



Erie County Industrial Development Agency
Meeting of the Membership
July 27, 2016
@ 11:00 a.m.
95 Perry Street
5th Floor ESD Conference Room
Buffalo, New York 14203

1.0 Call to Order

1.1 Call to Order Meeting of the Membership

1.2 Welcome New Board Member – David Lowrey, President of the Erie County Association of School Boards

2.0 Approval of Minutes:

2.1 Approval of Minutes of June 22, 2016 Meeting of Membership (Pages 2-10)

3.0 Reports / Action Items / Information Items:

3.1 Financial Report (Pages 11-14)

3.2 2016 Tax Incentive Induced/Closing Schedule (Pages 15-16)

3.3 Policy Committee Update (Pages 17-19)

4.0 Inducement Resolutions:	Private Investment	ECIDA Incentives	Municipality
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4.1 (None)			
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5.0 Management Team Reports:

5.1 Adaptive Reuse Tour - Informational

5.2 Proposed Budget Review Timetable (Page 20)

6.0 Adjournment - Next Meeting – August 24, 2016

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

- DATE AND PLACE:** June 22, 2016, at the Erie County Industrial Development Agency, 95 Perry Street, 5th Floor ESD Conference Room, Buffalo, New York 14203
- PRESENT:** Hon. Diane Benczkowski, Hon. Byron W. Brown, Dennis Elsenbeck, Hon. Joseph H. Emminger, Dottie Gallagher-Cohen, Richard Lipsitz, Jr., Brenda W. McDuffie, Frank B. Mesiah, John J. Mudie, Glenn R. Nellis, Dr. Carol Nowak, Hon. Mark C. Poloncarz, Hon. Darius G. Pridgen, Hon. Edward A. Rath III, David J. State, Paul V. Vukelic and Hon. Barry A. Weinstein
- EXCUSED:** James F. Doherty
- OTHERS PRESENT:** Steve Weathers, Chief Executive Officer; John Cappellino, Executive Vice President; Karen M. Fiala, Assistant Treasurer; Mollie Profic, Assistant Treasurer; Phil Riggs, Rail & Site Management; and Robert G. Murray, Secretary
- GUESTS:** Andrew Federick, Erie County Senior Economic Development Specialist; Jeff Kohler, Kohler Awning, Inc. and Dan Ronan, Derrick Corporation

There being a quorum present at 11:08 a.m., the meeting of the members of the Erie County Industrial Development Agency was called to order by its Chair, Ms. McDuffie.

Ms. McDuffie stated that she has received notice of the resignation of Board member, Chris Johnston, and then Ms. McDuffie thanked Mr. Johnston for his service and leadership.

MINUTES

The minutes of the May 25, 2016 Meeting of the Members were presented. Mr. Mesiah moved and Mr. Nellis seconded to approve of the minutes as drafted. Ms. McDuffie called for the vote and the minutes were unanimously approved.

Ms. McDuffie stated that she would like to rearrange the agenda items over concern that the quorum that is currently being enjoyed may not hold throughout the duration of the meeting.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Policy Committee Update. Mr. Lipsitz provided members with an update of the most recently completed Policy Committee meeting, and noted that while there was no quorum present, those who were present expressed approvals for providing financial assistance to the Great Lakes Orthodontics, Ltd. And Kohler Awning, Inc. projects to be presented to the members today. Ms. McDuffie then directed that the report be received and filed.

INDUCEMENT RESOLUTIONS

Great Lakes Orthodontics, Ltd., 200 Cooper Avenue, Tonawanda, New York. Mr. Cappellino reviewed this proposed sales tax and real property tax abatement benefits project involving the expansion and renovation of the company's existing facility by approximately 25,000 additional sq. ft. to allow for expanded manufacturing, warehousing and office space uses.

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

- (i) Investment Commitment- the total investment actually made with respect to the Project at the time of Project completion equals or exceeds \$4,254,446.00 (which represents the product of 85% multiplied by \$5,005,230.00, being the total project cost as stated in the Company's application for Financial Assistance); and
- (ii) Employment Commitment - that there are at least two hundred twenty-one (221) existing full time equivalent ("FTE") employees and nineteen (19) part-time equivalent ("PTE") employees located at, or to be located at, the Facility as stated in the Company's application for Financial Assistance (the "Baseline FTE/PTE"); and
 - the number of current FTE/PTE employees in the then current year at the Facility; and
 - that the Company has (i) maintained and created FTE employment at the Facility equal to two hundred twenty-nine (229) FTE employees representing the sum of two hundred twenty-one (221) Baseline FTE plus eight (8) [the product of 85% multiplied by nine (9) (being the total number of new FTE employee positions as proposed to be created by the Company as stated in the Company's application for Financial Assistance)] and (ii) maintained the Baseline PTE at the Facility. In an effort to confirm and verify the Company's employment numbers, the Agency requires that, at a minimum, the Company provide employment data to the Agency on quarterly basis, said

information to be provided on the Agency's "Quarterly Employment Survey" form to be made available to the Company by the Agency.

- (iii) Local Labor Commitment - that the Company adheres to and complies with the Agency's Local Labor Workforce Certification Policy on a quarterly basis during the construction period; and
- (iv) Equal Pay Commitment – that the Company adheres to and complies with the Agency's Pay Equity Policy; and
- (v) Unpaid Real Property Tax Policy Commitment – that the Company is compliant with the Agency's Unpaid Real Property Tax Policy.

Mr. Emminger expressed his support for the project. Mr. Weinstein moved and Mr. Emminger seconded to approve of the project. Ms. McDuffie called for the vote, and the following resolutions were unanimously approved:

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY THAT ACTION TO UNDERTAKE THE GREAT LAKES ORTHODONTICS, LTD. PROJECT WILL NOT HAVE A SIGNIFICANT ADVERSE IMPACT ON THE ENVIRONMENT

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

Kohler Awning, Inc., 2600 Walden Avenue, Cheektowaga, New York. Ms. Fiala reviewed this proposed sales tax, mortgage recording tax and real property tax abatement benefits project involving the proposed construction of a 12,000 sq. ft. expansion to the company's existing facility. The additional space will be utilized for additional manufacturing capacity as well as expanded material storage.

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

- (i) Investment Commitment- the total investment actually made with respect to the Project at the time of Project completion equals or exceeds \$722,500.00 (which represents the product of 85% multiplied by \$850,000.00, being the total project cost as stated in the Company's application for Financial Assistance).
- (ii) Employment Commitment – that there are at least fifty (50) existing full time equivalent (“FTE”) employees located at, or to be located at, the Facility as stated in the Company's application for Financial Assistance (the “Baseline FTE”); and
 - the number of current FTE employees in the then current year at the Facility; and
 - that the Company has (i) maintained and created FTE employment at the Facility equal to fifty-one (51) FTE employees [representing the sum of fifty (50) Baseline FTE plus the product one new FTE (being the total number of new FTE employee positions as proposed to be created by the Company as stated in the Company's application for Financial Assistance)] and (ii) maintained the Baseline PTE at the Facility. In an effort to confirm and verify the Company's employment numbers, the Agency requires that, at a minimum, the Company provide employment data to the Agency on quarterly basis, said information to be provided on the Agency's “Quarterly Employment Survey” form to be made available to the Company by the Agency.
- (iii) Local Labor Commitment - that the Company adheres to and complies with the Agency's Local Labor Workforce Certification Policy on a quarterly basis during the construction period; and
- (iv) Equal Pay Commitment – that the Company adheres to and complies with the Agency's Pay Equity Policy.
- (v) Unpaid Real Property Tax Policy Commitment – that the Company is compliant with the Agency's Unpaid Real Property Tax Policy.

Ms. Benczkowski queried as to whether the company has engaged in retail operations. Mr. Kohler responded that the company is engaged in manufacturing awnings. Mr. Cappellino responded that Kohler Awning manufactures and custom designs awnings and frames for awnings and also noted that customers do not visit the company's headquarters to obtain the goods or services and as such, Kohler Awning is not engaged in retail services as defined in the

IDA statute and further stated that new financial assistance is only being provided on the new components of the project as proposed and will not affect the existing facility.

Mr. Elsenbeck moved and Mr. Weinstein seconded to approve of the project. Ms. McDuffie called for the vote, and the following resolutions were unanimously approved:

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

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

RECAPTURE

Derrick Corporation. Mr. Cappellino reviewed the two Derrick Corporation projects under consideration for recapture of financial assistance due to the company's loss of baseline employment that it was otherwise required to maintain. Mr. Cappellino briefly noted that the Agency has been involved in at least three other projects with Derrick Corporation and all prior projects have resulted in significant job increases over the years. Mr. Cappellino then briefly reviewed the proposed recapture options and further noted that the Policy Committee met on three different occasions to review the proposed recapture, including an initial meeting with the company to review the status of its employment situation and a second and third meeting with just the Policy Committee itself to identify and analyze various recapture scenarios. Mr. Cappellino stated that the Policy Committee developed two options, as being presented to the Board today, including an option that requires a full PILOT payment now and a two-year watch list time period, after which, the company would, if it does not otherwise meet its employment

commitments, thereafter continue to make a full pay PILOT payment and incur a pro rata reduction in sales tax and mortgage recording tax exemption benefits previously provided. Mr. Cappellino then explained the second option which would entail that a pro rata PILOT payment be made during a two year watch list period, after which, if the company does not meet its employment requirements, the company would be required to make only a pro rata PILOT payment and there would be no further recapture made with respect to sales tax and mortgage recording tax financial assistance.

Mr. Poloncarz then moved to support option one and stated that while it is fair to say that Derrick Corporation has been a good employer for the area, he also noted that the company did agree to have financial assistance recaptured. Mr. Poloncarz stated that the Agency has led the state in recapture efforts and further stated that utilizing a recapture option is not a penalty, because the Agency would not have provided the financial assistance in the first instance but for the company's promise to create and retain certain employment numbers. Mr. Poloncarz continued to state that option one is the least onerous because it gives the company two years, during the two year watch period, to increase its employment levels without impacting sales and mortgage recording tax financial assistance, thus allowing the company time to rebuild its workforce, which was a material term of providing financial assistance. Mr. Poloncarz continued to state that this is the first time the Agency is considering implementing the recapture policy based on a premise the if the company did not create the jobs as proposed, then the company should not get the real property tax benefits related thereto. Mr. Poloncarz continued to state that if the Agency passes a recapture policy and then ignores it, then, Mr. Poloncarz questioned, what does this say about our policy? Mr. Poloncarz reminded members that the Agency is a fiduciary for the taxpayers of Erie County and in return for providing financial assistance to a company, that same company has a commitment to create the jobs as proposed. Mr. Poloncarz stated his understanding that a global downturn in the oil and gas industry has negatively impacted this company but, Mr. Poloncarz countered that the company signed a contract committing itself to retain and create jobs and to adhere to a recapture event. Mr. Poloncarz noted the agreement did not provide a carve out for a global downturn in the oil and gas industry. In conclusion, Mr. Poloncarz stated that if the Agency ignores its recapture policy, then the Agency is really saying that its recapture policy is moot and means nothing.

Mr. Mesiah then seconded to approve of option one.

Ms. McDuffie then asked the company if it had any additional information that it wished to share with the Agency. Mr. _____ responded that the company does not wish to do so.

Ms. Benczkowski expressed her support for Mr. Poloncarz's statements and noted that option one is a fair compromise.

Mr. Elsenbeck stated that the oil and gas sector is seeing unprecedented negative impacts but noted on a regional basis, this area supports the energy sector and should be able to recognize the risks that this sector faces. Mr. Elsenbeck asked the board to consider Derrick Corporation's prior investments and job creation that it has made over the many years that it has been in business and, given the unprecedented impacts that the oil and gas sector is facing, Mr. Elsenbeck concluded that the Agency should not be adding to the company's burdens.

Mr. Weinstein expressed his preference to give Derrick Corporation more time to increase its employment numbers. He stated he does not want to add to the burdens of the company. However, Mr. Weinstein expressed support for Mr. Poloncarz's statements, but then stated his desire to give the company additional time.

Mr. Lipsitz expressed his opinion in favor of option one and stated that the company was aware of the risks and the potential for recapture and given that the company has agreed to the material terms, the Agency then is a guardian of tax benefits for our community and must act accordingly.

Mr. Rath expressed his support in favor of option two because the energy industry sector shows sign of improvement. However, in recognition of the fact that the oil and gas industry is the most volatile industry in the world, the Agency should respect this industry and be business friendly and we should set an example of being aware of the industry's particular challenges.

Ms. Gallagher-Cohen noted that the recapture policy was designed for bad actors, but that here, Derrick Corporation is subject to a contract that says if Derrick Corporation does not meet its obligations that the ECIDA is not required to recapture, such that the ECIDA can choose what it wants to do based on the facts and the industry sector in question. She then asked why the ECIDA would want to kick a company when it is down? Ms. Gallagher-Cohen stated that the company does not need to be in Erie County, but has invested here and grown its business and employment over many, many years, and then, she expressed her support for option two. Ms. Gallagher-Cohen concluded by stating New York is ranked 49 out of 50 states as the most business unfriendly state, and the ECIDA's role should be to level the playing field.

Mr. Poloncarz responded that this is the first case where the ECIDA is considering to recapture financial assistance since the recapture policy was approved, and said that this is not a witch hunt, and that the first option allows the company two years to come into compliance while at the same time not immediately recapturing sales and mortgage tax benefits thus allowing the company to retain those benefits if it comes into job commitment compliance. Mr. Poloncarz stated that the ECIDA has a recapture policy and it cannot ignore it, and stated his preference for option one by noting that the company will be given a two year period to come back into compliance, and further noting that this option also protects Erie County taxpayers.

Mr. State questioned as to whether, at the end of the two year watch list time period, if the Agency could reconsider its recapture options. Mr. Cappellino and Ms. McDuffie stated that there is nothing preventing the ECIDA from reconsidering its options at that point in time.

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

Ms. McDuffie stated that the recapture policy was created over at least a one year time period, that the policy is flexible by design, and the options presented today reflect the intentions of the recapture policy.

Ms. McDuffie then called for the vote. A roll call vote was held, with Mr. Lipsitz, Ms. McDuffie, Mr. Nellis, Mr. Brown, Mr. Pridgen, Mr. Poloncarz, Ms. Benczkowski, Mr.

Emminger, Mr. Mudie, Mr. Mesiah, Ms. Nowak, and Mr. State voting in favor of option one, and Mr. Rath, Mr. Weinstein, Ms. Gallagher-Cohen, and Mr. Elsenbeck voting against option one. The motion passed by a vote of 12 to 4.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Financial Report. Ms. Profic presented the financial statements noting that the Agency as of May 31, 2016 has net assets of approximately \$28 million. The monthly income statement shows total revenues of approximately \$240,000, being approximately \$30,000 ahead of budget, and expenses of approximately \$266,000, being \$15,000 over budget, for the month of June. The year to date income statement shows revenues are ahead of budget by \$337,185, and operating expenses are below budget by \$18,475. When taking into account special project grants, depreciation and non-recurring items, net income for the year is a negative \$64,630.

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

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

MANAGEMENT TEAM REPORTS

Net Zero Energy Presentation & Funding Approval Resolution. Mr. Weathers presented members with an update on the Net Zero Energy Building project, including completed action items to date, and proposed actions items, costs related thereto, and a timeline for completion. Mr. Weathers described actions related to the next stages of the project, which includes a request for the ECIDA to approve \$1,500,000 in spending to allow for site acquisitions, final design and construction management, and various administration, testing, permitting and other related construction activity costs.

Mr. Elsenbeck queried as to whether this is a market demand for a net zero energy building, and if there was, further queried as to why the private sector is not already investing in such a project.

Mr. Mesiah expressed his concern that there may not be people who have the skills to work in such a facility, and stated his belief that the Agency should ensure that there are people trained to work in this area.

Mr. Poloncarz thanked the ECIDA staff for their efforts to date, noting that this is a cutting edge project. Mr. Poloncarz moved, and Mr. Pridgen seconded, to approve of the funding request. Mr. Emminger then stated that he supports the project but also stated that he is concerned about the financial visibility of the project. Ms. McDuffie called for the vote, and the following resolution was then unanimously approved.

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("AGENCY") AUTHORIZING (i) THE ALLOCATION OF \$1,500,000 FOR SITE ACQUISITION, ADMINISTRATION, TESTING, PERMITTING, DEMOLITION, AND DESIGN AND CONSTRUCTION

MANAGEMENT SERVICES; (ii) ISSUANCE OF A REQUEST FOR QUALIFICATIONS TO PROVIDE DESIGN AND CONSTRUCTION MANAGEMENT SERVICES AND PERMITTING THE ENGAGEMENT OF A QUALIFIED DESIGN AND CONSTRUCTION MANAGEMENT SERVICES FIRM; AND (iii) AGENCY STAFF TO SOLICIT GRANT FUNDING OPPOTUNITUIES AND OTHER FUNDING RELATED OPPORTUNITIES FOR PURPOSES OF CONSTRUCTING AND OPERATING A ZERO NET ENERGY FACILITY

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Assistant Treasurer Banking Resolution. Upon motion by Mr. Poloncarz and seconded by Mr. Brown, a motion to appoint Bradley Bach as Assistant Treasurer was unanimously approved.

There being no further business to discuss, upon motion made by Mr. Brown and seconded by Mr. Mudie, Ms. McDuffie adjourned the meeting at 12:32 p.m.

Dated: June 22, 2016

Robert G. Murray, Secretary

Erie County Industrial Development Agency
Financial Statements
As of June 30, 2016

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")

Balance Sheet

June 30, 2016

	June 2016	May 2016	December 2015
ASSETS:			
Cash *	\$ 10,470,915	\$ 10,228,775	\$ 10,281,022
Restricted Cash & Investments *	18,549,942	18,725,913	9,696,690
Due from Affiliates	460,466	431,924	341,189
Due from Buffalo Urban Development Corp.	26,689	21,639	43,616
Other Receivables	239,548	236,096	211,739
Total Current Assets	<u>29,747,559</u>	<u>29,644,348</u>	<u>20,574,256</u>
Loans Receivable, net of allowance	33,086	34,974	38,712
Venture Capital Investments, net of reserves	678,051	678,051	5,628,026
Fixed Assets	1,680,981	1,692,648	1,750,987
Total Long-Term Assets	<u>2,392,118</u>	<u>2,405,674</u>	<u>7,417,725</u>
TOTAL ASSETS	<u>\$ 32,139,677</u>	<u>\$ 32,050,021</u>	<u>\$ 27,991,981</u>
LIABILITIES & NET ASSETS			
Accounts Payable & Accrued Exp.	\$ 767,149	\$ 270,177	\$ 281,140
Other Payables	168,884	168,884	187,648
Funds Held on Behalf of Others	3,013,040	3,012,834	3,904,441
Total Liabilities	<u>3,949,073</u>	<u>3,451,895</u>	<u>4,373,229</u>
Net Assets	<u>28,190,604</u>	<u>28,598,126</u>	<u>23,618,752</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 32,139,677</u>	<u>\$ 32,050,021</u>	<u>\$ 27,991,981</u>

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

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")

Income Statement

Month of June 2016

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Administrative Fees	\$ 22,187	\$ 150,000	\$ (127,813)
Affiliate Management Fees	32,042	32,042	0
Interest Income - Loans	1,234	604	630
Interest Income - Cash & Investments	2,108	1,208	900
Rental Income	1,550	21,217	(19,667)
Other Income	8,384	2,708	5,675
UDAG Venture Investment Reflow	-	168,750	(168,750)
Total Revenues	67,504	376,529	(309,025)
EXPENSES:			
Salaries & Benefits	\$ 151,128	\$ 164,951	\$ (13,823)
General Office Expenses	23,233	25,364	(2,131)
Building Operating Costs	14,035	15,600	(1,565)
Professional Services	79,297	32,600	46,697
Public Hearings & Marketing	7,041	8,583	(1,542)
Invest Buffalo Niagara Membership	-	-	-
Travel, Mileage & Meeting Expenses	6,402	6,500	(98)
Other Expenses	1,655	1,500	155
Total Expenses	282,790	255,099	27,692
SPECIAL PROJECT GRANTS:			
Revenues	\$ -	\$ 2,500	\$ (2,500)
Expenses	(568)	(2,500)	1,932
	(568)	-	(568)
NET INCOME/(LOSS) BEFORE NON-RECURRING ITEMS & DEPRECIATION:	(215,854)	121,431	(337,285)
NON-RECURRING/NON-OPERATING ITEMS:			
UDAG Gain/(Loss) on Venture Investments	\$ -	\$ -	\$ -
UDAG Strategic Initiatives	(180,000)	(180,000)	-
	(180,000)	(180,000)	-
NET INCOME/(LOSS) BEFORE DEPRECIATION:	(395,854)	(58,569)	(337,285)
Depreciation	(11,668)	(11,668)	(0)
NET INCOME/(LOSS):	\$ (407,522)	\$ (70,237)	\$ (337,285)

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")

Income Statement

Year to Date: June 30, 2016

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Administrative Fees	\$ 1,104,648	\$ 900,000	\$ 204,648	\$ 1,104,648	\$ 2,415,287	\$ (1,310,639)
Affiliate Management Fees	192,250	192,250	0	192,250	185,500	6,750
Interest Income - Loans	2,739	3,625	(886)	2,739	5,073	(2,334)
Interest Income - Cash & Investments	10,537	7,250	3,287	10,537	6,974	3,563
Rental Income	111,120	127,300	(16,180)	111,120	9,290	101,830
Other Income	22,291	16,250	6,041	22,291	14,730	7,561
UDAG Venture Investment Reflow	-	337,500	(337,500)	-	414,952	(414,952)
Total Revenues	1,443,585	1,584,175	(140,590)	1,443,585	3,051,806	(1,608,221)
EXPENSES:						
Salaries & Benefits	1,014,324	1,071,159	(56,834)	1,014,324	951,847	62,477
General Office Expenses	202,857	152,185	50,672	202,857	159,141	43,716
Building Operating Costs	79,645	93,600	(13,955)	79,645	81,632	(1,987)
Professional Services	252,894	195,500	57,394	252,894	119,817	133,077
Public Hearings & Marketing	26,721	51,500	(24,779)	26,721	32,891	(6,170)
Travel, Mileage & Meeting Expenses	37,829	39,000	(1,171)	37,829	37,861	(32)
Other Expenses	6,908	9,000	(2,092)	6,908	7,263	(355)
Total Expenses	1,621,178	1,611,944	9,235	1,621,178	1,390,452	230,726
SPECIAL PROJECT GRANTS:						
Revenues	47,884	125,000	(77,116)	47,884	33,084	14,800
Expenses	(14,508)	(125,000)	110,492	(14,508)	(1,516)	(12,992)
	33,376	-	33,376	33,376	31,568	1,808
NET INCOME/(LOSS) BEFORE NON-RECURRING ITEMS & DEPRECIATION:						
	\$ (144,218)	\$ (27,769)	\$ (116,449)	\$ (144,218)	\$ 1,692,922	\$ (1,837,140)
NON-RECURRING/NON-OPERATING ITEMS:						
UDAG Gain/(Loss) on Venture Investments	\$ 5,091,076	\$ -	\$ 5,091,076	\$ 5,091,076	\$ -	\$ 5,091,076
UDAG Strategic Initiatives	(305,000)	(305,000)	-	(305,000)	(200,000)	(105,000)
	4,786,076	(305,000)	5,091,076	4,786,076	(200,000)	4,986,076
NET INCOME/(LOSS) BEFORE DEPREC:						
	4,641,858	(332,769)	4,974,627	4,641,858	1,492,922	3,148,936
Depreciation	(70,006)	(70,006)	(0)	(70,006)	(70,006)	(0)
NET INCOME/(LOSS):	\$ 4,571,852	\$ (402,775)	\$ 4,974,627	\$ 4,571,852	\$ 1,422,916	\$ 3,148,936

Tax Incentives Induced 2016

Project Name	Project City	Incentive Amount	Job/yr App.	Projected Year 2 Jobs	Closing Date	Project Status
Gordon Restaurant Market LLC/Alt Store, LLC	Buffalo	\$ 6,900,000	0	19		Pending
Trahwen-G, LLC (Benderson)	Cheektowaga	\$ 5,380,000	0	35		Pending
Great Lakes Orthodontics, Ltd.	Tonawanda	\$ 5,005,230	221	230		Pending
Triad Recycling	Tonawanda	\$ 2,993,000	0	3		Pending
Kohler Awning, Inc.	Cheektowaga	\$ 850,000	50	51		Pending
Upstate Pharmacy, Ltd.	West Seneca	\$ 310,000	70	80		Pending

6 Projects

\$ 21,438,230 291 367

76 Projected New Jobs

Tax Incentive Closings 2016

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

8 Projects

276 Projected New Jobs \$ 71,704,088 2,227 2,533

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

- MEETING:** July 7, 2016, at Erie County Industrial Development Agency, 95 Perry Street, 5th Floor Conference Room, Buffalo, New York
- PRESENT:** Hon. Johanna Coleman, Richard Lipsitz, Jr., Brenda W. McDuffie, Frank B. Mesiah, John J. Mudie, Glenn R. Nellis, Hon. Edward A. Rath, Laura Smith, Hon. Geoff Szymanski and Maria Whyte
- ABSENT:** Hon. Byron W. Brown, David J. State, and Paul V. Vukelic
- OTHERS PRESENT:** John Cappellino, Executive Vice President; Karen M. Fiala, Assistant Treasurer; Robert G. Murray, Secretary
- GUESTS:** Andrew Federick, Erie County Senior Economic Development Specialist; Rebecca Gandour, City of Buffalo Office of Strategic Planning; Ed Smouse and Jeff Lennox, on behalf of API Heat Transfer

There being a quorum present at 8:35 a.m., Mr. Lipsitz called the meeting to order.

MINUTES

The minutes of the May 5, 2016 Policy Committee meeting were presented. Upon motion made by Mr. Mesiah, and seconded by Mr. Rath, the aforementioned Policy Committee meeting minutes were unanimously approved.

The minutes of the June 2, 2016 Policy Committee meeting were presented. Upon motion made by Mr. Nellis, and seconded by Mr. Mesiah, the aforementioned Policy Committee meeting minutes were unanimously approved.

PROJECT MATRIX

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

COMPLIANCE ISSUES – EMPLOYMENT: API HEAT TRANSFER

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

Mr. Cappellino reviewed the status of the API Heat Transfer employment issue. By way of background, Mr. Cappellino mentioned that API Heat Transfer is a global leader in the heat

transfer industry for various commercial applications. The company has customers in the oil and gas industry and has six locations in the United States, two in Europe, one in India and one in China. The Walden Avenue location functions as the company's global headquarters.

Mr. Cappellino noted the Agency has had multiple incentive projects with API over the years associated with growth and expansion at their Walden Avenue location. It is only the 2013 expansion project that is subject to the Agency's recapture policy. In 2013, the company undertook a 1.7 million dollar expansion of the facility on Walden Avenue. The project was approved for sales tax and PILOT incentives by the Agency in November 2013. The project recapture terms included the standard investment and employment retention and creation requirements. The employment requirement was for maintaining 287 jobs and adding 6 new positions.

Due to a global downturn in the oil and gas industry sector, Mr. Cappellino stated that the company experienced layoffs related to less demand for its products in 2015 and as of December 31, 2015, the Agency's employment survey for API reported 247 FTE positions. For the 2013 project, the company is not meeting the job retention requirement of 287 jobs that were required to be maintained.

To date, Mr. Cappellino noted that the company has received sales and use tax incentives of \$73,866. The total amount subject to sales tax recapture would then equal \$73,866. The project will receive PILOT benefits for the school tax year in July 2016, and will receive a PILTO benefit for the county/town taxes as of December 2016. Estimated total PILOT benefits received to date are approximately \$12,379.

Mr. Cappellino noted that the company proactively reached out to the Agency regarding the anticipated decrease in employment. Mr. Cappellino also noted that the Agency received email correspondence from Supervisor Benczkowski asking the Policy Committee to extend the timeframe for API Heat Transfer to meet its employment projections.

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

Upon motion made by Ms. McDuffie, seconded by Mr. Rath, a motion was made to move the Policy Committee meeting into Executive Session for the purpose of discussing API Heat Transfer's financial and employment history and matters. The motion was then unanimously approved. At 8:43 a.m., the Policy Committee entered into executive session.

Upon motion made by Ms. Whyte, and seconded by Mr. Mesiah, the Policy Committee resolved to terminate executive session at 9:22 a.m.

At this point in time, Mr. Lipsitz asked for a motion to direct staff to prepare recapture options related to API Heat Transfer and present those options at the next Policy Committee meeting. Mr. Mudie moved and Mr. Mesiah seconded to approve of Mr. Lipsitz's recommendation. Mr. Lipsitz called for the vote and the aforementioned recommendation was unanimously approved.

WORK PLAN ITEMS DISCUSSION

Ms. Whyte briefly reviewed the Policy Committee's current task at hand being to identify guiding principles for better economic development. Ms. Whyte stated that she envisions having the Agency adopt a resolution that defines certain strategies and best practices as policies of the Agency to help guide the Agency in the better implementation of its economic development powers and purposes.

Ms. Whyte and Ms. Smith then both stated that it makes sense for recognized experts to provide presentations to Agency members on the state of best economic development practices. Ms. Smith further commented that the idea would be to have the Agency approve of a best practice resolution, and then, step two would be for the Agency to review all existing policies to ensure consistency with such a best practices resolution.

INFORMATION ITEMS

Mortgage Recording Tax Legislation. Mr. Cappellino briefly reviewed new legislation that would prohibit an IDA from exempting the mortgage recording tax associated with the Niagara Frontier Transportation Authority. Mr. Cappellino confirmed that this amounts to approximately 25% of the overall mortgage recording tax benefit.

Adaptive Reuse Study. Mr. Cappellino reviewed the anticipated project schedule for the adaptive reuse study and in particular, reviewed the purposes behind the existing adaptive reuse policy and the three areas that the Agency desires to be addressed including evaluating program results, evaluating current conditions and impacts of the project in today's marketplace, and providing any recommended changes to the policy given new or different market conditions.

Derrick Corporation Update. Mr. Cappellino updated Committee members on Derrick Corporation's request to terminate its existing PILOTs for its two most recent expansion projects and also noted that Derrick Corporation will be providing a check in the amount of \$509,000 as a reimbursement for sales and use tax incentives received as related to their two expansion projects.

There being no further business to discuss, upon motion made by Mr. Rath, seconded by Ms. Whyte, and unanimously approved, the Policy Committee meeting was adjourned at 9:50 a.m.

Dated: July 7, 2016

Robert G. Murray, Secretary

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (ECIDA)
 BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORP (RDC)
 BUFFALO & ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORP (ILDC)**

Proposed Budget Review Timetable

<u>Date</u>	<u>Description</u>	
June 1 – 17	Review of proposed 2017 budget by ECIDA management. (a) Prioritize any proposed budget requests for initiatives. (b) Formal budget requests compiled.	✓
June 20 th	Audit and Finance Committee review of first draft.	✓
August 10 th	Audit and Finance Committee review of final proposed budget.	
September 8 th	Board meeting to review 2017 budget.	
October (date TBD)	Board Q&A budget session #1 (voluntary).	
October (date TBD)	Board Q&A budget session #2 (voluntary).	
Week of October 17 th	Audit and Finance Committee approval of 2017 budget.	
October 26th	Board meeting; action to approve 2017 budget.	
November 1 st	Deadline for final approved budget to be submitted to the ABO.	