



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

**Joint Finance & Audit Committee Meeting
September 16, 2020**

at 10:00 a.m.
via Conference Call and Live Streaming

1. Approval of Minutes – August 18, 2020 (Action) (Pages 2-3)
2. Related Affordable/Elmwood Square Apartments – Bond Issuance (Action Item) (Pages 4-48)
3. 2021 Budget Review Timeline (Information) (Page 49)
4. Draft 2021 ECIDA Operating & Capital Budget + 3 Year Forecast (Recommendation) (Pages 50-60)
5. Draft 2021 RDC Operating Budget + 3 Year Forecast (Recommendation) (Pages 61-65)
6. Draft 2021 ILDC Operating Budget + 3 Year Forecast (Recommendation) (Pages 66-69)
7. 2020 Independent Audits – Approval of Audit Firm (Action) (Page 70)
8. New Business (Informational)
9. Adjournment

**MINUTES OF A JOINT MEETING OF THE
FINANCE & AUDIT COMMITTEES OF THE
ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (ECIDA or AGENCY)
THE BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT
CORPORATION (RDC) AND THE BUFFALO & ERIE COUNTY INDUSTRIAL
LAND DEVELOPMENT CORPORATION (ILDC)**

- MEETING:** August 18, 2020, held via telephone conference. Governor Cuomo's Executive Order 202.1, as amended, issued in response to the Coronavirus (COVID-19) crisis, suspended Article 7 of the Public Officers Law to the extent necessary to permit any public body to take actions without permitting in public in-person access to such meetings and authorized such meetings to be held remotely by conference call or other similar service, provided the public has the ability to view or listen to such proceedings and that the meeting is recorded and transcribed.
- LIVE STREAMED:** This meeting is being live-streamed and made accessible on the ECIDA's website at www.ecidany.com.
- PRESENT:** Penny Beckwith, Hon. Joseph H. Emminger, Hon. Glenn R. Nellis, Michael Szukala, and William Witzleben
- ABSENT:** Hon. Charles F. Specht and Art Wingerter
- OTHERS PRESENT:** John Cappellino, Chief Executive Officer; Mollie Profic, Chief Financial Officer; Atiqa Abidi, Assistant Treasurer; Karen M. Fiala, Assistant Treasurer; Dawn Boudreau, Director of Compliance; Grant Lessing, Business Development Office; Robbie Ann McPherson, Director of Marketing & Communications; Brian Krygier, Systems Analyst; Carrie Hocienec, Administrative Assistant and Robert G. Murray, Esq., representing General Counsel/Harris Beach PLLC
- GUESTS:** Terrance M. Gilbride, Esq. and Christopher Canada, Esq., on behalf of Hodgson Russ; Timothy Korn and Robert Zielinski, on behalf of D'Youville College; and Tim Kelly on behalf of KeyBank

There being a quorum present, Mr. Szukala called the meeting to order at 10:04 a.m.

MINUTES

The March 9, 2020 minutes of the joint meeting of the Committee were presented. Upon motion made by Mr. Nellis, and seconded by Ms. Beckwith, and after a vote was called for by Mr. Szukala, the March 9, 2020 minutes of the Committee were unanimously approved.

D'YOUVILLE COLLEGE BOND ISSUANCE

Ms. Fiala reviewed the project. Mr. Cappellino provided additional background.

Mr. Korn from D'Youville College provided additional background on re-financing benefits to the College.

Upon motion made by Mr. Nellis and seconded by Mr. Emminger, to recommend the project for financing, the following resolution was then unanimously approved.

RESOLUTION OF THE MEMBERS OF THE BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC" OR "ISSUER") FINANCE & AUDIT COMMITTEE RECOMMENDING THAT THE ILDC FINANCE CERTAIN COSTS RELATING TO, AND APPROVING THE UNDERTAKING OF A CERTAIN INITIAL PROJECT DESCRIBED BELOW, AT THE REQUEST OF D'YOUVILLE COLLEGE AND THE GRANTING OF CERTAIN FINANCIAL ASSISTANCE IN CONNECTION THEREWITH, INCLUDING THE ISSUANCE OF THE ISSUER'S TAX-EXEMPT AND/OR TAXABLE REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$49,500,000.00 FOR THE PURPOSE OF UNDERTAKING THE INITIAL PROJECT AND THE COSTS OF SUCH ISSUANCE.

2021 BUDGET REVIEW TIMELINE

Ms. Profic provided the budget review timeline to the members.

DRAFT 2021 ECIDA/RDC/ILDC OPERATING & CAPITAL BUDGET + 3 YEAR FORECAST

Ms. Profic reviewed the 2021 ECIDA, RDC and ILDC draft operating budgets and the 3 year forecasts.

There being no further business to discuss, Mr. Szukala adjourned the meeting at 10:59 a.m.

Dated: August 18, 2020

Karen M. Fiala, Secretary

Related Affordable, LLC/Elmwood Square Apartments
\$15,826,891
INDUCEMENT RESOLUTION/TAX EXEMPT BOND
ANTICIPATED BOND AMOUNT UP TO \$9,000,000

ELIGIBILITY
<ul style="list-style-type: none"> • NAICS Section - 53110
COMPANY INCENTIVES
<ul style="list-style-type: none"> • Anticipated Bond Amount - Up to \$9,000,000 • Approximately \$332,500 in sales tax savings • Up to 3/4 of 1% of the final mortgage amount estimated at \$67,500
EMPLOYMENT
<ul style="list-style-type: none"> • Current Jobs 4 • Jobs after 2 years - 4 • Annual payroll: \$159,000 • Estimated salary of jobs to be retained: \$43,000
PROJECT HISTORY
<ul style="list-style-type: none"> • 08/31/2020 - Public hearing held. • 09/23/2020 - Type 2 Action not subject to SEQRA Review • 09/23/2020 - Inducement and Bond Sale Resolution presented to Board of Directors.

Project Title: Related Affordable, LLC/Elmwood Square Apartments
Project Address: 505 Elmwood Avenue (A.K.A. 501-505 Elmwood and 258 West Utica)
 Buffalo, New York 14222
 (Buffalo City School District)

Agency Request

Issuance of federally tax exempt bond, a sales tax and mortgage recording tax exemption in connection with the acquisition, renovation and upgrading of the Elmwood Square Apartments

Building Acquisition	\$ 6,000,000
Renovation	\$ 4,845,171
Non-Manufacturing Equipment	\$ 1,346,880
Soft Costs/Other	\$ 3,634,840

Total Project Cost	\$15,826,891
85%	\$13,452,857

Company Description

The applicant will be a single-asset entity formed for the purpose of acquiring, rehabbing, owning, financing, leasing and operating Elmwood Square Apartments, a multi-family rental property. The proposed owner will engage a related to-be-formed entity as developer to carry out the rehabilitation activities and a related company – Related Management Company, LP to manage the property.

Project Description

Elmwood Square Apartments is a 138-unit affordable apartment community built in 1974. The proposed project entails acquisition and renovation of the complex in order to preserve and improve an important affordable housing resource in the City of Buffalo. The property consists of an approximately 1- acre lot with one 12-story tower containing 32 studio units, 106 one-bedroom units and a non-revenue producing employee unit. In addition, the property contains a management office, community room, gated resident parking lot, outdoor mezzanine common area, rear courtyard, multiple laundry rooms and five (5) commercial spaces. In total the building is just over 107,000 sq. ft. The property is located within Buffalo's Bryant neighborhood which provides affordable living for singles seniors and families. It is home to many long-term residents, with over a third having lived there for 10 years or more.

In connection with the substantial rehabilitation of the property in 2004, the project entered into a PILOT Agreement with the City of Buffalo and County of Erie which PILOT has been further extended through 2034. In the 15 years since the 2004 renovation the property has been well maintained but now has physical needs that require a significant capital investment. The applicant proposes to work with New York State Housing Finance Agency ("HFA") to obtain an allocation of 4% LIHTC's and tax-exempt financing through the ECIDA. The acquisition closing and renovation is expected to occur in the 4th quarter of 2020 with renovation to be completed over a nine-month period and the applicant proposes to invest approximately \$36,000 per unit in direct hard costs (\$45,000 in total construction costs) to complete a comprehensive rehab that will improve the property functionality and aesthetically.

The proposed renovation is expected to include building envelope site work (roof replacement, façade repair, lighting, repaving, landscaping and concrete work), building system and common area improvement (elevator modernization, mechanical upgrades, common area

renovation and upgrades, lighting efficiency and upgrades, and storefront repairs) and updates to 100% of the apartments units (counters, cabinets, appliances, vanities, sinks & faucets, toilets, tubs, lighting, outlets, smoke detectors, range hoods, and accessibility upgrades.)

The property will remain livable throughout construction so it is not expected that any tenants will be displaced during the construction period.

In addition to the physical upgrades, the proposed owner is planning to enter into regulatory agreements in connection with the LIHTC's and tax exempt bonds to ensure that 100% of the units remain affordable for residents with incomes at or below 60% AMI for at least another 30 years.

Related Affordable most recently was approved by the ECIDA Board of Directors in connection with the rehabilitation of the Marina Vista Apartments.

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 = \$15,826,891 85% = \$13,452,857
Employment	Same as recapture period	Maintain base: 4 No new jobs projected
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Same as recapture period	Adherence to Policy
Unpaid Tax	Same as recapture period	Adherence to Policy
Recapture Period	2 years after project completion	Recapture of Mortgage recording tax, state and local sales taxes

Recapture applies to:
State and Local Taxes
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 maintained base 4 FT jobs, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.

EVALUATIVE CRITERIA
 Elmwood Square Apartments – 2020

Evaluative Criteria	Notes
Distressed Census Tracts	The property is located in census tract 67.02 which is considered highly distressed under the State statute. It is also surrounded by several other highly distressed tracts.
Age of Structure (must be at least 20 years old and present functional challenges to redevelopment)	Project represents renovation of an existing facility.
Structure has been vacant or underutilized for a minimum of 3 years (defined as a minimum of 50% of the rentable square footage of the structure being utilized for a use for which the structure was not designed or intended). Project promotes elimination of slum and blight	Elimination of slum and blight: The project sits within census tract 67.02 and is surrounded by will serve to enhance the area and eliminate the many years of disinvestment which has plagued the neighborhood.
Structure is not generating significant rental income (defined as 50% or less than the market rate income average for that property class.	Not applicable
Redevelopment Supports or aligns with Regional or Local Development Plans	The project complies with the investment and growth criteria of the Framework for Regional Growth.
Environmental or Safety Issues.	Not applicable.
LEED/Renewable resources	Not applicable
Building or site has historic designation	Not applicable
Site or structure has delinquent or other local taxes	Taxes are current.
MBE/WBE utilization	Related will work with the Beverly Grey Center, informing them about this upcoming project and will utilize their resources to connect with potential contractors who will be given the opportunity to bid on the project. Related is also actively involved in enabling greater access to employment opportunities for community residents and even works to direct residents that could aid them in getting certified for building trades.
Demonstrated support of local gov't.	We have reached out the Mayor's office for a support letter.
Project/developer's return on investment	Not applicable

Impediments to conventionally financing project.	According to the developer, the project could not be undertaken without financial assistance from the Agency. The project requires tax exempt bond financing to be eligible for 4% LIHTC's and they are not currently aware of any other source from which the project would be able to obtain tax exempt bond financing.
Transit oriented development	The immediate area is served by the NFTA with bus stops on Elmwood Avenue (#12) and West Utica (#20)

September 23, 2020

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

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

PILOT Estimate Table Worksheet-Related Affordable/Elmwood Square Apartments - 2020

Dollar Value of New Construction and Renovation Costs	Estimated New Assessed Value of Property Subject to IDA*	County Tax Rate/1000	Local Tax Rate (Town/City/Village)/1000	School Tax Rate/1000
\$4,845,171	N/A			

*Apply equalization rate to value

N/A

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

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

Percentage of Project Costs financed from Public Sector Table Worksheet:

Total Project Cost	Estimated Value of PILOT	Estimated Value of Sales Tax Incentive	Estimated Value of Mortgage Tax Incentive	Total of Other Public Incentives (Tax Credits, Grants, ESD Incentives, etc.)
\$15,826,891	N/A	\$332,500	\$67,500	\$0

Calculate %

(Est. PILOT + Est. Sales Tax+ Est. Mortgage Tax+ Other)/Total Project Costs: 2.5%

MBE/WBE Utilization



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

MBE/WBE outreach is a part of contracting process not just for construction but also for third party reporting. As we begin our process of diligence related to the preservation and rehabilitation of the property, we are actively getting bids for third party reports from firms that are MBE/WBE. Later during the construction bidding process, our Construction Management team monitors the General Contractor's process of reaching out to MBE/WBE contractors and sub-contactors. In this case, we will be reaching out to the Beverly Grey Center, informing them about our upcoming projects and utilizing their resources to connect with potential MBE/WBE contractors who will be given the opportunity to bid on the project. Related Affordable is also actively involved in enabling greater access to employment opportunities for community residents and even working to direct residents to resources that could aid them in getting certified for building trades.

**Demographic statistics
Elmwood**

Report created on calendar date: 09/08/2020 (property date: 09/03/2020)

As Of : 09/03/2020

Resident Status : Approved applicant, Current resident

Category	Count	Percentage	Category	Count	Percentage
Total Number of Units:	145	100.00%	Current Occupants/Leases:	141	97.24%
Number of Occupied Units:	141	97.24%			
Occupants/Demographics:	148	100.00%			
Male	77	52.03%			
Female	65	43.92%			
Single	18	12.16%			
Married	0	0.00%			
Divorced	1	0.68%			
Separated	0	0.00%			
Widow/Widower	2	1.35%			
Occupant Status:			Ethnicity:		
Adult co-head of household	4	2.70%	Hispanic or Latino	16	11.27%
Adult Occupant	1	0.68%	Not-Hispanic or Latino	114	80.28%
Co-Head of Household	1	0.68%	Member did not specify	12	8.45%
Head of household	141	95.27%	Total	142	100.00%
Minor Occupant	1	0.68%			
Total	148	100.00%			
Occupation:			Citizenship:		
Merchandising	1	2.44%	United States	21	100.00%
Not applicable	24	58.54%	Total	21	100.00%
Other	13	31.71%			
Professor/Teacher/Education	1	2.44%			
Trader	2	4.88%			
Total	41	100.00%			
Age Range:					
Under 18	0	0.00%			
18 - 21	0	0.00%			
22 - 25	1	0.68%			
26 - 29	1	0.68%			
30 - 33	6	4.05%			
34 - 37	5	3.38%			
38 - 41	6	4.05%			
42 - 45	8	5.41%			
46 - 49	7	4.73%			
50 - 53	9	6.08%			
54 - 57	20	13.51%			
58 - 61	27	18.24%			
62 - 65	26	17.57%			
66 - 69	8	5.41%			
70 - 73	9	6.08%			
74 - 77	1	0.68%			
78 - 81	3	2.03%			
82 - 85	2	1.35%			
86 - 89	2	1.35%			
90 - 93	1	0.68%			
94 - 97	0	0.00%			
98 - 99	0	0.00%			
Over 99	0	0.00%			

Unknown	6	4.05%
Total	148	100.00%

Category	Count	Percentage	Category	Count	Percentage
Individual income:			Household income:		
Below 10,000	148	100.00%	Below 10,000	141	100.00%
10,000 - 16,000	0	0%	10,000 - 16,000	0	0%
16,001 - 21,000	0	0%	16,001 - 21,000	0	0%
21,001 - 26,000	0	0%	21,001 - 26,000	0	0%
26,001 - 31,000	0	0%	26,001 - 31,000	0	0%
31,001 - 36,000	0	0%	31,001 - 36,000	0	0%
36,001 - 41,000	0	0%	36,001 - 41,000	0	0%
41,001 - 46,000	0	0%	41,001 - 46,000	0	0%
46,001 - 51,000	0	0%	46,001 - 51,000	0	0%
51,001 - 56,000	0	0%	51,001 - 56,000	0	0%
56,001 - 60,000	0	0%	56,001 - 60,000	0	0%
60,001 - 65,000	0	0%	60,001 - 65,000	0	0%
65,001 - 70,000	0	0%	65,001 - 70,000	0	0%
70,001 - 75,000	0	0%	70,001 - 75,000	0	0%
75,001 - 80,000	0	0%	75,001 - 80,000	0	0%
80,001 - 85,000	0	0%	80,001 - 85,000	0	0%
85,001 - 90,000	0	0%	85,001 - 90,000	0	0%
90,001 - 95,000	0	0%	90,001 - 95,000	0	0%
95,001 - 100,000	0	0%	95,001 - 100,000	0	0%
100,001 - 110,000	0	0%	100,001 - 110,000	0	0%
110,001 - 120,000	0	0%	110,001 - 120,000	0	0%
120,001 - 130,000	0	0%	120,001 - 130,000	0	0%
130,001 - 140,000	0	0%	130,001 - 140,000	0	0%
140,001 - 150,000	0	0%	140,001 - 150,000	0	0%
Above 150,000	0	0%	Above 150,000	0	0%
Mean	52.00	N/A%	Mean	54.58	N/A%
Median	0.00	N/A%	Median	0.00	N/A%
Mode	0.00	N/A%	Mode	0.00	N/A%

Cost-Benefit Analysis for Elmwood Square Apartments

Prepared by Erie County IDA using InformAnalytics

Executive Summary

INVESTOR
Related Affordable, LLC

TOTAL INVESTED
\$15.8 Million

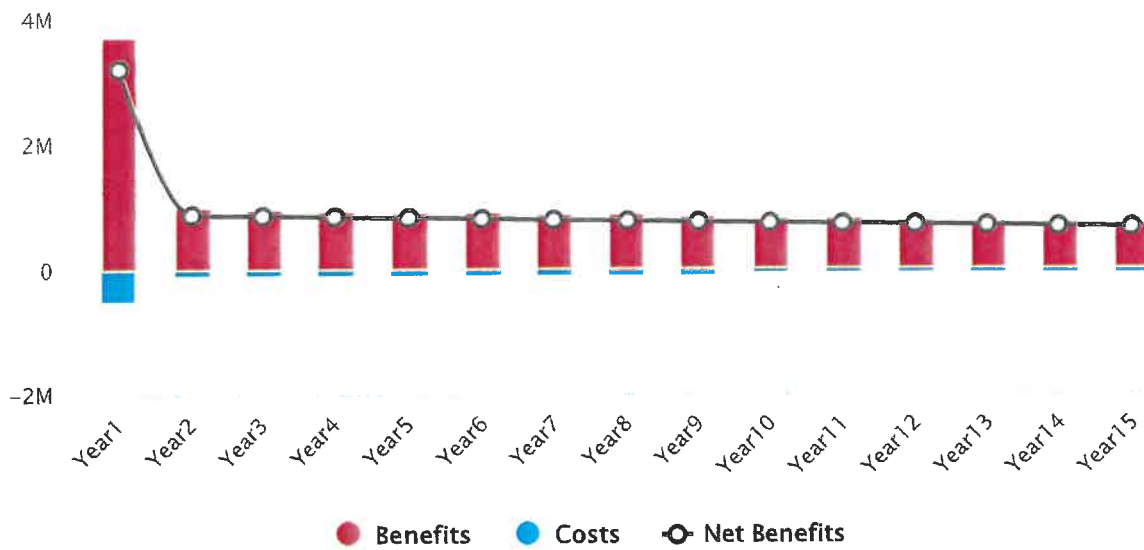
LOCATION
505 Elmwood Avenue,
Buffalo, NY 14222

TIMELINE
15 Years

FIGURE 1

Discounted* Net Benefits for Elmwood Square Apartments by Year

Total Net Benefits: \$14,159,000



Discounted at 2%

FIGURE 2

Total Jobs

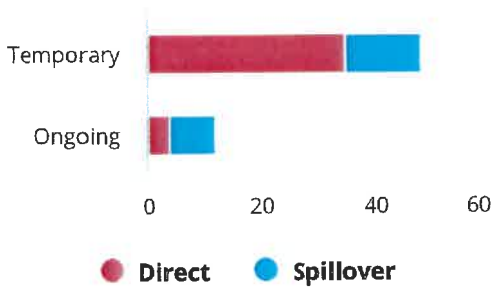
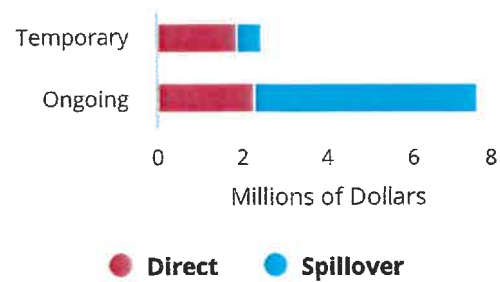


FIGURE 3

Total Payroll



Proposed Investment

Related Affordable, LLC proposes to invest \$15.8 million at 505 Elmwood Avenue, Buffalo, NY 14222 over 15 years.

TABLE 1

Proposed Investments

Description	Amount
CONSTRUCTION SPENDING	
Renovation	\$4,845,000
OTHER SPENDING	
Building Acquisition	\$6,000,000
Non-Manufacturing Equipment	\$1,347,000
Soft Costs/Other	\$3,635,000
Total Investments	\$15,827,000
Discounted Total (2%)	\$15,827,000

May not sum to total due to rounding.

FIGURE 4

Location of Investment



Cost-Benefit Analysis

A cost-benefit analysis of this proposed investment was conducted using InformAnalytics, an economic impact model developed by CGR. The report estimates the impact that a potential project will have on the local economy based on information provided by Erie County IDA. The report calculates the costs and benefits for specified local taxing districts over the first 15 years, with future returns discounted at a 2% rate.

TABLE 2

Estimated Costs or Incentives

Erie County IDA is considering the following incentive package for Related Affordable, LLC.

Description	Nominal Value	Discounted Value*
Sales Tax Exemption	\$333,000	\$333,000
Mortgage Recording Tax Exemption	\$68,000	\$68,000
Bond Interest Savings	\$2,119,000	\$1,719,000
Total Costs	\$2,520,000	\$2,120,000

May not sum to total due to rounding.

* Discounted at 2%

TABLE 3

State & Regional Impact (Life of Project)

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

Description	Direct	Spillover	Total
REGIONAL BENEFITS	\$10,793,000	\$11,291,000	\$17,574,000
To Private Individuals	\$4,442,000	\$6,672,000	\$11,115,000
Temporary Payroll	\$1,862,000	\$646,000	\$2,508,000
Ongoing Payroll	\$2,580,000	\$6,026,000	\$8,606,000
To the Public	\$6,351,000	\$4,618,000	\$6,460,000
Property Tax Revenue	\$1,769,000	N/A	\$1,769,000
Temporary Sales Tax Revenue	\$30,000	\$11,000	\$41,000
Ongoing Sales Tax Revenue	\$42,000	\$98,000	\$140,000
Bond Interest	\$2,119,000	N/A	\$2,119,000
STATE BENEFITS	\$273,000	\$397,000	\$671,000
To the Public	\$273,000	\$397,000	\$671,000
Temporary Income Tax Revenue	\$91,000	\$32,000	\$123,000
Ongoing Income Tax Revenue	\$120,000	\$272,000	\$391,000
Temporary Sales Tax Revenue	\$26,000	\$9,000	\$35,000
Ongoing Sales Tax Revenue	\$36,000	\$85,000	\$121,000
Total Benefits to State & Region	\$11,066,000	\$11,688,000	\$18,245,000
Discounted Total Benefits (2%)	\$9,918,000	\$10,073,000	\$16,279,000

May not sum to total due to rounding.

TABLE 4

Benefit to Cost Ratio

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

Description	Benefit*	Cost*	Ratio
Region	\$15,673,000	\$1,943,000	8:1
State	\$606,000	\$177,000	3:1
Grand Total	\$16,279,000	\$2,120,000	8:1

May not sum to total due to rounding.

* Discounted at 2%

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

VIRTUAL PUBLIC HEARING SCRIPT

Related Affordable, LLC Project

Public Hearing to be held on August 31, 2020 at 9:00 a.m.
via Virtual Conference Software

ATTENDANCE

Deep Katdare – Related Affordable
David Pearson – Related Companies
John Cappellino -ECIDA
Karen Fiala – ECIDA
Carrie Hocieniec – ECIDA
Brian Krygier – ECIDA

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

Hearing Officer: Welcome. This public hearing is now open; it is 9:02 a.m. My name is Grant Lesswing. I am the Business Development Officer of the Erie County Industrial Development Agency, and I have been designated by the Agency to be the hearing officer to conduct this virtual public hearing. This public hearing is being live-streamed and made accessible on the Agency's website at www.ecidany.com. Pre-registration for anyone wishing to speak at today's public hearing was required through our website. Today I am joined by Brian Krygier, ECIDA Systems Analyst who will be the Hearing Moderator and he will be managing the public comment portion of this hearing.

2. PURPOSE: Purpose of the Hearing.

Hearing Officer: Pursuant to and in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Issuer is conducting this public hearing in connection with a certain proposed project, as more fully described below (the "Project"), to be undertaken by the Issuer for the benefit of Related Affordable, LLC (the "Company").

The Issuer published a Notice of Public Hearing with respect to the Project in The Buffalo News on August 21, 2020.

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

Hearing Officer: The proposed Project shall consist of the issuance by the Issuer of its tax-exempt revenue refunding bonds under Section 145 of the Code (the

“Bonds”) in an aggregate principal amount not to exceed \$9,000,000 to finance and/or re-finance a certain project (the “Project”) to be undertaken by the Issuer for the benefit of the College, consisting of: (A) (1) the acquisition of an interest in a portion of approximately 0.99 acres of land located at 501 Elmwood Avenue in the City of Buffalo, Erie County, New York (the “Land”), (2) the acquisition, reconstruction and renovation of an existing 12-story tower consisting of 138 apartment units and containing approximately 107,000 square feet in the aggregate known as the Elmwood Square Apartments located on the Land (the “Facility”) and (3) the acquisition and installation therein and thereon of related fixtures, machinery, equipment and other personal property (the “Equipment”) (the Land, the Facility and the Equipment being collectively referred to hereinafter as the “Project Facility”), all of the foregoing to constitute a low-income housing facility to be operated by the Company and leased to residential tenants, together with incidental and related commercial space leased to various commercial entities, and any other directly and indirectly related activities; (B) the financing of all or a portion of the costs of the foregoing by the issuance of taxable and/or tax-exempt revenue bonds of the Issuer in one or more issues or series in an aggregate principal amount sufficient to pay the cost of undertaking the Project, together with necessary incidental costs in connection therewith, in an aggregate principal amount not to exceed \$9,000,000 (the “Obligations”); (C) the payment of a portion of the costs incidental to the issuance of the Obligations, including issuance costs of the Obligations and any reserve funds as may be necessary to secure the Obligations; (D) the granting of certain other “financial assistance” (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including exemption from certain sales taxes, deed transfer taxes and mortgage recording taxes (collectively with the Obligations, the “Financial Assistance”); and (E) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Issuer.

The Issuer is considering whether (A) to undertake the Project, (B) to finance the Project by issuing, from time to time, the Obligations, (C) to use the proceeds of the Obligations to pay the cost of undertaking the Project, together with necessary incidental costs in connection therewith, and (D) to provide certain exemptions from taxation with respect to the Project, including (1) exemption from mortgage recording taxes with respect to any documents, if any, recorded by the Issuer with respect to the Project in the office of the County Clerk of Erie County, New York or elsewhere, (2) exemption from deed transfer taxes on any real estate transfers, if any, with respect to the Project and (3) exemption from sales taxes relating to the acquisition, reconstruction, renovation and installation of the Project Facility. If any portion of the Financial Assistance to be granted by the Issuer with respect to the Project is not consistent with the

Issuer's uniform tax exemption policy, the Issuer will follow the procedures for deviation from such policy set forth in Section 874(4) of the Act prior to granting such portion of the Financial Assistance.

If the issuance of the Obligations is approved, with respect to any portion of the Obligations intended to be issued as federally tax-exempt obligations, the interest on such portion of the Obligations will not be excludable from gross income for federal income tax purposes unless (A) pursuant to Section 147(f) of the Code and the regulations of the United States Treasury Department thereunder, the issuance of the Obligations is approved by the County Executive of Erie County, New York (the "County Executive") after the Issuer has held a public hearing on the nature and location of the Project Facility and the issuance of the Obligations; and (B) pursuant to Section 142(a)(7) of the Code, at least ninety-five percent (95%) of the net proceeds of the Obligations are used to provide a "qualified residential rental project" within the meaning of such quoted term in Section 142(d) of the Code.

If the Issuer determines to proceed with the Project and the issuance of the Obligations, (A) the Project Facility will be acquired, reconstructed, renovated and installed by the Issuer and will be leased (with an obligation to purchase) or sold by the Issuer to the Company or its designee pursuant to a project agreement (the "Agreement") requiring that the Company or its designee make payments equal to debt service on the Obligations and make certain other payments and (B) the Obligations will be a special obligation of the Issuer payable solely out of certain of the proceeds of the Agreement and certain other assets of the Issuer pledged to the repayment of the Obligations. THE OBLIGATIONS SHALL NOT BE A DEBT OF THE STATE OF NEW YORK OR ERIE COUNTY, NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR ERIE COUNTY, NEW YORK SHALL BE LIABLE THEREON.

The Issuer has not yet made a determination pursuant to Article 8 of the Environmental Conservation Law (the "SEQR Act") regarding the potential environmental impact of the Project.

The Issuer will at said time and place hear all persons with views on the location and nature of the proposed Project Facility, the financial assistance being contemplated by the Issuer in connection with the proposed Project or the proposed plan of financing the proposed Project by the issuance from time to time of the Obligations. A copy of the Application filed by the Company with the Issuer with respect to the Project, including an analysis of the costs and benefits of the Project, is available for public inspection during business hours at the offices of the Issuer. A transcript or summary report of the hearing will be made available to the members of the board of directors of the Issuer and to the

County Executive. If the Issuer determines to issue any portion of the Obligations as federally tax-exempt obligations, approval of the issuance of such portion of the Obligations by Erie County, New York, acting through its elected County Executive, is necessary in order for the interest on such portion of the Obligations to qualify for exemption from federal income taxation.

Pursuant to the Code, interest on the Bonds will not be excluded from gross income for Federal income tax purposes unless the issuance of the Bonds is approved by the Erie County Industrial Development Agency Board of Directors. It is anticipated that the Erie County Industrial Development Agency Board of Directors will approve of the issuance of the Bonds at its meeting on September 23, 2020.

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

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

If you have a written statement or comment to submit for the record, please submit it on the Agency's website or mail to the Agency at 95 Perry Street, Suite 403, Buffalo, New York 14203. The comment period closes on September 22, 2020. There are no limitations on written statements or comments.

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

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

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

My name is Deep Katdare. I am with Related Affordable, an affiliate of Related Companies. I am Senior Vice President and I work in the Portfolio Management Group. I am joined here today with David Pearson who runs our Acquisition & Development Team. He is also a Senior Vice President of Related Companies. I will keep my comments brief. Elmwood Square Apartments is an apartment complex that is a 138-units of affordable necessary affordable housing in the City of Buffalo. The Related Companies and Steven Ross built the project in 1974 and has maintained it as an affordable housing community for almost 50 years now. In 2004 we rehabilitated the property; did a substantial rehabilitation using bonds that were issued by the ECIDA in fact at 4% low income housing tax credits. Since that time we have continued to maintain, manage and own the apartment complex and kept it affordable and it has been a very

important affordable housing resource in Buffalo and the area around the property has only gotten better over the years. We think it is very important now that we eclipsed the 15-year time frame since the last rehabilitation that we endeavor to substantially rehabilitate the property again. The property as you probably know benefits from a PILOT with the City of Buffalo and the County of Erie which was extended in 2019 as a result of the City of Buffalo and the County of Erie really feeling as though it is an important affordable housing resource and needs our assistance.

Our ask now is to get an issuance of tax-exempt bonds to once again aid in the rehabilitation and bring the property back to the ECIDA. Our proposal is to put in roughly \$36,000 per-unit in direct hard costs and \$45,000 per unit in total construction costs to rehabilitate the property. One final comment that I will make is that Related Companies and Related Affordable are long term housing preservationists and we really feel as though this property is a property we have cared for a long time and we would like to make the necessary changes and upgrades to the facilities for the benefit of the tenants and the community as well. Thank you and if you have any questions, I am available.

6. ADJOURNMENT.

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

**SIGN IN SHEET
VIRTUAL PUBLIC HEARING**

Public Hearing to be held on August 31, 2020 at 9:00 a.m.
via Virtual Conference Software

Related Affordable, LLC

Project Location: 501 Elmwood Avenue, Buffalo, New York 14222

Name	Company and/or Address	X box to speak/ comment
Deep Katdare	Related Affordable 60 Columbus Circle, 18 th Floor New York, NY 10023	X
David Pearson	Related 60 Columbus Circle, 18 th Floor New York, NY 10023	
John Cappellino	ECIDA 95 Perry Street, Suite 403 Buffalo, New York 14203	
Karen Fiala	ECIDA 95 Perry Street, Suite 403 Buffalo, New York 14203	
Carrie Hocieniec	ECIDA 95 Perry Street, Suite 403 Buffalo, New York 14203	
Brian Krygier	ECIDA 95 Perry Street, Suite 403 Buffalo, New York 14203	

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

FINANCE & AUDIT COMMITTEE

RESOLUTION

A regular meeting of the Erie County Industrial Development Agency's Finance & Audit Committee was convened on September 16, 2020, at 10:00 a.m.

The following resolution was duly offered and seconded, to wit:

RESOLUTION OF THE MEMBERS OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY FINANCE & AUDIT COMMITTEE RECOMMENDING THAT THE AGENCY FINANCE CERTAIN COSTS RELATING TO, AND APPROVING THE UNDERTAKING OF A CERTAIN INITIAL PROJECT DESCRIBED BELOW, AT THE REQUEST OF RELATED AFFORDABLE, LLC AND THE GRANTING OF CERTAIN FINANCIAL ASSISTANCE IN CONNECTION THEREWITH, INCLUDING THE ISSUANCE OF THE ISSUER'S TAX-EXEMPT AND/OR TAXABLE REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$9,000,000.00 FOR THE PURPOSE OF UNDERTAKING THE INITIAL PROJECT AND THE COSTS OF SUCH ISSUANCE.

WHEREAS, the Finance & Audit Committee (the "Committee") of the Erie County Industrial Development Agency (the "Agency" or "Issuer") has reviewed an application (the "Application") submitted by Related Affordable, LLC, a New York limited liability company having an office at 60 Columbus Circle, 18th Floor, New York, New York 10023 (the "Company"), which Application requested that the Issuer consider undertaking a certain project (the "Initial Project") for the benefit of the Company, said Initial Project consisting of the following:

WHEREAS, the Committee has reviewed the Application submitted by the Company requesting that the Issuer undertake a project consisting of: (A) (1) the acquisition of an interest in a portion of approximately 0.99 acres of land located at 501 Elmwood Avenue in the City of Buffalo, Erie County, New York (the "Land"), (2) the acquisition, reconstruction and renovation of an existing 12-story tower consisting of 138 apartment units and containing approximately 107,000 square feet in the aggregate known as the Elmwood Square Apartments located on the Land (the "Facility") and (3) the acquisition and installation therein and thereon of related fixtures, machinery, equipment and other personal property (the "Equipment") (the Land, the Facility and the Equipment being collectively referred to hereinafter as the "Project Facility"), all of the foregoing to constitute a low-income housing facility to be operated by the Company and leased to residential tenants, together with incidental and related commercial space leased to various commercial entities, and any other directly and indirectly related activities; (B) the financing of all or a portion of the costs of the foregoing by the issuance of taxable and/or tax-exempt revenue bonds of the Issuer in one or more issues or series in an aggregate principal

amount sufficient to pay the cost of undertaking the Project, together with necessary incidental costs in connection therewith, in an aggregate principal amount not to exceed \$9,000,000 (the "Obligations"); (C) the payment of a portion of the costs incidental to the issuance of the Obligations, including issuance costs of the Obligations and any reserve funds as may be necessary to secure the Obligations; (D) the granting of certain other "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including exemption from certain sales taxes, deed transfer taxes and mortgage recording taxes (collectively with the Obligations, the "Financial Assistance"); and (E) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Issue; and

WHEREAS, the Public Authorities Accountability Act of 2005 (the "PAAA"), which was signed into law on January 13, 2006 as Chapter 766 of the Laws of 2005, was enacted by the New York State (the "State") Legislature to insure greater accountability and openness of public authorities throughout the State; and

WHEREAS, pursuant to Section 2 of the Public Authorities Law ("PAL") of the State, the provisions of the PAAA apply to certain defined "local authorities," including the ECIDA; and

WHEREAS, pursuant to Section 2824(8) of the PAL, it shall be the responsibility of the members of the Finance & Audit Committee to review proposals for the issuance of debt by the ECIDA and make recommendations related thereto; and

WHEREAS, Under Article IV(E) of the Committee's Charter, the "Finance & Audit Committee shall review proposals for the issuance of debt and make recommendations regarding such proposed debt issuance"; and

WHEREAS, the Committee understands that the Bonds will be special limited obligations of the ECIDA payable from only the sources derived from the Company pursuant to the documents executed and delivered in connection with the issuance of the Bonds and purchased by a qualified institutional buyer or an accredited investor (a "Purchaser"); and

WHEREAS, the Committee further understands that Purchaser has or will have investigated independently the circumstances surrounding the issuance of the Bonds and the security and sources of payment for the Bonds; and

WHEREAS, the Committee has reviewed information relating to the proposed issuance of the Bonds and recommends that the ECIDA undertake the Project and proceed with the issuance thereof.

NOW, THEREFORE, BE IT RESOLVED BY THE FINANCE & AUDIT COMMITTEE OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

1. That it is in the best interest of economic development in Erie County for the ECIDA to provide the financial assistance to the Company as described herein provided (a) that the Bonds shall never be a debt of the State of New York, the County of Erie, or any political subdivision thereof, and neither the State of New York, the County of Erie, nor any political subdivision thereof shall be liable thereon, and (b) that the Bonds shall be limited obligations of the ECIDA payable from only the sources derived from the Company pursuant to the documents executed and delivered in connection with the issuance of the Bonds.

2. This resolution shall take effect immediately.

Dated: September 16, 2020.



Elmwood Bond Application

[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	Elmwood Square Apartments
Project Summary	Elmwood Square - Preservation
Applicant Name	Related Affordable, LLC (proposed owner is a to-be-formed entity to be owned by Related Affordable, LLC)
Applicant Address	60 Columbus Circle
Applicant Address 2	18th Floor
Applicant City	New York
Applicant State	New York
Applicant Zip	10023
Phone	(212) 801-3738
Fax	(212) 801-3731
E-mail	dpearson@related.com
Website	www.related.com
NAICS Code	531110

Business Organization

Type of Business	Expected to be a Limited Partnership
Year Established	2020
State in which Organization is established	New York

Individual Completing Application

Name	Deep Katdare
Title	Senior Vice President
Address	c/o The Related Companies, L.P.
Address 2	60 Columbus Circle, 18th Fl
City	New York
State	New York
Zip	10023

Phone (646) 767-3251
Fax (212) 301-3731
E-Mail deep.katdare@related.com

Company Contact (if different from individual completing application)

Name David Pearson
Title Senior Vice President
Address The Related Companies,
 L.P.
Address 2 60 Columbus Circle, 18th
 Fl
City New York
State New York
Zip 10023
Phone (212) 301-3738
Fax (212) 301-3731
E-Mail dpearson@related.com

Company Counsel

Name of Attorney David Boccio
Firm Name Levitt & Boccio, LLP
Address 423 West 55th Street
Address 2 8th Fl
City New York
State New York
Zip 10019
Phone (212) 801-3769
Fax (212) 801-3762
E-Mail dboccio@levittboccio.com

Benefits Requested (select all that apply)

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

* (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.

The proposed owner will be a single-asset entity formed for the purposes of acquiring, rehabilitating, owning, financing, leasing and operating Elmwood Square Apartments, a multi-family rental property located at 505 Elmwood Avenue, Buffalo, Erie County, New York 14222. The proposed owner will engage a to-be-formed entity as developer to carry out the rehabilitation activities and related management company, Related Management Company, L.P., to manage the property.

Estimated % of sales within Erie County 100 %

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

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

Estimated % of sales outside the U.S. 0 %

(*Percentage to equal 100%)

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

45

Describe vendors within Erie County for major purchases

For the proposed rehabilitation, it is expected that approximately 20% of materials will be sourced from firms in Erie County and approximately 50% of the cost for goods and services will be subject to State and local sales and use tax. The vendors and suppliers are yet to be determined. For the management of the property, it is expected that approximately 45% of supplies and vendor services will be purchased from firms in Erie County.

Section II: Eligibility Questionnaire - Project Description & Details

Project Location

Address of Proposed Project Facility

505 Elmwood Avenue (also referenced as 501-515 Elmwood Avenue and 258 West Utica Street)

Town/City/Village of Project Site

City of Buffalo

School District of Project Site

Buffalo School District

Current Address (if different)

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

SBL Number(s) for proposed Project

140200: 100.46-1-1,100.46-1-61,100.46-1-61./Z

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

100,733.02

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

Land

\$

Building(s)

\$

If available include a copy of current tax receipt.

Are Real Property Taxes current at project location?

Yes

If no please explain

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

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

Yes

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

Elmwood Square Preservation, L.P.

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

No

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

The Proposed Project site is currently being used as low-income affordable multi-family rental housing.

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

The Proposed Project is the acquisition and renovation of Elmwood Square Apartments, a 138-unit affordable apartment community built in 1974, in order to preserve and improve an important affordable housing resource in the City of Buffalo. The property is situated on a 0.99 acre lot with one 12-story tower containing 32 studio units and 106 one-bedroom units. One of the one-bedroom units is a non-revenue employee unit. In addition, the property contains a management office, community room, gated resident parking lot, outdoor mezzanine common area, rear courtyard, multiple laundry rooms, and five (5) commercial spaces. The subject property is located within Buffalo's Bryant neighborhood which provides affordable living for singles, seniors and families. This trendy, densely populated neighborhood sits about 1.5 miles to the north of downtown Buffalo. This area of Buffalo is experiencing a renaissance and consequently an increase in development activity. The property is home to many long-term residents, with over a third having lived at the apartment complex for 10 years or more. While the property does not have a senior designation, the majority of the existing tenancy is senior. Over the last few years, as the neighborhood has transformed, the tenancy has diversified. The property was originally financed in August of 1973 with a HUD loan assisted by interest reduction payments ("IRP") under Section 236 of the National Housing Act. The Section 236 mortgage loan was provided by the Urban Development Corporation ("UDC") and at the time of the original closing, the Project signed a Rent Supplement Contract under Section 101 of the HUD Act of 1965 so that federal assistance payments could be made to the Project on behalf of qualified tenants that met HUD criteria for lower rents. The UDC loan was prepaid in November of 2004 as part of a substantial rehabilitation of the Project which resulted in the termination of the Rent Supplement Contract. In November of 2004, Elmwood Square Preservation, L.P., an affiliate of the Related Companies, L.P. ("TRCLP"), acquired the Project from Elmwood Square Associates, also an affiliate of TRCLP. The acquisition and substantial rehabilitation of the property was financed through the issuance of tax-exempt bonds funded by the Erie County Industrial Development Agency ("ECIDA") and insured by the Federal Housing Administration ("FHA") through the Section 221(d)(4) HUD insurance program. Deutsche Bank Berkshire Mortgage ("DBBM") was the designated HUD underwriter. Another source of financing for the rehabilitation of the property came in the form of Low-Income Housing Tax Credit ("LIHTC") equity from the sale of 4% "as-of-right" tax credits that the project qualified for due to its receipt of tax-exempt bonds. These credits were purchased by Alden Torch Financial (fka Centerline Capital) and are administered by The New York State Division of Housing and Community Renewal ("DHCR"). Due to its receipt of LIHTC, the Project is regulated under Federal IRC Section 42 which stipulates that 100% of the units at the property be set aside for households earning no more than 60% of AMI for a period of 15 years ("Tax Credit Compliance Period"). Additionally, the Project is governed by an Extended Low-Income Housing Commitment ("ELIHC") which extends the 60% AMI affordability restriction 15 years past the end of the Tax Credit Compliance Period. Upon prepayment of the original UDC Section 236 loan, the IRP was decoupled and the property was governed by a Section 236(e)(2) Use Agreement requiring that 100% of the units be occupied by residents earning no more than 80% of the Area Median Income ("AMI") and restricting rents based on Section 236 basic and market rent levels. A collateral IRP Agreement stipulated that the Project would continue to receive IRP subsidy through 2017 provided it remained in compliance with the Use Agreement. Upon expiration of the IRP in May of 2017, the property executed an Amended Section 236(e)(2) Use Agreement with HUD which terminated the IRP Agreement and obligated the property to maintain the 236 rent regime for all in-place tenants for a 5-year period through May of 2022. In conjunction with the substantial rehabilitation of the property in 2004, the Project entered into a PILOT Agreement with the City of Buffalo and the County of Erie. Organized as a redevelopment company under Article V of the Private Housing Finance Law of the State of New York ("PHFL"), Elmwood Square Preservation, L.P. qualified for and received a 15-year PILOT for the Project in 2004 which stipulated a schedule of annual PILOT payment for the term of the agreement. Annual tax payments were determined as the greater of the scheduled payment and the 10% shelter rent calculation. In August of 2019, the ECIDA bonds were prepaid and the property was refinanced with an M&T Bank balance sheet loan. As part of the refinancing of the property in 2019, a reserve was set aside to address immediate capital needs. In addition, the City of Buffalo and the County of Erie agreed to extend the PILOT for an additional 15 years through August of 2034. The PILOT payments under the extension are the greater of the 10% shelter tax payment and the scheduled payment (3% annual escalation from last payment under the original PILOT). In the 15 years since its renovation, Elmwood Square has been well-maintained, but now has physical needs that require significant capital investment. The Applicant proposes to work with New York State Housing Finance Agency ("HFA") to obtain an allocation of 4% LIHTCs and work with ECIDA to obtain an allocation of tax-exempt bonds to finance an acquisition and rehabilitation of the property. The acquisition closing and start of renovation is expected to occur in the 4th quarter of 2020 with renovation to be completed over a nine-month period. The Applicant proposes to invest approximately \$36,000 per unit in direct hard costs (approximately \$45,000 per unit in total construction costs) to complete a comprehensive rehabilitation that will improve the property functionally and aesthetically. The proposed renovation is expected to include building envelope and site work (roof replacement, window replacement, façade repair, lighting, repaving, landscaping, and concrete work), building system and common area improvement (elevator modernization, mechanical upgrades, common area renovation and upgrades, lighting efficiency and upgrades, and storefront repairs), and updates to 100% of the apartment units (counters, cabinets, appliances, vanities, sinks & faucets, toilets, tubs, lighting, outlets, smoke detectors, range hoods, and accessibility upgrades). The property will remain livable throughout construction so it is not expected that any tenants will be displaced during the construction period. In addition to the physical upgrades, the proposed owner is planning to enter into regulatory agreements in connection with the LIHTCs and tax-exempt bonds to ensure that 100% of the units remain affordable for residents with incomes at or below 60% AMI for at least another 30 years. The ultimate objective is to preserve and improve existing affordable housing in the City of Buffalo for current and future residents.

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

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

No

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

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

The Project could not currently be undertaken without Financial Assistance from the Agency. The Project requires tax-exempt bond financing to be eligible for 4% LIHTCs and we are not currently aware of any other source from which the Project would be able to obtain tax-exempt bond financing. The bond financing and LIHTC equity are critical for the Applicant to undertake the Project.

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 tax-exempt bond financing and LIHTC equity are critical for the Applicant to undertake the proposed acquisition and rehabilitation of the property. The renovation of the property will enable an investment of approximately \$5 million in direct hard costs (an average of \$36,000 per unit) and over \$6 million in total construction costs, to address physical needs at the property. Built over 45 years ago and renovated 15 years ago, the property has been maintained but now has significant capital needs. The proposed renovation includes roof replacement, window replacement, façade repair, lighting, repaving, landscaping, concrete work, elevator modernization, mechanical upgrades, common area upgrades, lighting upgrades, storefront repairs, and updates to 100% of units to update appliances, fixtures, and finishes. The proposed renovation will allow the Applicant to preserve and improve an important affordable housing resource in a burgeoning neighborhood of Buffalo which continues to have a need for affordable housing. Through this renovation, the Applicant will protect the affordability of 100% of the 138 units with new extended regulatory agreements. The project is also expected to generate approximately 25 construction jobs through the rehabilitation, with an expected average salary of \$65,000/year for full-time roles and \$20/hour for part-time roles, in addition to enabling the retention of four positions on the property management team.

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

Yes

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

If the Applicant is unable to obtain Financial Assistance for the Project, the Applicant will need to seek other resources to enable the acquisition and rehabilitation, however it is unclear at this time whether other resources will be available for the Project. If other resources are not available, then the Applicant will not be able to acquire the property and complete a much needed rehabilitation. The current owner will continue to work with management to operate the property given available resources, however the property will undoubtedly experience increasing physical needs and declining conditions.

Will project include leasing any equipment?

Yes

If yes, please describe equipment and lease terms.

It is expected that the Project will lease some equipment such as laundry machines, postage machine, printer/copier/scanners and computer equipment.

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)

Public transportation is available near the property. The immediate area is served by the Niagara Frontier Transportation Authority, with bus stops on Elmwood Avenue (Route #12) and West Utica Street (Route #20).

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

No

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

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

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

Yes

Describe the present zoning/land use

According to the City of Buffalo Planning and Zoning Department, the property is currently zoned as N-2C for Mixed-Use Center. The current land use is as a Multifamily Dwelling and other Retail Uses which are all Permitted Uses

Describe required zoning/land use, if different

The proposed project does not involve a change to the required zoning or land use.

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

N/A

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

Yes

If yes, please explain

The Applicant is not aware of any known or potential presence of contaminants that would complicate the development/use of the property. As part of the refinancing, the Applicant conducted a Phase I environmental study that required a Phase II as well as a limited sub-surface investigation to measure the flow of groundwater under the property. Some of the groundwater under the property was determined to have chlorinated volatile organic compounds ("CVOC") above NYSDEC standards. However this was not determined to be a recognized environmental condition ("REC") given that (i) groundwater is not used for drinking, (ii) groundwater flow is away from the property, and (iii) there is no permeation of any contamination into the building slab.

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

Yes

If yes, please provide a copy.

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

No

If yes, please provide copies of the study.

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

Yes

If yes, describe the efficiencies achieved

Yes, new equipment purchased as part of the Project will provide energy efficiency benefits. The proposed renovation will include the replacement of equipment in residential units, including energy-efficient lighting, windows and appliances. The renovation will also include mechanical equipment upgrades which are expected to meet certain efficiency standards. And there will be roof upgrades to improve energy efficiency.

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

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

No

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

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

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

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 Yes Services Yes

Please check any and all end uses as identified below.

- Yes Acquisition of Existing Facility No Assisted Living No Back Office
No Civic Facility (not for profit) No Commercial Yes Equipment Purchase
No Facility for the Aging No Industrial No Life Care Facility (CCRC)
No Market Rate Housing Yes Mixed Use Yes Multi-Tenant
Yes Retail No Senior Housing No Manufacturing
Yes Other
Leasing Office, resident amenities (e.g. laundry rooms, community room)

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.

Table with 5 columns: Use Type, Unit, Cost, % of Total Cost. Rows include Manufacturing/Processing, Warehouse, Research & Development, Commercial, Retail, Office, and Specify Other.

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)

<BLANK>

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

10/1/2020

End date : Estimated completion date of project

7/1/2021

Project occupancy : estimated starting date of occupancy

9/1/2021

Project Information

Estimated costs in connection with Project

Land and/or Building Acquisition

\$ 6,000,000 107,512 square feet 1 acres

New Building Construction

\$ 0 square feet

New Building addition(s)

\$ 0 square feet

Reconstruction/Renovation

\$ 4,845,171 107,512 square feet

Manufacturing Equipment

\$ 0

Infrastructure Work

\$ 0

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

\$ 1,346,880

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

\$ 2,601,624

Other Cost

\$ 1,033,216

Explain Other Costs The Other Costs include an estimated \$620,826 in financing and legal costs (e.g. attorneys' fees, issuer fees, lender fees, tax credit equity-related fees) and an estimated \$412,390 in lender and investor reserves and escrows.

Total Cost 15,826,891

Construction Cost Breakdown:

Total Cost of Construction	\$6,192,051 (sum of 2, 3, 4 and 5 in Project Information, above)
Cost of materials	\$3,800,000.00
% sourced in Erie County	20%

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 \$3,800,000.00

Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above): \$332,500

** Note that the estimate provided above will be provided to the New York State Department of Taxation and Finance. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to undertake the total amount of investment as proposed within this Application, and that the estimate, above, represents the maximum amount of sales and use tax benefit that the Agency

may authorize with respect to this Application. The Agency may utilize the estimate, above, as well as the proposed total Project Costs as contained within this Application, to determine the Financial Assistance that will be offered.

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

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

If Yes, describe particulars: The Applicant has ordered third-party reports required for the tax-exempt bond financing and low income housing tax credit applications (e.g. market study, environmental Phase I report).

Sources of Funds for Project Costs:

Equity (excluding equity that is attributed to grants/tax credits): \$286,100
Bank Financing: \$2,519,791
Tax Exempt Bond Issuance (if applicable): \$9,000,000
Taxable Bond Issuance (if applicable): \$0
Public Sources (Include sum total of all state and federal grants and tax credits): \$4,021,000
Identify each state and federal grant/credit: (ie Historic Tax Credit, New Market Tax Credit, Brownfield, Cleanup Program, ESD, other public sources) 0
Total Sources of Funds for Project Costs: \$15,826,891
Have you secured financing for the project? No

Mortgage Recording Tax Exemption Benefit:

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

Mortgage Amount (include sum total of construction/permanent/bridge financing). 9,000,000
Lender Name, if Known
Estimated Mortgage Recording Tax Exemption Benefit (product of mortgage amount as indicated above multiplied by 3/4 of 1%): \$67,500

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): The Project will benefit from a PILOT that has already been issued by the City of Buffalo and the County of Erie. The PILOT is effective as of October 2019 through October of 2034. The PILOT payments under the extension are the greater of the 10% shelter tax payment and the scheduled payment which escalates by 3% per annum.

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

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

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

MBE/WBE outreach is a part of contracting process not just for construction but also for third party reporting. As we begin our process of diligence related to the preservation and rehabilitation of the property, we are actively getting bids for third party reports from firms that are MBE/WBE. Later during the construction bidding process, our Construction Management team monitors the General Contractor's process of reaching out to MBE/WBE contractors and sub-contractors. In this case, we will be reaching out to the Beverly Grey Center, informing them about our upcoming projects and utilizing their resources to connect with potential MBE/WBE contractors who will be given the opportunity to bid on the project. Related Affordable is also actively involved in enabling greater access to employment opportunities for community residents and even working to direct residents to resources that could aid them in getting certified for building trades.

Is project necessary to expand project employment?

No

Is project necessary to retain existing employment?

Yes

Will project include leasing any equipment?

Yes

If yes, please describe equipment and lease terms.

It is expected that the Project will lease some equipment such as laundry machines, postage machine, printer/copier/scanners and computer equipment.

Employment Plan (Specific to the proposed project location).

You must include a copy of the most recent NYS-45 Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return.

	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	4	4	0	0
Part time	0	0	0	0
Total	4	4	0	

Salary and Fringe Benefits for Jobs to be Retained and Created

Category of Jobs to be Retained and/or Created	# of Employees Retained and/or Created	Average Salary for Full Time	Average Fringe Benefits for Full Time	Average Salary for Part Time (if applicable)	Average Fringe Benefits for Part Time (if applicable)
Management	3	\$43,000	\$8,100	\$0	\$0
Professional	0	\$0	\$0	\$0	\$0
Administrative	1	\$30,000	\$8,100	\$0	\$0
Production	0	\$0	\$0	\$0	\$0
Independent Contractor	0	\$0	\$0	\$0	\$0
Other	0	\$0	\$0	\$0	\$0

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

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

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

159,000

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

43,000

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

0

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

0

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

0

Estimated salary range of jobs to be created

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

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

Section III: Environmental Questionnaire

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

General Background Information

Address of Premises

505 Elmwood Avenue (also referenced as 501-515 Elmwood Avenue and 258 West Utica Street), Buffalo, New York 14222

Name and Address of Owner of Premises

(Proposed owner is a to-be-formed entity) c/o Related Affordable 60 Columbus Circle, 18th Fl New York, NY 10023

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

The property consists of the Elmwood Square Apartments a 12-story residential apartment building with commercial store fronts on the ground floor. The building is located on the western half of the property with drives, lawn and landscaped areas located on the eastern half of the property. The property is listed as 0.99 acres in size. The building is comprised of residential apartments with the management office, maintenance, storage, mechanical rooms and five store fronts located on the first floor of the building. The laundry and community rooms are located on the second floor of the building and an elevator control room is located in a penthouse on the roof. The upper ten floors have thirteen apartments per floor consisting of one bedroom and studio models. The building is surrounded on the east side by parking (33 spaces) and access drives. Lawns and landscaped areas are also located to the east. The topography is generally level with a slight slope to the west and the Niagara River, the dominant local, natural feature.

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

The Premises consist of one 12-story building built in 1974 and renovated in 2004 along with a surface parking lot and 5 commercial spaces on the ground floor. The building is constructed of steel and reinforced concrete, slab on grade. Basements are not present. The building has an entrance and exit to Elmwood Avenue to the west and an entrance and exit to the courtyard to the east of the building. The Elmwood Square building is a total of twelve stories (ground plus eleven). One hundred and six one-bedroom and thirty-two studio apartments are present in the eleven residential floors. Each apartment has an attached concrete balcony. An elevator system is present in the building along with two stair wells. A laundry room and a community room are located on the second floor of the building.

Describe all known former uses of the Premises

The historical use of the property is consistent with the current use of the property which is mixed use of residential and commercial uses.

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

Yes

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

There are five (5) commercial tenants that lease retail space on the first floor of the property. They are as follows: (i) The Finery NY, LLC - tattoo removal and skincare company (ii) Blue Mountain Coffee - coffee shop (iii) Chayban's Custom Tailoring - drycleaners (iv) Lon & Lean Pilates - Pilates studio (v) Modern Nails - Nail Salon In addition, the property currently has a rooftop lease with Spectrum/Sprint. The carrier has placed an antenna and other related equipment in a dedicated area on the rooftop.

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

According to the Phase I report issue by Partner Engineering in September of 2018, there are no known spills, releases or unpermitted discharges of petroleum, hazardous substances, chemicals or hazardous wastes at the Premises.

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?

Yes

If yes, please state the results of the enforcement action (consent order, penalties, no action, etc.) and describe the circumstances

In the normal course of business, the property has received local code violations in the normal course of business. As part of the refinancing of the mortgage that was completed in August of 2019, the property cured all outstanding local code violations. At this time, the Applicant is not aware of any outstanding code violations however to the extent that any such violations are uncovered as a result of our diligence associated with the proposed bod/ credit rehabilitation, the Applicant intends to cure such violations.

Has there been any filing of a notice of citizen suit, or a civil complaint or other administrative or criminal procedure involving the Premises?

Yes

If yes, describe in full detail

Yes, as is typical for multi-family residential properties, Elmwood Square Preservation, L.P. has been named in civil suits largely stemming from slip & fall and personal injury in the past. The Applicant is not aware of any such cases that are pending, and to the extent such cases arise as a result of the normal course of business, they are typically covered by insurance.

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

The rubbish removal company is Modern Disposal Corporation.

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

The solid waste disposal facility is not known.

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

The current and contemplated use of the property does not involve industrial process 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

The Applicant is not aware of any discharges of waste water, process water, or contact or non-contact cooling water at the property nor any septic tanks on the site. According to the Phase I report, stormwater is removed primarily by sheet flow action across the paved surfaces towards stormwater drains located throughout the subject property and in the public right of way. Site stormwater from the roofs of the property, landscaped areas, and paved areas is directed to on-site concrete swales, which drain to the public right of way, and to on-site stormwater drains.

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

The Applicant is not aware of any storage tanks above ground or below the Premised. This has been corroborated by the Phase I report.

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

According to the Phase I report, One pad mounted transformer was observed on the property and was noted to be utility-owned. It was not labeled with respect to PCB content. No leakage or staining was observed in the vicinity of the transformer. In addition, a trash compactor was observed with no evidence of leakage or staining. Based on the good condition of the equipment and third-party ownership, the hydraulic equipment does not represent a significant environmental concern to the property.

Do the Premises have any asbestos containing materials?

Yes

If yes, please identify the materials

According to the Phase I report, based on a visual inspection conducted by the environmental engineer, no friable asbestos was observed in the drywall systems, floor tiles or floor tile mastic. That being said, due to the age of construction there is likely suspect asbestos containing materials ("ACM") present in the drywall and floor tiles. The proposed rehabilitation will use best practices for managing ACM during the proposed renovation and the site will have an ACM Operations & Maintenance Plan in place for both construction and ongoing operations.

Section IV: Facility Type - Single or Multi Tenant

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

Multi-Tenant Facility

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

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

Erie County and the City of Buffalo has a significant need for safe and decent affordable housing. According to the U.S. Census Bureau (2014-2018 American Community Survey 5-Year Estimates), the percentage of households living in rental units and paying 30% or more of their household income in gross rent has been 50% in Erie County and 54% in the City of Buffalo. As the region continues to experience redevelopment activity, the need for preserving affordable housing will continue to grow. In addition the recent COVID-19 crisis has resulted in unprecedented unemployment which has put significant financial strain on many residents in the City of Buffalo and the County of Erie. This strain only increases the need for safe, decent and affordable rental housing stock. Elmwood Square Apartments provides much needed affordable rental units in a transit accessible location near the heart of downtown Buffalo. The property had an average occupancy rate of 98% in 2019 and has had an average occupancy rate of 98% so far through 2020. This further indicates the need for this valuable affordable housing resource in the community. The proposed rehabilitation will be a tenant in-place renovation and the property will remain inhabitable throughout construction, maintaining the availability of these units for current and future residents.

Have any tenant leases been entered into for this project?

Yes

If yes, please list below and provide square footage (and percent of total square footage) to be leased to tenant and NAICS Code for tenant and nature of business

Tenant Name	Current Address (city, state, zip)	# of sq ft and % of total to be occupied at new project site	SIC or NAICS-also briefly describe type of business, products services, % of sales in Erie Co.
-------------	------------------------------------	--	--

*fill out table for each tenant and known future tenants

Section VI: Retail Determination

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

Please answer the following:

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

Yes

If yes, complete the Retail Questionnaire Supplement below.

Will any portion of the project consist of facilities or property that is primarily used in making sales of goods or services to customers who personally visit the project site?

<BLANK>

If the answer is yes, please continue. If no, proceed to the next section.

What percentage of the cost of the project will be expended on such facilities or property primarily used in making sales of goods or services to customers who personally visit the project?

0 %

If the answer to this is less than 33% do not complete the remainder of the page, proceed to the next section.

If the answer to A is Yes AND the answer to Question B is greater than 33.33%, indicate which of the following questions below apply to the project:

Will the project be operated by a not-for-profit corporation?

<BLANK>

Is the project location or facility likely to attract a significant number of visitors from outside the economic development region (Erie, Niagara, Allegheny, Chautauqua and Cattaraugus counties) in which the project will be located?

<BLANK>

If yes, please provide a third party market analysis or other documentation supporting your response.

Is the predominant purpose of the project to make available goods or services which would not, but for the project, be reasonably accessible to the residents of the municipality? Are services provided at the proposed project site needed because of a lack of reasonably accessible retail trade facilities offering such goods or services?

<BLANK>

If yes, please provide a market analysis supporting your response.

Will the project preserve permanent, private sector jobs or increase the overall number of permanent private sector jobs in the State of New York?

<BLANK>

If yes, explain

Is the project located in a Highly Distressed Area?

<BLANK>

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

505 Elmwood Avenue (also referenced as 501-515 Elmwood Avenue and 258 West Utica Street)

City/Town

Buffalo

State

New York

Zip Code

14222

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:

N/A

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

N/A

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

No

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

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

N/A

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

No

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

N/A

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

N/A

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

N/A

Section IX: Senior Housing

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

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

No

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

2021 Budget Review Process

<u>Date</u>	<u>Description</u>	
July-August	Review of draft 2021 budgets by ECIDA management. (a) Prioritize any proposed budget requests for initiatives. (b) Formal budget requests compiled.	✓
August 18 th	Finance & Audit Committee meeting – initial review of proposed budgets.	✓
September 16 th	Finance & Audit Committee meeting to discuss any updates/recommend proposed budgets to Boards.	
September 23 rd	Review of 2021 draft budgets at Board meetings.	
October 2 nd at 10:00 a.m.	Board Q&A budget session #1 (voluntary).	
October 6 th at 2:00 p.m.	Board Q&A budget session #2 (voluntary).	
October	Adjustments to budget based on Board feedback and Finance & Audit Committee approval of final budgets (<i>if necessary</i>).	
October 28 th	Board meeting – action to approve final 2021 budgets.	
November 1 st	Deadline for final approved budget to be submitted to the ABO.	

Erie County Industrial Development Agency
2021 Proposed Budget

Erie County Industrial Development Agency (ECIDA)

2021 Budget + 3 Year Forecast

A. Overview of Changes in 2021 Budget

Presented herein is the projected operating budget for the Erie County Industrial Development Agency's ("ECIDA") year ending December 31, 2021 and a three-year forecast for 2022–2024.

The ECIDA is a not-for-profit, public benefit corporation that provides tax incentives, financing programs and economic development services to Buffalo and Erie County. In accomplishing its mission, the ECIDA does not receive any operational funding from Federal, State, County or local sources. Instead, the key source of revenue for the ECIDA is the administrative fees charged to those companies that utilize its various products and services. The income that the ECIDA generates is utilized to provide salaries to its professional staff for managing various economic development programs, as well as payments for professional fees, general office expenses, public notices/marketing, building costs and other miscellaneous expenses.

For the year ending December 31, 2021, the Agency is projecting net income from operations of \$71,000. Depreciation, a noncash item, is estimated at \$120,000 and brings the budgeted operating loss to \$49,000. There is also \$896,000 budgeted for external projects, most of which will be funded with existing UDAG funds, rather than operating cash. After reserving \$2,000,000 for future projects the potential net loss for 2021 is \$2,945,000. Most of the budgeted loss would be from existing UDAG funds that have accumulated over several years.

The following significant risk factors may impact the 2021 results:

1. The majority of the ECIDA's administrative fee income is derived from a few large tax incentive and/or tax-exempt bond projects. The Agency does not collect a fee until the project (usually construction) is started, since many factors affect project timing. Depending on the timing of these projects, the Agency's fee income can fluctuate significantly from year to year.
2. Changes in the overall national and/or regional economy could result in a decrease in local investment projects that are assisted by the Agency, resulting in a corresponding decrease in administrative fee income.

The following information details the key changes in the 2021 budget compared to the 2020 projected revenues and expenses:

Erie County Industrial Development Agency (ECIDA) 2021 Budget + 3 Year Forecast

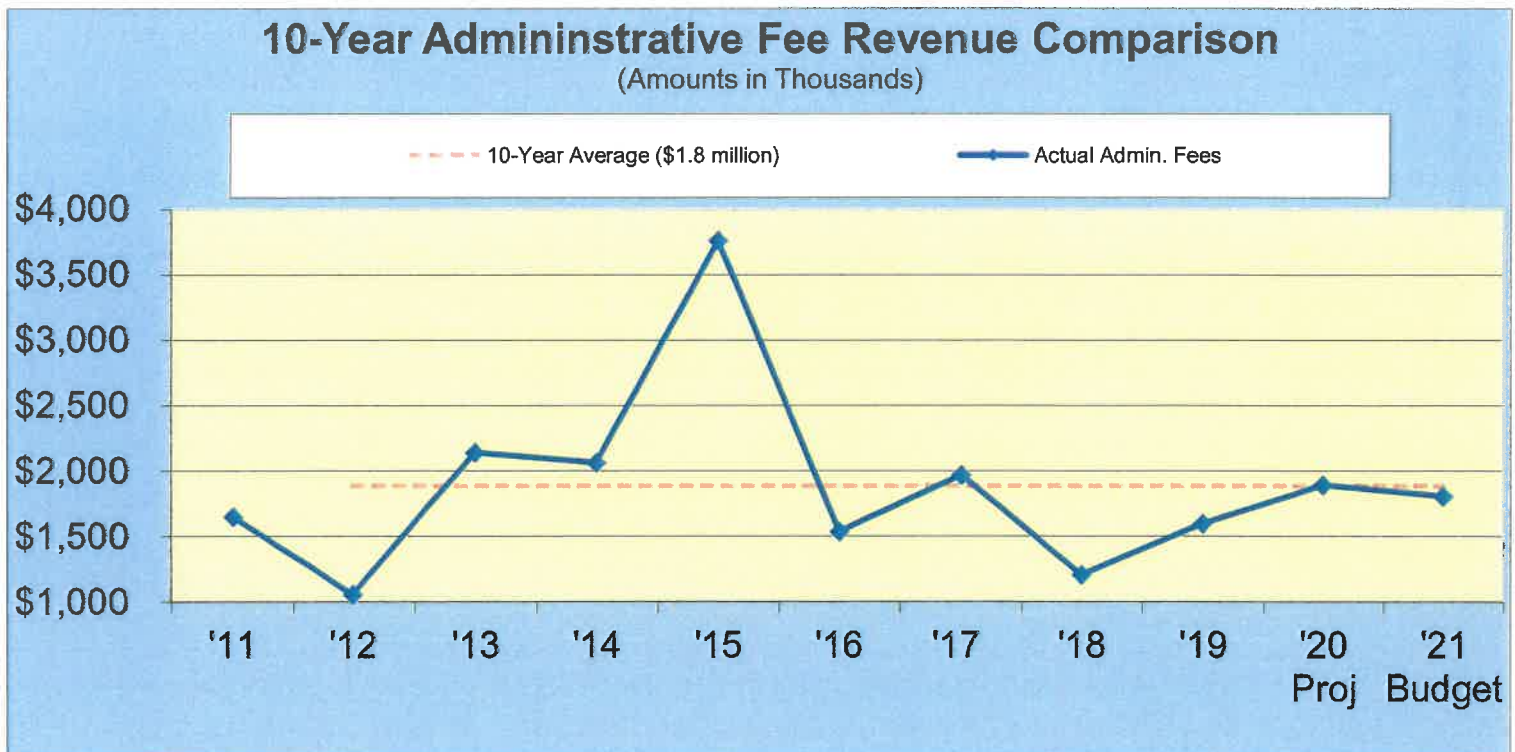
A. Overview of Changes in 2021 Budget (continued)

Revenues:

Administrative Fees (2021 Budget - \$1.80 million):

Administrative fees primarily consist of fees earned by the ECIDA through the provision of tax abatements. During 2020, administrative fees included projects such as the Seneca One Tower in downtown Buffalo, Moog in Elma, and Time Release Sciences in Lackawanna. Additionally, the Agency expects to close on two bond issuances prior to the end of 2020, which would result in fees collected upwards of \$500,000. Since some fees are recognized over multiple years (in accordance with the terms of the related fee agreements), the Agency expects to recognize roughly \$750,000 of fees in 2021 related to prior year project approvals. The budgeted figure of \$1.8 million was derived using the 2011-2020 10-year average.

The following chart summarizes the actual administrative fee revenue over the past 10 years compared to the average administrative fee for the 10-year period from 2011-2020:



Erie County Industrial Development Agency (ECIDA)

2021 Budget + 3 Year Forecast

A. Overview of Changes in 2021 Budget (continued)

Affiliate Management Fees (decreasing 1.7% from \$414,000 to \$407,000):

Affiliate Management Fees represent salary, benefit, and facilities costs charged to ECIDA's affiliated companies (RDC & ILDC) for office space and services that ECIDA employees provide to these organizations, since they have no employees of their own. Affiliate management fees are expected to decrease in 2021 due to fewer projected hours spent on affiliates' business, coupled with increased salary and benefit costs.

Management Fees – BUDC (decreasing 2.5% from \$119,000 to \$116,000):

Management Fees – BUDC are salaries and benefit costs charged to Buffalo Urban Development Corporation ("BUDC") and its affiliates for services that ECIDA employees provide. ECIDA provides financial reporting, facilities management, and administrative services to BUDC as part of a shared services agreement. Management fees are expected to decrease slightly in 2021 due to a projected decrease in hours charged to BUDC's affiliates.

Rental Income (increasing 16% from \$288,400 to \$333,500):

Rental Income represents rent received by ECIDA from BUDC for office space, two facilities owned by ECIDA and other smaller agreements. Rent revenue for leased space at 143 Genesee Street is expected to remain steady at \$213,500. Rent received from the Port Terminal management agreement of \$50,000 in 2020 is budgeted at \$95,500 in 2021 based on projections from the management company. This revenue was budgeted at \$14,500 in 2020.

Expenses:

Salaries & Benefits (decreasing 4.2% from \$2.04 million to \$1.96 million):

The decrease in the 2021 budgeted salaries and benefits compared to the projected 2020 figures is due to employee turnover in 2020, which lead to a decrease in employee head count. We expect to maintain the vacancy until the post-pandemic economic landscape emerges. Salary increases of approximately 3% and a potential performance incentive pool calculated as 5% of total salaries are included in the budget. Compensation increases are based on an independent compensation study of ECIDA employees, comparing Agency employee salaries with other individuals in the local labor market who have similar titles and responsibilities. These adjustments, if any, will also be reviewed and approved by the ECIDA Board Compensation Committee for Executive Management and by the CEO for other staff. Annual rate increases for health care also contributes to higher employee benefit costs. As an organization of specialized professionals, salaries and benefits account for 74% of total budgeted operating expenses.

Erie County Industrial Development Agency (ECIDA)
2021 Budget + 3 Year Forecast

A. Overview of Changes in 2021 Budget (continued)

Professional Services (increasing 105% from \$57,000 to \$117,300):

Professional Services consist of the following:

	2021 Budget	2020 Budget	2020 Projection
Legal	\$50,000	\$50,000	\$30,000
Consultants	\$40,000	\$20,000	\$1,000
Auditing	\$27,300	\$26,500	\$26,500
Total	\$117,300	\$96,500	\$57,500

In 2021 legal expenses are budgeted at \$50,000 to reflect typical levels, as 2020 saw a decrease in overall expenses. Consultant expenses are budgeted at \$40,000, the Comprehensive Economic Development Strategy (“CEDS”) must be updated in 2021. Audit costs are set to increase in accordance with the proposal approved in 2017.

Erie County Industrial Development Agency (ECIDA)
2021 Budget + 3 Year Forecast

B. External Special Projects & Reserves for Future Projects

The ECIDA's 2021 budget currently includes \$225,000 for external projects and \$2 million allocated for potential future projects that are consistent with the ECIDA's strategic plan and the restrictions on the UDAG and/or General Funds as follows:

Project	2021 Budget	2020 Budget	2020 Projected Actual
External Special Projects	\$ 225,000	\$ 332,000	\$ 222,000
Industrial Land Park Grant	200,000	200,000	200,000
Angola Ag Park Grant	100,000	100,000	864,296
Z7+ Expense Reserve	621,319	-	5,000
Reserves for Future Projects:			
Venture Capital Co-Investment	1,000,000	1,000,000	-
Forgivable Attraction Loan	1,000,000	1,000,000	-
Total	\$ 3,146,319	\$ 2,632,000	\$ 1,291,296

External Special Project allocations of \$225,000 include organizations that have received funding in the past, such as BUDC's Buffalo Building Reuse Project (\$100,000). Agency staff also plans to continue working with community partners to establish a Minority Business Enterprise Assistance Program. These requests will be presented to the ECIDA Board for approval before funding. The Agency's annual membership expenditure with Invest Buffalo Niagara (\$75,000) will not require specific Board action. The Z7+ Expense Reserve represents the remaining funds from the Board's \$1.5 million allocation in 2016. The balance of those funds is budgeted to be spent in 2021.

\$200,000 is budgeted for Industrial Land Park, representing one-fifth of the \$1 million grant that the Board approved to ILDC for Bethlehem Steel site carrying costs. \$100,000 is budgeted for Angola Ag Park, representing one-third of the estimated carrying costs approved by the Board. The Reserves for Future Projects of \$2 million are discussed on the following pages and would also require Board approval prior to funding.

Erie County Industrial Development Agency (ECIDA)
2021 Budget + 3 Year Forecast

B. External Special Projects & Reserves for Future Projects (continued)

Venture Capital Co-Investment

Proposal: \$1,000,000

The Issue – Currently, high-growth-potential companies have difficulty attracting angel or seed capital funding when they are in the earliest of their development stages. With the significant public investment in university and college research facilities and scientists, there is a need to commercialize this research in order to provide the “pay-back” on the community’s investment in the form of new high-paying jobs. Currently, there is a lack of early-stage capital for venture companies located in Western New York. Meanwhile, other communities which face similar issues have been successful in utilizing publicly-sponsored funds to support new companies.

Current New York State law does not explicitly allow IDAs to make equity venture investments in private companies. In order to achieve a change in New York State law, ECIDA is working with NYSEDC and the local New York State legislative delegation to pass legislation to codify the powers and duties of an IDA to operate an equity venture program and to provide venture investment to startup entrepreneurs and private companies.

The Proposal – In 2015, the ECIDA began the reestablishment of its Venture Capital Fund to provide equity investments in early-stage, high-growth-potential companies. The ECIDA will partner with qualified co-investors from Erie County such as Launch NY, 43 North, Z80 Labs, and/or Rand Capital. In the past, the ECIDA has had several key economic development successes by partnering with Rand Capital, such as its equity investments in GEMCOR II, LLC and Synacor, Inc. (approximately 400 jobs combined). The ECIDA would rely upon the expertise of its partners to conduct the due diligence required to evaluate the business, structure the investment and develop an exit strategy.

Use of Funds – To make equity (stock) and/or debt project expenditures in selected businesses.

Partners – Launch NY, 43North, Z80 Labs, Rand Capital and other venture capital firms.

Approval – The ECIDA Board would approve all project expenditures under this program.

Consistency with Community Plans – This strategy is consistent with the County Executive’s, *Initiatives for a Smart Economy 2.0*. One of the goals outlined in the plan is as follows: “*Erie County will create Venture Fund programs and provide venture equity to local entrepreneurs through the ECIDA*”.

Erie County Industrial Development Agency (ECIDA)
2021 Budget + 3 Year Forecast

B. Special Projects & ECIDA Program Allocations (continued)

Forgivable Attraction Loan(s)

Proposal: \$1,000,000

Qualification – Businesses must be relocating to a HUD-defined distressed area or meet other HUD qualifications and provide a significant regional impact in terms of investment and/or job creation.

The Issue – Currently a number of communities across the nation are aggressively pursuing businesses to entice them to their region. One vehicle that communities have used to tip the relocation decision in their favor is the use of a high-impact project expenditure fund. Until 2013, the Buffalo region did not have such a program, while neighboring states were offering these programs with positive results, to Erie County’s detriment.

The Proposal – The ECIDA would continue to fund a forgivable attraction loan fund that could aid in the attraction of key new businesses that would have a regional employment or investment impact. The attraction incentive would be structured in the form of a loan, with a portion or all of it forgiven if the company establishes their business in Erie County and meets specified investment and/or job goals. The ECIDA would work with Invest Buffalo Niagara to offer this incentive to those businesses that are the most promising and/or target the attraction loan to specific industries or regions (such as Southern Ontario). By providing this incentive, the Buffalo region would be perceived as demonstrating the community’s support for the business relocation and could be the tipping point that leads to the relocation of the business as well as related “follow on” investments.

Use of Funds – To make project expenditures to companies located outside of Western New York to offset a portion of their investment costs in relocating. Companies assisted would be in one of the regional targeted industry sectors and have a regional employment or investment impact. The program would have a targeted maximum incentive of \$25,000 per job created.

Partners – Invest Buffalo Niagara

Approval – The ECIDA Board would approve all awards under this program.

Consistency with Community Plans – This strategy is consistent with the County Executive’s “Initiatives for a Smart Economy 2.0” which states: *“Projects assisted by the ECIDA will be those that bring outside investment and self-sustaining jobs to Erie County while strengthening the regional economic base, helping to create a more inclusive economy and leading to population stabilization throughout the area”*.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")
Proposed Budget for 2021

	Proposed Budget 2021	Approved Budget 2020	Projected 2020	Actual 2019
REVENUES:				
Administrative Fees	\$ 1,800,000	\$ 1,900,000	\$ 1,885,000	\$ 1,590,700
Affiliate Management Fees	407,000	404,500	414,000	365,803
Management Fees - BUDC	116,000	116,000	119,000	104,414
Interest Income - Cash & Investments	40,000	105,000	41,750	107,000
Rental Income	334,000	288,200	288,372	246,216
Other Income	36,000	36,000	32,403	35,442
Interest Income - Loans	-	-	-	21
Total Revenues	2,733,000	2,849,700	2,780,525	2,449,596
EXPENSES:				
Salaries & Benefits	1,960,500	2,114,140	2,045,436	1,982,020
Professional Services	117,300	96,500	57,241	91,232
General Office Expenses	170,400	176,500	157,054	167,411
Insurance Expense	85,000	82,000	80,367	74,796
Public Hearing & Marketing Costs	55,000	75,000	56,032	60,645
Building Operating Costs	234,000	232,560	231,129	232,734
Travel, Mileage & Meeting Expenses	35,000	63,000	30,262	53,451
Other Expenses	10,000	10,000	5,354	6,116
Total Expenses	2,667,200	2,849,700	2,662,875	2,668,405
GRANT INCOME:				
Revenues	2,660,200	125,000	4,137	471,240
Expenses	(2,655,000)	(125,000)	(10,692)	(440,772)
	5,200	-	(6,555)	30,469
NET INCOME (LOSS) BEFORE DEPRECIATION, EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:	71,000	(0)	111,095	(188,340)
Depreciation	(120,000)	(130,000)	(130,000)	(118,826)
NET INCOME (LOSS) BEFORE EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:	(49,000)	(130,000)	(18,905)	(307,166)
External Special Projects:				
Buffalo Building Reuse Project (BUDC)	100,000	100,000	100,000	100,000
Annual Membership (IBN)	75,000	50,000	50,000	50,000
Canadian Lead Generation (IBN)	-	72,000	72,000	72,000
NDC Technical Assistance	-	60,000	-	40,000
MBE Assistance Program	50,000	50,000	-	-
Z7+ consultants/expense reserve	621,319	-	5,000	535
Industrial Land Park grant paid	200,000	200,000	200,000	720,000
Industrial Land Park grant (rec'd)	-	-	-	(1,390,000)
ILDC Land Sale Proceeds (reimbursement)	(250,000)	-	-	(375,000)
Angola Ag Park grant paid	100,000	100,000	864,296	-
Gain/(Loss) on Venture Investments	-	-	-	(31,915)
Total Special Projects	896,319	632,000	1,291,296	(814,380)
NET INCOME (LOSS) BEFORE OTHER RESERVES:	(945,319)	(762,000)	(1,310,201)	507,214
Reserves for Future Projects:				
Venture Capital Co-Investment	1,000,000	1,000,000	-	-
Forgivable Attraction Loan(s)	1,000,000	1,000,000	-	-
Total Other Reserves	2,000,000	2,000,000	-	-
NET INCOME (LOSS):	\$ (2,945,319)	\$ (2,762,000)	\$ (1,310,201)	\$ 507,214

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")
Proposed Three Year Forecast 2022-2024

	Proposed Budget 2021	Forecast 2022	Forecast 2023	Forecast 2024
REVENUES:				
Administrative Fees	\$ 1,800,000	\$ 1,850,000	\$ 1,850,000	\$ 1,850,000
Affiliate Management Fees	407,000	419,000	432,000	445,000
Management Fees - BUDC	116,000	119,000	123,000	127,000
Interest Income - Cash & Investments	40,000	41,000	42,000	43,000
Rental Income	334,000	300,000	300,000	300,000
Other Income	36,000	40,000	40,000	40,000
Total Revenues	2,733,000	2,769,000	2,787,000	2,805,000
EXPENSES:				
Salaries & Benefits	1,960,500	2,019,000	2,080,000	2,142,000
Professional Services	117,300	140,000	140,000	140,000
General Office Expenses	170,400	176,000	181,000	186,000
Insurance Expense	85,000	88,000	91,000	94,000
Public Hearing & Marketing Costs	55,000	57,000	59,000	61,000
Building Operating Costs	234,000	241,000	248,000	255,000
Travel, Mileage & Meeting Expenses	35,000	36,000	37,000	38,000
Other Expenses	10,000	10,000	10,000	10,000
Total Expenses	2,667,200	2,767,000	2,846,000	2,926,000
GRANT INCOME:				
Revenues	2,660,200	250,000	250,000	250,000
Expenses	(2,655,000)	(250,000)	(250,000)	(250,000)
	5,200	-	-	-
NET INCOME (LOSS) BEFORE DEPRECIATION, EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:				
	71,000	2,000	(59,000)	(121,000)
Depreciation	(120,000)	(120,000)	(120,000)	(120,000)
NET INCOME (LOSS) BEFORE EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:				
	(49,000)	(118,000)	(179,000)	(241,000)
<u>External Special Projects and Strategic Initiatives:</u>				
Buffalo Building Reuse Project (BUDC)	100,000	100,000	100,000	100,000
Annual Membership (IBN)	75,000	50,000	-	-
Canadian Lead Generation (IBN)	-	-	-	-
MBE Assistance Program	50,000	50,000	50,000	50,000
Industrial Land Park grant paid	200,000	200,000	-	-
ILDC Land Sale Proceeds (reimbursement)	(250,000)	(250,000)	(250,000)	(200,000)
Angola Ag Park grant paid	100,000	100,000	-	-
Total Special Projects and Other Strategic Investments	896,319	250,000	(100,000)	(50,000)
NET INCOME (LOSS) BEFORE OTHER RESERVES:				
	(945,319)	(368,000)	(79,000)	(191,000)
<u>Reserves for Future Projects:</u>				
Venture Capital Co-Investment	1,000,000	-	-	-
Forgivable Attraction Loan(s)	1,000,000	-	-	-
Total Other Reserves	2,000,000	-	-	-
NET INCOME (LOSS):				
	\$ (2,945,319)	\$ (368,000)	\$ (79,000)	\$ (191,000)

Erie County Industrial Development Agency
Five Year Capital Budget 2021-2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
Facilities:						
143 Genesee Street	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 100,000
95 Perry Street	10,000	10,000	10,000	5,000	5,000	40,000
Total Facilities	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>25,000</u>	<u>25,000</u>	<u>140,000</u>
Information Technology:						
New Laptops	25,000	-	-	-	-	25,000
Servers	-	-	-	8,000	-	8,000
Misc.	3,000	3,000	3,000	3,000	3,000	15,000
Total Information Technology	<u>28,000</u>	<u>3,000</u>	<u>3,000</u>	<u>11,000</u>	<u>3,000</u>	<u>48,000</u>
GRAND TOTAL	<u>\$ 58,000</u>	<u>\$ 33,000</u>	<u>\$ 33,000</u>	<u>\$ 36,000</u>	<u>\$ 28,000</u>	<u>\$ 188,000</u>

Regional Development Corporation

2021 Proposed Budget

Regional Development Corporation (RDC) **2021 Budget + 3 Year Forecast**

The Buffalo and Erie County Regional Development Corporation (“RDC”) presently has one activity – the operation of a federally restricted revolving loan fund (“RLF”) that provides loans to eligible businesses that would not otherwise be able to obtain such financing from normal commercial sources. A second RLF has been approved under the Federal Coronavirus Aid, Relief and Economic Security (“CARES”) Act and is expected to be underway by the end of 2020. As such, the budget for 2021 includes estimated figures for both RLFs.

A. Key Budget Assumptions:

In 2021, the RDC expects to fund new loans of approximately \$5.5 million. This is expected to be offset by approximately \$1.7 million in loan repayments to the RLFs. Interest income on loans is expected to be approximately \$540,000 for 2021, which represents a 15% increase from the \$470,000 budget for 2020.

B. Overview of Changes in 2021 Budget:

The following summarizes the key changes between the 2021 budget and the projected 2020 results:

- Budgeted interest income from loans is \$540,000 in 2021, compared to a projected \$331,000 in 2020. In 2020, many loans in the current portfolio deferred several months’ principal and interest due to the Covid-19 pandemic. With normal payments resuming in late 2020 and the establishment of a second RLF, interest income is expected to increase in 2021.
- The ECIDA Management Fee represents a fee charged by the ECIDA for services that its employees provide to the revolving loan fund, since RDC has no employees of its own. The fee is expected to increase by approximately \$6,000 or 2% in 2021 due to increases in salaries and benefits.
- The budgeted amount for the provision for loan losses is \$250,000 for 2021. The provision represents approximately 1.9% of the estimated active loan portfolio balance. The mission of the RDC is to deal primarily with businesses unable to adequately finance operations through normal commercial banking channels. Historically, the loan fund has been a working capital lender, rather than a fixed asset lender, taking junior collateral positions. The CARES Act RLF is planned to have a higher risk tolerance than our legacy RLF, which will likely result in higher loan losses. The \$250,000 provision for loan losses is net of any anticipated collateral sales and SBA and other guarantees (if applicable). Currently, the charge-off rate for loans issued over the past 10 years is approximately 2% versus a historical portfolio charge-off rate of approximately 14%.

Regional Development Corporation (RDC)
2021 Budget + 3 Year Forecast

C. Summary of Risk Factors Impacting the 2021 Budget:

The following significant risk factors may influence the 2021 budget:

1. Due to the numerous uncertainties, including the recent pandemic, value of collateral, guarantees, etc., RDC's actual loan losses may vary significantly from the loan loss amount budgeted.
2. Interest income may vary from the budgeted amount as the budget is based on an estimate of active loans. Due to economic factors and the overall business climate, loans closed could vary significantly from estimates.

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget for 2021

	Proposed Budget 2021	Approved Budget 2020	Projected 2020	Actual 2019
REVENUES:				
Interest Income - Loans	\$ 540,000	\$ 470,000	\$ 331,093	\$ 490,376
Interest Income - Cash & Investments	2,000	17,000	23,293	38,110
Administrative Fees	15,000	10,000	8,000	8,825
Other Income	5,000	15,000	2,749	5,842
Total Revenues	562,000	\$ 512,000	365,135	543,153
EXPENSES:				
ECIDA Management Fee*	\$ 320,000	\$ 320,000	\$ 314,000	\$ 279,988
Provision for Loan Losses**	250,000	200,000	(13,603)	1,446,153
Rent & Facilities Expenses	25,000	25,000	25,000	22,344
Professional Services	90,600	30,775	137,850	69,619
General Office Expenses	30,200	16,800	10,383	2,146
Other Expenses	1,775	7,900	1,852	2,536
Total Expenses	717,575	600,475	475,482	1,822,786
NET INCOME/(LOSS):	\$ (155,575)	\$ (88,475)	\$ (110,347)	\$ (1,279,633)

* Represents an allocation of salary and benefit costs from the ECIDA based on staff time charged to the RDC.

** Estimated 2021 Loan Balance	\$ 13,217,000
Provision for Loan Losses	\$ 250,000
Percentage of Loans	1.9%

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Three Year Forecast 2022-2024

	Proposed Budget 2021	Forecast 2022	Forecast 2023	Forecast 2024
REVENUES:				
Interest Income - Loans	\$ 540,000	\$ 545,000	\$ 550,000	\$ 555,000
Interest Income - Cash & Investments	2,000	15,000	15,000	15,000
Administrative Fees	15,000	15,000	15,000	15,000
Other Income	5,000	10,000	10,000	10,000
Total Revenues	562,000	585,000	590,000	595,000
EXPENSES:				
ECIDA Management Fee*	\$ 320,000	\$ 330,000	\$ 330,000	\$ 335,000
Provision for Loan Losses	250,000	175,000	150,000	150,000
Rent & Facilities Expenses	25,000	25,000	25,000	25,000
Professional Services	90,600	50,000	50,000	50,000
General Office Expenses	30,200	900	900	900
Marketing & Other Expenses	1,775	5,000	5,000	5,000
Total Expenses	717,575	585,900	560,900	565,900
NET INCOME/(LOSS):				
	\$ (155,575)	\$ (900)	\$ 29,100	\$ 29,100

* Represents an allocation of salary and benefit costs from the ECIDA based on staff time charged to the RDC.

Industrial Land Development Corp
2021 Proposed Budget

Industrial Land Development Corporation (ILDC)

2021 Budget + 3 Year Forecast

The Industrial Land Development Corporation (“ILDC”) consists of two sub-funds (Erie County’s Business Development Fund (“BDF”) and a general fund. The ILDC administers the BDF microloan fund on behalf of Erie County for HUD-eligible small businesses that would not otherwise be able to obtain such financing from commercial sources. The ILDC also issues tax-exempt bonds on behalf of various not-for-profit organizations in Erie County.

A. Overview of Changes in 2021 Budget:

A summary of the key changes between the 2021 budget and the projected 2020 results:

- The Erie County BDF microloan fund has been reprogrammed into a loan/grant program in the wake of the COVID-19 pandemic, and an increase in recipients under this program is expected in 2021.
- The ECIDA Management Fee represents a fee charged by the ECIDA for services that its employees provide, since ILDC has no employees of its own. The fee is expected to decrease by approximately \$13,000 due to anticipated decreases in time spent on ILDC projects by ECIDA staff.
- Land owned by the ILDC has increased in 2020 with the acquisition of 242 acres in the Town of Evans, NY. Professional services consist of legal, consulting, and auditing costs, and are budgeted to increase by about \$28,000 or 54% in 2021. This is due to the legal costs associated with land owned and environmental consulting costs anticipated in 2021. Development and marketing costs are expected to increase in 2021 as well, with the intent to sell property that is owned in both Evans and Lackawanna, NY.
- The Special Projects section of the budget relates to grants. ILDC expects to recognize \$1.55 million from Empire State Development in 2021 to offset the cost of purchasing the additional land at the former Bethlehem Steel site. A total of \$300,000 is budgeted to be used in 2021 for carrying costs related to the Bethlehem Steel and Agribusiness Park properties, which will be granted by ECIDA’s UDAG fund. Other grant revenue consists of \$2.5 million for infrastructure at the Bethlehem Steel site and \$450,000 for the Agribusiness Park.

B. Summary of Risk Factors impacting the 2021 Budget:

The following significant risk factors may influence the 2021 budget:

1. Due to numerous uncertainties, the value of collateral, guarantees, etc., the ILDC may experience loan losses that are currently not included in the budget.
2. In the past, the ILDC has generated fee income from issuing tax-exempt debt. These monies are received directly by ILDC and then paid to ECIDA. However, due to the infrequent nature of these activities, and the uncertainty as to when such transactions will occur, ILDC has not included any bond closings in the 2021 budget. It is possible a tax-exempt bond is issued within the next year and both income and expenses will be recognized, accordingly.

BUFFALO & ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")
Proposed Budget for 2021

	Proposed Budget 2021	Approved Budget 2020	Projected 2020	Actual 2019
REVENUES:				
Interest Income - Loans	\$ 4,500	\$ 230	\$ 680	\$ 539
Interest Income - Cash & Investments	20	10	19	14
County Contribution Income	-	-	-	170,000
Proceeds from Land Sales	250,000	250,000	-	-
Other Income	9,000	-	9,000	70,041
Total Revenues	263,520	250,240	9,699	240,594
EXPENSES:				
ECIDA Management Fee*	\$ 60,000	\$ 58,000	73,000	\$ 61,471
Professional Services	80,000	53,100	51,805	39,660
Development & Marketing Expenses	25,000	600	11,843	-
Other Expenses	2,375	875	5,965	3,897
Total Expenses	167,375	112,575	142,613	105,028
SPECIAL PROJECTS:				
Industrial Land Park purchase - ESD grant	1,555,000	1,755,000	200,000	-
Industrial Land Park carrying costs - ECIDA grant	200,000	200,000	125,000	220,000
Angola Ag Park carrying costs - ECIDA grant	100,000	100,000	864,296	-
Other grant revenue	2,950,000	25,000	32,560	156,974
Industrial Land Park grant reimbursement	-	(1,755,000)	-	(375,000)
Industrial Land Park grant costs	(200,000)	(200,000)	(283,415)	(132,889)
Angola Ag Park grant costs	(100,000)	(100,000)	(7,053)	-
Other grant expenses	(2,950,000)	(25,000)	(32,560)	(906,974)
Workforce Retention Fund	-	-	-	500,000
	1,555,000	-	898,828	(537,889)
NET INCOME/(LOSS) BEFORE DEPRECIATION:	\$ 1,651,145	\$ 137,665	\$ 765,914	\$ (402,323)
Depreciation	350	-	350	325
NET INCOME/(LOSS):	\$ 1,650,795	\$ 137,665	\$ 765,564	\$ (402,648)

* Represents an allocation of salary and benefit costs from the ECIDA based on staff time charged to the ILDC.

BUFFALO & ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")
Proposed Three Year Forecast 2022-2024

	Proposed Budget 2021	Forecast 2022	Forecast 2023	Forecast 2024
REVENUES:				
Interest Income - Loans	\$ 4,500	\$ 3,372	\$ 2,022	\$ 910
Interest Income - Cash & Investments	20	25	25	25
Proceeds from Land Sales	250,000	250,000	250,000	200,000
Other Income	9,000	-	-	-
Total Revenues	263,520	253,397	252,047	200,935
EXPENSES:				
ECIDA Management Fee*	\$ 60,000	\$ 55,000	\$ 55,000	\$ 55,000
Professional Services	80,000	50,000	50,000	50,000
Development & Marketing Expenses	25,000	15,000	15,000	15,000
Other Expenses	2,375	2,500	4,000	5,000
Total Expenses	167,375	122,500	124,000	125,000
SPECIAL PROJECTS:				
Industrial Land Park purchase - ESD grant	1,555,000	-	-	-
Industrial Land Park carrying costs - ECIDA grant	200,000	200,000	-	-
Angola Ag Park carrying costs - ECIDA grant	100,000	100,000	-	-
Other grant revenue	2,950,000	-	-	-
Industrial Land Park grant costs	(200,000)	(200,000)	-	-
Angola Ag Park grant costs	(100,000)	(100,000)	-	-
Other grant expenses	(2,950,000)	-	-	-
	1,555,000	-	-	-
NET INCOME/(LOSS) BEFORE DEPRECIATION:	\$ 1,651,145	\$ 130,897	\$ 128,047	\$ 75,935
Depreciation	350	350	350	350
NET INCOME/(LOSS):	\$ 1,650,795	\$ 130,547	\$ 127,697	\$ 75,585

* Represents an allocation of salary and benefit costs from the ECIDA based on staff time charged to the ILDC.



Item #7

MEMORANDUM

TO: Joint Finance & Audit Committee of ECIDA, RDC & ILDC
FROM: Mollie Profic, CFO
SUBJECT: 2020 Independent Audits
DATE: September 16, 2020

On September 12, 2017, the Joint Finance & Audit Committee (the “Committee”) recommended Freed Maxick (“Freed”) as independent auditors for the 2017 and 2018 audits with an option to engage Freed for 2019, 2020, and 2021 audits. The ECIDA, RDC, and ILDC Boards affirmed the recommendation on September 27, 2017, and allowed for the Committee to retain Freed for 2019, 2020, and 2021 auditing services based on satisfactory review and approval of the Joint Finance & Audit Committee.

Freed has successfully performed the required audits of ECIDA, RDC, and ILDC for the past three years. Their completion of the audits in a timely manner has allowed the Agency to submit all required financial reporting within the required deadlines. Management has been satisfied with their performance and awarded them ratings of “very good” in 2017 and “excellent” in 2018 and 2019. Billed fees have agreed with the 2017 proposal for ECIDA, RDC, and ILDC for the 2017-2019 audits.

Recommendation:

I am requesting that the Joint Finance & Audit Committee approve an extension for Freed Maxick to provide professional auditing services to the Agency and its affiliates for the 2020 audits.