

## Addendum B

### Uniform Tax Exemption Policy Erie County Industrial Development Agency

#### Economic Inclusion PILOT Policy

#### **I. Introduction**

The Erie County Industrial Development Agency (the “Agency”) recognizes that economic development and inclusion activities associated with Agency financial assistance can create substantial direct and indirect benefits for minorities and women. To enhance the beneficial impact of projects and investments receiving Agency financial assistance, and to further the Agency’s goal of advancing opportunities for a Minority Business Enterprise (MBE)<sup>1</sup> and/or a Women Business Enterprise (WBE)<sup>2</sup> and for purposes herein, the abbreviation “MWBE” shall mean a Minority or Women Owned Business Enterprise), and to also advance employment opportunities for minorities and women in general, the Agency has established the Economic Inclusion PILOT Policy (the “EIP Policy”).

#### **II. Goals and Objectives**

The goal of the EIP Policy is to promote, encourage, and maximize opportunities for minorities and woman to experience economic progress by establishing a minimum 30% MWBE (25% MBE and 5% WBE) utilization rate for construction activities, and a 30% minorities and women (minimum 20% minority and at least 30% minorities or women) job creation and/or retention rate.

To obtain this goal, the EIP Policy is designed to encourage and incentivize recipients of Agency financial assistance, consisting of a real property tax abatement via an Agency payment-in-lie-of-tax agreement (a “PILOT Agreement”), to: (i) commit to utilizing and employing MWBE construction and professional service companies and firms during a project’s construction period, and, (ii) during the post construction period, to commit to certain minority and women hiring goals and/or job retention goals, while also implementing certain

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<sup>1</sup> Under Article 15-A of the New York Executive Law, an MBE is a business enterprise in which at least fifty-one percent (51%) is owned, operated and controlled by citizens or permanent resident aliens who are meeting the ethnic definitions listed below:

- Black: Persons having origins from any of the Black African racial groups.
- Hispanic: Persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American descent of either Native American or Latin American origin, regardless of race.
- Asian-Pacific: Persons having origins from the Far East, Southeast Asia or the Pacific Islands.
- Asian-Indian Subcontinent: Persons having origins from the Indian subcontinent.
- Native American or Alaskan Native: Persons having origins in any of the original peoples of North America.

<sup>2</sup> Under Article 15-A of the New York Executive Law, a WBE is a business enterprise in which at least fifty-one percent (51%) is owned, operated and controlled by citizens or permanent resident aliens who are women.

procurement, equity and inclusion, training, and mentorship goals. In return for committing to the foregoing, the Agency would then utilize the new EIP PILOT Agreement providing for enhanced real property tax abatement benefits, above and beyond those provided by the standard Agency PILOT Agreements.

### III. EIP Policy PILOT Schedules

Pursuant to the Agency’s Uniform Tax Exemption Policy (the “UTEP”), real property tax abatement benefits are available with varying abatement percentages for either a standard 5-year, 7-year, or 10-year benefit period term (collectively, the “Agency PILOT Programs”) determined via Agency staff application of the PILOT Determination Scoring Worksheet for each particular project. In effect, upon receipt of an application for financial assistance, Agency staff identifies the standard PILOT Agreement benefit period term based upon each applicant’s individual application and related project information. Under the EIP Policy, the abatement percentages and benefit period term of the standard Agency PILOT Programs can now be enhanced, as depicted below, to encourage utilization of MWBE firms, employment and retention of women and minority employees, as well as procurement, equity and inclusion, training and mentorship goals.

#### A) Standard Five Year PILOT Schedule and EIP Enhancement

	1	2	3	4	5	6	7
Standard % Abatement	75%	65%	55%	45%	35%	0%	0%
EIP Tier 1	80%	75%	70%	65%	60%	55%	0%
EIP Tier 2	80%	75%	70%	65%	60%	55%	50%

#### B) Standard Seven Year PILOT Schedule and EIP Enhancement

	1	2	3	4	5	6	7	8	9
Standard % Abatement	95%	90%	85%	80%	75%	70%	65%	0%	0%
EIP Tier 1	95%	95%	90%	90%	80%	75%	70%	65%	0%
EIP Tier 2	95%	95%	90%	90%	80%	75%	70%	65%	50%

#### C) Standard Ten Year PILOT Schedule and EIP Enhancement

	1	2	3	4	5	6	7	8	9	10	11	12
Standard % Abatement	95%	90%	85%	85%	80%	80%	75%	75%	70%	65%	0%	0%
EIP Tier 1	95%	95%	90%	90%	85%	85%	80%	80%	75%	75%	70%	0%
EIP Tier 2	95%	95%	90%	90%	85%	85%	80%	80%	75%	75%	70%	50%

### IV. EIP Policy Implementation

Consistent with standard practices, Agency staff will initially evaluate a project, utilizing the PILOT Determination Scoring Worksheet, to determine the standard/initial five, seven or ten year PILOT Agreement term.

An applicant may then opt to work towards qualifying for the EIP Enhancement PILOT by meeting meet *both* Construction Period Obligations and Post-Construction Period Obligations.

**A) Construction Period Obligations.**

Construction Period Obligations require the applicant to meet a 30% MWBE (25% MBE and 5% WBE) utilization rate, based upon total construction contract value, for construction activities.<sup>3</sup> If an applicant is unable to meet the Construction Period Obligations, but has demonstrated good faith efforts to do so, as defined and described within the instructions to the Agency’s Application for Financial Assistance, the applicant will be deemed to have met the Construction Period Obligations.

If the Construction Period obligations have been met, the applicant will then need to meet the Post-Construction Period Obligations.

**B) Post-Construction Period Obligations**

**(1) EIP Tier 1 Enhancement Post-Construction Obligations**

To meet the EIP Tier 1 Enhancement (at either the 5, 7, or 10 year standard PILOT Agreement term) the applicant will need to: (i) meet the approved job retention and creation goals, (ii) demonstrate that it has met a 30% minority and women (minimum 20% minority and at least 30% minorities or women) job creation requirement as approved per item (i), within two years after project completion, (iii) maintain those hires/percentages during the term of the applicable PILOT Agreement, and (iv) complete at least two (2) of the EIP Policy Best Practices, as described below.

**(2) EIP Tier 2 Enhancement Post-Construction Obligations**

To meet the EIP Tier 2 Enhancement (at either the 5, 7, or 10 year standard PILOT Agreement term) the applicant will need to: (i) meet the approved job retention goals, (ii) demonstrate that it has total workforce (jobs retained) consisting of 30% minorities and women (minimum 20% minority and at least 30% minorities or women), based upon total workforce commitments as approved per item (i), within two years after project completion, (iii) maintain those percentages during the term of the applicable PILOT Agreement, and (iv) complete at least one (1) of the EIP Policy Best Practices, as described below.

**(3) EIP Policy Best Practices**

(i) Procurement Practice. Applicant establishment of MWBE procurement goals for operations including supplies, equipment and/or professional services of

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<sup>3</sup> The Agency will utilize and rely upon Erie County, City of Buffalo, and New York State databases to confirm MBE/WBE certification.

10% of applicant's operational contract purchases which are within its local control for the term of the PILOT Agreement, and annual reporting to the Agency during the term of the PILOT Agreement with respect to same.

(ii) Diversity & Inclusion Practice. Applicant creation of a Diversity & Inclusion policy, in alignment with requirements to be developed and amended by the Agency from time to time, for its organization with identified goals and objectives metrics for the term of the PILOT Agreement, and annual reporting to the Agency during the term of the PILOT Agreement with respect to same.

(iii) Annual Training Practice. Applicant's management and/or key staff participation in annual training or specified Diversity & Inclusion activities, in alignment with requirements to be developed and amended by the Agency from time to time for the term of the PILOT Agreement, and annual reporting to the Agency during the term of the PILOT Agreement with respect to same.

(iv) Mentorship Practice. Applicant development of and/or participation in mentorship program(s) designed to support MWBE businesses and/or minority and women candidates for leadership positions within its organization or in its occupational field for the term of the PILOT Agreement, and annual reporting to the Agency during the term of the PILOT Agreement with respect to same.

**(C) Enforcement**

Failure to meet and/or maintain Construction Period Obligations and Post-Construction Period Obligations will result in the applicant being unable to claim or to continue to claim the EIP Enhancement for the remaining term of the PILOT Agreement, and the administrative/procedural amendment of the PILOT Agreement to default to the terms of the otherwise applicable standard Agency PILOT Program.

**V. Effective Date**

This EIP Policy shall be effective as of July 1, 2023 and shall be applicable and made available to Agency applicants for Financial Assistance for which the Agency adopts an Inducement Resolution after July 1, 2023.