



Policy Committee

September 12, 2024

At 9:00 a.m.

ECIDA Offices

95 Perry Street, 4th Floor Conference Room
Buffalo, New York 14203

1. Call Meeting to Order
 - a) Welcome New Committee Member – Gregory Inglut, Business Manager/Financial Secretary, IBEW Local 41
2. Approval of the August 1, 2024 Policy Committee Meeting Minutes (Pages 2-5)
3. Project Matrix (Informational) (Page 6)
4. Project Presentation (Staff – Company Q&A)
 - a) Laborers Way 1, LLC – Amendatory Inducement (Pages 7-38)
5. Adjournment - Next Meeting October 3, 2024 at 9:00 a.m.

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

DATE AND PLACE: August 1, 2024 at the Erie County Industrial Development Agency, 95 Perry Street, 4th Floor Conference Room, Buffalo, New York 14203

PRESENT: Denise Abbott, Rev. Mark E. Blue, Zachary Evans, Richard Lipsitz, Jr., Dr. Susan McCartney, Hon. Glenn R. Nellis, Laura Smith, David J. State, and Lavon Stephens

EXCUSED: Hon. April Baskin, A.J. Baynes, Hon. Byron W. Brown, Brenda W. McDuffie and Paul Vukelic

OTHERS PRESENT: John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer; Beth O'Keefe, Vice President of Operations; Grant Lesswing, Director of Business Development; Soma Hawramee, Compliance Portfolio Manager, Brian Krygier, Director of Information Technology; Carrie Hocieniec, Operations Assistant/ Assistant Secretary; Robbie Ann McPherson, Director of Marketing & Communications; Andrew Federick; Property and Business Development Officer and Robert G. Murray, Esq., as General Counsel/Harris Beach PLLC

GUESTS: Yessica Vasquez on behalf of the City of Buffalo; Josh Veronica on behalf of Buffalo Niagara Partnership; Craig Caldwell on behalf of 3200 Clinton Street, LLC/Agile Cold Storage and Chuck Wilson on behalf of Upstate Niagara Cooperative

There being a quorum present at 9:10 a.m., the Meeting of the Policy Committee was called to order by Chair Lipsitz.

MINUTES

The minutes of the June 6, 2024 Policy Committee meeting were presented. Upon motion made by Mr. Evans to approve of the minutes, and seconded by Dr. McCartney, the Policy Committee meeting minutes were unanimously approved.

PROJECT MATRIX

Mr. Cappellino presented the project matrix to the Committee. Mr. Lipsitz directed that the report be received and filed.

PROJECT PRESENTATION

3200 Clinton Street, LLC, 3200 Clinton Street, West Seneca, New York 14224. Ms. O'Keefe presented this proposed sales and use tax, mortgage recording tax and real property tax abatement benefits project consisting of construction of a proposed facility to be used as both additional manufacturing space for Rosina Foods (16,000 SF) and a cold storage warehouse for Agile Cold Storage (99,000 SF). It will allow Rosina to increase their production space and to utilize a cold storage warehouse. The warehouse is strategically placed to service the distribution needs for Rosina's entire frozen line of products as well as provide options for other frozen and refrigerated food manufacturers in the area.

Ms. O'Keefe confirmed that 3200 Clinton street, LLC is seeking approximately \$10,034,208 in assistance including sales tax exemption, mortgage tax exemption and real property tax exemption. Total payroll is projected at \$89,422,850 over the life of the PILOT. The resulting cost benefit is 10:1 so for every \$1 of incentives the community benefit is \$10 in payroll & tax revenue. For Erie County, for every \$1 of incentives the community benefit is \$11 in benefits to the community.

The company is requesting a local labor waiver. Ms. O'Keefe reminded the committee members that the Local Labor Policy requires 90% of construction labor be from the "local" eight county region, and that the policy also allows the Agency to grant a waiver from the 90% local labor requirement based on certain defined circumstances as described therein. Consistent with the Local Labor Policy, the Company has requested a waiver from the 90% commitment due to certain warranty issues related to the installation of specialized equipment whereby the manufacturers requires installation by only approved installers, and because specialized construction is required for which qualified Local Labor Area workers are not available. The Company has confirmed that its warehouse concrete slabs includes a three (3) year warranty only when the flooring system is placed by the vendor's trained labor force, and also confirmed that the its vendor's laborers are specially trained in the proprietary flooring systems and specially certified in underslab insulation installation, freezing systems installation, and refrigeration systems installation as so required to receive the manufacturer's warranty for installation of these products.

Mr. Cappellino confirmed that cold storage facilities are a continuing need in our area.

General discussion ensued.

Ms. Abbott queried if the Company has approached local labor to confirm if any local residents are certified/approved as so related to the local labor waiver request. Mr. Caldwell spoke on behalf of the Company to confirm that they have met local laborers and desire, if possible, to hire as many locals as possible.

Ms. O'Keefe confirmed that the Company will need to use 56 laborers from outside the local labor area (about 26%), above the 10% permitted use if non-local labor.

Ms. O'Keefe 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 = \$46,530,000 85% = \$39,550,5000
Employment	Coincides with 10-Year PILOT	Maintain Base = 0 FTE Create 85% of Projected Projected = 45 FTE 85% = 38 FTE Recapture Employment = 38 FTE
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 tax

Mr. Lipsitz asked for a motion to recommend the project, as proposed, be forwarded to the members of the ECIDA for approval of the project and the local labor waiver request. Mr. Evans moved and Ms. McCartney seconded to recommend the proposed project to the Board for approval and approval of the local labor waiver request. Mr. Lipsitz called for the vote and the project was then unanimously recommended to be forwarded to the Board for approval.

Mr. Lipsitz then asked for a second motion to request that the Company provide follow-up correspondence on its efforts to find comparable vendors that may not require the waivers as so requested. Mr. Evans moved and Ms. Abbott seconded to request the Company for follow-up correspondence on any investigation and efforts to find comparable vendors that may not require the waiver. Mr. Lipsitz called for the vote and the motion was then unanimously approved.

Upstate Niagara Cooperative, Inc., North America Drive, West Seneca, New York 14224. Ms. O’Keefe presented this proposed sales and use tax and real property tax abatement benefits project involving the addition of 250,000 SF of space that would more than double the size of the Company’s existing plant (225,000 SF). The project will add significant manufacturing capacity as well as storage space for finished goods, ingredients and packaging.

Ms. O’Keefe noted this is an EIP PILOT for a 12-year term.

General discussion ensued.

Mr. Lipsitz and Mr. Evans both spoke in favor of the project.

Ms. O’Keefe confirmed that the Company is seeking approximately \$9,925,843 in assistance including sales tax exemption, mortgage tax exemption and real property tax exemption. Total payroll is projected at \$801,774,552 which includes the direct and indirect jobs for both the temporary and ongoing positions over the life of the PILOT. Created jobs include 992 construction jobs. The resulting cost benefit is 82:1 so for every \$1 of incentives the community benefit is \$82 in payroll & tax revenue. Erie County, for every \$1 of incentives the community benefit is \$101 in benefits to the community.

Ms. O’Keefe 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 = \$150,000,000 85% = \$127,500,000
Employment	Coincides with 10-Year PILOT	Maintain Base = 0 FTE Create 85% of Projected Projected = 130 FTE 85% = 110 FTE Recapture Employment = 350 FTE
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 tax

Mr. Nellis moved and Mr. Stephens 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 motion was then unanimously approved.

There being no further business to discuss, the meeting was adjourned at 9:47 a.m.

Dated: August 1, 2024

Elizabeth A. O’Keefe, Secretary

Tax Incentives Approved - 2024

Approval Date	Project Name	Project City/Town	Private Investment/ Project Amount	Minimum investment/ Commitment	FT Jobs Retained	PT Jobs Retained	FT Jobs to be Created	PT Jobs to be Created	Job Creation	Const Jobs	Spillover Jobs	Length of Term	Incentive Amount	Cost Benefit Ratio
1 Mar-24	BPS Commissary ²	Buffalo	\$34,135,084	85% threshold \$29,014,821	16	35	0	15	85% - New 12 PT	156	141	Project completion date + 2 yrs	\$1,479,997	1:22
1 Mar-24	SL Evans 3200 Clinton Street, LLC/Agile	Evans	\$20,769,000	85% threshold \$17,653,650	0	0	0	0	0	90	79	Period of PILOT 20 Years	\$4,238,447	1:4
1 Aug-24	Cold Storage	West Seneca	\$46,530,000	85% threshold \$39,550,500	0	0	55	0	85% - New 46 FT	245	232	Period of PILOT 10 Years	\$10,034,208	1:10

Totals: **Totals:** **Totals:**

Adaptive Reuse Subtotal														
2024 Total	3	\$101,434,084	16	35	55	15				491	452		\$15,752,652	

¹ Adaptive Reuse
²Amendatory Inducement

Laborers Way 1, LLC / Zephyr (Managing Partner)
\$ 45,290,000

AMENDATORY INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 531120

COMPANY INCENTIVES

- Original: Approved \$1,088,281 in sales tax savings
- Request: Amendment to increase sales tax benefit to \$1,630,000

JOBS & ANNUAL PAYROLL

- Current Jobs: 0
- Projected / new jobs: 20 FT, 34 PT (37 FTE)
- Est. salary/yr. of jobs created: \$60,000 FT, \$35,000 PT
- Total jobs after project completion: 37 FTE
- Construction Jobs: 179

PROJECTED COMMUNITY BENEFITS*

- Term: 15 YEARS – PILOT Deviation (BLCP PILOT Agmt)
- NET Community Benefits: \$97,661,171
- Spillover Jobs: 191
- Total Payroll: \$90,738,492

INCENTIVE COST / COMMUNITY BENEFIT RATIO (discounted at 2%)*

Incentives: \$3,586,737
 Community Benefit: \$86,853,990
 Cost: Benefit Ratio
 • 1:24

Project Title: Laborers Way 1
 Project Address: 310 Ship Canal Parkway
 Buffalo, NY 14218
 (City of Buffalo School District)

Amended Agency Request

This request is to increase the sales tax exemption benefit as project costs have increased due to a raise in construction labor cost, materials cost as well as additional costs due to a higher quality & improved design of the interior space. The original request approved by the ECIDA Board in Aug 2022 consisted of a \$27.8 M private investment that included property, sales and mortgage recording tax benefits. The current project costs exceed \$45M.

	Prior	Current
Land Acquisition	\$ 425,000	\$ 400,000
New Building Construction	\$ 21,825,000	\$ 34,210,000
Infrastructure	\$ 3,050,000	\$ 3,050,000
Soft Costs/Other	<u>\$ 2,500,000</u>	<u>\$ 7,630,000</u>
Total Project Cost	\$ 27,800,000	\$ 45,290,000

85% \$ 23,630,000 \$ 38,496,500

Company Description

Laborers Way 1, LLC is the owner/ landlord of this facility. The tenant, RIV Capital will sublease the property to their subsidiary Etain. Etain currently has a medicinal license for one manufacturing facility and four retail dispensaries in NY State. In July 2023 Etain received approval from Office of Cannabis Management (OCM) to add the Buffalo facility to their license. Prior to starting operations, Etain must submit a certificate of occupancy (or temporary cert of occupancy) to the OCM as a final step in their approval process. Project ownership is fully controlled by Laborers Way Partner, LLC with 50% controlled by Zephyr Laborers Way LLC and 50% controlled by USA DRES, LLC Additionally, Brad Termini is a member with indirect ownership of more than 20%.

Project Description

Since being approved for incentives by the Erie County Industrial Development Agency in August 2022, the applicant Laborers Way 1, has begun construction of the 2 single story steel framed structures to be built – that will total 75,000 SF of space. The majority of the space will be used for cannabis production – manufacturing, cultivating, packaging and distribution. Less than 10% of the space will be used for office space. This project is the first phase of a plan to create an approximately 211,000 sq ft campus on this site, comprised of 3 buildings supporting cultivation and manufacturing operations.

* Cost Benefit Analysis Tool powered by MRB Group

Economic Impact: Inform Analytics Cost-Benefit Analysis

The Erie County Industrial Development Agency uses the Cost Benefit Analysis Tool powered by MRB Group to assess the economic impact of a project applying for incentives. A Cost-Benefit Analysis is required by Section 859-a (5)(b) of General Municipal Law. For the complete Cost Benefit Analysis – please see the attached MRB Cost Benefit Calculator.

Cost: Incentives

COSTS	Tax Exemption	Amount
	Property ****	\$2,115,032
	Sales	\$1,630,000
	Mortgage Recording	\$ 120,000
	Total	\$3,865,032
	Discounted at 2%	\$3,586,737

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **
	Erie County	Individuals	Payroll Construction	\$ 27,371,879
			Payroll Permanent	\$ 63,366,613
		Public	Property Taxes	\$ 1,410,013
			Sales Taxes	\$ 754,264
			Other Muni Rev (NFTA)	\$ 40,000
	New York State	Public	Income Taxes	\$ 4,083,233
			Sales Taxes	\$ 635,169
			Total Benefits to EC + NYS***	\$97,661,171
			Discounted at 2%	\$86,853,990

* Cost Benefit Analysis Tool powered by MRB Group **includes direct & indirect \$ over project period *** may not sum to total due to rounding
 ****property taxes updated to reflect amounts based upon 2024 tax rates

Discounted Cost \$ 3,586,737
 Discounted Benefit \$86,853,990
 Ratio 1:24

Conclusion: The Cost Benefit for this project is 1:24. For every \$1 in costs (incentives), this project provides \$24 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$30 in benefits to the community.**

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over abatement period	Additional Local Revenue Over abatement period	New Yearly Taxes Upon Expiration of Abatement Period
\$10,466	\$9,400,800	\$273,595	\$1,136,428	\$235,004
Combined Tax Rate: \$ 26.111553				

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 = \$ 45,290,000 85% = \$ 38,496,500
Employment	Coincides with 15-year PILOT	Maintain Base = 0 Create 85% of Projected Projected = 37 FTE 85% = 31 FTE Recapture Employment = 31 FTE
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 15-year PILOT	Adherence to Policy
Unpaid Tax	Coincides with 15-year PILOT	Adherence to Policy
<u>Recapture Period</u>	Coincides with 15-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 31 FTE jobs, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.

Project ECIDA History

- 8/2/22: Public hearing held.
- 8/24/22: Inducement Resolution presented to Board of Directors adopting SEQR with City of Buffalo Common Council as lead agency confirmation that the project will be carried out in conformance with the conditions and thresholds contained in the 2002 FGEIS.
- 8/24/22: Lease/Leaseback Inducement Resolution presented to the Board of Directors
- 9/05/24: Public Hearing held.
- 9/25/24: Amendatory Inducement Resolution presented to the Board of Directors

Erie County Industrial Development Agency

MRB Cost Benefit Calculator



Date: September 25, 2024
 Project Title: Laborer's Way 1 Amended
 Project Location: 310 Ship Canal Parkway, Buffalo, New York 14218

Economic Impacts

Summary of Economic Impacts over the Life of the PILOT

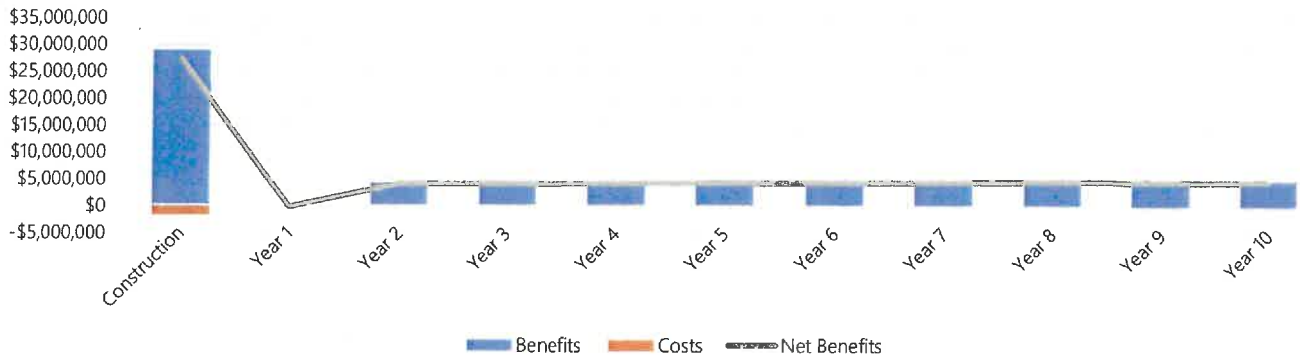
Project Total Investment
 \$45,290,000

Temporary (Construction)			
	Direct	Indirect	Total
Jobs	179	160	339
Earnings	\$17,297,323	\$10,074,556	\$27,371,879
Local Spend	\$45,290,000	\$31,283,572	\$76,573,572

Ongoing (Operations)			
Aggregate over life of the PILOT			
	Direct	Indirect	Total
Jobs	37	31	68
Earnings	\$34,810,336	\$28,556,277	\$63,366,613

Figure 1

Net Benefits

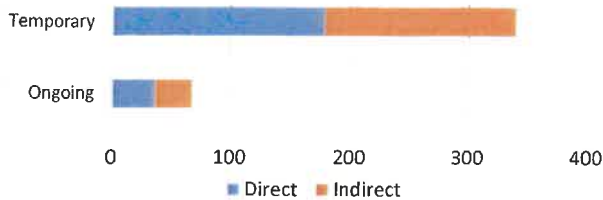


Net Benefits chart will always display construction through year 10, irrespective of the length of the PILOT.

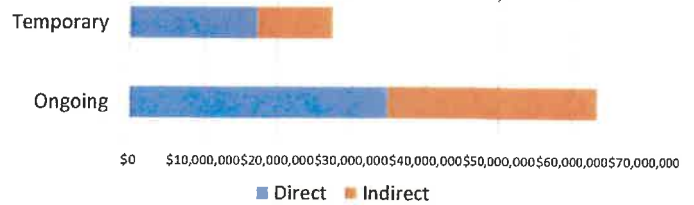
Figure 2

Figure 3

Total Jobs



Total Earnings



Fiscal Impacts



Cost-Benefit Analysis Tool powered by MRB Group

Estimated Costs of Exemptions

	Nominal Value	Discounted Value*
Property Tax Exemption	\$2,115,032	\$1,836,737
Sales Tax Exemption	\$1,630,000	\$1,630,000
Local Sales Tax Exemption	\$884,857	\$884,857
State Sales Tax Exemption	\$745,143	\$745,143
Mortgage Recording Tax Exemption	\$120,000	\$120,000
Local Mortgage Recording Tax Exemption	\$40,000	\$40,000
State Mortgage Recording Tax Exemption	\$80,000	\$80,000
Total Costs	\$3,865,032	\$3,586,737

State and Local Benefits

	Nominal Value	Discounted Value*
Local Benefits	\$92,942,769	\$82,654,418
To Private Individuals	<u>\$90,738,492</u>	<u>\$80,760,998</u>
Temporary Payroll	\$27,371,879	\$27,371,879
Ongoing Payroll	\$63,366,613	\$53,389,119
Other Payments to Private Individuals	\$0	\$0
To the Public	<u>\$2,204,277</u>	<u>\$1,893,420</u>
Increase in Property Tax Revenue	\$1,410,013	\$1,182,878
Temporary Jobs - Sales Tax Revenue	\$227,529	\$227,529
Ongoing Jobs - Sales Tax Revenue	\$526,735	\$443,797
Other Local Municipal Revenue	\$40,000	\$39,216
State Benefits	\$4,718,402	\$4,199,572
To the Public	<u>\$4,718,402</u>	<u>\$4,199,572</u>
Temporary Income Tax Revenue	\$1,231,735	\$1,231,735
Ongoing Income Tax Revenue	\$2,851,498	\$2,402,510
Temporary Jobs - Sales Tax Revenue	\$191,603	\$191,603
Ongoing Jobs - Sales Tax Revenue	\$443,566	\$373,724
Total Benefits to State & Region	\$97,661,171	\$86,853,990

Benefit to Cost Ratio

	Benefit*	Cost*	Ratio
Local	\$82,654,418	\$2,761,594	30:1
State	\$4,199,572	\$825,143	5:1
Grand Total	\$86,853,990	\$3,586,737	24:1

*Discounted at 2%

Additional Comments from IDA

This is a good project.

Does the IDA believe that the project can be accomplished in a timely fashion? Yes

PUBLIC HEARING SCRIPT

**Laborers Way 1, 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 September 5, 2024 at 10:00 a.m.,
at the Agency's offices, at 95 Perry Street, Suite 403, Buffalo, NY 14203

ATTENDANCE:

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

Hearing Officer: Welcome. This public hearing is now open; it is 10:00 a.m. My name is Andy Federick. I am the Property and 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 public hearing. This public hearing is being live-streamed and made accessible on the Agency's website at www.ecidany.com.

2. PURPOSE: Purpose of the Hearing.

Hearing Officer: We are here to hold the public hearing on the Laborers Way 1, 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 Thursday, August 22, 2024.

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 310 Ship Canal Parkway, City of Buffalo, Erie County, New York (the "Land"), (ii) the construction on the Land of an approximately 75,000+/- sq. ft. cannabis cultivation facility to be utilized for the production, packaging and distribution of cannabis (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 Agency has acquired a leasehold interest in the Facility and leased the Facility back to the Company. The Company will operate the Facility during the term of the lease. Under previous agreements between the Agency and the Company, the Agency provided the Company with certain financial assistance with respect to the Project and the Facility in the form of (i) sales and use tax exemptions, and (ii) a mortgage recording tax exemption, each consistent with the policies of the Agency, and (iii) a partial real property tax abatement.

The Company has submitted an update to its Application requesting that the Agency provide the Company with an increase in sales and use tax exemptions (as so increased, the “Financial Assistance”) in connection with the construction of the Improvements and the acquisition and installation of the Equipment in and around the Facility. The Agency contemplates that it will provide the Financial Assistance to the Company in connection with the construction of the Improvements and the acquisition and installation of the Equipment in the form of sales and use tax exemptions consistent with the policies of the Agency.

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

Hearing Officer: All those in attendance are required to register by signing the sign-in sheet at the front of the room; you will not be permitted to speak unless you have registered. Everyone who has 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, you may leave it at this public hearing, submit it on the Agency’s website or deliver it to the Agency at 95 Perry Street, Suite 403, Buffalo, New York 14203. The comment period closes at 4:00 p.m. on September 24, 2024. There are no limitations on written statements or comments.

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

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

Tony Masiello, Masiello, Martucci & Associates. I am a consultant representing Zephyr Partners. Zephyr is the Managing Member of the project applicant, Laborers Way 1, and is a southern California based real estate developer with local ties to Buffalo through its CEO, Brady Termini. As a reminder, the applicant appeared before the board in August 2022 and formally entered into an Agent and Financial Assistance Project Agreement with the ECIDA in September 2022. The applicant is now seeking board approvals for an increase to the sales and use tax exemptions that were previously approved by the board.

Some history on the project In August 2022, Zephyr's subsidiary acquired 73 acres of land in the Lakeside Commerce Park located in southern Buffalo from the Buffalo Urban Development Corporation. The project applicant, Laborers Way 1, sits on approximately 5 net acres within the park and is in the first phase of a multi-phased project that will ultimately create an approximate 1 million square foot industrial cannabis campus. The first phase includes the construction of two buildings totaling approximately 75,000 square feet that will be utilized for manufacturing, cultivation, packaging and distribution. The facility will focus on both adult-use and medicinal cannabis consistent with New York State laws and the Office of Cannabis Management regulations. And 100% of the products produced at the facility will be sold within New York State.

The project is currently under construction with an estimated completion date in early 2025. The project has experienced delays due to the longer than expected design layouts for the interior improvements to the facilities. Additionally, the project has incurred higher than previously estimated construction costs due to the cost of the interior buildout and inflation on materials and labor. Regarding tenancy, the applicant executed a lease with RIV Capital US Real Estate who will sublease the property upon substantial completion of the development to Etain. Etain is a vertically integrated cannabis company operating in the state of New York and was one the of the original five registered organizations licensed to sell medical cannabis in New York State. In December 2023, Etain was approved to transition to an adult-use operator. In July 2023, Etain received approval from the Office of Cannabis Management to add the subject facility to their license upon receipt of a certificate of occupancy to operate in the facility.

Once the first phase is fully operational, the facility is anticipated to produce 50 new permanent jobs plus temporary construction jobs. The permanent jobs will include roles such as cultivation laborers, product development specialists, maintenance technicians, packaging technicians, administrative staff, and marketing professionals.

To conclude, we are very thankful for the opportunity to reapply for the ECIDA's financial assistance programs. We would like to thank the ECIDA staff for diligently working with us throughout the application process and the board for considering our application. Thank you.

6. ADJOURNMENT:

As there were no further statements and/or comments, the Hearing Officer closed the public hearing at 10:08 a.m.

**SIGN IN SHEET
PUBLIC HEARING**

September 5, 2024 at 10:00 a.m.,
at the Agency's offices, at 95 Perry Street, Suite 403, Buffalo, NY 14203
regarding:

**Laborers Way 1, LLC and/or Individual(s) or Affiliate(s),
Subsidiary(ies), or Entity(ies) formed or to be formed on its behalf**

Project Location: 310 Ship Canal Parkway, Buffalo, New York

Name	Company and/or Address	X box to speak/ comment
Tony Masiello	Masiello, Martucci & Associates 438 Main St #500 Buffalo, NY 14202	X



Laborers Way 1

[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

Project Name	Laborers Way 1
Project Summary	The applicant is planning on developing approx. 75,000 square feet of manufacturing space in Buffalo.
Applicant Name	Laborers Way 1, LLC
Applicant Address	329 S. Highway 101
Applicant Address 2	Suite 150
Applicant City	Solana Beach
Applicant State	California
Applicant Zip	92075
Phone	(310) 480-6766
Fax	
E-mail	slevin@zephyrpartners.com
Website	NA
NAICS Code	531120

Business Organization

Type of Business

Limited Liability Company

Year Established

2021

State

Delaware

Indicate if your business is 51% or more (Check all boxes that apply)

[No] Minority Owned

[No] Woman Owned

Indicate Minority and/or Woman Owned Business Certification if applicable (Check all boxes that apply)

[No] NYS Certified

[No] Erie Country Certified

Individual Completing Application

Name Seth Levin
Title CFO
Address 329 S. Highway 101
Address 2 Suite 150
City Solana Beach
State California
Zip 92075
Phone
Fax
E-Mail slevin@zephyrpartners.com

Company Contact- Authorized Signer for Applicant

Contact is same as individual completing application No
Name Brad Termini
Title CEO
Address 329 S. Highway 101
Address 2 Suite 150
City Solan Beach
State California
Zip 92075
Phone
Fax
E-Mail Brad@Zephyrpartners.com

Company Counsel

Name of Attorney Amy Fitch
Firm Name Hodgson Russ LLP
Address 140 Pearl Street
Address 2 Suite 100
City Buffalo
State New York
Zip 14202
Phone (716) 848-1384
Fax (716) 819-4653
E-Mail afitch@hodgsonruss.com

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. Also list all stockholders, members, or partners with % ownership greater than 20%.

The Applicant entered into an Agent and Financial Assistance Project Agreement with the ECIDA in September 2022. The Project is currently under construction with an estimated completion date in 2nd Quarter 2025. The Project has experienced delays due to longer than expected design requirements for the interior improvements of the facilities. Additionally, the Project has incurred higher than previously estimated construction costs primarily due to the high quality and improved design of the interior improvements within the production facility. Another major contributor to the increased costs is inflation both from materials and labor since the time the original project budget was prepared. We are seeking increased sales and use tax exemptions due to the updated construction costs of the Project. Below is additional background on the Project. The subject Project includes a total of two buildings in one-story steel-framed structures with approximately 72 surface parking spaces and located on approximately 5.3 net acres of unimproved land along the waterfront in Buffalo Lakeside Commerce Park. The Property was adjacent to a former steel mill and is a designated brownfield site that was owned by the Buffalo Urban Development Corporation ("BUDC") and included within a city-approved redevelopment plan to revitalize the historically industrial area. The Applicant acquired the Property from BUDC in August 2022. Prior to closing on the land, the Applicant spent several years and invested capital to entitle the Project, which has received land use approvals by the City of Buffalo, allowing the development to proceed. Planning Board approved the Project in October 2021, and the Project received a building permit in August 2022. Additionally, the Project has received support from the City of Buffalo Mayor's Office and BUDC. The Applicant performed remediation of the site under the standards and requirements outlined within the New York State Brownfield Cleanup Program. The Applicant is in process of building the Project including install of equipment and has leased the space to a tenant who will operate the facility. The Applicant has an executed lease with a tenant, RIV Capital US Real Estate, LLC, who will sublease the property upon substantial completion of the development to their subsidiary, Etain, LLC, for the 75,000 square feet of space. Furthermore, the additional site acreage at the Property allows for up to 1.25 million square feet and the long-term plan is to continue expansion at the site as the New York state market matures over time. The Project will be used primarily as a cannabis production facility, with space for a variety of uses including manufacturing, cultivation, packaging, and distribution. The facility will focus on both adult-use and medical cannabis consistent with New York State (NYS) laws and the Office of Cannabis Management (OCM) regulations. NYS has a process by which they are converting medicinal licenses to adult-use, as regulations are introduced. Etain is a vertically-integrated cannabis company operating in the state of New York and was one of the original five registered organizations licensed to sell medical cannabis in New York State. In December 2023, Etain was approved to transition to an adult-use operator. Etain's adult-use "registered organization with dispensing" license allows for the cultivation, processing, and dispensing of adult-use and medical cannabis products. In July 2023, Etain received approval from OCM to add our Buffalo facility to their license. Prior to starting operations at our Buffalo facility, Etain must submit a certificate of occupancy or temporary certificate of occupancy to the OCM as a final step in their approval process. Etain will comply with all NYS cannabis regulations and licensing laws, and products include raw cannabis flower and other cannabis-based products. 100% of the products produced at the facility will be created and sold within NYS. Including the land acquisition, the Project is estimated to cost approximately \$45,290,000. Upon completion of the Project, the facility is anticipated to produce 20 new full-time jobs and 34 new part-time jobs, for a total of 54 new jobs. The completed Project will include jobs for skilled manufacturing, product development specialists, maintenance technicians, packaging technicians, administrative staff, and marketing professionals. It is anticipated that the part-time employees will work on average between 20-30 hours per week, but we have budgeted for up to 40 hours per week on average. Project employment policies will have a commitment to promoting social equity and diversity, with a focus on hiring members of disadvantaged communities to create a diverse, equitable, and inclusive environment. Additionally, reinvestment will be focused on communities that have been significantly impacted by cannabis-related convictions. Beyond the jobs that will be created once fully operational, construction jobs will also be immediately created with specific goals for hiring minority and communities that have been disproportionately impacted by cannabis-related crimes. Priority employment will also be given to employees that live locally in Buffalo. The Project will also include facilities geared towards helping new operators establish a business with minimal capital investment, onsite job training, and business mentoring. Laborers Way 1, LLC is the owner/landlord and LW1 Operator, LLC, which is wholly owned by Laborers Way 1, LLC, is set up to be the operating entity. Project ownership is fully controlled by Laborers Way Partners, LLC with 50% controlled by Zephyr Laborers Way, LLC and 50% controlled by USA DRES, LLC. Additionally, Brad Termini is a member with an indirect ownership of more than 20%.

Estimated % of sales within Erie County	10 %
Estimated % of sales outside Erie County but within New York State	90 %
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?

20

Describe vendors within Erie County for major purchases

Cleaning, Service/Maintenance, Food Service, Hardware (tools, PVC/tubing, screws, nails, bolts, and other miscellaneous supplies), and Hard Goods (pots, hoses, fans, etc.)

Section II: Eligibility Questionnaire - Project Description & Details

Project Location

Address of Proposed Project Facility

310 Ship Canal Parkway

Town/City/Village of Project Site

Buffalo

School District of Project Site

City of Buffalo School District

Current Address (if different)

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

SBL Number(s) for proposed Project

132.15-2-1

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

0

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

Land

\$ 400,800

Building(s)

\$ 0

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?

Yes

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

Vacant land with improvements under construction

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)

Project is new construction of 75,000 square feet to be used for cannabis cultivation facilities including production, packaging and distribution.

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?

No

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

We are only considering New York State for this expansion project.

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

State Department of Environmental Conservation's Brownfield Cleanup Program- TBD

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)

The Agency's financial assistance is necessary for our business operations and expansion within the New York market. When determining which market to expand to, we analyzed various locations and determined that the subject site in Buffalo and the ability to apply for financial assistance was essential in attracting the tenant and current investor stakeholders. If financial assistance from the Agency and other local incentive programs are not received our business would need to be reevaluated from the stakeholders perspective.

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?

Applicant would need to reassess business expansion to this location and explore other locations for expansion.

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)

Bus stop at Fuhrmann Blvd & Buffalo Harbor for the 42 bus line.

Has your local municipality and/or its planning board made a determination regarding the State Environmental Quality Review (SEQR) for your project?

Yes

If YES indicate in the box below the date the SEQR determination was made. Also, please provide us with a copy of the approval resolution and the related Environmental Assessment Form (EAF) if applicable.

If NO indicate in the box below the date you anticipate receiving a SEQR determination for your project. Also, please insure that the ECIDA has been listed as an "involved agency" on the related EAF submitted to the appropriate municipality and/or planning department.

05/14/2019

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

Yes

Describe the present zoning/land use

Zoning of D-IL

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?

Yes

If yes, please explain

Site is enrolled into the Brownfield Cleanup Program for known slag fill materials, petroleum and metals in the soils.

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?

Yes

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

Equipment selection will be made to ensure efficient use of energy. Energy recovery measures will also be evaluated and considered when equipment is secured for the project

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.

5%

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.

Will customers personally visit the Project site for either of the following economic activities? If yes with respect to either economic activity indicated below, you will need to complete the Retail section of this application.

Retail Sales	No	Services	No
---------------------	----	-----------------	----

Please check any and all end uses as identified below.

- | | | |
|--------------------------------------------|---------------------------|-------------------------------------|
| No Acquisition of Existing Facility | No Assisted Living | Yes Back Office |
| No Civic Facility (not for profit) | No Commercial | No Equipment Purchase |
| No Facility for the Aging | No Industrial | No Life Care Facility (CCRC) |
| No Market Rate Housing | No Mixed Use | No Multi-Tenant |
| No Retail | No Senior Housing | Yes Manufacturing |

No Renewable Energy

No Other

For proposed facility please include the square footage for each of the uses outlined below

If applicant is paying for FFE for tenants, include in cost breakdown.

			Cost	% of Total Cost
Manufacturing/Processing	68,040 square feet	\$	42,690,000	94%
Warehouse	square feet	\$	0	0%
Research & Development	square feet	\$	0	0%
Commercial	square feet	\$	0	0%
Retail	square feet	\$	0	0%
Office	7,000 square feet	\$	2,600,000	6%
Specify Other	square feet	\$	0	0%

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

No

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

Standard

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

Will project result in significant utility infrastructure cost or uses Yes

What is the estimated project timetable (provide dates)

Start date : acquisition of equipment or construction of facilities

11/30/-0001

End date : Estimated completion date of project

4/1/2025

Project occupancy : estimated starting date of occupancy

4/1/2025

Capital Project Plan / Budget

Estimated costs in connection with Project

1.) Land and/or Building Acquisition

\$ 400,000 square feet 6 acres

2.) New Building Construction

\$ 34,210,000 75,000 square feet

3.) New Building addition(s)

\$ 0 square feet

4.) Reconstruction/Renovation

\$ 0 square feet

5.) Manufacturing Equipment

\$ 0

6.) Infrastructure Work

\$ 3,050,000

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

\$ 0

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

\$ 7,630,000

9.) Other Cost

\$ 0

Explain Other Costs

Total Cost \$ 45,290,000

Construction Cost Breakdown:

Total Cost of Construction	\$ 37,260,000 (sum of 2, 3, 4 and 6 in Project Information, above)
Cost of materials	\$ 18,630,000
% sourced in Erie County	50%

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 \$ 18,630,000

Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above): \$ 1,630,125

** 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):	\$ 23,890,000
Bank Financing:	\$ 21,400,000
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) Brownfield Tax Credit (amount of tax credits are not known at this time)

Total Sources of Funds for Project Costs: \$45,290,000

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.

Is project necessary to expand project employment?

Yes

Is project necessary to retain existing employment?

No

Will project include leasing any equipment?

No

If yes, please describe equipment and lease terms.

Employment Plan (Specific to the proposed project location)

The Labor Market Area consists of the following six counties: Erie, Niagara, Chautauqua, Cattaraugus, Wyoming and Genesee.

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).

	Current # of jobs at proposed project location or to be relocated at project location	If financial assistance is granted – project the number of FT and PT jobs to be retained	If financial assistance is granted – project the number of FT and PT jobs to be created upon 24 months (2 years) after Project completion	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 **
Full time	0	0	20	20
Part time	0	0	34	34
Total	0	0	54	

Salary and Fringe Benefits for Jobs to be Retained and Created

Job Categories	# of Full Time Employees retained and created	Average Salary for Full Time	Average Fringe Benefits for Full Time	# of Part Time Employees retained and created	Average Salary for Part Time	Average Fringe Benefits for Part Time
Management	1	\$ 150,000	\$ 22,500	0	\$ 0	\$ 0
Professional	3	\$ 110,000	\$ 16,500	0	\$ 0	\$ 0
Administrative	0	\$ 0	\$ 0	0	\$ 0	\$ 0
Production	16	\$ 45,000	\$ 6,750	34	\$ 35,000	\$ 5,250
Independent Contractor	0	\$ 0	\$ 0	0	\$ 0	\$ 0
Other	0	\$ 0	\$ 0	0	\$ 0	\$ 0
Total	20			34		

** 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.

Yes **By checking this box, I certify that the above information concerning the current number of jobs at the proposed project location or to be relocated to the proposed project location is true and correct.**

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

Address			
Full time	0	0	0
Part time	0	0	0
Total	0	0	0

Payroll Information

Annual Payroll at Proposed Project Site upon completion

2,390,000

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)

60,000

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

35,000

Estimated salary range of jobs to be created

From (Full Time)	45,000	To (Full Time)	150,000
From (Part Time)	30,000	To (Part Time)	40,000

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

310 Ship Canal Parkway, Buffalo, New York 14218

Name and Address of Owner of Premises

Laborers Way 1, LLC 329 S Highway 101, Suite 150 Solana Beach, CA 92075

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

unimproved land with roadway bisecting Premises and preserved wetlands to the north.

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

land with improvements under development for 75,000 square feet of manufacturing and office space

Describe all known former uses of the Premises

former steel mill and designated brownfield site

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

Current owner is Buffalo Urban Development Corporation. Applicant is under contract to acquire the Premises.

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?

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 TBD

Address 310 Ship Canal Parkway

Contact Person

Phone

Fax

E-Mail

Federal ID #

SIC/NAICS Code

SS

Section V: Tenant Information

PART 1 TO BE COMPLETED BY LESSEE (DEVELOPER)

Tenant Name

RIV Capital US Real Estate LLC

Property Address:

310 Ship Canal Parkway

City/Town/Village

Buffalo

The following information is an outline relative to the potential client and their proposed contract to sublease space in the above reference facility

Amount of space to be leased (square feet)

75,000

What percentage of the building does this represent?

100

Are terms of lease:

NET

If GROSS lease, please explain how Agency benefits are passed to the tenant

Estimated date of occupancy

4/1/2025

PART 2 TO BE COMPLETED BY PROPOSED TENANT

Company Name:

RIV Capital US Real Estate LLC (a wholly-owned subsidiary of RIV Capital Inc.)

Local Contact Person:

Matt Mundy

Title:

General Counsel and Chief Strategy Officer

Current Address:

40 King St. West Suite 3303, Toronto, Ontario, Canada, M5H 3C2

Phone:

(905) 466-2191

Fax:

E-Mail:

matt@rivcapital.com

Website:

rivcapital.com

Company President/General Manager:

Michael Totzke

Number of employees moving to new project location:

Full-Time:

0

Part-Time:

0

Total:

Please describe briefly the nature of the business in which the proposed tenant is/will be engaged. This should include NAICS Code; type of business and products or services; percent of total sales in Erie County and the United States:

NAICS Code: 053 Type of Business: Real Estate Leasing/Subleasing Description of Business: RIV Capital US Real Estate LLC is engaged in the business of leasing and sub-leasing properties. It is a wholly owned subsidiary of RIV Capital Inc. RIV Capital US Real Estate LLC will sublease the property to Etain LLC, which owns and operates legally licensed medical cannabis cultivation and retail dispensaries in the state of New York. Percent of total sales in Erie County and United States: 10% and 100%, respectively

Attach additional information as necessary.

History of Company (i.e. start-up, recent acquisition, publicly traded)

About RIV Capital: For complete detail on the history of RIV Capital Inc. (CSE: RIV) (the "Company"), please refer to: (i) Schedule G (Information Concerning RIV Capital) in the Company's Management Information Circular, dated July 12, 2024 ("2024 Circular"), as well as the Company's annual consolidated financial statements for the nine-months ended December 31, 2023 ("Annual Financial Statements"), and related Management's Discussion and Analysis ("Annual MD&A"), each dated April 29, 2024. The 2024 Circular, the Annual Financial Statements and the Annual MD&A are available on the Company's profile on SEDAR+ at www.sedarplus.com and also on the Company's website at www.rivcapital.com/investors. On March 30, 2022, the Company entered into definitive agreements (the "Etain Purchase Agreements") to acquire (the "Etain Acquisition") ownership and control of Etain IP LLC and Etain, LLC, owners and operators of legally licensed cannabis cultivation and retail dispensaries in the state of New York, ("Etain"). The Etain Acquisition was structured to close in two stages. On April 22, 2022, the initial closing of the Etain Acquisition was completed. On November 21, 2022, the New York State Cannabis Control Board (the "CCB") and the New York State Office of Cannabis Management (the "OCM") approved Etain, LLC's change of control request, and on December 15, 2022, the Company completed the Etain Acquisition. On May 30, 2024, the Company entered into a definitive arrangement agreement with Consortium Inc. (CSE: TIUM.U) ("Consortium"), a vertically integrated, multi-state cannabis company operating under the Fluent™ brand, pursuant to which all of the issued and outstanding shares of the Company will be acquired by Consortium in exchange for 1.245 common shares of Consortium (the "Business Combination"). The closing of the Business Combination is subject to shareholder and court approvals, as well as the receipt of all required regulatory approvals and other closing conditions. Assuming timely receipt of all necessary approvals and satisfaction of all other conditions, closing of the Business Combination is expected to occur in the fourth quarter of 2024. Upon closing of the Business Combination, the combined company is expected to operate in Florida, New York, Texas, and Pennsylvania. Operations in these states will be comprised of 8 cultivation and processing facilities and 42 retail dispensaries. For additional details regarding the Business Combination, please refer to the Company's 2024 Circular, available on the Company's profile on SEDAR+ at www.sedarplus.com and also on the Company's website at www.rivcapital.com/investors. About Etain: Etain, LLC is a vertically-integrated cannabis company operating in the state of New York. It was founded as a women- and family-owned company in 2015 and was one of the original five registered organizations licensed to sell medical cannabis in New York State. On December 8, 2023, the CCB approved Etain, LLC's transition to an adult-use operator. Etain, LLC's adult-use "registered organization with dispensing" license allows for the cultivation, processing, and dispensing of adult-use and medical cannabis products. Etain LLC currently operates a cultivation and processing facility in Chestertown, New York, as well as four retail dispensaries in the state of New York. On February 14, 2024, Etain LLC relocated one of its medical dispensaries from Yonkers, New York, to White Plains, New York. The new White Plains dispensary is Etain's first co-located adult-use and medical dispensary. On August 23, 2022, RIV Capital's wholly-owned subsidiary RIV Capital US Real Estate LLC ("RIV Real Estate") entered into a lease agreement (previously said "MOU") with LABORERS WAY 1, LLC for development of the subject property. RIV Real Estate will sublease the property to Etain, LLC for operations of the subject property, upon substantial completion of the development project. In July 2023, Etain received approval from OCM to add the subject property in Buffalo to their license. Prior to starting operations at the Buffalo facility, Etain must submit a certificate of occupancy or temporary certificate of occupancy to the OCM as a final step in their approval process.

Please list the square footage which the proposed tenant will lease at the Project location

75,000

Please list the square footage which the proposed tenant leases at its present location(s)

0

Describe the economic reason for either the increase or decrease in leased space.

Tenant is expanding

Will the project result in a relocation and/or abandonment of other tenant/user(s) facilities in Erie County, or New York State?

No

If owned, what will happen to the existing facility once vacated?

If leased, when does lease expire?

9/30/2039

Are any of the proposed tenant's current operations located in facilities which have received an Industrial Development Agency benefit?

No

If yes, please provide details as to location, and amount of leased space, how long leased?

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. **If no, proceed to the next section.**

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

329 S. Highway 101 Suite 150

City/Town

Solana Beach

State

California

Zip Code

92075

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

Section X: Tax Exempt Bonds

In order to receive the benefits of a tax-exempt interest rate bond, private borrowers and their projects must be eligible under one of the federally recognized private active bond categories (Fed Internal Rev Code IRC sections 142-144, and 1394).

Are you applying for tax exempt bonds / refinancing of bonds related to a residential rental facility project?