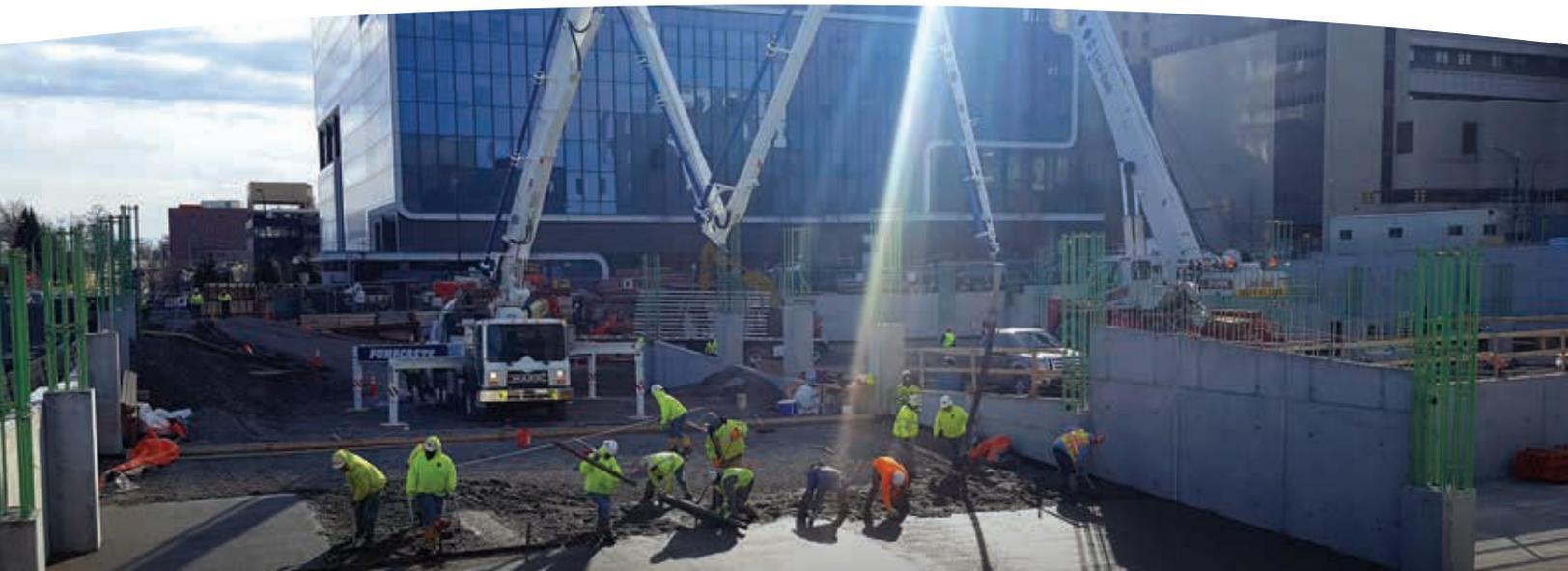


2016

Y E A R I N R E V I E W



**An independent, public-benefit corporation
helping businesses invest in Erie County's thriving economy**



2016

Y E A R I N R E V I E W



Steve Weathers
ECIDA President & CEO

Letter from the President/CEO

In 2016 the ECIDA improved our outreach by strengthening relationships with our community partners and increasing our engagement with minority and women-owned business owners. We are very proud of the local and national recognition we received for our positive economic impact for successes like our Adaptive Reuse tax incentive program.

But our work is not just about the \$738 million in economic impact that our development efforts generated in 2016. The ECIDA has also become an innovative leader in creating a more competitive business environment for Erie County's future.

We took important steps forward in our exploration of developing a zero-net energy light manufacturing plant—the first of its kind in New York State. The future of advanced manufacturing construction must have a focus on sustainability and energy savings, and the ECIDA is leading the way with our Z7+ building concept. The building is now in the design development stage and we look forward in 2017 to the next step, which may lead the way in revitalizing the Bethlehem Steel campus.

Thanks to the leadership of County Executive Mark Poloncarz and U.S. Senator Charles Schumer, more than \$5 million in previously sequestered Federal funds were released back into our loan portfolio that had been tied up for more than a decade in red tape. Our team is busy working to get these funds into the hands of business owners who can use it to grow and create jobs in Erie County.

On a bittersweet note, ECIDA Board member Frank Mesiah retired in 2016 from his position as President of the Buffalo Chapter of the NAACP, and subsequently stepped down from his ex-officio seat on our Board. Mr. Mesiah was an ECIDA Board member for 18 years and also brought an important perspective to discussions as a member of our Policy Committee. In December of 2016 we welcomed his successor at the NAACP, Rev. Mark Blue to our Board.

In 2016 the ECIDA Board also welcomed new members Paul Vukelic, Joseph Emminger, David Lowrey, Lou Panzica and Sister Denise Roche. We salute departing members Dennis Elsenbeck, Chris Johnston, Carol Nowak, County Leg. Betty Jean Grant, and David State for their valued commitment and leadership.

As 2017 unfolds, we will continue our efforts to both create and retain jobs, help the businesses of Erie County grow, and enrich the lives of our neighbors.

If you would like to learn more about the ECIDA, our lending products or economic development tools, I encourage you to visit our website at www.ecidany.com, or call my office at 716-856-6525.

Sincerely,
Steve Weathers

We improved our outreach by strengthening relationships with our community partners and increasing our engagement with minority and women-owned business owners. We're very proud of the recognition we received for our positive economic impact.





Year in Review



The 13 projects approved for tax incentives by the ECIDA in 2016 generated \$134.6 million in private investment. The average annual salary of new jobs created on these projects is \$47,965. The average annual salary of retained jobs, or jobs that may have been lost without the incentives, is \$50,097. The overall economic impact in Erie County will be more than \$737.8 million in goods and services, payroll, and other community economic benefits.

ECIDA Tax Incentives

13

PROJECTS APPROVED

\$134.6M

NEW PRIVATE INVESTMENT GENERATED

\$737.8M

ESTIMATED OVERALL ECONOMIC IMPACT IN ERIE COUNTY

RDC Loans

12

LOANS FUNDED¹

\$4M

TOTAL

New private investment generated:

\$13M

FOR EVERY DOLLAR LENT BY THE RDC, \$3.30 IN PRIVATE INVESTMENT WAS LEVERAGED IN ERIE COUNTY

ILDC Tax Exempt Bond Financing

1

PROJECT APPROVED BY ILDC

1

PROJECT APPROVED BY ECIDA²

NEW PRIVATE INVESTMENT GENERATED:

\$53.5M

Total Jobs Created

Total PERMANENT JOBS created:

316

Total JOBS RETAINED:

1020

Average annual salary of
NEW JOBS
on tax incentive projects:

\$47,965

Average annual salary of
RETAINED JOBS
on tax incentive projects:

\$50,097



¹ One loan administered through ILDC

² Refinanced Joint Schools Construction Board debt totaling \$175 million

Tax Incentives - 2016

Tax incentives encourage private investment and job creation in Erie County by allowing a business a reduction on future taxes—either sales tax savings on purchased construction materials or equipment, for example, or a seven to ten-year reduction in future property taxes based on assessed value (Payment In Lieu Of Taxes, or PILOT agreement). A business may also qualify for a one-time reduction of the County's mortgage recording fee.

Tax incentives are not granted as forgiveness on past taxes, awarded as cash, or approved without a recapture provision requiring the applicant to meet investment targets, and job creation and/or retention requirements. The ECIDA's Recapture Policy has been in effect since 2014 and is one of the strongest in New York State. Our Compliance Officer closely monitors each applicant's submitted quarterly jobs reports to ensure the applicant is within the bounds of their agreement.

Compliance also monitors sales tax incentives ensuring that companies do not exceed Board-approved limits. If they fall short, the ECIDA Board may vote to initiate recapture due process, which includes testimony from the company and considering each case individually.

13
PROJECTS

\$134.6M
GENERATED IN
PRIVATE INVESTMENT

245/896
JOBS CREATED /
JOBS RETAINED

733
CONSTRUCTION
JOBS CREATED

Iroquois Bar Corp.

This minority-owned rebar and fabrication installation business wanted to expand its fabrication, warehouse and maintenance facility in Lackawanna with a 13,000 sq. ft. addition, while converting the existing shop space into offices. The \$782,000 project was approved for sales tax savings, and property tax savings over seven years. Iroquois Bar also received a one-time reduction in the County mortgage recording fee. The new warehouse will create two new jobs and help Iroquois retain its current 65 employees. Over the abatement period, the project is estimated to generate approximately \$33,000 of new tax revenue representing \$3,000 to the County of Erie, \$15,000 to the City of Lackawanna and \$15,000 to the Lackawanna Central School District.



Photo courtesy
Great Lakes Orthodontics



Photo courtesy
Calspan Corporation

Great Lakes Orthodontics, Ltd.

Dental appliance manufacturer Great Lakes Orthodontics sought tax incentives to expand their Tonawanda facility. The ECIDA Board approved property tax savings over ten years, and sales tax savings on non-manufacturing equipment for a \$4.3 million, 25,000 sq. ft. expansion to accommodate new warehouse, office and manufacturing space. Without this expansion, Great Lakes reported that it may have to consider manufacturing in China, directly affecting 150 jobs in Erie County. The project will add nine new jobs at the Tonawanda location. Great Lakes currently employs 221 people. The project is estimated to generate approximately \$184,000 of new tax revenue representing \$25,000 to the County of Erie, \$65,000 to the Town of Tonawanda and \$94,000 to the Kenmore – Town of Tonawanda Union Free School District over the abatement period.

Calspan Corporation

World-renowned aerospace technology innovator Calspan Corporation, proposed the construction of a \$7 million, 50,000 sq. ft. vehicle crash-testing facility at their Cheektowaga campus. The new project would allow Calspan to accelerate testing and research and development for its global customers, which include Mercedes-Benz, Audi, Ford, Kia, Honda, General Motors, and the United States Government.

Calspan was approved for property tax savings over ten years, and sales tax savings on equipment. The innovative transportation safety leader and inventor of the crash test dummy was also approved for a one-time reduction in the County's mortgage recording fee, saving them an additional \$50,000. The expansion will create 11 new jobs. The project is estimated to generate approximately \$165,000 of new tax revenue over the abatement period representing \$28,000 to the County of Erie, \$50,000 to the Town of Cheektowaga and \$87,000 to the Lancaster School District.

Regional Development Corporation - BUSINESS LOANS



A Member of the ECIDA Financing and Development Group

\$5.23
MILLION
APPROVED LOANS

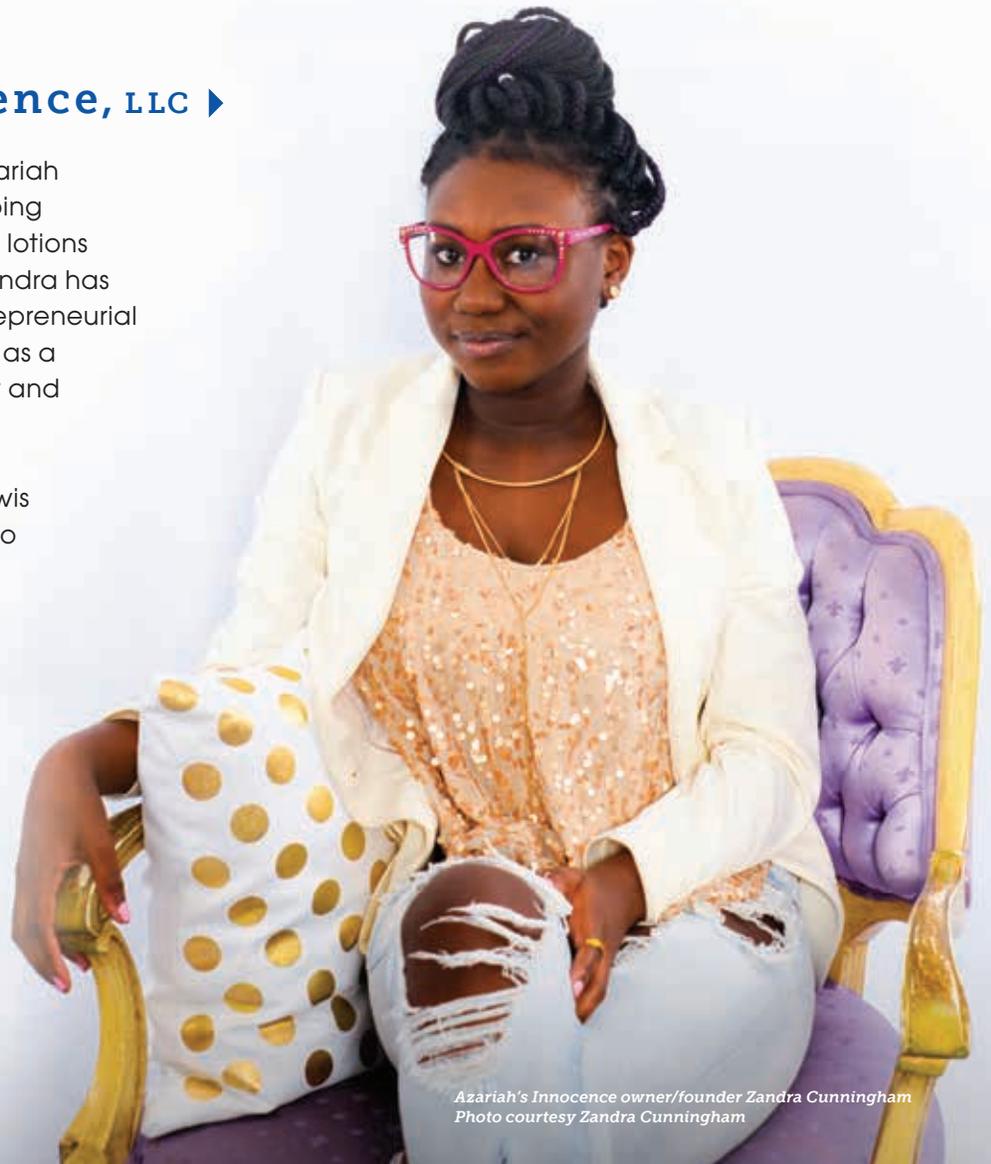
14
BUSINESSES
RECEIVED LOANS

The ECIDA offers loans to Erie County businesses through its lending affiliate, the Regional Development Corporation. The RDC offers small business loans from \$5,000 to \$50,000, and large business loans from \$50,000 to \$2 million. RDC often partners with traditional lenders and has the flexibility to take on riskier loans to help a growing business bridge a financing gap. The RDC shares a Board of Directors with the ECIDA; loans over \$350,000 must be approved by the Board.

▶ Azariah's Innocence, LLC ▶

Teenaged proprietor Zandra Azariah Cunningham has been developing beauty soaps, sugar scrubs and lotions since she was nine years old. Zandra has become well-known in the entrepreneurial community, speaking to groups as a minority/women business owner and a young entrepreneur.

She and her mother, Tamara Lewis have built Azariah's products into a wholesale business, with her products available at retailers in New York, New Jersey and California. The loan will be used for equipment, salaries to hire additional production employees and capital expenses.



*Azariah's Innocence owner/founder Zandra Cunningham
Photo courtesy Zandra Cunningham*



Photo credit: Top cover, top page 2, above: Christopher Behrend Photography

\$21
MILLION
PRIVATE INVESTMENT
GENERATED

152
NEW JOBS CREATED

128
JOBS RETAINED

General Welding and Fabrication, Inc. ▶

Family-owned General Welding and Fabricating are known for their signature welded art projects like the soaring animal sculptures that adorn the gate of the St. Louis Zoo, Canalside’s Ice Bikes, and specialized parts for the US Navy. Owner Mark Andol wanted to expand General Welding’s 48,000 sq. ft. Elma production facility to accommodate growing production demands.

With a \$500,000 loan from RDC in conjunction with financing from Lakeshore Savings Bank, Andol was able to meet the project’s \$1.9 million cost, including equipment purchase and working capital. The expansion added ten jobs to General Welding’s 26 part-time and 42 full-time workers.



Photo courtesy General Welding and Fabrication, Inc.

Sherex/Disc Lock, LLC ▶

Rivet nut designer and installer Sherex Fastening Solutions needed financing to purchase Culver City, California fastening company Disc Lock, Inc. Sherex planned to move Disc Lock’s staff and product specialties to their Tonawanda facility. The RDC loan committee approved a \$325,000 loan, and with additional financing from Five Star Bank, Sherex completed the purchase under the name Disc Lock, LLC. Seven jobs were created in Erie County, adding to Sherex’ 45-person workforce.



(L-R) Vice President Rich Stauffer; Owner/President Adam Pratt; Controller Tom Lis

Photo courtesy Sherex



The Industrial Land Development Corporation [ILDC] is the bond issuer and land development affiliate of the ECIDA. Nonprofit organizations can fund large capital projects, including acquisition, with tax exempt bond financing by using the ILDC.

Buffalo Niagara Medical Campus

Buffalo, NY

In 2016, the ILDC served as the bond issuer to allow Buffalo Niagara Medical Campus, Inc. to finance \$53,500,000 for a parking garage proposed for the Buffalo Niagara Medical Campus. The demolition of an existing 900-car structure, which had deteriorated and was not handicapped accessible, will be replaced by an 1,800-space parking garage serving the Oshei Children's Hospital and the Jacobs School of Medical & Biomedical Sciences. The ECIDA also provided \$535,000 in a mortgage recording fee abatement.



Construction underway on parking garage
Photo courtesy BNMC

Special Projects: Z7+

Lackawanna, NY

The ECIDA has taken a lead role in the cutting-edge field of net-zero manufacturing in Western New York. An advanced manufacturing facility that creates as much or more energy than it uses—producing zero utility bills—has never been built in this region. ECIDA staff have partnered with the University of Buffalo, Erie County, several architectural firms, planners and environmental technology groups to develop Z7+, which will be Erie County's first net-zero manufacturing facility. Current plans are to locate Z7+ on the Bethlehem Steel campus, spurring the future development of an energy-efficient manufacturing business park. Z7+ is currently in the design development stages.



Rendering of Z7+ Net-Zero Manufacturing Building
Photo credit: HGA Architects & Engineers

Board of Directors*

The Erie County Industrial Development Agency Board of Directors is a 19-member, all-volunteer board made up of 14 ex-officio seats, and five seats appointed jointly by the County Executive and the Chair of the County Legislature. The Board meets monthly, and minutes can be viewed/downloaded at www.ecidany.com.



HON. DIANE BENCZKOWSKI

Supervisor
Town of Cheektowaga

REV. MARK BLUE

President
NAACP

HON. BYRON BROWN

Mayor
City of Buffalo

MR. JAMES DOHERTY

HON. JOSEPH EMMINGER

Supervisor
Town of Tonawanda

MS. DOTTIE GALLAGHER-COHEN

President & CEO
Buffalo Niagara Partnership

MR. RICHARD LIPSITZ, JR. VICE CHAIR

President
Western New York Area Labor Federation

MR. DAVID LOWREY

President
Erie County Association of School Boards

MS. BRENDA MCDUFFIE CHAIR

President & CEO
Buffalo Urban League

* as of December 2016

MR. JOHN MUDIE

President
Buffalo Central Labor Council,
AFL-CIO

HON. GLENN NELLIS

MR. LOUIS PANZICA

President & CEO
Power Drives

HON. MARK POLONCARZ

County Executive
County of Erie

HON. DARIUS PRIDGEN

President
Buffalo Common Council

HON. ED RATH

Chairman,
Economic Development Committee
Erie County Legislature

SISTER DENISE ROCHE

Chair
NFTA

MR. PAUL VUKELIC

President & COO
Try-it Distribution

HON. BARRY WEINSTEIN

Supervisor
Town of Amherst

MISSION STATEMENT

The mission of the Erie County IDA is to provide the resources that encourage investment, innovation and international trade - creating a successful business climate that improves the quality of life for the residents of the region.

Our Staff

The ECIDA is not part of Erie County government, and ECIDA staff are not County, State or City employees. The ECIDA is a public benefit corporation, and does not receive any operating funds from any tax revenue source. Its operating funds are derived from fees charged to the private for-profit businesses who enter into contracts with the ECIDA.

Michael Alexander
LOAN MANAGER

Bradley Bach
SENIOR ACCOUNTANT

Dawn Boudreau
COMPLIANCE OFFICER

John Cappellino
EXECUTIVE VICE PRESIDENT

Karen Fiala
MANAGER, TAX INCENTIVE
PRODUCTS

Laurie Hendrix
ADMINISTRATIVE ASSISTANT

Carrie Hocieniec
ADMINISTRATIVE ASSISTANT

Brian Krygier
SYSTEMS ANALYST

Grant Lesswing
BUSINESS DEVELOPMENT OFFICER

Jerry Manhard
CHIEF LENDING OFFICER

Robbie-Ann McPherson
MARKETING &
COMMUNICATIONS MANAGER

Robbie Michaels
RECEPTIONIST

Beth O'Keefe
BUSINESS DEVELOPMENT OFFICER

Mollie Profic
CONTROLLER

Phillip Riggs
FACILITIES SITE MANAGER

Patricia Smith
BOOKKEEPER

Lori Szewczyk
DIRECTOR OF GRANTS

Steve Weathers
PRESIDENT & CEO

Community Outreach

UNITED WAY



Photo courtesy Big Brothers/Big Sisters

- ▲ The ECIDA increased our efforts in 2016 to reach out to minority-owned and women-owned businesses, volunteering in the community and spreading the word about our resources for growing businesses in Erie County. Staff also participated in the annual Western New York United Way Day of Caring event in August, serving as Big Brothers and Big Sisters for a day in the City of Buffalo.

WORKSHOP



M/WBE Workshop November 15, 2016
Photo credit: Robbie-Ann McPherson

- ▲ The ECIDA also sponsored a M/WBE workshop with New York State's Excelsior Growth Fund that informed business owners in various stages about financing and other challenges.



Winner, 43North M/WBE The Pitch Contest: Karibu News
Photo credit: Robbie-Ann McPherson

THE PITCH



ECIDA President & CEO Steve Weathers speaks at 43North M/WBE The Pitch event October 20, 2016
Photo credit: Robbie-Ann McPherson

- ▲ The ECIDA partnered with 43North to sponsor The Pitch, a contest for minority-owned and women-owned (M/WBE) businesses offering a \$10,000 prize to the winner, and two \$5,000 prizes.

Our Business Development Team, Loan Division and Executive Team presented throughout the year to Chambers of Commerce, community groups, business networking events and one-on-one meetings to educate Erie County businesses about how the ECIDA might help their business thrive and create jobs. ▶

UB WIN LUNCH EVENT



ECIDA staff talk with UB students about financing for entrepreneurs
Photo credit: Robbie-Ann McPherson

Community Outreach



BUS TOUR

Tour of Sinatra Development's Phoenix Brewery Apartments in Buffalo
Photo: Nancy Parisi



Adaptive Reuse Bus Tour attendees pose in front of The Frizlen Group's The School Lofts @ Abbott in Buffalo
Photo credit: Nancy Parisi

Community stakeholders, ECIDA Board members and planners from the City of Buffalo and Erie County participated in a bus tour to four Adaptive Reuse project sites in June. The ECIDA hosted the half-day event, which educated visitors on the complex issues developers face when rehabilitating older, vacant buildings in different parts of Buffalo.

Recognition



IEDC AWARD



NYSCAR AWARD

NYSCAR's Alan Hastings (left), ECIDA Executive Vice President John Cappellino (right)
Photo credit: Robbie-Ann McPherson

The ECIDA's Adaptive Reuse Tax Incentive program received national recognition in September from the International Economic Development Council at their annual conference in Cleveland, Ohio. The ECIDA was the Bronze Award recipient for "Multi-Year Economic Development, Population greater than 500,000" in recognition for the Adaptive Reuse Program's positive impact on the City of Buffalo and Erie County.

ECIDA Executive Vice President John Cappellino was recognized by the New York State Association of Realtors (NYSAR), and awarded the prestigious 2016 Meritorious Service Award at NYSCAR's annual banquet in February.

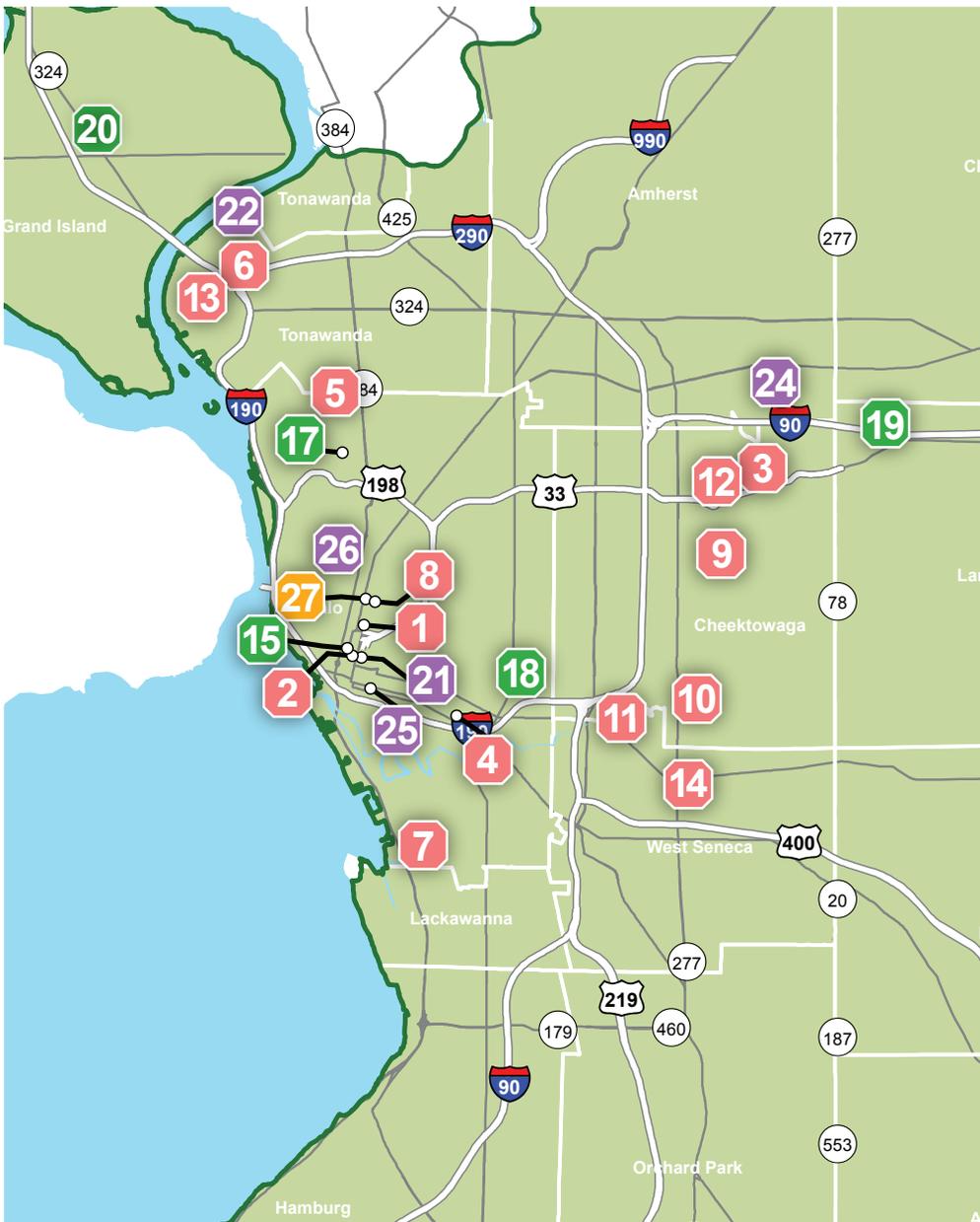


LEADERSHIP

ECIDA Loan Manager Michael Alexander
Photo courtesy Michael Alexander

ECIDA's Loan Manager Michael Alexander completed the Leadership Buffalo 2016 Rising Leaders Class.





KEY PROJECT NAME

ECIDA TAX INCENTIVE

- 1 791 Washington Street, LLC
 - 2 Alexandre Apartments, LLC
 - 3 Calspan Corporation
 - 4 Flexo Transparent
 - 5 Gordon Restaurant Market LLC
 - 6 Great Lakes Orthodontics, Ltd.
 - 7 Iroquois Bar Corporation
 - 8 Joint School Construction Board Series 2016A*
 - 9 Kohler Awning
 - 10 Rosina Food Products, Inc.
 - 11 Shell Fab
 - 12 Trahwen-G, LLC
 - 13 Triad Recycling and Energy Corp.
 - 14 Upstate Pharmaceuticals
- * Bond Refinancing

RDC SMALL BUSINESS LOAN

- 15 51 Chippewa, LLC
- 16 Alpine Made, LLC
- 17 Azariah's Innocence, LLC
- 18 Cedar's Bakery
- 19 Elite Dance Studio, Inc.
- 20 The Greener We

RDC LARGE BUSINESS LOAN

- 21 Big Ditch Brewing Company
- 22 Disc Lock, LLC
- 23 General Welding
- 24 Robinson Home Products
- 25 S.J. McCullagh, Inc.
- 26 Thin Man Brewery

ILDC TAX EXEMPT BOND FINANCING

- 27 854 Ellicott Street, LLC (ILDC)

For more details about these and other ECIDA projects, access the ECIDA project logs at www.ecidany.com

Erie County Industrial Development Agency
 95 Perry Street, Suite 403
 Buffalo, NY 14203
 (716) 856-6525

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