale on behalf of Pine Pharmaceutical; Alfonse J. Muto, Jr. on behalf of Pine Pharmaceutical; David Pawlik on behalf of 72 East Niagara, LLC; Jose Guillermo Rodriguez on behalf of Sucro Real Estate and Richard Stanton on behalf of the City of Lackawanna

There being a quorum present at 9:01 a.m., the Meeting of the Policy Committee was called to order by Mr. Lipsitz.

## MINUTES

The minutes of the December 8, 2020 Policy Committee meeting and December 10, 2020 Special Policy Committee meeting were presented. Upon motion made by Ms. DiPirro and seconded by Mr. Krebs, the aforementioned Policy Committee meeting minutes were then unanimously approved.

## PROJECT MATRIX

Mr. Cappellino reviewed the Agency's Project Matrix. Mr. Lipsitz directed that the report be received and filed.

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

## PROJECT PRESENTATIONS

72 East Niagara Street, LLC, 72 East Niagara Street, Tonawanda, New York. Mr. Cappellino presented this proposed real property tax abatement benefit project involving the adaptive re-use of a former church and school building in the City of Tonawanda into 14, 1-and 2-bedroom apartments, along with 4,000 sq. ft. of commercial space. The apartments will be available to residents at or below 80% of the average median income (AMI).

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

Mr. Cappellino stated that in exchange for providing the real property tax abatement benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to the potential modification, recapture and/or termination of financial assistance as follows:

### Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total Project Amount = \$2,836,736 85% = \$2,411,225
Employment	Coincides with 7-year PILOT	Maintain base = 17 Create 85% of Projected Projected = 3 85% = 2 Recapture Employment: 19

Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 7-year PILOT	Adherence to policy
Unpaid Tax	Coincides with 7-year PILOT	Adherence to policy
Recapture Period	Coincides with 7-year PILOT	Recapture of real property taxes

Mr. Blue moved and Mr. Krebs seconded to recommend the project as proposed be forwarded to the members of the ECIDA Board for approval. Mr. Lipsitz called for the vote and the project was then unanimously approved.

Calspan Corporation, LLC, 40 Sonwil Drive, Cheektowaga, New York. Ms. Fiala presented this proposed sales tax, mortgage recording tax and real property tax abatement benefits project involving the acquisition of a 65,000 sq. ft. existing facility which will house two highly precise and powerful test stands which will be utilized to evaluate automotive restraints, seating and interior equipment according to domestic and international safety standards.

Ms. Smith spoke in favor of the project.

Ms. McDuffie spoke in favor of the project.

Ms. Whyte spoke in favor of the project.

Ms. Fiala stated that in exchange for providing the sales and use tax, mortgage recording tax exemption and real property tax abatement benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to the potential modification, recapture and/or termination of financial assistance as follows:

**Draft Recapture Material Terms**

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total Project Amount = \$13,500,000 85% = \$11,475,000
Employment	Coincides with 10-year PILOT	Maintain base = 144 FTE Create 85% of Projected Projected = 20 85% = 17 Recapture Employment = 161
Local Labor	Construction Period	Adherence to policy including quarterly reporting

Pay Equity	Coincides with 10-year PILOT	Adherence to policy
Unpaid Tax	Coincides with 10-year PILOT	Adherence to policy
Recapture Period	Coincides with 10-year PILOT	Recapture of state and local sales taxes, mortgage recording tax and real property taxes

Ms. McDuffie moved and Ms. Whyte seconded to recommend the project as proposed be forwarded to the members of the ECIDA for approval. Mr. Lipsitz called for the vote and the project was then unanimously approved.

Eastman Machine Company, 775 & 779 Washington Street, Buffalo, New York. Mr. Cappellino presented this proposed sales tax, mortgage recording tax and real property tax abatement benefits project involving the construction of an approximately 7,400 sq. ft. expansion to the company's existing 130,000 sq. ft. facility. The planned use for the space includes storage for purchased items that are to be used in the assembly process.

Mr. Cappellino stated that in exchange for providing the sales and use tax, mortgage recording tax exemption and real property tax abatement benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to the potential modification, recapture and/or termination of financial assistance as follows:

**Draft Recapture Material Terms**

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total Project Amount = \$1,665,000 85% = \$1,415,250
Employment	Coincides with 7-year PILOT	Maintain base = 126 Create 85% of Projected Projected = 3 85% = 2 Recapture Employment = 128
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 7-year PILOT	Adherence to policy
Unpaid Tax	Coincides with 7-year PILOT	Adherence to policy
Recapture Period	Coincides with 7-year PILOT	Recapture of state and local sales taxes, mortgage recording tax and real property taxes

Mr. Blue moved and Ms. Smith seconded to recommend the project as proposed be forwarded to the members of the ECIDA for approval. Mr. Lipsitz called for the vote and the project was then unanimously approved.

Life Technologies Corporation-North Expansion (subsidiary of Thermo Fisher Scientific, Inc.), 3175 Staley Road, Grand Island, New York. Ms. Fiala presented this proposed sales tax and real property tax abatement benefits project involving the construction of an approximately 69,000 sq. ft. expansion to the company’s existing 300,000 sq. ft. facility. The new facility will be utilized for the production of liquid animal origin free (AOF) liquid media products. The company will also be adding approximately \$36M in manufacturing equipment in order to increase production capacity.

Ms. Fiala stated that in exchange for providing the sales and use tax and real property tax abatement benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to the potential modification, recapture and/or termination of financial assistance as follows:

**Draft Recapture Material Terms**

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total Project Amount = \$85,000,000 85% = \$72,250,000
Employment	Coincides with 10-year PILOT	Maintain base = 807 Create 85% of Projected Projected = 60 85% = 51 Recapture Employment = 858
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 10-year PILOT	Adherence to policy
Unpaid Tax	Coincides with 10-year PILOT	Adherence to policy
Recapture Period	Coincides with 10-year PILOT	Recapture of state and local sales taxes and real property taxes

Ms. McDuffie spoke in favor of the project but questioned as to where the company sources workforce and if workers have challenges accessing the facility.

Mr. Schrader, on behalf of Thermo Fisher, stated the company searches throughout the area and he is not aware of any transportation issues.

Mr. Stephens expressed support for the project.

Mr. Blue moved and Ms. McDuffie seconded to recommend the project as proposed be forwarded to the members of the ECIDA for approval. Mr. Lipsitz called for the vote and the project was then unanimously approved.

Pine Pharmaceuticals, LLC, 355 Riverwalk Parkway, Tonawanda, New York. Ms. Fiala presented this proposed sales tax, mortgage recording tax and real property tax abatement benefits project involving the construction of an approximately 50,000 sq. ft. expansion to the company's existing 25,000 sq. ft. facility in the Riverview Solar Technology Park. Since the company is a sterile compounder, significant purchases will be made to equip new cleanrooms.

Ms. Fiala stated that in exchange for providing the sales and use tax, mortgage recording tax exemption and real property tax abatement benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to the potential modification, recapture and/or termination of financial assistance as follows:

**Draft Recapture Material Terms**

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total Project Amount = \$8,615,000 85% = \$7,322,750
Employment	Coincides with 10-year PILOT	Maintain base = 80 FTE Create 85% of Projected Projected = 40 85% = 34 Recapture Employment = 114
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 10-year PILOT	Adherence to policy
Unpaid Tax	Coincides with 10-year PILOT	Adherence to policy
Recapture Period	Coincides with 10-year PILOT	Recapture of state and local sales taxes, mortgage recording tax and real property taxes

Ms. Smith spoke in favor of the project.

Mr. Blue queried as to types of jobs to be created. Mr. Muto, on behalf of Pine Pharmaceuticals, responded that the company will be looking to hire quality control and warehousing employees, and noted that the company advertises locally for new hires.

Ms. McDuffie moved and Mr. Blue seconded to recommend the project as proposed be forwarded to the members of the ECIDA for approval. Mr. Lipsitz called for the vote and the project was then unanimously approved.

Sucro Real Estate NY, LLC, 2303 Hamburg Turnpike, Lackawanna, New York. Mr. Cappellino presented this proposed sales tax, mortgage recording tax and real property tax abatement benefits project involving the renovation of two existing buildings on the former Bethlehem Steel site. The existing buildings encompass approximately 174,600 sq. ft. In addition, the company will construct a new 33,600 sq. ft. facility and purchase approximately \$6M of production equipment. The buildings will accommodate new bulk and finished product storage, logistical operations as well as sugar refining operations.

Mr. Cappellino stated that in exchange for providing the sales and use tax, mortgage recording tax exemption and real property tax abatement benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to the potential modification, recapture and/or termination of financial assistance as follows:

**Draft Recapture Material Terms**

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total Project Amount = \$19,000,000 85% = \$16,150,000
Employment	Coincides with 10-year PILOT	Maintain base = 5 Create 85% of Projected Projected = 45 85% = 38 Recapture Employment = 43
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 10-year PILOT	Adherence to policy
Unpaid Tax	Coincides with 10-year PILOT	Adherence to policy
Recapture Period	Coincides with 10-year PILOT	Recapture of state and local sales taxes, mortgage recording tax and real property taxes

Ms. Whyte spoke in favor of the project and thanked the City of Lackawanna for its good work in securing this new investment.

Ms. Whyte moved and Mr. Blue seconded to recommend the project as proposed be forwarded to the members of the ECIDA for approval. Mr. Lipsitz called for the vote and the project was then unanimously approved.

**MWBE UPDATE**

Ms. Whyte provided members with an update on the MWBE ad-hoc working committee.

There being no further business to discuss, Mr. Lipsitz adjourned the meeting at 9:57 a.m.

Dated: January 7, 2021

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Karen M. Fiala, Secretary

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

- MEETING:** February 8, 2021, at Erie County Industrial Development Agency (the “ECIDA” or “Agency”), meeting held via phone conference. Governor Cuomo’s Executive Order 202.1, as amended from time to time, issued in response to the Coronavirus (COVID-19) crisis, suspended Article 7 of the Public Officers Law to the extent necessary to permit any public body to take actions without permitting in public in-person access to such meetings and authorized such meetings to be held remotely by conference call or other similar service, provided the public has the ability to view or listen to such proceedings and that the meeting is recorded and transcribed.
- LIVE STREAMED:** This meeting is being live-audio streamed and made accessible on the Agency’s website at [www.ecidany.com](http://www.ecidany.com).
- PRESENT:** Hon. April Baskin; Rev. Mark E. Blue; Johanna Coleman; Colleen DiPirro; Hon. William Krebs; Richard Lipsitz; Glenn R. Nellis; Laura Smith; David State; Lavon Stephens and Maria Whyte
- EXCUSED:** Denise Abbott; Hon. Bryon W. Brown; Richard Cummings; and Brenda W. McDuffie
- OTHERS PRESENT:** John Cappellino, President & CEO; Atiqa Abidi, Assistant Treasurer; Karen M. Fiala, Vice President/Secretary; Grant Lesswing, Business Development Officer; Brian Krygier, Systems Analyst; Carrie Hocieniec, Administrative Coordinator; Jamee Lanthier, Compliance Officer; Robbie Ann McPherson, Director, Marketing & Communications; and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC
- GUESTS:** Andrew Federick, Erie County Senior Economic Development Specialist; Scott Piccirillo; H. Todd Bullard, Esq. of Harris Beach PLLC; Brendan Kelleher of Harris Beach PLLC; and Lisa Hicks on behalf of the City of Buffalo

There being a quorum present at 10:03 a.m., the Meeting of the Special Policy Committee was called to order by Mr. Lipsitz.

## **GUEST PRESENTATION**

Mr. Bullard of Harris Beach gave a presentation to members on New York State Diversity and Compliance law and regulations, history of and status of current applicable disparity studies and ability to establish New York State minority and women owned business hiring goals, based on a study of historical discrimination.

At this point in time Mr. Stephens and Mr. Blue joined the meeting.

Mr. Kelleher of Harris Beach presented on New York State employment and Labor law issues related to asking private employers to provide private companies with data as to race of employees, and role of voluntary disclosure of same to obtain compliance with policies related to the provision of ECIDA Financial Assistance.

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

General discussion ensued.

## **DRAFT ECIDA MWBE D&I POLICY**

Mr. Cappellino reviewed the current draft document and concepts related to potential ECIDA considerations with respect to encouraging use of MWBE businesses with respect to obtaining ECIDA Financial Assistance.

General discussion ensued.

There being no further business to discuss, Mr. Lipsitz adjourned the meeting at 11:26 p.m.

Dated: February 8, 2021

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Karen M. Fiala, Secretary

**Project Matrix/Material Factors/Clawbacks**

Count	Project Name	Approval Date	Project Amount	Investment	Jobs Retained	Factors		Clawback	Local Labor	Length of Term	Additional Findings	*Incentive Amount	Adaptive Reuse	Pay Equity
						Job Creation	Jobs Created							
1	72 East Niagara, LLC	Jan-21	\$2,836,736	85% threshold \$2,411,225	17	85% -New 2 jobs	3	Yes	Yes	Period of PILOT 7 Years		\$146,000	Adaptive Reuse	Yes
1	Calspan Corporation	Jan-21	\$13,500,000	85% threshold \$11,475,000	143	85% -New 17 jobs	20	Yes	Yes	Period of PILOT 10 Years		\$599,000		Yes
1	Thermo Fisher - North Expansion	Jan-21	\$85,000,000	85% threshold	807	85% -New 51 jobs	60	Yes	Yes	Period of PILOT 10 Years		\$2,912,000		Yes
1	Pine Pharmaceuticals, LLC	Jan-21	\$8,615,000	85% threshold \$7,322,750	76	85% -New 34 jobs	40	Yes	Yes	Period of PILOT 10 Years		\$1,376,937		Yes
1	Sucro Real Estate	Jan-21	\$19,000,000	85% threshold \$16,150,000	5	85% -New 38 jobs	45	Yes	Yes	Period of PILOT 10 Years		\$3,392,250		Yes
1	Eastman Machine	Feb-21	\$1,665,000	85% threshold \$1,415,250	126	85% -New 2 jobs	3	Yes	Yes	Period of PILOT 7 Years		\$124,588		Yes
1	Time Release Science	Feb-21	\$30,500,000	85% threshold \$25,925,000	103	85% -New 17 jobs	20	Yes	Yes	Period of PILOT 10 Years	Amendatory Inducement	\$4,591,400		Yes
Count			Project Amount	Investment	Jobs Retained	Job Creation	Jobs Created					Incentive Amount		

Adaptive Reuse 2020 Sub Total	1		\$2,836,736		17		3					\$146,000		
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2020 Total	7		\$161,116,736		1,277		191					\$13,142,175		
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**Surmet Ceramics Corp.  
\$11,500,000  
INDUCEMENT RESOLUTION**

**ELIGIBILITY**

- NAICS Section - 336413

**COMPANY INCENTIVES**

- Approximately \$65,625 in sales tax savings

**EMPLOYMENT**

- Retained Jobs - 13
- Projected New Jobs - 18
- Total Jobs After Project Completion -31
- Annual payroll: \$1,465,000
- Estimated salary of jobs to be created: \$55,000
- Estimated salary of jobs to be retained: \$52,500

**PROJECT HISTORY**

- No public hearing required since estimated benefit amount is less than \$100,000
- 03/24/2021 Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Surmet Ceramics Corp.

Project Address: 743 Hertel Avenue  
Buffalo, New York 14207  
(Buffalo City School District)

**Agency Request**

A sales tax exemption in connection with the construction of a 3,400 sq. ft. building expansion.

Building Addition	\$ 2,500,000
Infrastructure	\$ 500,000
Manufacturing Equipment	\$ 8,000,000
Other	\$ 500,000
Total Project Cost	\$11,500,000
85%	\$ 9,775,000

**Company Description**

In 2002, Surmet acquired the ALON Technology from Ratheon with the goal of bringing transparent ceramic from the laboratory to the marketplace. In 2003 when M/ACOM-Tyco planned to close the location, Surmet took over the facility at 699 Hertel Avenue where ALON Powder was being manufactured and has been operating the facility since that time. Over the past 18 years, Surmet has taken ALON from the laboratory to the marketplace with a combined Surmet and government investment of over \$100M. Surmet now produces windows, domes, lenses and transparent armor for the Department of Defense and all of the major defense contractors in the USA.

The majority of company sales (95%) are to companies located within the U.S.

**Project Description**

Surmet currently leases 75,000 square feet from Benderson Development at 699 Hertel Avenue in the City of Buffalo. The current project is for the construction of a 3,400 sq. ft. expansion to the existing leased space. The additional space will be used for CIP (cold isostatic press) building and associated foundation (pit) and utilities extension. The project consists of the construction of a 3,400 sq. ft. expansion to the company's existing 130,000 sq. ft. facility.

## 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 = \$11,500,000 85% = \$9,775,000
Employment	Coincides with recapture term	Maintain base: 13 Create 85% of Projected Projected = 18 85% = 15 Recapture Employment = 28
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with recapture period	Adherence to Policy
Unpaid Tax	Coincides with recapture period	Adherence to Policy
Recapture Period	2 years following project completion	Recapture state and local sales taxes

Recapture applies to:  
State and Local Sales Taxes

### Recapture

Pursuant to New York State General Municipal Law, the agency shall modify, recover, recapture or terminate any financial assistance taken by the company that is in violation of the GML.

At completion of the project company must certify i) total investment amount is equal to or greater than 85% of the anticipated project amount; ii) company has maintained 13 jobs and created 18 FT jobs, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.

## ADDENDUM TO PROJECT LOG

Surmet

Evaluative Criteria	Notes
Wage Rate (above median wage for area)	Erie County median worker income: \$33,350 Company estimated average salary of jobs to be retained: \$52,500 Company estimated average salary of jobs to be created: \$55,000
Regional Wealth Creation (% sales/customers outside area)	Sales: Outside NYS and within U.S.: 95% International: 2%
In Region Purchases (% of overall purchases)	70% of overall purchases are procured through firms located in Erie County. They include such services as gas, chemicals, abrasives, electrical, mechanical, parts and tools and supplies as well as various services for equipment maintenance and repair.
Research & Development Activities	Approximately 5-7% of operating expenses are devoted to research and development.
Investment in Energy Efficiency	All three pieces of equipment being purchased are constructed with the most efficient state of the art technology and will be energy efficient.
Locational Land Use Factors, Brownfields or Locally Designated Development Areas	The project will meet all local zoning and land use requirements.
LEED/Renewable Resources	Not applicable.
Retention/Flight Risk	Recapture criteria currently in place requires a company this size to retain 95% of its base FTE jobs.
MBE/WBE Utilization	The general contractor for this project is Gilbane. Gilbane, based out of Rhode Island has worked on many local projects such Northland and Albright Knox and has an excellent reputation for working with M/WBE subcontractors.
Workforce Access – Proximity to Public Transportation	The facility is accessible by Metro Bus 23A route.

March 24, 2021

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**PILOT Worksheet: Estimate of Real Property Tax Abatement Benefits\*\*\* and Percentage of Project Costs financed from Public Sector sources**

**\*\* The PILOT Worksheet will be: (i) completed by IDA Staff based upon information contained within the Application, and (ii) provided to the Applicant for ultimate inclusion as part of this completed Application.**

**PILOT Estimate Table Worksheet-Surmet Ceramics Corp. - 2021**

Dollar Value of New Construction and Renovation Costs	Estimated New Assessed Value of Property Subject to IDA*	County Tax Rate/1000	Local Tax Rate (Town/City/Village)/1000	School Tax Rate/1000
\$3,000,000				

\*Apply equalization rate to value

N/A

PILOT Year	% Payment	County PILOT Amount	Local PILOT Amount	School PILOT Amount	Total PILOT	Full Tax Payment w/o PILOT	Net Exemption

**\*\*\* Estimates provided are based on current property tax rates and assessment value (current as of date of application submission) and have been calculated by IDA staff**

**Percentage of Project Costs financed from Public Sector Table Worksheet:**

Total Project Cost	Estimated Value of PILOT	Estimated Value of Sales Tax Incentive	Estimated Value of Mortgage Tax Incentive	Total of Other Public Incentives (Tax Credits, Grants, ESD Incentives, etc.)
\$11,500,000	N/A	\$65,625	\$0	\$0

**Calculate %**

**(Est. PILOT + Est. Sales Tax+ Est. Mortgage Tax+ Other)/Total Project Costs: .5 %**

# Cost-Benefit Analysis for Surmet Ceramics Corp.

Prepared by Erie County IDA using InformAnalytics

# Executive Summary

**INVESTOR**  
Surmet Ceramics Corp.

**TOTAL INVESTED**  
\$11.5 Million

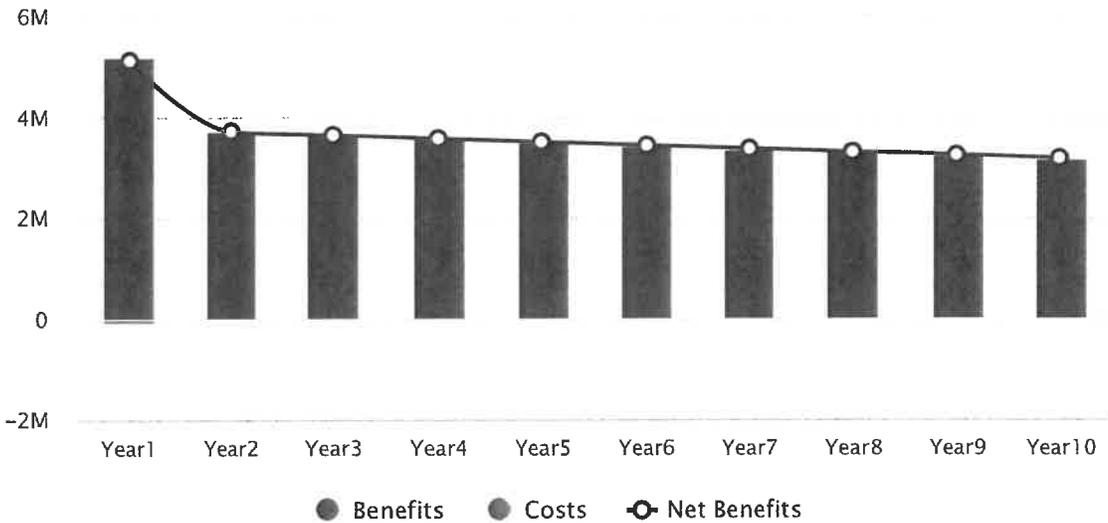
**LOCATION**  
743 Hertel Avenue,  
Buffalo, NY 14207

**TIMELINE**  
10 Years

F1 FIGURE 1

Discounted\* Net Benefits for Surmet Ceramics Corp. by Year

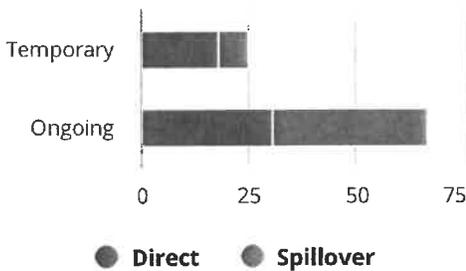
Total Net Benefits: \$36,107,000



Discounted at 2%

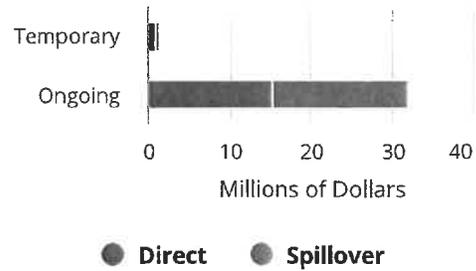
F2 FIGURE 2

Total Jobs



F3 FIGURE 3

Total Payroll



# Proposed Investment

Surmet Ceramics Corp. proposes to invest \$11.5 million at 743 Hertel Avenue, Buffalo, NY 14207 over 10 years.

T1 TABLE 1

## Proposed Investments

Description	Amount
<b>CONSTRUCTION SPENDING</b>	
Construction	\$2,500,000
<b>OTHER SPENDING</b>	
Infrastructure	\$500,000
Manufacturing Equipment	\$8,000,000
Other	\$500,000
<b>Total Investments</b>	<b>\$11,500,000</b>
<b>Discounted Total (2%)</b>	<b>\$11,500,000</b>

May not sum to total due to rounding.

F4 FIGURE 4

## Location of Investment



# Cost-Benefit Analysis

A cost-benefit analysis of this proposed investment was conducted using InformAnalytics, an economic impact model developed by CGR. The report estimates the impact that a potential project will have on the local economy based on information provided by Erie County IDA. The report calculates the costs and benefits for specified local taxing districts over the first 10 years, with future returns discounted at a 2% rate.

**T2** TABLE 2

## Estimated Costs or Incentives

Erie County IDA is considering the following incentive package for Surmet Ceramics Corp..

Description	Nominal Value	Discounted Value*
Sales Tax Exemption	\$65,000	\$65,000
Total Costs	\$65,000	\$65,000

**May not sum to total due to rounding.**

\* Discounted at 2%

TABLE 3

**State & Regional Impact (Life of Project)**

The following table estimates the total benefits from the project over its lifetime.

Description	Direct	Spillover	Total
<b>REGIONAL BENEFITS</b>	<b>\$18,318,000</b>	<b>\$18,762,000</b>	<b>\$37,080,000</b>
To Private Individuals	\$17,623,000	\$18,461,000	\$36,085,000
Temporary Payroll	\$961,000	\$333,000	\$1,294,000
Ongoing Payroll	\$16,663,000	\$18,128,000	\$34,790,000
To the Public	\$695,000	\$301,000	\$996,000
Property Tax Revenue	\$407,000	N/A	\$407,000
Temporary Sales Tax Revenue	\$16,000	\$5,000	\$21,000
Ongoing Sales Tax Revenue	\$272,000	\$296,000	\$567,000
<b>STATE BENEFITS</b>	<b>\$1,110,000</b>	<b>\$1,123,000</b>	<b>\$2,233,000</b>
To the Public	\$1,110,000	\$1,123,000	\$2,233,000
Temporary Income Tax Revenue	\$47,000	\$16,000	\$63,000
Ongoing Income Tax Revenue	\$814,000	\$846,000	\$1,661,000
Temporary Sales Tax Revenue	\$14,000	\$5,000	\$18,000
Ongoing Sales Tax Revenue	\$235,000	\$256,000	\$491,000
<b>Total Benefits to State &amp; Region</b>	<b>\$19,428,000</b>	<b>\$19,885,000</b>	<b>\$39,314,000</b>
<b>Discounted Total Benefits (2%)</b>	<b>\$17,922,000</b>	<b>\$18,250,000</b>	<b>\$36,171,000</b>

May not sum to total due to rounding.

TABLE 4

**Benefit to Cost Ratio**

The following benefit to cost ratios were calculated using the discounted totals.

Description	Benefit*	Cost*	Ratio
Region	\$34,118,000	\$35,000	985:1
State	\$2,053,000	\$30,000	68:1
Grand Total	\$36,171,000	\$65,000	559:1

**May not sum to total due to rounding.**

\* Discounted at 2%

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CGR has exercised reasonable professional care and diligence in the production and design of the InformAnalytics™ tool. However, the data used is provided by users. InformAnalytics does not independently verify, validate or audit the data supplied by users. CGR makes no representations or warranties with respect to the accuracy of the data supplied by users.



## Surmet Ceramics Corp.

[Instructions and Insurance Requirements Document](#)

### Section I: Applicant Background Information

Please answer all questions. Use "None" or "Not Applicable" where necessary. Information in this application may be subject to public review under New York State Law.

#### Applicant Information - Company Receiving Benefit

<b>Project Name</b>	Surmet- 290 Expansion Project
<b>Project Summary</b>	This new project is about the expansion and build-out of a CIP (cold isostatic press) building and associated foundation (pit) and utilities extensions at our existing Buffalo facility, located at 699 Hertel Avenue, Suite 290, Buffalo, NY 14207. The project consists of an approximate 3,400 square foot building expansion off the southeast corner of the existing structure. The expansion building consists of three main components, a press room with a recessed pit, high pressure room, and pump room.
<b>Applicant Name</b>	Surmet Ceramics Corp.
<b>Applicant Address</b>	699 Hertel Avenue Suite 290
<b>Applicant Address 2</b>	
<b>Applicant City</b>	Buffalo
<b>Applicant State</b>	New York
<b>Applicant Zip</b>	14207
<b>Phone</b>	(781) 345-5721
<b>Fax</b>	(781) 750-3025
<b>E-mail</b>	sjha@surmet.com
<b>Website</b>	www.surmet.com
<b>NAICS Code</b>	541715, 541330, 336413 and 336992

#### Business Organization

<b>Type of Business</b>	Corporation
<b>Year Established</b>	2003
<b>State in which Organization is established</b>	New York

#### Individual Completing Application

<b>Name</b>	Dr. Santosh K. Jha
<b>Title</b>	Director of Operations
<b>Address</b>	699 Hertel Avenue Suite 290
<b>Address 2</b>	

**City** Buffalo  
**State** New York  
**Zip** 14207  
**Phone** (781) 345-5721  
**Fax** (781) 750-3025  
**E-Mail** sjha@surmet.com

Company Contact (if different from individual completing application)

**Name** Surmet Ceramics Corp.  
**Title** Surmet Ceramics Corp.  
**Address** 699 Hertel Avenue Suite  
 290  
**Address 2**  
**City** Buffalo  
**State** New York  
**Zip** 14207  
**Phone** (781) 345-5721  
**Fax** (781) 750-3025  
**E-Mail** sjha@surmet.com

Company Counsel

**Name of Attorney** TBD  
**Firm Name**  
**Address**  
**Address 2**  
**City**  
**State**  
**Zip**  
**Phone**  
**Fax**  
**E-Mail**

Benefits Requested (select all that apply)

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

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

Applicant Business Description

**Describe in detail company background, history, products and customers. Description is critical in determining eligibility.**

Surmet Background: Surmet is an advanced materials manufacturing company, that was founded in 1982 on the principal that today's materials are not adequate for the applications of tomorrow. Surmet initially focused on producing products such as electro-static clamps, and protective coatings for the inside of processing chambers for the Semiconductor Industry. In 2002, Surmet acquired the ALON® Technology from Raytheon with the goal of bringing this transparent ceramic (Transparent Aluminum from Star Trek) from the laboratory to the marketplace. In 2003 when M/ACOM-Tyco planned to close the location, Surmet took over the facility at 699 Hertel Ave., Buffalo, NY where their ALON® Powder was being manufactured, and has been operating this facility ever since. Over the past 18 years, Surmet has taken ALON from the laboratory to marketplace with a combined Surmet and Gov't investment >\$100M. Surmet now produces windows, domes, lenses and transparent armor for the DoD and all of the Major Defense Contractors in the USA. About the New Expansion Project in Buffalo: Surmet and its Gov't customers are now investing >\$13M in new equipment project, to consolidate its forming and heat-treating capabilities in the facility at 699 Hertel Ave., Buffalo, NY. This equipment includes the largest ceramics processing equipment in North America and production scale furnaces for the heat-treatment of ALON. The purpose of this new equipment project is for Surmet to produce the largest transparent ceramic windows ever made for future Reconnaissance systems. This equipment will also be used for Surmet's other product including sensor windows, domes, lenses, and transparent armor. This new project is about the expansion and build-out of a CIP (cold isostatic press) building and associated foundation (pit) and utilities extensions at our existing Buffalo facility, located at 699 Hertel Avenue, Suite 290, Buffalo, NY 14207. The project consists of an approximate 3,400 square foot building expansion off the southeast corner of the existing structure. The expansion building consists of three main components, a press room with a recessed pit, high pressure room, and pump room. The expansion will have a corridor that connects the three main building components to the existing structure. Egress doors are proposed off the press room (overhead) and at the pump room (double). The project will cost about \$2.5M (per Gilbane's proposal after the completion of Phase I: Design study). Surmet is looking for help in the form of Sales Tax Exemption for the construction materials, exemption from Real Property Tax for the proposed building addition, etc. This will help us stay in Buffalo area. In addition to the existing employment, Surmet also has the additional new employment projections in Buffalo as below: Year 1: 8 New employment Year 2: 10 New employment Year 3: 12 New employment Year 4: 15 New employment Year 5: 17 New employment Investment projections for this expansion project are also listed below: Year 1: \$11.5M Year 2: \$1.3M Year 3: \$1.15M Year 4: \$1.15M Year 5: \$1.17M

<b>Estimated % of sales within Erie County</b>	0 %
<b>Estimated % of sales outside Erie County but within New York State</b>	3 %
<b>Estimated % of sales outside New York State but within the U.S.</b>	95 %
<b>Estimated % of sales outside the U.S.</b>	2 %

(\*Percentage to equal 100%)

**For your operations, company and proposed project what percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County?**

70

**Describe vendors within Erie County for major purchases**

Major purchases from Erie County vendors include gas, chemicals, abrasives, electrical, mechanical, parts and tools and supplies as well as various services for equipment maintenance and repair.

## Section II: Eligibility Questionnaire - Project Description & Details

### Project Location

**Address of Proposed Project Facility**

743 Hertel Avenue

**Town/City/Village of Project Site**

Buffalo

**School District of Project Site**

Buffalo

**Current Address (if different)**

**Current Town/City/Village of Project Site (if different)**

**SBL Number(s) for proposed Project**

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

Current yearly taxes for Surmet are \$.71 per foot

**If amount of current taxes is not available, provide assessed value for each.**

Land

\$

Building(s)

\$

If available include a copy of current tax receipt.

**Are Real Property Taxes current at project location?**

Yes

**If no please explain**

\*The ECIDA has an unpaid tax policy and you will be required to certify all taxes and PILOTS are current.

**Does the Applicant or any related entity currently hold fee title or have an option/contract to purchase the Project site?**

No

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

Benderson Development

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

No

**Describe the present use of the proposed Project site (vacant land, existing building, etc.)**

Existing building with plans for addition - manufacturing user.

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

Surmet and its Gov't customers are now investing >\$13M in new equipment project, to consolidate its forming and heat-treating capabilities in the facility at 699 Hertel Ave., Buffalo, NY. This equipment includes the largest ceramics processing equipment in North America and production scale furnaces for the heat-treatment of ALON. The purpose of this new equipment project is for Surmet to produce the largest transparent ceramic windows ever made for future Reconnaissance systems. This equipment will also be used for Surmet's other product including sensor windows, domes, lenses, and transparent armor. This new project is about the expansion and build-out of a CIP (cold isostatic press) building and associated foundation (pit) and utilities extensions at our existing Buffalo facility, located at 699 Hertel Avenue, Suite 290, Buffalo, NY 14207. The project consists of an approximate 3,400 square foot building expansion off the southeast corner of the existing structure. The expansion building consists of three main components, a press room with a recessed pit, high pressure room, and pump room. The expansion will have a corridor that connects the three main building components to the existing structure. Egress doors are proposed off the press room (overhead) and at the pump room (double). The project will cost about \$2.5M (per Gilbane's proposal after the completion of Phase I: Design study). Surmet is looking for help in the form of Sales Tax Exemption for the construction materials, exemption from Real Property Tax for the proposed building addition, etc. This will help us stay in Buffalo area. In addition to the existing employment, Surmet also has the additional new employment projections in Buffalo as below: Year 1: 8 New employment Year 2: 10 New employment Year 3: 12 New employment Year 4: 15 New employment Year 5: 17 New employment Investment projections for this expansion project are also listed below: Year 1: \$11.5M Year 2: \$1.3M Year 3: \$1.15M Year 4: \$1.15M Year 5: \$1.17M

**Municipality or Municipalities of current operations**

City of Buffalo

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

Yes

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

No

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

No

(If yes, you will need to complete the Intermunicipal Move Determination section of this application)

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

Yes

**If yes, please explain and identify out-of-state locations investigated, type of assistance offered and provide supporting documentation available**

Burlington, MA - company's current headquarters. If the current facility can't meet the manufacturer's needs through the proposed addition, then operations could be moved out of state.

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

Yes

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

Invest Niagara, National Grid, and ECIDA.

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

**Describe the reasons why the Agency's financial assistance is necessary, and the effect the Project will have on the Applicant's business or operations. Focus on competitiveness issues, project shortfalls, etc... Your eligibility determination will be based in part on your answer (attach additional pages if necessary)**

Surmet has placed orders for over \$10M of manufacturing equipment, including a very large high pressure Cold Isostatic Press (CIP) and two large production furnaces. We were prepared to install this equipment in the Buffalo facility when we encountered a number of issues which threaten to derail our Buffalo expansion. For structural reasons we are unable to install the CIP inside of the existing building. Consequently, we will need to build additional structure to house it at greater than 3x the original estimated cost. And National Grid has substantially decreased the amount of electricity available for the facility over the past 20 years. These two factors have increased the cost of our installation by millions of dollars. This is a huge additional expense for a small company like Surmet. We are working with a number of governmental agencies, including yours, to help defray these unexpected expenses.

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

Yes

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

We need ECIDA assistance so that we can not only stay in Buffalo, but substantially increase our operations there.

**Will project include leasing any equipment?**

No

If yes, please describe equipment and lease terms.

Site Characteristics**Is your project located near public transportation?**

Yes

**If yes describe if site is accessible by either metro or bus line (provide route number for bus lines)**

Facility is accessible my route 23A

**Has a project related site plan approval application been submitted to the appropriate planning department?**

Yes

**If Yes, include the applicable municipality's and/or planning department's approval resolution, the related State Environmental Quality Review Act ("SEQR") "negative declaration" resolution, if applicable, and the related Environmental Assessment Form (EAF), if applicable.**

**If No, list the ECIDA as an "Involved Agency" on the related EAF that will be submitted to the appropriate municipality and/or planning department for site plan approval.**

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

Yes

**Describe the present zoning/land use**

D-C

**Describe required zoning/land use, if different****If a change in zoning/land use is required, please provide details/status of any request for change of zoning/land use requirements****Is the proposed Project located on a site where the known or potential presence of contaminants is complicating the development/use of the property?**

No

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

<BLANK>

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?**

No

If yes, please provide copies of the study.

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

Yes

**If yes, describe the efficiencies achieved**

All new equipment that is being purchased has been constructed with the latest state-of-the-art technology as concerns energy efficiency. You may also attach additional information about the machinery and equipment at the end of the application.

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

Yes

If yes, include percentage of operating expenses attributed to R&D activities and provide details.



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

1/1/2022

Project Information

**Estimated costs in connection with Project**

**1.) Land and/or Building Acquisition**

\$ 0 square feet acres

**2.) New Building Construction**

\$ 2,500,000 3,400 square feet

**3.) New Building addition(s)**

\$ 0 square feet

**4.) Reconstruction/Renovation**

\$ 0 square feet

**5.) Manufacturing Equipment**

\$ 8,000,000

**6.) Infrastructure Work**

\$ 500,000

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

\$ 0

**8.) Soft Costs: (Legal, architect, engineering, etc.)**

\$ 0

**9.) Other Cost**

\$ 500,000

**Explain Other Costs** electrical, cooling tower, etc.

**Total Cost** \$ 11,500,000

Construction Cost Breakdown:

<b>Total Cost of Construction</b>	\$ 3,000,000 (sum of 2, 3, 4 and 6 in Project Information, above)
<b>Cost of materials</b>	\$ 750,000.00
<b>% sourced in Erie County</b>	72%

Sales and Use Tax:

**Gross amount of costs for goods and services that are subject to State and local sales and use tax- said amount to benefit from the Agency's sales and use tax exemption benefit** \$ 750,000

**Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above):** \$ 65,625

\*\* Note that the estimate provided above will be provided to the New York State Department of Taxation and Finance. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to undertake the total amount of investment as proposed within this Application, and that the estimate, above, represents the maximum amount of sales and use tax benefit that the Agency may authorize with respect to this Application. The Agency may utilize the estimate, above, as well as the proposed total Project Costs as contained within this Application, to determine the Financial Assistance that will be offered.

**Project refinancing estimated amount, if applicable (for refinancing of existing debt only)** \$ 0

**Have any of the above costs been paid or incurred as of the date of this Application?** No

**If Yes, describe particulars:**

Sources of Funds for Project Costs:

**Equity (excluding equity that is attributed to grants/tax credits):** \$ 11,500,000

**Bank Financing:** \$ 0

**Tax Exempt Bond Issuance (if applicable):** \$ 0

**Taxable Bond Issuance (if applicable):** \$ 0

**Public Sources (Include sum total of all state and federal grants and tax credits):** \$ 0

**Identify each state and federal grant/credit: (ie Historic Tax Credit, New Market Tax Credit, Brownfield, Cleanup Program, ESD, other public sources)** 0

**Total Sources of Funds for Project Costs:** \$11,500,000

**Have you secured financing for the project?** No

Mortgage Recording Tax Exemption Benefit:

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

**Mortgage Amount (include sum total of construction/permanent/bridge financing).** 0

**Lender Name, if Known**

**Estimated Mortgage Recording Tax Exemption Benefit (product of mortgage amount as indicated above multiplied by 3/4 of 1%):** \$0

Real Property Tax Benefit:

**Identify and describe if the Project will utilize a real property tax exemption benefit other than the Agency's PILOT benefit (485-a, 485-b, other):**

IDA PILOT Benefit: Agency staff will indicate the estimated amount of PILOT Benefit based on estimated Project Costs as contained herein and anticipated tax rates and assessed valuation, including the annual PILOT Benefit abatement amount for each year of the PILOT benefit and the sum total of PILOT Benefit abatement amount for the term of the PILOT as depicted in the PILOT worksheet in the additional document section.

Percentage of Project Costs financed from Public Sector sources: Agency staff will calculate the percentage of Project Costs financed from Public Sector sources based upon the Sources of Funds for Project Costs as depicted above. The percentage of Project Costs financed from public sector sources will be depicted in the PILOT worksheet in the additional document section.

**ECIDA encourages applicants to utilize MBE/WBE contractors for their projects. Describe your company's internal practices that promote MBE/WBE hiring and utilization**

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

Yes

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

Yes

**Will project include leasing any equipment?**

No

If yes, please describe equipment and lease terms.

Employment Plan (Specific to the proposed project location)

You must include a copy of the most recent NYS-45 Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return. The Labor Market Area consists of the following six counties: Erie, Niagara, Chautauqua, Cattaraugus, Wyoming and Genessee.

By statute, Agency staff must project the number of FTE jobs that would be retained and created if the request for Financial Assistance is granted. Agency staff will project such jobs over the TWO Year time period following Project completion. Agency staff converts PT jobs into FTE jobs by dividing the number of PT jobs by two (2).

	<b>Current # of jobs at proposed project location or to be relocated at project location</b>	<b>If financial assistance is granted – project the number of FT and PT jobs to be retained</b>	<b>If financial assistance is granted – project the number of FT and PT jobs to be created upon 24 months (2 years) after Project completion</b>	<b>Estimate number of residents of the Labor Market Area in which the project is located that will fill the FT and PT jobs to be created upon 24 months (2 years) after project completion **</b>
<b>Full time</b>	13	13	18	18
<b>Part time</b>	0	0	0	0
<b>Total</b>	13	13	18	

Salary and Fringe Benefits for Jobs to be Retained and Created

<b>Category of Jobs to be Retained and/or Created</b>	<b># of Employees Retained and/or Created</b>	<b>Average Salary for Full Time</b>	<b>Average Fringe Benefits for Full Time</b>	<b>Average Salary for Part Time (if applicable)</b>	<b>Average Fringe Benefits for Part Time (if applicable)</b>
<b>Management</b>	4	\$ 65,000	\$ 30,000	\$ 0	\$ 0
<b>Professional</b>	6	\$ 60,000	\$ 25,000	\$ 0	\$ 0
<b>Administrative</b>	1	\$ 45,000	\$ 10,000	\$ 0	\$ 0
<b>Production</b>	20	\$ 40,000	\$ 9,000	\$ 0	\$ 0
<b>Independent Contractor</b>	0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Other</b>	0	\$ 0	\$ 0	\$ 0	\$ 0

\*\* Note that the Agency may utilize the foregoing employment projections, among other items, to determine the financial assistance that will be offered by the Agency to the Applicant. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to retain the number of jobs and create the number of jobs with respect to the Project as set forth in this Application.

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

<b>Address</b>			
<b>Full time</b>	0	0	0
<b>Part time</b>	0	0	0
<b>Total</b>	0	0	0

Payroll Information

**Annual Payroll at Proposed Project Site upon completion**

1,465,000

**Estimated average annual salary of jobs to be retained (Full Time)**

52,500

**Estimated average annual salary of jobs to be retained (Part Time)**

0

**Estimated average annual salary of jobs to be created (Full Time)**

55,000

**Estimated average annual salary of jobs to be created (Part Time)**

0

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

<b>From (Full Time)</b>	40,000	<b>To (Full Time)</b>	65,000
<b>From (Part Time)</b>	0	<b>To (Part Time)</b>	0

**Section III: Environmental Questionnaire**

INSTRUCTIONS: Please complete the following questionnaire as completely as possible. If you need additional space to fully answer any question, please attach additional page(s).

General Background Information

**Address of Premises**

743 Hertel Avenue Buffalo, NY 14207

**Name and Address of Owner of Premises**

Benderson Development 570 Delaware Avenue Buffalo, NY 14202

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

Multi-tenant, manufacturing, medical, professional office.

**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**

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

**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**

Surmet Corp.

**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**

**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**

**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**

**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**

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

<BLANK>

**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?**

No

**If yes, please identify the materials**

**Section IV: Facility Type - Single or Multi Tenant**

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

Single Use Facility

For Single Use Facility

**Occupant Name** Surmet Corp.  
**Address** 699 Hertel Avenue Suite 290, Buffalo, NY 14207  
**Contact Person** Santosh K. Jha  
**Phone** (781) 345-5721  
**Fax** (781) 750-3025  
**E-Mail** sjha@surmet.com  
**Federal ID #** 51-046-4403  
**SIC/NAICS Code** 541715, 336413, 336992

SS

**Section VI: Retail Determination**

To ensure compliance with Section 862 of the New York General Municipal Law, the Agency requires additional information if the proposed Project is one where customers personally visit the Project site to undertake either a retail sale transaction or to purchase services.

Please answer the following:

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

No

If yes, complete the Retail Questionnaire Supplement below.

## **Section VII: Adaptive Reuse Projects**

Adaptive Reuse is the process of adapting old structures or sites for new purposes.

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

No

## Section VIII: Inter-Municipal Move Determination

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

### Current Address

743 Hertel Avenue

### City/Town

Buffalo

### State

New York

### Zip Code

14207

**Will the project result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the state to another area of the state?**

No

**Will the project result in the abandonment of one or more plants or facilities of the Project occupant located within the state?**

No

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

**Does this project involve relocation or consolidation of a project occupant from another municipality?**

**Within New York State**

No

**Within Erie County**

No

**If Yes to either question, please, explain**

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

No

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

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

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

No

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

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

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



**Section IX: Senior Housing**

IDA tax incentives may be granted to projects under the Agency's Senior Citizen Rental Housing policy when the project consists of a multi-family housing structure where at least 90% of the units are (or are intended to be) rented to and occupied by a person who is 60 years of age or older.

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

No

**Terzo Development/Bush Lofts**  
**\$3,050,000**  
**INDUCEMENT RESOLUTION**

**ELIGIBILITY**

- NAICS Section - 531110

**COMPANY INCENTIVES**

- Approximately \$96,250 in sales tax savings
- Approximately \$191,000 in real property tax savings
- Approximately \$16,875 in mortgage tax savings

**EMPLOYMENT**

- Projected New Jobs - 1 PT

**PROJECT HISTORY**

- 03/01/2021—Public hearing held.
- 03/24/2021 - Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA.
- 03/24/2021 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Terzo Development/Bush Lofts

Project Address: 44-17th Street  
 Buffalo, New York 14213  
 (Buffalo City School District)

**Agency Request**

A sales tax, mortgage recording tax and real property tax abatement in connection with the adaptive reuse of a 15,000 sq. ft. vacant building.

Building Acquisition	\$ 500,000
Renovation	\$2,050,000
Soft Costs	\$ 500,000
Total Project Cost	\$3,050,000
85%	\$2,592,000

**Company Description**

Terzo Development was formed in 2020 and is owned equally by Carl Montante, III and John Ticco. The company was formed for the purpose of acquiring and renovating vacant facilities in the Buffalo area. Their mission is to help build under-invested communities and neighborhoods in the City of Buffalo such as the West Side, East Side and First Ward among other areas.

**Project Description**

This existing building has been vacant since 2019 and was severely underutilized prior to that time. The project consists of the renovation and re-use of this 15,000 sq. ft. structure into 13 apartments. Three of the 13 units will be offered at 80% of the adjusted median income ("AMI") throughout the 7-year PILOT term. A breakdown of the units is offered below:

Units	Square Feet	Rent Range
3-1 bedroom	635-1,007	\$900-\$1,400
7-2 bedroom	812-1,240	\$1,137-\$1,740
2-3 bedroom	1,350-1,625	\$1,890-\$2,275
1-Studio	483	\$532-\$600

Also offered in the development of the building will be 6-7 spaces of off-site parking which will be available to the tenants. They will also be adding a curb cut to the front of the building which will open up 3-4 additional parking spaces.

Since 100% of the project is devoted to housing, there is no employment impact other than a part time building manager.

**New Tax Revenue Estimated**

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over 7-year abatement period	Additional Local Revenue Over 7-year abatement period	New Yearly Taxes Upon Expiration of Abatement Period
\$4,400	\$1,600,000	\$12,000	\$40,000	\$35,000
Combined Tax Rate: \$22				

**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 = \$3,050,000 85% = \$2,592,000
Employment	Coincides with 7-year PILOT	Create 85% of Projected Projected = 1 PT 85% = 1 PT Recapture Employment = 1 PT
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 7-year PILOT	Adherence to Policy
Unpaid Tax	Coincides with 7-year PILOT	Adherence to Policy
Recapture Period	Coincides with 7-year PILOT	Recapture of Mortgage recording tax, state and local sales taxes

Recapture applies to:  
 State and Local Sales Taxes  
 Real Property Tax  
 Mortgage Recording Tax

**Recapture**

Pursuant to New York State General Municipal Law, the agency shall modify, recover, recapture or terminate any financial assistance taken by the company that is in violation of the GML.

At completion of the project company must certify i) total investment amount is equal to or greater than 85% of the anticipated project amount; ii) company has created 1 PT job, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.

ADAPTIVE REUSE REPORT AND EVALUATIVE CRITERIA  
 Terzo Development/Bush Lofts

Evaluative Criteria	Notes
Distressed Census Tracts	The property is in census tract 67.01 which is considered highly distressed under the State statute. It is also surrounded by several other highly distressed tracts.
Age of Structure (must be at least 20 years old and present functional challenges to redevelopment)	The building was constructed in the late 1800's.
Structure has been vacant or underutilized for a minimum of 3 years (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). Project promotes elimination of slum and blight	<p>The building has been vacant since mid-2019 when the previous owner passed away. Prior to that time, the building, which once housed a photography studio had not been utilized for several years.</p> <p>The investment of over \$3,000,000 will serve to eliminate slum and blight and enhance this neighborhood which is in a highly distressed census tract.</p>
Structure is not generating significant rental income (defined as 50% or less than the market rate income average for that property class.	Since the facility is vacant, no income is being generated.
Redevelopment Supports or aligns with Regional or Local Development Plans	The project complies with the investment and growth criteria of the Framework for Regional Growth.
Environmental or Safety Issues.	The entire building requires updating. Roof needs repair, exterior bricks are crumbling and falling. In addition, the facility needs all new mechanicals to bring it up to current code standards.
LEED/Renewable resources	NA
Building or site has historic designation	The building was constructed in the late 1800's and has a historical designation.
Site or structure has delinquent or other local taxes	The developer does not yet own the building, but it is his understanding the estate is keeping the taxes current.
MBE/WBE utilization	The general contractor, Lamparelli Construction, will solicit to MBE subcontractors and strive to reach a 20% goal and solicit WBE subcontractors and strive to reach a 10% goal. They are currently under contract on several ongoing projects which require these same goals.

Demonstrated support of local gov't.	The developer has spoken with representatives of the Mayor's office about the project
Project/developer's return on investment	The developer has supplied an ROI which indicates a below average rate of return on the investment.
Impediments to conventionally financing project.	The savings from sales tax, mortgage tax and real property taxes will provide a level of comfort to the lender. The developer has stated without these benefits, it would be difficult to finance the project.
Transit Oriented Development	The facility is accessible on the 3, 7 and 12 bus lines.

March 24, 2021

## **Return on Investment – Terzo Development – Bush Lofts 72**

Regional Return on Investment (ROI) numbers vary depending on the interest rate environment, investor availability and risk associated with a project.

The National Development Council, which has experience financing projects in higher risk urban areas across the Northeast, uses 10% - 12% as a benchmark rate of return for urban high-risk projects.

Empire State Development financing officials when reviewing similar projects in the City of Buffalo have used 12% as an acceptable ROI for development projects.

### **Adaptive Reuse Projects**

Many Adaptive Reuse Projects are hampered by upfront development costs that are not typical in new build green field development projects. These upfront costs can hinder the ability of the projects to attract financing and provide cash flow. The upfront costs associated with site contamination, asbestos removal, code compliance, structural deficiencies can make Adaptive Reuse projects difficult to undertake and attract private investment and financing, particularly in real estate markets where rental values are relatively low. Historically real estate projects in the region are difficult to undertake, local real estate developers have indicated that the typical ROI investors and developers seek to achieve in mixed use development projects are in the 10% - 12% range, although they can run higher for projects with significant risk.

### **Public Incentives Requested**

- ECIDA Real Property Tax Abatement in an approximate value of \$191,000
- Sales Tax Savings in the amount of \$96,250
- Mortgage Tax Savings in the estimated amount of \$16,875

### **ROI**

Terzo Development has submitted a proforma documenting the expenses and revenues and ROI for the project.

Stated ROI for the project with ECIDA assistance is 2.4%

Stated ROI for the project without ECIDA assistance is 1.5%

**PILOT Worksheet: Estimate of Real Property Tax Abatement Benefits\*\*\* and Percentage of Project Costs financed from Public Sector sources**

**\*\* The PILOT Worksheet will be: (i) completed by IDA Staff based upon information contained within the Application, and (ii) provided to the Applicant for ultimate inclusion as part of this completed Application.**

**PILOT Estimate Table Worksheet-Terzo Development – Bush Lofts - 2021**

Dollar Value of New Construction and Renovation Costs	Estimated New Assessed Value of Property Subject to IDA*	County Tax Rate/1000	Local Tax Rate (Town/City/Village)/1000	School Tax Rate/1000
\$2,050,000	\$1,600,000	\$5.04	\$16.75	N/A

\*Apply equalization rate to value

PILOT Year	% Payment	County PILOT Amount	Local PILOT Amount	Total PILOT	Full Tax Payment w/o PILOT	Net Exemption
1	10%	\$806	\$2,680	\$3,486	\$34,864	\$31,378
2	10%	\$806	\$2,680	\$3,486	\$34,864	\$31,378
3	20%	\$1,613	\$5,360	\$6,973	\$34,864	\$27,891
4	20%	\$1,613	\$5,360	\$6,973	\$34,864	\$27,891
5	30%	\$2,419	\$8,040	\$10,459	\$34,864	\$24,405
6	30%	\$2,419	\$8,040	\$10,459	\$34,864	\$24,405
7	30%	\$2,419	\$8,040	\$10,459	\$34,864	\$24,405
<b>TOTAL</b>		\$12,096	\$40,200	\$52,296	\$244,048	\$191,752

**\*\*\* Estimates provided are based on current property tax rates and assessment value (current as of date of application submission) and have been calculated by IDA staff**

**Percentage of Project Costs financed from Public Sector Table Worksheet:**

Total Project Cost	Estimated Value of PILOT	Estimated Value of Sales Tax Incentive	Estimated Value of Mortgage Tax Incentive	Total of Other Public Incentives (Tax Credits, Grants, ESD Incentives, etc.)
\$3,050,000	\$191,752	\$96,250	\$16,875	\$0

**Calculate %**

**(Est. PILOT + Est. Sales Tax+ Est. Mortgage Tax+ Other)/Total Project Costs: 10.0%**



# **LAMPARELLI CONSTRUCTION CO., INC.**

**Commercial • Industrial • Construction Management**

February 19, 2021

ECIDA  
95 Perry Street, Suite 403  
Buffalo, NY 14203

Attn: Karen Fiala, Grant Lesswing

**Re: Bush Lofts, 44 17<sup>th</sup> Street**

Please be advised that Lamparelli Construction Company has completed many projects in the Buffalo and surrounding areas that have received IDA and state funding. Lamparelli Construction will bid to WBE & MBE contractors on upcoming IDA projects and try to reach the MBE goal of 20% and the WBE goal of 10%.

Currently we have several projects ongoing with state funding that require these goals, including Polly Jean Suites, GDZ Homes, Cigar Factory Apartments and Main & Utica Apartments. Some of the subcontractors we are using are Heatwave Mechanical (WBE), Call Associates (MBE), Rand & Jones (WBE), Ready WNY(Section 3), Innovative Mechanical (WBE), Lazarus Construction (MBE) and JDS Electrical (SVBOD). Please call with any questions.

Sincerely,

Paul Lamparelli  
President

# Cost-Benefit Analysis for Terzo Development

Prepared by Erie County IDA using InformAnalytics

# Executive Summary

**INVESTOR**  
**Bush Lofts**

**TOTAL INVESTED**  
**\$3.1 Million**

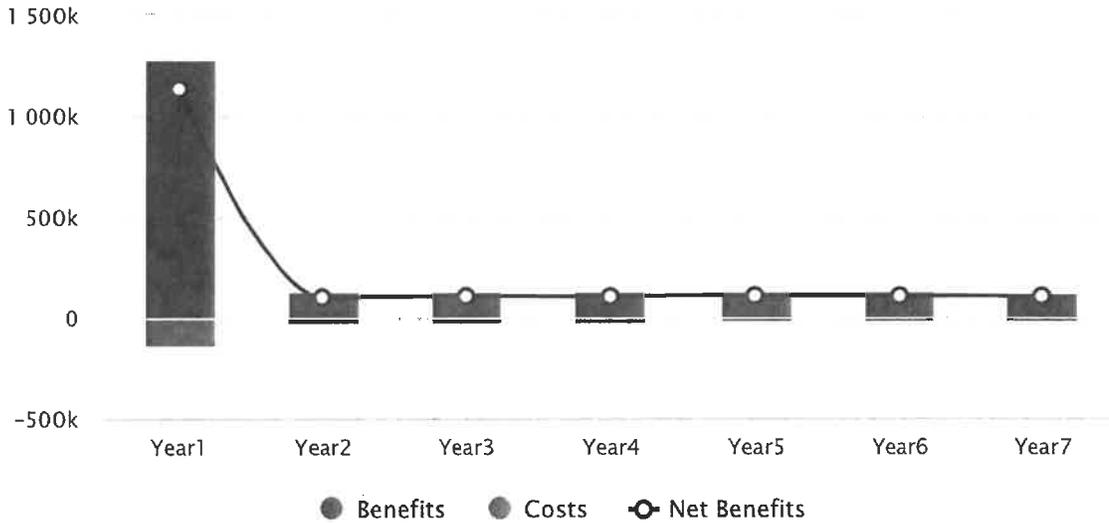
**LOCATION**  
**44 17th Street, Buffalo,  
NY 14203**

**TIMELINE**  
**7 Years**

**F1** FIGURE 1

**Discounted\* Net Benefits for Terzo Development by Year**

**Total Net Benefits: \$1,766,000**



Discounted at 2%

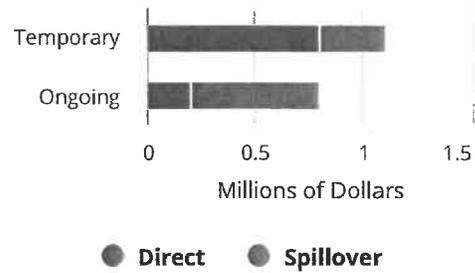
**F2** FIGURE 2

**Total Jobs**



**F3** FIGURE 3

**Total Payroll**



# Proposed Investment

Bush Lofts proposes to invest \$3.1 million at 44 17th Street, Buffalo, NY 14203 over 7 years.

T1 TABLE 1

## Proposed Investments

Description	Amount
<b>CONSTRUCTION SPENDING</b>	
Construction	\$2,050,000
<b>OTHER SPENDING</b>	
Building Acquisition	\$500,000
Soft Costs	\$500,000
<b>Total Investments</b>	<b>\$3,050,000</b>
<b>Discounted Total (2%)</b>	<b>\$3,050,000</b>

F4 FIGURE 4

## Location of Investment



May not sum to total due to rounding.

# Cost-Benefit Analysis

A cost-benefit analysis of this proposed investment was conducted using InformAnalytics, an economic impact model developed by CGR. The report estimates the impact that a potential project will have on the local economy based on information provided by Erie County IDA. The report calculates the costs and benefits for specified local taxing districts over the first 7 years, with future returns discounted at a 2% rate.

**T2** TABLE 2

## Estimated Costs or Incentives

Erie County IDA is considering the following incentive package for Bush Lofts.

Description	Nominal Value	Discounted Value*
Property Tax Exemption	\$192,000	\$182,000
Sales Tax Exemption	\$97,000	\$97,000
Mortgage Recording Tax Exemption	\$17,000	\$17,000
<b>Total Costs</b>	<b>\$306,000</b>	<b>\$296,000</b>

**May not sum to total due to rounding.**

\* Discounted at 2%

T.3 TABLE 3

**State & Regional Impact (Life of Project)**

The following table estimates the total benefits from the project over its lifetime.

Description	Direct	Spillover	Total
<b>REGIONAL BENEFITS</b>	<b>\$1,075,000</b>	<b>\$922,000</b>	<b>\$1,997,000</b>
To Private Individuals	\$1,006,000	\$907,000	\$1,914,000
Temporary Payroll	\$788,000	\$273,000	\$1,061,000
Ongoing Payroll	\$218,000	\$634,000	\$852,000
To the Public	\$69,000	\$15,000	\$84,000
Property Tax Revenue	\$52,000	N/A	\$52,000
Temporary Sales Tax Revenue	\$13,000	\$4,000	\$17,000
Ongoing Sales Tax Revenue	\$4,000	\$10,000	\$14,000
<b>STATE BENEFITS</b>	<b>\$61,000</b>	<b>\$55,000</b>	<b>\$116,000</b>
To the Public	\$61,000	\$55,000	\$116,000
Temporary Income Tax Revenue	\$39,000	\$13,000	\$52,000
Ongoing Income Tax Revenue	\$8,000	\$29,000	\$37,000
Temporary Sales Tax Revenue	\$11,000	\$4,000	\$15,000
Ongoing Sales Tax Revenue	\$3,000	\$9,000	\$12,000
<b>Total Benefits to State &amp; Region</b>	<b>\$1,136,000</b>	<b>\$977,000</b>	<b>\$2,114,000</b>
<b>Discounted Total Benefits (2%)</b>	<b>\$1,123,000</b>	<b>\$939,000</b>	<b>\$2,061,000</b>

May not sum to total due to rounding.

 TABLE 4

### Benefit to Cost Ratio

The following benefit to cost ratios were calculated using the discounted totals.

Description	Benefit*	Cost*	Ratio
Region	\$1,948,000	\$245,000	8:1
State	\$113,000	\$51,000	2:1
Grand Total	\$2,061,000	\$296,000	7:1

**May not sum to total due to rounding.**

\* Discounted at 2%

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CGR has exercised reasonable professional care and diligence in the production and design of the InformAnalytics™ tool. However, the data used is provided by users. InformAnalytics does not independently verify, validate or audit the data supplied by users. CGR makes no representations or warranties with respect to the accuracy of the data supplied by users.



CITY OF BUFFALO  
OFFICE OF THE MAYOR

BYRON W. BROWN  
MAYOR  
February 26, 2021

Mr. John Cappellino  
Chief Executive Officer  
Erie County Industrial Development Agency  
95 Perry Street, Suite 403  
Buffalo NY 14203

RE: 44 17<sup>th</sup> Street  
Terzo Development, LLC

Dear Mr. Cappellino:

The City of Buffalo supports Terzo Development's application to the Erie County Industrial Development Agency to redevelop the former vacant warehouse at 44 17th Street on the City of Buffalo's West Side. We believe that this multifamily redevelopment project will strengthen the City of Buffalo and its appeal to new residents.

Buffalo is a wonderful place to live, and is a city that values its historic structures. The adaptive reuse project at 44 17<sup>th</sup> Street will transform a historic, vacant warehouse into 13 new market/affordable-rate apartments. As Buffalo makes room for its emerging modern workforce, housing demand throughout the City continues to rise. This multifamily adaptive reuse project aligns with my vision to increase housing stock throughout the City of Buffalo to meet current housing demand and sustain economic development.

This project will also enhance the vitality of the surrounding West Side neighborhood by mitigating neighborhood blight and attracting new residents. The adaptive reuse of this historic structure is a welcome addition to the impressive revitalization efforts that continue to propel Buffalo into a new era of development.

Sincerely,

A handwritten signature in black ink, appearing to read "Byron W. Brown".

Byron W. Brown  
Mayor

## VIRTUAL PUBLIC HEARING SCRIPT

**Terzo Development, LLC and/or  
Individual(s) or Affiliate(s),  
Subsidiary(ies), or Entity(ies) formed or  
to be formed on its behalf Project**

Public Hearing to be held on March 1, 2021 at 9:00 a.m.  
via Virtual Conference Software

### **ATTENDANCE:**

Carl Montante, III – Terzo Development  
John Cappellino – ECIDA  
Karen Fiala – ECIDA  
Carrie Hocieniec – ECIDA  
Brian Krygier – ECIDA  
Tara Heavern - Resident

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

*Hearing Officer:* Welcome. This public hearing is now open; it is 9:00 a.m. My name is Grant Lesswing. I am the Business Development Officer of the Erie County Industrial Development Agency, and I have been designated by the Agency to be the hearing officer to conduct this virtual public hearing. This public hearing is being live-streamed and made accessible on the Agency's website at [www.ecidany.com](http://www.ecidany.com). Pre-registration for anyone wishing to speak at today's public hearing was required through our website. Today I am joined by Brian Krygier, ECIDA Systems Analyst who will be the Hearing Moderator and he will be managing the public comment portion of this hearing.

### **☒ 2. PURPOSE: Purpose of the Hearing.**

*Hearing Officer:* We are here to hold the public hearing on the Terzo Development, LLC and/or Individual(s) or Affiliate(s), Subsidiary(ies), or Entity(ies) formed or to be formed on its behalf project. The transcript of this hearing will be reviewed and considered by the Agency in determination of this project. Notice of this hearing appeared in The Buffalo News on Friday, February 19, 2021.

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

*Hearing Officer:* The proposed project (the "Project") consists of: (i) the acquisition by the Agency of a leasehold interest in certain property located on 44 17<sup>th</sup> Street,

City of Buffalo, Erie County, New York (the “Land”), (ii) the renovation on the Land of an approximately 15,000 square-foot historic facility to be utilized for 13 market/affordable-rate apartments (1 of which being affordable at 80% AMI) and 6-7 spaces of off-site parking which will be rented/leased to tenants (the “Improvements”), and (iii) the acquisition by the Company in and around the Improvements of certain items of machinery, equipment and other tangible personal property (the “Equipment”; and, together with the Land and the Improvements, the “Facility”).

The proposed financial assistance contemplated by the Agency includes New York State and local sales and use tax exemption benefits, mortgage recording tax exemption benefits, and real property tax abatement benefits (in compliance with Agency's uniform tax exemption policy).

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

*Hearing Officer:* All those who have joined this conference call were required to pre-register through our website ([www.ecidany.com](http://www.ecidany.com)). Everyone who has pre-registered will be given an opportunity to make statements and/or comments on the Project.

If you have a written statement or comment to submit for the record, please submit it on the Agency’s website or mail to the Agency at 95 Perry Street, Suite 403, Buffalo, New York 14203. The comment period closes on March 23, 2021. There are no limitations on written statements or comments.

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

*Hearing Officer:* Those interested in making a statement or comment will be called upon by Brian in the order that they registered for this meeting. Please begin by stating your name and address; if you are representing a company, please identify the company. I request that speakers keep statements and/or comments to 5 minutes, and if possible, 3 minutes.

**The Hearing Moderator introduces each participant in the order they registered for this meeting.**

Thank you very much. My name is Carl Montante, III. As previously stated I am with Terzo Development and I am here to present my project at 44 17th Street otherwise what I am calling Bush Lofts. This is Terzo Development’s first project as a company and in the City of Buffalo. We are very excited about this first venture, and excited about the possible partnership that we can have with the ECIDA now and moving forward. Terzo’s mission is to strengthen, grow and preserve the urban neighborhoods that are vital to the City of Buffalo. Urban redevelopment is our focus now and will continue to be our vision moving forward. This is a hundred plus year old building and was originally built as a Livery Horse Stable and it has changed hands a few times over the last century. Most recently was Mr. Jim Bush’s photography studio and private residence. However, it has been sitting vacant for a couple of years now

and according to preservation ready sites of Buffalo, 44 17th Street is in danger of crumbling and being demolished which I do not think anybody wants. The goal here is to provide energy and life to a vacant structure on an already beautiful street on Buffalo's West side neighborhood. Some of the work to be complete is going to be a total gut renovation. There is going to be a new roof, new mechanical systems, new plumbing. There is some serious structural work that needs to be done to the brick exterior of the project and then obviously the build out and construction of 13 apartments as well as appliances for those apartments. The breakdown of units will be as follows. It is going to be 1 studio, 3-1 bedrooms, 7-2 bedrooms, and 2-3 bedrooms. So, a good unit mix giving a multitude of people, the opportunity to live down in the City of Buffalo's lower West side. There will also be some streetscape design and construction, as well as the opening of three to four new on-street parking spaces to go along with the six to seven off-street parking spaces as Grant previously mentioned. I would also like to mention that I am working very closely with my contractor Paul Lamparelli of Lamparelli Construction to include some MBE and WBE participation in the construction of this project. So, that's a quick little overview of the project, but again I really appreciate you guys having me on. Thank you.

Hi, thanks for letting me speak. My name is Tara Heavern. I am a resident of 14 17th Street where I have owned my home for over 20 years. I first off want to say that we first met as our community with Mr. Montante in 2020 and the first thing he said when we were talking about zoning for the project, which again had been a single-family home on our very small one-way street. He came to the zoning

board stating that this project could not happen unless he got it zoned for 13 apartments. There are many concerns by residents. Nobody is in approval of this project in the community. We are very, very concerned with many aspects of this project. We were told by the zoning board to go back and have another meeting and then come back. We did that. More concerns arose than we had before. The zoning board crazily enough did not hear one resident they only heard Mr. Montante and then they made their decision. So, he got us 13 units and now Mr. Montante states he cannot do this project unless he receives tax credits. It stated throughout the project that this is an area that is in need of revitalization. My understanding of tax credits is that they are especially used for communities which are blighted. We are not that as is evidenced by the fact that every resident on our block in the past six months has seen a tax bill increase from 100, very few people at 100, most people at the 200 to 350%. So that is not evidence of a community that is in that is blighted. In addition, I am concerned by the fact that when asked at one of the community meetings if there were going to be affordable housing units, Mr. Montante did not know unless he said he was going to look into the cost effectiveness of that as well and apparently, he found it to be cost-effective enough to simply have a little 400 square foot studio apartment designated for that purpose. This project is just very concerning on a lot of levels. It is concerning because as a community we have not had our interests tended to. We have not been heard. We are seeing the density of our block go up by double. We are seeing the project double the density of our block. I have never heard that this project is in any way in jeopardy of demolition. I would be interested in seeing where that is stated or noted. In addition, you know the whole idea of providing tax credits for a property like this especially when most of the units are going to be what I would consider quite high rent. Mr. Montante says he is gearing this towards students and I personally do not know of any students who would be able to afford these rents. I am a teacher, I am not wealthy, but I do not make nothing, and I could not afford these units. So I think it's myself and I will speak on behalf of my neighbors as well, who I'm sure you'll be receiving letters from that the idea of granting tax credits for a project when we are seeing our tax bills increased so much really speaks to the fact that this neighborhood might not be you know in my opinion a neighborhood that should be considered for tax credits especially when my neighbors' concerns have not been validated at all and again we're seeing our density on our block double with this project. We are a small one-way street and we have invested

greatly in the neighborhood in this community. And it is just very unfortunate that we see our concerns disregarded so heavily by the city. However, grateful for this opportunity for ECIDA to hear us speak. It just does not seem to be that this is how community development should happen. It seems Mr. Montante had indicated that he wants to use this project to build his reputation as a builder and he wants to use this project as a foothold to get the ability to continue to do this kind of work in the city. That should not be a reason why tax credits are granted. There have been other parties that have expressed interest early on in this project. Mr. Montante has been sitting around with this for quite some time and keeps asking for more benefit from the community really to help make this project happen and that should not be our responsibility as a community. There are plenty of neighborhoods and communities that would welcome this kind of project and that needs this kind of revitalization that would welcome a 13 unit building because their population has been lost on a block or what have you. This is not a project that is being warmly received by the community and to expect tax credits to fund it is something that does not sit well. Again, community development should happen with input of the community and not just simply you know, it should not just be an opportunity for people to pursue their business ventures without regarding community needs. Thank you very much for letting me speak.

**6. ADJOURNMENT:**

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

**SIGN IN SHEET  
VIRTUAL PUBLIC HEARING**

Public Hearing to be held on March 1, 2021 at 9:00 a.m.  
via Virtual Conference Software

**Terzo Development, LLC and/or Individual(s) or Affiliate(s),  
Subsidiary(ies), or Entity(ies) formed or to be formed on its behalf**

Project Location: 44 17<sup>th</sup> Street, Buffalo, New York 14213

Name	Company and/or Address	X box to speak/ comment
Carl Montante, III	Terzo Development 505 Ellicott Street, Suite 122 Buffalo, New York 14203	X
John Cappellino	ECIDA 95 Perry Street, Suite 403 Buffalo, New York 14203	
Karen Fiala	ECIDA 95 Perry Street, Suite 403 Buffalo, New York 14203	
Carrie Hocieniec	ECIDA 95 Perry Street, Suite 403 Buffalo, New York 14203	
Brian Krygier	ECIDA 95 Perry Street, Suite 403 Buffalo, New York 14203	
Tara Heavern	14 17 <sup>th</sup> Street Buffalo, New York 14213	X



## 44 17th Street

Instructions and Insurance Requirements Document

### Section I: Applicant Background Information

Please answer all questions. Use "None" or "Not Applicable" where necessary. Information in this application may be subject to public review under New York State Law.

#### Applicant Information - Company Receiving Benefit

<b>Project Name</b>	Bush Lofts
<b>Project Summary</b>	44 17th Street is a vacant warehouse that Terzo Development is looking to redevelopment into a multi-family apartment building in the City of Buffalo's West Side.
<b>Applicant Name</b>	Carl Montante III
<b>Applicant Address</b>	505 Ellicott Street
<b>Applicant Address 2</b>	Suite 122
<b>Applicant City</b>	Buffalo
<b>Applicant State</b>	New York
<b>Applicant Zip</b>	14203
<b>Phone</b>	(716) 998-3512
<b>Fax</b>	
<b>E-mail</b>	cmontante@terzodevelopment.com
<b>Website</b>	
<b>NAICS Code</b>	

#### Business Organization

<b>Type of Business</b>	Limited Liability Company
<b>Year Established</b>	2020
<b>State in which Organization is established</b>	New York

#### Individual Completing Application

<b>Name</b>	Carl J. Montante III
<b>Title</b>	Founder and CEO
<b>Address</b>	505 Ellicott Street
<b>Address 2</b>	Suite 122
<b>City</b>	Buffalo
<b>State</b>	New York
<b>Zip</b>	14203
<b>Phone</b>	(716) 998-3512

**Fax**

**E-Mail** cmontante@terzodevelopment.com

Company Contact (if different from individual completing application)

**Name**

**Title**

**Address**

**Address 2**

**City**

**State** New York

**Zip**

**Phone**

**Fax**

**E-Mail**

Company Counsel

**Name of Attorney** Martin Clifford

**Firm Name**

**Address** 403 Main Street

**Address 2** Suite 716

**City** Buffalo

**State** New York

**Zip** 14203

**Phone** (716) 308-3260

**Fax**

**E-Mail** mclifford@cliff-law.com

Benefits Requested (select all that apply)

**Exemption from Sales Tax** Yes

**Exemption from Mortgage Tax** Yes

**Exemption from Real Property Tax** Yes

**Tax Exempt Financing\*** No

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

Applicant Business Description

**Describe in detail company background, history, products and customers. Description is critical in determining eligibility.**

Terzo Development, LLC is a private, urban development company based in Buffalo, NY. Carl Montante, III and John Ticco each own 50% of the LLC. Terzo's mission is to help build under-invested communities and neighborhoods in the city of Buffalo, such as the city's West Side, East Side, and First Ward, amongst other areas. Receiving benefits such as sales, mortgage, and property tax exemption would truly help the young company's success and ability to complete more and more projects in these under-invested areas down the road.

**Estimated % of sales within Erie County** 100 %

**Estimated % of sales outside Erie County but within New York State** 0 %

**Estimated % of sales outside New York State but within the U.S.** 0 %

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

0 %

(\*Percentage to equal 100%)

**For your operations, company and proposed project what percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County?**

100

**Describe vendors within Erie County for major purchases**

Vendors have not been chosen yet, but it will be my primary objective to work with my contractor, Paul Lamparelli, to make sure we are purchasing from vendors within Erie County.

## Section II: Eligibility Questionnaire - Project Description & Details

### Project Location

**Address of Proposed Project Facility**

44 17th Street, Buffalo, NY 14203

**Town/City/Village of Project Site**

Buffalo

**School District of Project Site**

Buffalo School District

**Current Address (if different)**

**Current Town/City/Village of Project Site (if different)**

**SBL Number(s) for proposed Project**

99.60-7-10

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

\$4200

**If amount of current taxes is not available, provide assessed value for each.**

Land

\$

Building(s)

\$

If available include a copy of current tax receipt.

**Are Real Property Taxes current at project location?**

Yes

**If no please explain**

From what I know, yes. I do not own the property, but from what I have heard, the estate has kept up on the tax payments.

\*The ECIDA has an unpaid tax policy and you will be required to certify all taxes and PILOTS are current.

**Does the Applicant or any related entity currently hold fee title or have an option/contract to purchase the Project site?**

Yes

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

Jim Bush Estate

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

Yes

**Describe the present use of the proposed Project site (vacant land, existing building, etc.)**

The 15,000 sf building is currently vacant and has been for over a year and a half now. I have a letter from the current owner stating how the property has been underused for the last 5+ years. Since the 1980's the property was used as a private residence and photography studio for Mr. Jim Bush. Unfortunately, he lost a battle with cancer in July 2019 so the building has been vacant since then and was severely underutilized for years prior to Mr. Bush's passing.

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

The existing 15,000 sf building at 44 17th Street has been vacant since July 2019 and was severely underutilized for several years prior. My purpose of this project is to A) renovate a historic structure in the West Side of Buffalo that is in serious jeopardy when it comes to possible demolition, and B) create market/affordable-rate apartment housing for young professionals and students looking to live in the urban footprint of Buffalo. This project's plans call for 13 units (3 of which being affordable at 80% AMI) and 6-7 spaces of off-site parking which will be rented/leased to tenants of the building. We will also be adding a curb cut to the front of the building which will open 3-4 additional parking spaces that are currently unavailable. The end user will be the tenants of the apartment buildings and the property will be owned and held by Terzo Development. Without the ECIDA 7 Year PILOT program, this project will not be able to financially support itself and that is because lenders need to see this benefit approved for their debt service coverage needs to be met.

**Municipality or Municipalities of current operations**

Buffalo

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

Yes

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

No

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

No

(If yes, you will need to complete the Intermunicipal Move Determination section of this application)

**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, type of assistance offered and provide supporting documentation available**

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

No

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

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

The project cannot take place without Financial Assistance provided by the agency as mentioned above. Without the assistance, the project will not be able to repay debt obligations and therefore no return will be made, causing the project not to begin in the first place.

**Describe the reasons why the Agency's financial assistance is necessary, and the effect the Project will have on the Applicant's business or operations. Focus on competitiveness issues, project shortfalls, etc... Your eligibility determination will be based in part on your answer (attach additional pages if necessary)**

The reason why the Agency's financial assistance is necessary, is because without this help, the project will not take place. Renovation costs are already high (plus the need for a new roof, new HVAC system, new plumbing etc.), so having sales tax and mortgage tax breaks will help in a very beneficial way for the redevelopment efforts of the property. In regard to the property tax and the operating costs of the project, the tax break is necessary for us to cover operating costs and debt obligations. Without the tax break, we will not be able to receive financing on the project and therefore, the project will not happen.

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

Yes

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

If we are unable to obtain financial assistance, then there will be an impact on multiple parties including the applicant and Erie County. Impacts such as lower tax revenue, employment opportunity, lending availability for banks in the area who want to invest and help build Buffalo, etc.

**Will project include leasing any equipment?**

No

If yes, please describe equipment and lease terms.

Site Characteristics**Is your project located near public transportation?**

Yes

**If yes describe if site is accessible by either metro or bus line (provide route number for bus lines)**

The site is accessible by bus. 44 17th Street is .3 miles from 3 bus stops (Summer and Richmond, Richmond and Utica, and Normal and Connecticut). The bus lines are #3, #7 and #12.

**Has a project related site plan approval application been submitted to the appropriate planning department?**

No

**If Yes, include the applicable municipality's and/or planning department's approval resolution, the related State Environmental Quality Review Act ("SEQR") "negative declaration" resolution, if applicable, and the related Environmental Assessment Form (EAF), if applicable.**

**If No, list the ECIDA as an "Involved Agency" on the related EAF that will be submitted to the appropriate municipality and/or planning department for site plan approval.**

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

Yes

**Describe the present zoning/land use**

N-2R is the current zoning onsite.

**Describe required zoning/land use, if different**

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

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

No

**If yes, please explain**

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

Yes

If yes, please provide a copy.

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

Yes

If yes, please provide copies of the study.

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

No

**If yes, describe the efficiencies achieved**

We will be buying all high-efficiency appliances such as washers and dryers, refrigerators, and HVAC systems. You may also attach additional information about the machinery and equipment at the end of the application.

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

No

If yes, include percentage of operating expenses attributed to R&D activities and provide details.

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

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



**Estimated costs in connection with Project**

**1.) Land and/or Building Acquisition**

\$ 500,000 15,000 square feet 1 acres

**2.) New Building Construction**

\$ 0 0 square feet

**3.) New Building addition(s)**

\$ 0 0 square feet

**4.) Reconstruction/Renovation**

\$ 2,050,000 15,000 square feet

**5.) Manufacturing Equipment**

\$ 0

**6.) Infrastructure Work**

\$ 0

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

\$ 0

**8.) Soft Costs: (Legal, architect, engineering, etc.)**

\$ 500,000

**9.) Other Cost**

\$ 0

**Explain Other Costs**

**Total Cost** \$ 3,050,000

Construction Cost Breakdown:

<b>Total Cost of Construction</b>	\$ 2,050,000 (sum of 2, 3, 4 and 6 in Project Information, above)
<b>Cost of materials</b>	\$ 1,100,000.00
<b>% sourced in Erie County</b>	100%

Sales and Use Tax:

**Gross amount of costs for goods and services that are subject to State and local sales and use tax- said amount to benefit from the Agency's sales and use tax exemption benefit** \$ 1,100,000

**Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above):** \$ 96,250

\*\* Note that the estimate provided above will be provided to the New York State Department of Taxation and Finance. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to undertake the total amount of investment as proposed within this Application, and that the estimate, above, represents the maximum amount of sales and use tax benefit that the Agency may authorize with respect to this Application. The Agency may utilize the estimate, above, as well as the proposed total Project Costs as contained within this Application, to determine the Financial Assistance that will be offered.

**Project refinancing estimated amount, if applicable (for refinancing of existing debt only)** \$ 0

**Have any of the above costs been paid or incurred as of the date of this Application?** No

**If Yes, describe particulars:**

Sources of Funds for Project Costs:

<b>Equity (excluding equity that is attributed to grants/tax credits):</b>	\$ 800,000
<b>Bank Financing:</b>	\$ 2,250,000
<b>Tax Exempt Bond Issuance (if applicable):</b>	\$ 0
<b>Taxable Bond Issuance (if applicable):</b>	\$ 0
<b>Public Sources (Include sum total of all state and federal grants and tax credits):</b>	\$ 0
<b>Identify each state and federal grant/credit: (ie Historic Tax Credit, New Market Tax Credit, Brownfield, Cleanup Program, ESD, other public sources)</b>	0
<b>Total Sources of Funds for Project Costs:</b>	\$3,050,000
<b>Have you secured financing for the project?</b>	No

Mortgage Recording Tax Exemption Benefit:

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

<b>Mortgage Amount (include sum total of construction/permanent/bridge financing).</b>	2,250,000
<b>Lender Name, if Known</b>	
<b>Estimated Mortgage Recording Tax Exemption Benefit (product of mortgage amount as indicated above multiplied by 3/4 of 1%):</b>	\$16,875

Real Property Tax Benefit:

<b>Identify and describe if the Project will utilize a real property tax exemption benefit other than the Agency's PILOT benefit (485-a, 485-b, other):</b>	N/A
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IDA PILOT Benefit: Agency staff will indicate the estimated amount of PILOT Benefit based on estimated Project Costs as contained herein and anticipated tax rates and assessed valuation, including the annual PILOT Benefit abatement amount for each year of the PILOT benefit and the sum total of PILOT Benefit abatement amount for the term of the PILOT as depicted in the PILOT worksheet in the additional document section.

Percentage of Project Costs financed from Public Sector sources: Agency staff will calculate the percentage of Project Costs financed from Public Sector sources based upon the Sources of Funds for Project Costs as depicted above. The percentage of Project Costs financed from public sector sources will be depicted in the PILOT worksheet in the additional document section.

**ECIDA encourages applicants to utilize MBE/WBE contractors for their projects. Describe your company's internal practices that promote MBE/WBE hiring and utilization**

While we are a brand new company, we are still working through internal policies. However, I have and will continue to make it known to contractors that we use how we want to see MBE and WBE subcontractors given the opportunity to work on Terzo Projects.

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

Yes

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

Yes

**Will project include leasing any equipment?**

No

If yes, please describe equipment and lease terms.

Employment Plan (Specific to the proposed project location)

You must include a copy of the most recent NYS-45 Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return. The Labor Market Area consists of the following six counties: Erie, Niagara, Chautauqua, Cattaraugus, Wyoming and Genessee.

By statute, Agency staff must project the number of FTE jobs that would be retained and created if the request for Financial Assistance is granted. Agency staff will project such jobs over the TWO Year time period following Project completion. Agency staff converts PT jobs into FTE jobs by dividing the number of PT jobs by two (2).

	<b>Current # of jobs at proposed project location or to be relocated at project location</b>	<b>If financial assistance is granted – project the number of FT and PT jobs to be retained</b>	<b>If financial assistance is granted – project the number of FT and PT jobs to be created upon 24 months (2 years) after Project completion</b>	<b>Estimate number of residents of the Labor Market Area in which the project is located that will fill the FT and PT jobs to be created upon 24 months (2 years) after project completion **</b>
<b>Full time</b>	0	0	0	0
<b>Part time</b>	0	0	1	1
<b>Total</b>	0	0	1	

Salary and Fringe Benefits for Jobs to be Retained and Created

<b>Category of Jobs to be Retained and/or Created</b>	<b># of Employees Retained and/or Created</b>	<b>Average Salary for Full Time</b>	<b>Average Fringe Benefits for Full Time</b>	<b>Average Salary for Part Time (if applicable)</b>	<b>Average Fringe Benefits for Part Time (if applicable)</b>
<b>Management</b>	0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Professional</b>	0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Administrative</b>	0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Production</b>	0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Independent Contractor</b>	1	\$ 0	\$ 0	\$ 15,000	\$ 0
<b>Other</b>	0	\$ 0	\$ 0	\$ 0	\$ 0

\*\* Note that the Agency may utilize the foregoing employment projections, among other items, to determine the financial assistance that will be offered by the Agency to the Applicant. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to retain the number of jobs and create the number of jobs with respect to the Project as set forth in this Application.

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

<b>Address</b>			
<b>Full time</b>	0	0	0
<b>Part time</b>	0	0	0
<b>Total</b>	0	0	0

Payroll Information

**Annual Payroll at Proposed Project Site upon completion**

15,000

**Estimated average annual salary of jobs to be retained (Full Time)**

0

**Estimated average annual salary of jobs to be retained (Part Time)**

0

**Estimated average annual salary of jobs to be created (Full Time)**

0

**Estimated average annual salary of jobs to be created (Part Time)**

15,000

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

<b>From (Full Time)</b>	0	<b>To (Full Time)</b>	0
<b>From (Part Time)</b>	15,000	<b>To (Part Time)</b>	15,000

### Section III: Environmental Questionnaire

INSTRUCTIONS: Please complete the following questionnaire as completely as possible. If you need additional space to fully answer any question, please attach additional page(s).

#### General Background Information

##### **Address of Premises**

44 17th Street Buffalo, NY 14203

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

Carl Montante III 505 Ellicott Street, Suite 122 Buffalo, NY 14203

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

The premises at 44 17th Street is a vacant warehouse that sits on .304 acres within a residential street/neighborhood in the West Side of Buffalo.

##### **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**

From what I know, the property was built in the 1880's as a Livery Horse Stable and has changed owners a few times over the last 100+ years. Currently, it is vacant and waiting for redevelopment.

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

Livery Horse Stable Ice Cream Truck Warehouse Light Framing Shop (Woodworking, mattresses, beds, etc.) Photography Studio/Private Residence

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

No

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

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

Yes

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

There was a gas tank on the property, under the parking pad, that has been removed and marked as clean by the NYSDEC.

##### **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**

**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**

N/A

**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**

N/A

**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**

N/A

**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?**

No

**If yes, please identify the materials**

**Section IV: Facility Type - Single or Multi Tenant**

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

Multi-Tenant Facility

Multi-Tenant Facility (to be filled out by developer)

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

Buffalo has seen a spike in housing needs in the past year and that demand is continuing to grow. Redeveloping 13 units in the West Side of Buffalo will be a sought after dwelling once complete.

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

No

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

Tenant Name	Current Address (city, state, zip)	# of sq ft and % of total to be occupied at new project site	SIC or NAICS-also briefly describe type of business, products services, % of sales in Erie Co.
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\*fill out table for each tenant and known future tenants

## **Section VI: Retail Determination**

To ensure compliance with Section 862 of the New York General Municipal Law, the Agency requires additional information if the proposed Project is one where customers personally visit the Project site to undertake either a retail sale transaction or to purchase services.

Please answer the following:

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

No

If yes, complete the Retail Questionnaire Supplement below.

**Section VII: Adaptive Reuse Projects**

Adaptive Reuse is the process of adapting old structures or sites for new purposes.

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

Yes

**What is the age of the structure (in years)?** 140

**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

**If vacant, number of years vacant.**

2

**If underutilized, number of years underutilized.**

5

**Describe the use of the building during the time it has been underutilized:**

For the last 40+ years, Mr. Jim Bush owned and worked out of this building. Unfortunately, Mr. Bush passed away from cancer in July 2019 and for the previous 5 years, the building, according to his brother, was underutilized. I have received a letter from Mr. Bush's brother explaining his thoughts and reasoning.

**Is the structure currently generating insignificant income? (Insignificant income is defined as income that is 50% or less than the market rate income average for that property class)**

No

**If yes, please provide dollar amount of income being generated, if any**

If apartments are planned in the facility, please indicate the following:

	Number of Units	Sq. Ft. Range Low to High	Rent Range Low to High
<b>1 Bedroom</b>	3	635 - 1,007	\$900 - \$1,400
<b>2 Bedroom</b>	7	812 - 1,240	\$1,137 - \$1,740
<b>3 Bedroom</b>	2	1,350 - 1,625	\$1,890 - \$2,275
<b>Other</b>	1	483 - 483	\$532 - \$600

**Does the site have historical significance?**

No

**If yes, please indicate historical designation**

**Are you applying for either State/Federal Historical Tax Credit Programs?**

No

**If yes, provide estimated value of tax credits**

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

Without cost savings from the property taxes, the project will return a negative cash flow after debt service. Due to that reason, the banks and/or any other lending provider will not issue a loan.

**Briefly summarize the demonstrated support that you intend to receive from local government entities. Please provide ECIDA with**

**documentation of this support in the form of signed letters from these entities**

I have spoken with Lisa Hicks at the City of Buffalo and while nothing has been formally documented, she sounds excited about the project and potential investment that will happen in the City of Buffalo's West Side.

**Indicate other factors that you would like the Agency to consider such as: structure or site presents significant public safety hazard and or environmental remediation costs, structure presents significant costs associated with building code compliance**

The structure, as it currently sits, needs work. There are leaks in the roof, there are exterior bricks that are crumbling and falling, and the building is vacant. On top of the roof, we need a total gut renovation of flooring, interior walls, HVAC and Plumbing systems, etc. This is a perfect opportunity to bring an old building back to life, provide exceptional housing in the city's West End, and help a new, young developer in the city of Buffalo that wants to invest time, money and effort back into this amazing city.

**Indicate census tract of project location**

State Code: 36 County Code: 029 Tract Code: 0067.01

**Indicate how project will eliminate slum and blight**

The building is currently vacant and unused. Redeveloping it into an apartment/multi-tenant building will help eliminate slum and blight.

**If project will be constructed to LEED standards indicate renewable resources utilized**

N/A

## Section VIII: Inter-Municipal Move Determination

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

### Current Address

44 17th Street

### City/Town

Buffalo

### State

New York

### Zip Code

14203

**Will the project result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the state to another area of the state?**

No

**Will the project result in the abandonment of one or more plants or facilities of the Project occupant located within the state?**

No

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

**Does this project involve relocation or consolidation of a project occupant from another municipality?**

**Within New York State**

No

**Within Erie County**

No

**If Yes to either question, please, explain**

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

No

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

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

Onsite parking (6-7 spaces), mix of unit sizes, in-unit laundry, fabulous natural light, close proximity to various shops, bars and restaurants as well as public transportation, bike storage onsite.

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

<BLANK>

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

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

**Please provide a list of properties considered, and the reason they were not adequate. (Some examples include: site not large**

**enough, layout was not appropriate, did not have adequate utility service, etc.) Please include full address for locations.**

## **Section IX: Senior Housing**

IDA tax incentives may be granted to projects under the Agency's Senior Citizen Rental Housing policy when the project consists of a multi-family housing structure where at least 90% of the units are (or are intended to be) rented to and occupied by a person who is 60 years of age or older.

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

No

**Medbio, LLC**

**Assignment and Assumption of Polymer Conversions Project**

<b>ELIGIBILITY</b>	Project Title: Assignment and Assumption of Polymer Conversions Project
<ul style="list-style-type: none"> <li>• NAICS Section - 326199</li> </ul>	Project Address: 5732 Big Tree Road Orchard Park, New York 14127 (Orchard Park Central School District)
<b>COMPANY INCENTIVES</b>	<b>Agency Request</b>
<ul style="list-style-type: none"> <li>• Assumption of approximately \$40,000 in property tax savings</li> </ul>	Approval of Assignment and Assumption of Polymer Conversions Lease and PILOT to a new entity: Medbio, LLC
<b>EMPLOYMENT</b>	<b>Company Description/History</b>
<ul style="list-style-type: none"> <li>• There are 120 FT people working at the facility and MedBio plans to keep all of the employees.</li> </ul>	<p>In 2011, the ECIDA Board approved a \$7,200,000 project for Polymer Conversions, Inc. and Birtch Run, Inc. which company was owned by Jack Bertsch. The project consisted of the construction of a 27,000 sq. ft. addition to the company’s then current manufacturing facility located on Big Tree Road in the Town of Orchard Park. Polymer Conversions is a premier custom plastic injection molder specializing in highly technical, high tolerance medical components and gearing devices.</p> <p>In 2020, the Bertsch family sold Polymer Conversions and its parent company, Birch Run, Inc. to Medbio Intermediate Holding LLC (“MedBio”) Med Bio is an outsourced manufacturer specializing in clean room injection molding and assembly for medical, life science, and biotechnology devices. The acquisition of Polymer created a premier medical device manufacturing platform of scale and capable of supporting growth for Polymer’s customers.</p> <p>Medbio is a portfolio company of Graham Partners, a leading private investment firm targeting technology driven advanced manufacturing companies.</p> <p>Med Bio is requesting the assignment and assumption of the Agency Lease and PILOT which would preserve the remaining PILOT benefit – through 2023 - which would provide approximately \$40,000 in estimated benefits to the company during the remaining years of the PILOT. The PILOT term extends through 2023 for the Town and County and the ‘22/’23 school year. NOTE: This was under our previous 15 year PILOT. In return for the Lease and PILOT assumption, Med Bio would agree to abide by the following recapture terms:</p>

**Draft Recapture Material Terms**

Condition	Term	Recapture Provision
Employment	Coincides with recapture period.	Maintain 100% of current employees: 120
Unpaid Taxes	Coincides with recapture period.	Adherence to policy
Pay Equity	Coincides with recapture period.	Adherence to policy
Recapture Period	Coincides with Lease/PILOT Term	Real Property Taxes

Recapture applies to:  
Real Property Tax

Pursuant to New York General Municipal Law, the agency shall modify, recover, recapture or terminate any financial assistance taken by the company that are in violation of the GML.

Company must through the end of recapture term i) maintain 100% of current employees; ii) adhere to unpaid tax and pay equity policies.



## Polymer Conversions, Inc.

Instructions and Insurance Requirements Document

### Section I: Applicant Background Information

Please answer all questions. Use "None" or "Not Applicable" where necessary. Information in this application may be subject to public review under New York State Law.

#### Applicant Information - Company Receiving Benefit

<b>Project Name</b>	Polymer Conversions, Inc. Assignment of 2008 PILOT
<b>Project Summary</b>	Request for ECIDA consent to the Assignment of the 2008 PILOT program from Jack E. Bertsch to Birch Run Inc.
<b>Applicant Name</b>	Birch Run Inc.
<b>Applicant Address</b>	5732 Big Tree Road
<b>Applicant Address 2</b>	
<b>Applicant City</b>	Orchard Park
<b>Applicant State</b>	New York
<b>Applicant Zip</b>	14127
<b>Phone</b>	(716) 662-8550
<b>Fax</b>	
<b>E-mail</b>	
<b>Website</b>	<a href="https://polymerconversions.com/">https://polymerconversions.com/</a>
<b>NAICS Code</b>	326199

#### Business Organization

<b>Type of Business</b>	Corporation
<b>Year Established</b>	1978
<b>State in which Organization is established</b>	New York

#### Individual Completing Application

<b>Name</b>	Benjamin J. Harp
<b>Title</b>	President
<b>Address</b>	5732 Big Tree Road
<b>Address 2</b>	
<b>City</b>	Orchard Park
<b>State</b>	New York
<b>Zip</b>	14127
<b>Phone</b>	(716) 622-8550

**Fax****E-Mail** bharp@polymerconversions.comCompany Contact (if different from individual completing application).**Name****Title****Address****Address 2****City****State** New York**Zip****Phone****Fax****E-Mail**Company Counsel**Name of Attorney** Christopher H. Brown, Jr.**Firm Name** Roach, Lennon & Brown, PLLC**Address** 535 Washington Street Suite 1000**Address 2****City** Buffalo**State** New York**Zip** 14203**Phone** (716) 235-3025**Fax** (716) 235-3026**E-Mail** chbrown@rlbattorneys.comBenefits Requested (select all that apply).**Exemption from Sales Tax** No**Exemption from Mortgage Tax** No**Exemption from Real Property Tax** Yes**Tax Exempt Financing\*** No

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

Applicant Business Description**Describe in detail company background, history, products and customers. Description is critical in determining eligibility.**

Polymer Conversions, Inc. (PCI), the wholly-owned subsidiary of Applicant, is a premier precision custom plastics injection molder located in Orchard Park, New York. Since 1979, PCI has specialized in highly technical, tight-tolerance medical devices, medical components, biometric devices, gearing parts, and turnkey product solutions. PCI manufactures, among other products, small-part precision Class I & II medical device components/assemblies and other complex critical-to-life injection molded products. It excels on projects that are highly technical and require engineering horsepower, robust tooling, stringent validations, and ultra-consistent quality. PCI's molded products are used in the manufacture of critical-to-life medical device, life science, pharmaceutical, biomedical, veterinary, and dental industries. PCI's capabilities include offering customers full-service plastic part manufacturing, including Program/Project Management, Product Design Review, and Tooling Design Review. PCI also offers secondary operations include pad printing, testing, joining, labeling, specialty packaging and other value-added services, including sophisticated robotic assembly. In addition to plastic injection, PCI offers liquid silicon rubber (LSR) molding, located at a different facility, a highly complementary technology in the medical device space. End markets for PCI products include respiratory care, pharmaceutical filtration, drug delivery, pharmaceutical and personal care, ENT devices, blood diagnostics and enteral feeding. PCI was founded, owned and operated by Jack and Joan Bertsch since 1979. In August 2020, and as part of Jack and Joan Bertsch's anticipated plan for the transition of PCI, upon retirement, PCI was sold to Medbio Intermediate Holding LLC ("Medbio"). Medbio is an outsourced manufacture specializing in clean room injection molding and assembly for medical, life science, and biotechnology devices. The acquisition of PCI creates a premier medical device manufacturing platform of scale and capable of supporting growth for PCI's customers. Medbio is a portfolio company of Graham Partners, a leading private investment firm targeting technology-driven advanced manufacturing companies. PCI's main manufacturing facility at 5732 Big Tree Road (the "Facility") is fully equipped with Computer Integrated Manufacturing (CIM)-monitored systems that apply Six Sigma principles to its 32 injection molding presses ranging from 55 to 390 tons of clamping force, and 2 liquid silicon rubber molding machines. The Facility includes a clean room molding area, and secondary operations with decorating, assembly, custom automation, packaging capabilities and a full-service tool room with mold making capabilities. PCI was initially ISO registered in 1997 and currently holds ISO 13485:2016 and ISO 9001:2015. PCI has occupied the Facility since 1990, when the first phase of construction was completed (approximately 37,000 square feet). In 2012, PCI completed a 27,300 square foot addition on the north side of the building (the "2012 Expansion") and the current footprint comprises approximately 65,000 square feet and sits on nearly 15 acres of land. The Agency sponsored the 2012 Expansion with an Agreement for Payment in Lieu of Real Estate Taxes, dated April 1, 2008, Company Lease, dated April 1, 2008, and Agency Lease Agreement, dated April 1, 2008 (the "2008 IDA").

<b>Estimated % of sales within Erie County</b>	0 %
<b>Estimated % of sales outside Erie County but within New York State</b>	90 %
<b>Estimated % of sales outside New York State but within the U.S.</b>	10 %
<b>Estimated % of sales outside the U.S.</b>	0 %

(\*Percentage to equal 100%)

**For your operations, company and proposed project what percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County?**

30

**Describe vendors within Erie County for major purchases**

## Section II: Eligibility Questionnaire - Project Description & Details

### Project Location

**Address of Proposed Project Facility**

5732 Big Tree Road

**Town/City/Village of Project Site**

Orchard Park

**School District of Project Site**

Orchard Park

**Current Address (if different)**

**Current Town/City/Village of Project Site (if different)**

**SBL Number(s) for proposed Project**

161.18-2-15 and 161.18-2-15./A

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

Subject to 2008 IDA PILOT

**If amount of current taxes is not available, provide assessed value for each.**

Land

\$ 94,020.00

Building(s)

\$ 2,061,856.00

If available include a copy of current tax receipt.

**Are Real Property Taxes current at project location?**

Yes

**If no please explain**

\*The ECIDA has an unpaid tax policy and you will be required to certify all taxes and PILOTS are current.

**Does the Applicant or any related entity currently hold fee title or have an option/contract to purchase the Project site?**

Yes

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

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

No

**Describe the present use of the proposed Project site (vacant land, existing building, etc.)**

Manufacturing facility for Polymer Conversions, Inc.

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

Applicant is seeking consent to the assignment of the 2008 IDA, nunc pro tunc, effective August 31, 2020. The 2008 IDA project encompassed the 2012 Expansion, which included a 27,300 square foot addition onto the Facility, for purposes of expanding clean room manufacturing operations for PCI. Applicant understands that Agency consent is required to assign the Company Lease, dated April 1, 2008 (the "Company Lease"), the Agency Lease Agreement, dated April 1, 2008 (the "Agency Lease"), the Agreement For Payment in Lieu of Real State Taxes, dated April 1, 2008 (the "PILOT Agreement"), and the Sublease Agreement between Jack E. Bertsch and PCI, dated April 1, 2008 (the "IDA Sublease"). The Bertsch family sold PCI, and its parent company, Birch Run Inc. ("BRI"), as of August 31, 2020 to Medbio Intermediate Holding LLC ("Medbio"). Jack E. Bertsch sold the real estate at 5732 Big Tree Road to Birch Run Inc., which was ultimately acquired by Medbio. The PILOT Agreement, Company Lease, and Agency Lease are between the Agency and Jack E. Bertsch. Medbio is an outsourced manufacture specializing in clean room injection molding and assembly for medical, life science, and biotechnology devices. The acquisition of Polymer creates a premier medical device manufacturing platform of scale and capable of supporting growth for Polymer's customers. Medbio is a portfolio company of Graham Partners, a leading private investment firm targeting technology-driven advanced manufacturing companies. Additional background of Medbio is enclosed with a copy of this letter. Prior to the sale, Medbio expressed an interest in continuing the PILOT with the Agency. Due to the accelerated closing schedule for the transaction, consent to such assignment could not be accomplished in a timely manner. As of August 31, 2020, BRI is the fee simple owner of 5732 Big Tree Road. As a result, to maintain the PILOT, the Company Lease, Agency Lease, IDA Sublease, and PILOT Agreement need to be assigned to BRI, on behalf of PCI, for the remainder of the term which is set to expire in 2023.

**Municipality or Municipalities of current operations**

Town of Orchard Park

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

Yes

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

No

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

No

(If yes, you will need to complete the Intermunicipal Move Determination section of this application)

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

Yes

**If yes, please explain and identify out-of-state locations investigated, type of assistance offered and provide supporting documentation available**

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

No

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

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

**Describe the reasons why the Agency's financial assistance is necessary, and the effect the Project will have on the Applicant's business or operations. Focus on competitiveness issues, project shortfalls, etc... Your eligibility determination will be based in part on your answer (attach additional pages if necessary)**

PCI is competing with several out-of-state and international competitors, both of which have lower tax burden on their respective business and employees. The continuing benefit of the 2008 IDA PILOT will assist PCI in maintaining the investment of the 2012 Expansion, including its world-class facility and state-of-the-science manufacturing equipment and automation necessary to support its business. The continuation of the 2008 IDA PILOT enables PCI to continue its growth and investment in Orchard Park and Erie County, at large, including the ability to increase its local labor force in highly specialized and well-paying manufacturing jobs. PCI is anticipating an additional expansion of the Facility within the next two years, and the continuation of the 2008 IDA PILOT will provide financial assistance to support the prospective expansion.

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

Yes

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

**Will project include leasing any equipment?**

No

If yes, please describe equipment and lease terms.

Site Characteristics

**Is your project located near public transportation?**

No

**If yes describe if site is accessible by either metro or bus line (provide route number for bus lines)**

**Has a project related site plan approval application been submitted to the appropriate planning department?**

No

**If Yes, include the applicable municipality's and/or planning department's approval resolution, the related State Environmental Quality Review Act ("SEQR") "negative declaration" resolution, if applicable, and the related Environmental Assessment Form (EAF), if applicable.**

**If No, list the ECIDA as an "Involved Agency" on the related EAF that will be submitted to the appropriate municipality and/or planning department for site plan approval.**

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

Yes

**Describe the present zoning/land use**

I-1, Industrial District

**Describe required zoning/land use, if different**

N/A

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

N/A

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

No

**If yes, please explain**

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

No

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?**

No

If yes, please provide copies of the study.

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

No

**If yes, describe the efficiencies achieved**

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

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

Yes

If yes, include percentage of operating expenses attributed to R&D activities and provide details.

10%

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



Project Information

**Estimated costs in connection with Project**

**1.) Land and/or Building Acquisition**

\$ 0 square feet acres

**2.) New Building Construction**

\$ 0 square feet

**3.) New Building addition(s)**

\$ 0 square feet

**4.) Reconstruction/Renovation**

\$ 0 square feet

**5.) Manufacturing Equipment**

\$ 0

**6.) Infrastructure Work**

\$ 0

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

\$ 0

**8.) Soft Costs: (Legal, architect, engineering, etc.)**

\$ 0

**9.) Other Cost**

\$ 0

**Explain Other  
Costs**

**Total Cost** \$ 0

Construction Cost Breakdown:

**Total Cost of Construction** \$ 0 (sum of 2, 3, 4 and 6 in Project Information, above)

**Cost of materials** \$

**% sourced in Erie County** %

Sales and Use Tax:

**Gross amount of costs for goods and services that are subject to State and local sales and use tax- said amount to benefit from the Agency's sales and use tax exemption benefit** \$ 0

**Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above):** \$ 0

\*\* Note that the estimate provided above will be provided to the New York State Department of Taxation and Finance. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to undertake the total amount of investment as proposed within this Application, and that the estimate, above, represents the maximum amount of sales and use tax benefit that the Agency may authorize with respect to this Application. The Agency may utilize the estimate, above, as well as the proposed total Project Costs as contained within this Application, to determine the Financial Assistance that will be offered.

**Project refinancing estimated amount, if applicable (for refinancing of existing debt only)** \$ 0

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

**If Yes, describe particulars:** All costs have been paid since this Application seeks retroactive consent to the assignment of the 2008 IDA.

Sources of Funds for Project Costs:

**Equity (excluding equity that is attributed to grants/tax credits):** \$ 0

**Bank Financing:** \$ 0

**Tax Exempt Bond Issuance (if applicable):** \$ 0

**Taxable Bond Issuance (if applicable):** \$ 0

**Public Sources (Include sum total of all state and federal grants and tax credits):** \$ 0

**Identify each state and federal grant/credit: (ie Historic Tax Credit, New Market Tax Credit, Brownfield, Cleanup Program, ESD, other public sources)** 0

**Total Sources of Funds for Project Costs:** \$0

**Have you secured financing for the project?** Yes

Mortgage Recording Tax Exemption Benefit:

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

**Mortgage Amount (include sum total of construction/permanent/bridge financing).** 0

**Lender Name, if Known**

**Estimated Mortgage Recording Tax Exemption Benefit (product of mortgage amount as indicated above multiplied by 3/4 of 1%):** \$0

Real Property Tax Benefit:

**Identify and describe if the Project will utilize a real property tax exemption benefit other than the Agency's PILOT benefit (485-a, 485-b, other):** No

IDA PILOT Benefit: Agency staff will indicate the estimated amount of PILOT Benefit based on estimated Project Costs as contained herein and anticipated tax rates and assessed valuation, including the annual PILOT Benefit abatement amount for each year of the PILOT benefit and the sum total of PILOT Benefit abatement amount for the term of the PILOT as depicted in the PILOT worksheet in the additional document section.

Percentage of Project Costs financed from Public Sector sources: Agency staff will calculate the percentage of Project Costs financed from Public Sector sources based upon the Sources of Funds for Project Costs as depicted above. The percentage of Project Costs financed from public sector sources will be depicted in the PILOT worksheet in the additional document section.

**ECIDA encourages applicants to utilize MBE/WBE contractors for their projects. Describe your company's internal practices that promote MBE/WBE hiring and utilization**

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

No

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

Yes

**Will project include leasing any equipment?**

No

If yes, please describe equipment and lease terms.

Employment Plan (Specific to the proposed project location)

You must include a copy of the most recent NYS-45 Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return. The Labor Market Area consists of the following six counties: Erie, Niagara, Chautauqua, Cattaraugus, Wyoming and Genessee.

By statute, Agency staff must project the number of FTE jobs that would be retained and created if the request for Financial Assistance is granted. Agency staff will project such jobs over the TWO Year time period following Project completion. Agency staff converts PT jobs into FTE jobs by dividing the number of PT jobs by two (2).

	<b>Current # of jobs at proposed project location or to be relocated at project location</b>	<b>If financial assistance is granted – project the number of FT and PT jobs to be retained</b>	<b>If financial assistance is granted – project the number of FT and PT jobs to be created upon 24 months (2 years) after Project completion</b>	<b>Estimate number of residents of the Labor Market Area in which the project is located that will fill the FT and PT jobs to be created upon 24 months (2 years) after project completion **</b>
<b>Full time</b>	0	120	0	0
<b>Part time</b>	0	0	0	0
<b>Total</b>	0	120	0	

Salary and Fringe Benefits for Jobs to be Retained and Created

<b>Category of Jobs to be Retained and/or Created</b>	<b># of Employees Retained and/or Created</b>	<b>Average Salary for Full Time</b>	<b>Average Fringe Benefits for Full Time</b>	<b>Average Salary for Part Time (if applicable)</b>	<b>Average Fringe Benefits for Part Time (if applicable)</b>
<b>Management</b>	8	\$ 122,314	\$ 24,000	\$ 0	\$ 0
<b>Professional</b>	13	\$ 73,000	\$ 14,600	\$ 0	\$ 0
<b>Administrative</b>	7	\$ 57,200	\$ 11,440	\$ 0	\$ 0
<b>Production</b>	92	\$ 40,000	\$ 8,000	\$ 0	\$ 0
<b>Independent Contractor</b>	0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Other</b>	0	\$ 0	\$ 0	\$ 0	\$ 0

\*\* Note that the Agency may utilize the foregoing employment projections, among other items, to determine the financial assistance that will be offered by the Agency to the Applicant. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to retain the number of jobs and create the number of jobs with respect to the Project as set forth in this Application.

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

<b>Address</b>	3176 Abbot Rd Hamburg, NY		
<b>Full time</b>	0	5	0
<b>Part time</b>	0	0	0
<b>Total</b>	0	5	0

Payroll Information

**Annual Payroll at Proposed Project Site upon completion**

6,100,000

**Estimated average annual salary of jobs to be retained (Full Time)**

0

**Estimated average annual salary of jobs to be retained (Part Time)**

66,700

**Estimated average annual salary of jobs to be created (Full Time)**

0

**Estimated average annual salary of jobs to be created (Part Time)**

0

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

**From (Full Time) 0 To (Full Time) 0**

**From (Part Time) 0 To (Part Time) 0**

### Section III: Environmental Questionnaire

INSTRUCTIONS: Please complete the following questionnaire as completely as possible. If you need additional space to fully answer any question, please attach additional page(s).

#### General Background Information

##### **Address of Premises**

5732 Big Tree Road, Orchard Park, New York 14127

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

Birch Run Inc. 5732 Big Tree Road, Orchard Park, New York 14127

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

Industrial park, with wooded terrain, detention pond, and South Branch of Smokes Creek to Casenovia Creek located on the north part of the parcel

##### **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**

Initial construction of Facility- 1990 27,000 square foot addition to existing Facility- 2012 Injection molding manufacturing operations, office, and warehouse space.

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

Undeveloped

##### **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**

Polymer Conversions, Inc.- Injection molding manufacturing operations, office, and warehouse space. Polymer Conversions, Inc. is the wholly-owned subsidiary of Applicant.

##### **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?**

Yes

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

NYS Small Quantity Waste Generator EPA ID # NYD 094 167 608

**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**

Republic Services

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

Scrap resin and thermoplastic material recycled with Republic Services.

**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**

N/A

**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**

Sewage discharged into municipal sewer system.

**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 55 gallon drum (Isopropyl alcohol)

**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?**

No

**If yes, please identify the materials**

**Section IV: Facility Type - Single or Multi Tenant**

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

Single Use Facility

For Single Use Facility.

**Occupant Name** Polymer Conversions, Inc.  
**Address** 5732 Big Tree Road  
**Contact Person** Benjamin Harp, President  
**Phone** (716) 662-8550  
**Fax**  
**E-Mail** bharp@polymerconversions.com  
**Federal ID #** 20-2706624  
**SIC/NAICS Code** 326199

SS

## Section VI: Retail Determination

To ensure compliance with Section 862 of the New York General Municipal Law, the Agency requires additional information if the proposed Project is one where customers personally visit the Project site to undertake either a retail sale transaction or to purchase services.

Please answer the following:

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

No

If yes, complete the Retail Questionnaire Supplement below.

## **Section VII: Adaptive Reuse Projects**

Adaptive Reuse is the process of adapting old structures or sites for new purposes.

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

No

## Section VIII: Inter-Municipal Move Determination

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

### Current Address

5732 Big Tree Road

### City/Town

Orchard Park

### State

New York

### Zip Code

14127

**Will the project result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the state to another area of the state?**

No

**Will the project result in the abandonment of one or more plants or facilities of the Project occupant located within the state?**

No

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

**Does this project involve relocation or consolidation of a project occupant from another municipality?**

**Within New York State**

No

**Within Erie County**

No

**If Yes to either question, please, explain**

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

No

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

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

N/A

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

<BLANK>

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

N/A

**If the current facility is to be abandoned, 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.**

N/A

## **Section IX: Senior Housing**

IDA tax incentives may be granted to projects under the Agency's Senior Citizen Rental Housing policy when the project consists of a multi-family housing structure where at least 90% of the units are (or are intended to be) rented to and occupied by a person who is 60 years of age or older.

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

No