

**Erie County Industrial Development Agency
Meeting of the Membership
March 24, 2021 @ 12:00 p.m.**

Via Conference Call & Livestreamed

1.0 Call to Order

- 1.1 Call to Order Meeting of the Membership

2.0 Approval of Minutes:

- 2.1 Approval of Minutes of the February 24, 2021 Meeting of the Membership (Action Item) (Pages 3-7)

3.0 Reports / Action Items / Information Items:

- 3.1 Financial Report (Informational) (Pages 8-11)
- 3.2 Finance & Audit Committee Update (Informational) (Pages 12-13)
 - a) Committee Self-Evaluation (Informational) (Pages 14-17)
- 3.3 Audited Financial Statements (Action Item) (Pages 18-53)
- 3.4 2020 – Investment Report (Action Item) (Pages 54-56)
- 3.5 Governance Committee Report (Informational) (Pages 57-58)
 - a) Committee Self-Evaluation (Informational) (Pages 59-63)
 - b) Board Self-Evaluation (Informational) (Page 64)
- 3.6 2021 Tax Incentives Induced/Closing Schedule/ Estimated Real Property Tax (Informational) (Pages 65-67)
- 3.7 Approval of Board Certification of RLF Plan (Pages 68-74)
- 3.8 Approval of COVID-19 Disaster Emergency Grant Applications (Action Item) (Separate Attachment)
- 3.9 UDAG Forgivable Loan for Welded Tube (Action Item) (Pages 75-80)
- 3.10 Policy Committee Update (Informational) (Pages 81-84)

4.0 Inducement Resolutions:

		ECIDA Incentives	Private Investment	Municipality
4.1	Surmet Ceramics Corp. (Pages 85-121)	\$ 65,625	\$11,500,000	Buffalo
4.2	Terzo Development/Bush Lofts (Pages 122-174)	\$304,125	\$ 3,050,000	Buffalo

5.0 Special Resolutions

- 5.1 Polymer Conversions ECIDA Assignment Consent (Pages 175-198)

6.0 Review and Adoption of Policies, Reports and Committee Charters: (Separate Package)

- 1. 2020 - Mission Statement, Performance Measures and Results (Action Item) (Pages 2-12)
- 2. 2021 - Mission Statement and Performance Measures (Action Item) (Pages 13-23)
- 3. 2020 - Public Authorities Report (Action Item) (Pages 24-84)
- 4. Procurement Policy (Action Item) (Pages 85-89)
- 5. Sexual Harassment Policy (Action Item) (Pages 90-98)
- 6. Employee Compensation Program (Action Item) (Pages 99-100)

Re-Adopt Policies & Charters

- 7. Code of Ethics & Conflict of Interest Policy (Action Item) (Pages 101-106)
- 8. Investment & Deposit Policy (Action Item) (Pages 107-114)
- 9. Whistleblower Policy and Procedures (Action Item) (Pages 115-117)
- 10. Defense & Indemnification Policy (Action Item) (Page 118)
- 11. Finance & Audit Committee Charter (Action Item) (Pages 119-123)
- 12. Governance Committee Charter (Action Item) (Pages 124-127)
- 13. Property Disposition Guidelines (Action Item) (Pages 128-134)
- 14. Real Property Acquisition Policy (Action Item) (Pages 135-136)
- 15. Board Member Compensation, Reimbursement & Attendance Policy (Action Item) (Page 137).
- 16. Travel, Conferences, Meals & Entertainment Policy (Action Item) (Pages 138-144)
- 17. Statement of Duties & Responsibilities of the Board of Directors (Action Item) (Pages 145-147)

18. Statement of the Competencies & Personal Attributes Required of Board Members (Action Item) (Page 148)
19. Corporate Credit Card Policy (Action Item) (Pages 149-151)

7.0 Management Team Reports:

- 7.1 2020 Year in Review

8.0 Adjournment- Next Meeting April 28, 2021 (Annual Meeting)

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

- DATE AND PLACE:** February 24, 2021, held via telephone conference. Governor Cuomo's Executive Order 202.1, as amended from time to time, 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:** Denise Abbott, Hon. Diane Benczkowski, Rev. Mark E. Blue, Hon. Joseph Emminger, Tyra Johnson, Hon. Brian Kulpa, Richard Lipsitz, Brenda W. McDuffie, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz, Sister Denise Roche and Kenneth A. Schoetz and Paul Vukelic
- EXCUSED:** Hon. Bryon W. Brown, James Doherty, Dottie Gallagher, Hon. Howard Johnson, Hon. Darius G. Pridgen and Renee Wilson
- OTHERS PRESENT:** John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer; Karen M. Fiala, Vice President/Secretary; Atiqah Abidi, Assistant Treasurer; Gerald Manhard, Chief Lending Officer; Jamee Lanthier, Compliance Officer; Beth O'Keefe, Business Development Officer; Grant Lesswing, Business Development Officer; Brian Krygier, Systems Analyst; Carrie Hocieniec, Administrative Coordinator; Lori Szewczyk, Director of Grants; Robbie Ann McPherson, Director, Marketing & Communications, and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC
- GUESTS:** Maria Whyte, Deputy County Executive; Andrew Federick, Erie County Senior Economic Development Specialist; Lisa Hicks on behalf of the City of Buffalo; Seth Piccirillo on behalf of Buffalo Niagara Partnership; Kirk Dorn and Robert Laughlin on behalf of Time Release Properties; and Steve Calzi on behalf of Eastman Machine Company

There being a quorum present at 12:05 p.m., the Meeting of the Board of Directors of the Erie County Industrial Development Agency was called to order by Chair McDuffie.

MINUTES

The minutes of the January 27, 2021 meeting of the members were presented. Mr. Nellis moved and Sister Denise seconded to approve of the minutes. Ms. McDuffie called for the vote and the minutes were unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Financial Report. Ms. Profic gave a brief update regarding the 2020 year-end audit process. Freed Maxick auditors have been performing fully remote audits. At this point we are awaiting the drafts of the financial statements. There haven't been any audit adjustments or other internal control issues brought to our attention. The financial statements and related reports will be reviewed in detail at the Finance & Audit Committee meeting on March 17. As a reminder, all Board members are welcome to attend the Committee meeting. The final reports will be presented to the Board at the March 24 for approval and submission to the ABO prior to the March 31 deadline.

The January financial reports show that the ECIDA ended 2020 with total assets of \$28.3M and net assets of \$21M. The ECIDA had a nearly breakeven 2020 year before "Strategic Investments and Initiatives", with net income from operations of roughly \$1,500. We achieved 97%, \$1.85 million, of our administrative fee budget for the year, and had lower operating expenses than anticipated, due mainly to lower staffing costs from employee turnover and lower general expenses due to the pandemic. Included in that breakeven \$1,500 net income are \$57,000 of PPE grants that had been distributed prior to the end of the year. Strategic Investments of UDAG monies totaled \$1.4M, including grants to the ILDC for the purchase of the Angola Airport property and carrying costs for the already ILDC-owned Bethlehem Steel property. Overall there was a net loss of \$1.5M in 2020.

The ECIDA finished the month of January with total assets of \$28.5M, which includes over \$7.3M of unrestricted cash available for Agency operations, which includes the PPE Grant program. (UDAG cash in excess of \$10.9M is in restricted cash.) Net assets were \$20.8M at the end of January. The income statement shows an operating loss of \$173,000 for January. Operating revenue of \$71,000 was under budget by about \$242,000, due mainly to low administrative fee receipts during the month. Operating expenses of \$199,000 were about \$17,000 under budget. Under Special Project Grants, nearly \$45,000 of PPE grant funds were disbursed to nine grantees in January. After Strategic Investments and depreciation, there was a net loss of \$273,000 for the month. The year-to-date Income Statement is the same at this point, but also includes a comparison to January 2020. Ms. McDuffie directed that the report be received and filed.

2021 Tax Incentive Induced/Closing Schedule/Estimated Real Property Tax Impact. Ms. Fiala presented this report. Ms. McDuffie directed that the report be received and filed.

Approval of COVID-19 Disaster Emergency Grant Application. Ms. O'Keefe reviewed the six (6) various grant applications presented to the members.

Ms. McDuffie confirmed no conflicts of interest or potential conflict of interests exist with respect to any members of the Agency.

Mr. Poloncarz moved and Ms. Abbott seconded to approve the six (6) grant applications. Ms. McDuffie called for the vote and the following six (6) grant applications were unanimously approved for COVID-19 Disaster Emergency Grants.

1. Be Fit Fitness, Inc.
2. Buffalo Glass Block Company
3. Buffalo River Fest Park, LLC/Valley Community Association Inc., Sole Member
4. Fika Midwifery PLLC
5. Greco Trapp, PLLC
6. Sherri's Little Angels Inc.

Policy Committee Update. Mr. Lipsitz noted the Policy Committee's prior review and approval of the Eastman Machine project being considered by the members at today's meeting. Ms. Whyte updated members on status of the MWBE Policy working group. Ms. McDuffie directed that the report be received and filed.

INDUCEMENT RESOLUTION

Eastman Machine Company, 775 and 779 Washington Street, Buffalo, New York

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

Ms. Fiala reviewed this proposed sales tax exemption, mortgage recording tax exemption, and real property tax abatement benefit project which consists of the construction of an approximately 7,400 sq. ft. expansion to the company's existing 130,000 sq. ft. facility which will include storage for purchased items that are to be used in the assembly process.

As a condition precedent of receiving Financial Assistance, and as a material term or condition as approved by the Agency in connection with the Project, the Company covenants and agrees and understands that it must, subject to potential modification, termination and/or recapture of Financial Assistance for failure to meet and maintain the commitments and thresholds as described below, submit, on an annual basis or as otherwise indicated below through the termination of the PILOT Agreement, a certification, as so required by the Agency, confirming:

- (i) Investment Commitment- the total investment actually made with respect to the Project at the time of Project completion equals or exceeds \$1,415,250 (which represents the product of 85% multiplied by \$1,665,000, being the total project cost as stated in the Company's application for Financial Assistance).
- (ii) Employment Commitment – that there are at least 126 existing full time equivalent (“FTE”) employees located at, or to be located at, the Facility as stated in the Company's application for Financial Assistance (the “Baseline FTE”); and
 - the number of current FTE employees in the then current year at the Facility; and
 - that within two (2) years of Project completion, the Company has maintained and created FTE employment at the Facility equal to 128 FTE employees

[representing the sum of (x) 126 Baseline FTE and (y) 2 FTE employees, being the product of 85% and 3 (representing the 3 new FTE employee positions proposed to be created by the Company as stated in its Application)]. In an effort to confirm and verify the Company's employment numbers, the Agency requires that, at a minimum, the Company provide employment data to the Agency on a quarterly basis, said information to be provided on the Agency's "Quarterly Employment Survey" form to be made available to the Company by the Agency.

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

Mr. Blue moved and Mr. Vukelic seconded to approve the Project. Ms. McDuffie then called for the vote and the following resolution was unanimously approved:

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

AMENDATORY INDUCEMENT RESOLUTION

Time Release Properties, LLC / Time Release Sciences, Inc., 2303 Hamburg Turnpike, Lackawanna, New York

Ms. Fiala reviewed the proposed sales tax benefit increase request submitted by the Company resulting from increased project and material costs associated with construction costs.

Mr. Poloncarz thanked the Company for proactively reaching out to the Agency for a sales tax increase.

Mr. Poloncarz moved and Mr. Lipsitz seconded to approve the Project. Ms. McDuffie then called for the vote and the following resolution was unanimously approved:

AMENDATORY INDUCEMENT RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZING THE EXECUTION AND DELIVERY OF A REVISED SALES TAX EXEMPTION PACKAGE AND RELATED DOCUMENTS WITH RESPECT TO THE TIME RELEASE PROPERTIES, LLC PROJECT (AS MORE FULLY DESCRIBED BELOW)

MANAGEMENT TEAM REPORT

Mr. Cappellino provided the Management Team Report.

There being no further business to discuss, Ms. McDuffie adjourned the meeting of the Agency at 12:30 p.m.

Dated: February 24, 2021

Karen M. Fiala, Secretary

Erie County Industrial Development Agency
Financial Statements
As of February 28, 2021

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")

Balance Sheet

February 28, 2021

	February 2021	January 2021	December 2020
ASSETS:			
Cash *	\$ 7,374,617	\$ 7,328,846	\$ 7,617,692
Restricted Cash & Investments *	17,816,284	17,752,214	17,341,353
Due from Affiliates	694,693	611,873	577,111
Due from Buffalo Urban Development Corp.	143,831	131,786	120,375
Other Receivables	80,065	81,041	51,916
Total Current Assets	<u>26,109,491</u>	<u>25,905,760</u>	<u>25,708,448</u>
Grants Receivable	831,498	831,498	831,498
Venture Capital Investments, net of reserves	506,886	506,886	506,886
Capital Assets	1,254,523	1,239,227	1,249,227
Total Long-Term Assets	<u>2,592,907</u>	<u>2,577,611</u>	<u>2,587,611</u>
TOTAL ASSETS	<u><u>\$ 28,702,397</u></u>	<u><u>\$ 28,483,371</u></u>	<u><u>\$ 28,296,059</u></u>
LIABILITIES & NET ASSETS			
Accounts Payable & Accrued Exp.	\$ 207,689	\$ 199,601	\$ 239,094
Deferred Revenues	828,500	825,000	825,000
Funds Held on Behalf of Others	6,697,827	6,634,433	6,134,120
Total Liabilities	<u>7,734,016</u>	<u>7,659,034</u>	<u>7,198,214</u>
Net Assets	20,968,381	20,824,337	21,097,845
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 28,702,397</u></u>	<u><u>\$ 28,483,371</u></u>	<u><u>\$ 28,296,059</u></u>

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

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")

Income Statement

Month of February 2021

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Administrative Fees	\$ 296,511	\$ 150,000	\$ 146,511
Affiliate Management Fees	43,117	43,583	(467)
Interest Income - Cash & Investments	1,092	3,333	(2,241)
Rental Income	19,894	19,875	19
Other Income	-	1,333	(1,333)
Total Revenues	360,613	218,125	142,488
EXPENSES:			
Salaries & Benefits	\$ 144,251	\$ 157,140	\$ (12,889)
General Office Expenses	21,107	21,283	(176)
Building Operating Costs	21,940	20,358	1,581
Professional Services	9,440	9,775	(335)
Public Hearings & Marketing	6,581	4,583	1,997
Travel, Mileage & Meeting Expenses	125	2,750	(2,625)
Other Expenses	97	833	(737)
Total Expenses	203,540	216,724	(13,184)
SPECIAL PROJECT GRANTS:			
Revenues	\$ -	\$ 13,350	\$ (13,350)
Expenses	(51,989)	(7,917)	(44,073)
	(51,989)	5,433	(57,423)
NET INCOME/(LOSS) BEFORE OTHER STRATEGIC INVESTMENTS & DEPRECIATION:			
	105,084	6,835	98,249
OTHER STRATEGIC INVESTMENTS AND INITIATIVES:			
Zero Net Energy costs (Z7+)	-	(52,160)	52,160
Bethlehem Steel Industrial Park Grant	48,960	(16,667)	65,627
Angola Ag Park Grant	-	(8,333)	8,333
	48,960	(77,160)	126,120
NET INCOME/(LOSS) BEFORE DEPRECIATION:			
	154,044	(70,325)	224,369
Depreciation	(10,000)	(10,833)	833
NET INCOME/(LOSS):	\$ 144,044	\$ (81,158)	\$ 225,202

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")

Income Statement

Year to Date: February 28, 2021

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Administrative Fees	\$ 303,354	\$ 300,000	\$ 3,354	\$ 303,354	\$ 227,890	\$ 75,464
Affiliate Management Fees	86,200	87,167	(967)	86,200	86,500	(300)
Interest Income - Cash & Investments	2,309	6,667	(4,358)	2,309	19,055	(16,746)
Rental Income	39,788	39,750	38	39,788	39,755	33
Other Income	-	2,667	(2,667)	-	-	-
Total Revenues	431,651	436,250	(4,599)	431,651	373,200	58,452
EXPENSES:						
Salaries & Benefits	288,583	314,281	(25,697)	288,583	332,852	(44,269)
General Office Expenses	40,909	42,567	(1,657)	40,909	51,721	(10,812)
Building Operating Costs	38,138	40,717	(2,579)	38,138	38,100	38
Professional Services	18,560	15,000	3,560	18,560	10,051	8,509
Public Hearings & Marketing	15,923	9,167	6,756	15,923	10,170	5,753
Travel, Mileage & Meeting Expenses	196	5,500	(5,304)	196	13,566	(13,370)
Other Expenses	746	1,667	(920)	746	730	16
Total Expenses	403,055	428,897	(25,842)	403,055	457,191	(54,135)
SPECIAL PROJECT GRANTS:						
Revenues	120	26,700	(26,580)	120	920	(800)
Expenses	(96,816)	(15,833)	(80,983)	(96,816)	(1,539)	(95,277)
	<u>(96,696)</u>	<u>10,867</u>	<u>(107,563)</u>	<u>(96,696)</u>	<u>(619)</u>	<u>(96,077)</u>
NET INCOME/(LOSS) BEFORE OTHER STRATEGIC INVESTMENTS & DEPRECIATION:						
	<u>\$ (68,100)</u>	<u>\$ 18,219</u>	<u>\$ (86,320)</u>	<u>\$ (68,100)</u>	<u>\$ (84,610)</u>	<u>\$ 16,509</u>
OTHER STRATEGIC INVESTMENTS AND INITIATIVES:						
Zero Net Energy costs (Z7+)	\$ -	\$ (104,319)	\$ 104,319	\$ -	\$ -	\$ -
Bethlehem Steel Industrial Park Grant	(29,621)	(200,000)	170,379	(29,621)	(80,000)	50,379
Angola Ag Park Grant	(11,743)	(100,000)	88,257	(11,743)	-	(11,743)
Bethlehem Steel Industrial Park Grant Reimb	-	250,000	(250,000)	-	-	-
Buffalo Building Reuse Project (BUDC)	-	(100,000)	100,000	-	-	-
Canadian Lead Generation (IBN)	-	-	-	-	(72,000)	72,000
Other Strategic Initiatives	-	(125,000)	125,000	-	-	-
	<u>(41,364)</u>	<u>(379,319)</u>	<u>337,956</u>	<u>(41,364)</u>	<u>(152,000)</u>	<u>110,636</u>
NET INCOME/(LOSS) BEFORE DEPREC:						
	<u>(109,464)</u>	<u>(361,100)</u>	<u>251,636</u>	<u>(109,464)</u>	<u>(236,610)</u>	<u>127,146</u>
Depreciation	(20,000)	(21,667)	1,667	(20,000)	(21,667)	1,667
NET INCOME/(LOSS):	<u>\$ (129,464)</u>	<u>\$ (382,767)</u>	<u>\$ 253,303</u>	<u>\$ (129,464)</u>	<u>\$ (258,276)</u>	<u>\$ 128,812</u>



To: ECIDA, RDC & ILDC Boards of Directors
From: Michael Szukala, Chair
Date: March 24, 2021
Re: Finance & Audit Committee Report

In accordance with its Committee Charter, the Finance & Audit Committee is required to “report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Finance and Audit Committee and when otherwise requested by the Board”. This report is prepared to satisfy this requirement.

A joint meeting of the ECIDA, RDC & ILDC Finance & Audit Committee was held on March 17, 2021. Committee members present were: Michael Szukala, Chair, Penny Beckwith, Glenn Nellis, and William Witzleben. The following items were reviewed:

1) Freed Maxick CPAs Report including Draft 2020 Audited Financial Statements

The Agency’s auditors presented the Draft 2020 Audited Financial Statements for ECIDA, RDC, and ILDC (copies of which are included in respective Board packages).

- The independent auditors expressed an unmodified (clean) opinion on the financial statements of all entities. This type of opinion indicates that the financial statements present fairly, in all material respects, the financial position of the corporations as of December 31, 2020 and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.
- No uncorrected audit adjustments were noted.
- No significant deficiencies or material weaknesses in internal controls noted.

2) Public Authorities 2020 Report

The joint Finance & Audit Committee approved the Public Authorities 2020 Report required under the Public Authorities Law and recommended that it be approved by their respective Boards.

3) 2020 Investment Reports

The joint Finance & Audit Committee approved the 2020 Investment Reports, which are required under the Public Authorities Law and recommended that they be approved by their respective Boards.

4) Investment and Deposit Policy (Re-adoption)

The joint Finance & Audit Committee reviewed the Investment and Deposit Policy and recommended that it be approved by their respective Boards.

5) Finance & Audit Committee Charter (Re-adoption)

The joint Finance & Audit Committee reviewed the joint Committee Charter and recommended that it be approved by their respective Boards.

6) Corporate Credit Card Policy (Re-adoption)

The joint Finance & Audit Committee approved the Corporate Credit Card policy and reviewed the card activity over the past year as required by the policy.

7) Finance & Audit Committee Self-Evaluation

The joint Finance & Audit Committee prepared a report that documents the Committee's activities for 2020 as required under the Public Authorities Law.

8) The Committee reviewed Management's Assessment of the Effectiveness of Internal Controls, a document prepared by management based on internal control processes and procedures of the organization. The document will be posted on the website as required by the ABO.

9) The Committee reviewed a document entitled "The Strategic Audit Committee: Navigating 2021" by Deloitte's Center for Board Effectiveness to satisfy the educational requirements set forth in the Finance & Audit Committee Charter.

**Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County
Regional Development Corporation (RDC), and Buffalo and Erie County
Industrial Land Development Corporation (ILDC)**

2020 Finance & Audit Committee Self-Evaluation

Responsibilities of the Finance & Audit Committee:

The core responsibilities of the Finance & Audit Committee, as mandated under Section 2825 of the New York Public Authorities Law, are set forth in the Bylaws and include: (i) providing assistance to members of the Agency in fulfilling their fiduciary responsibilities relating to accounting, reporting, and regulatory compliance practices; (ii) maintaining, through regular meetings, direct communication between the members of the Agency and the Agency’s independent accountants and auditors; (iii) maintaining direct communication between members of the Agency and the governmental authorities having audit authority or fiscal oversight of the Agency; (iv) approving the budget of the Agency for submission to the Board; (v) approving and/or directing the transfers of moneys under the budget; (vi) recommending to the Board the level of cash reserves and the level of fund balances of the Agency.

Finance & Audit Committee Self-Evaluation	Yes	No	Pen ding	Comments
1. Are the members of the Finance & Audit Committee appointed in accordance with the Bylaws and do individuals appointed to the Finance & Audit Committee possess the necessary skills to understand the duties and functions of the Finance & Audit Committee and are familiar with corporate financial and accounting practices?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Is each member of the Finance & Audit Committee an "independent member" within the meaning of, and to the extent required by, Section 2825 of the New York Public Authorities Law, as amended from time to time? Did Finance & Audit Committee members, who are members of the Agency, comply with the conflict of interest provisions applicable to public officers under Article 18 of the New York General Municipal Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Did the Finance & Audit Committee meet a minimum of twice each calendar year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Finance & Audit Committee met on 3/20/20, 8/18/20, 9/16/20, and 10/16/20.

Finance & Audit Committee Self-Evaluation	Yes	No	Pending	Comments
<p>4. Were meeting notices and agendas prepared for each meeting and provided to Finance & Audit Committee members by electronic or regular mail at least five (5) days in advance of the scheduled meeting? Were minutes of all meetings recorded by the Secretary or any Assistant Secretary of the Agency? Did all meetings comply with the requirements of the Open Meetings Law?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>5. Did the Finance & Audit Committee develop the Agency's audit practices, which should address independent auditors and financial statements; internal controls, compliance, and risk assessment; special investigations; and other responsibilities?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	See Questions #6-#10 below.
<p>6. Did the Finance & Audit Committee:</p> <p>(a) Recommend to the Board the appointment of independent auditors, establish the compensation to be paid to the auditors, and provide oversight of the audit services provided by the independent auditor?</p> <p>(b) Establish procedures for the engagement of the independent auditors to provide permitted audited services?</p> <p>(c) Review and approve the Agency's audited financial statements, associated management letter, and all other auditor communications?</p> <p>(d) Review significant accounting and reporting issues and understand their impact on the financial statements of the Agency?</p> <p>(e) Meet with the Agency's independent auditor at least annually to discuss the financial statements of the Agency and any issues that may have arisen during the audit?</p> <p>(f) Review and discuss any significant risks reported in the independent audit and assess the responsiveness of management's follow-up activities regarding same?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>In March of 2020, Freed Maxick completed audits of the ECIDA, RDC, and ILDC for the year ended 12/31/19. The auditors issued an unmodified (clean) opinion that the statements fairly presented the financial position of the above referenced corporations. The auditors also indicated that the audits did not uncover any material weaknesses in internal control and there were no instances of non-compliance in accordance with government auditing standards.</p>

Finance & Audit Committee Self-Evaluation	Yes	No	Pending	Comments
<p>7. Did the Finance & Audit Committee review management's assessment of the effectiveness of the Agency's internal controls and review the actions taken by management on the independent accountants' and auditors' suggestions for correcting weaknesses in the Agency's internal controls, regulatory compliance, and organizational structure and operations?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Management's assessment of the effectiveness of internal controls was reviewed with the Committee at the March 2020 meeting. The March 2020 audit reports did not identify any internal control deficiencies or material weaknesses.</p>
<p>8. Did the Finance & Audit Committee:</p> <p>(a) Ensure that the Agency has a confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest by directors, officers, or employees of the Agency or anyone having business dealings with the Agency?</p> <p>(b) Develop procedures for the receipt, retention, investigation, or referral of complaints concerning accounting, internal controls, and auditing?</p> <p>(c) Request and oversee special investigations as needed or refer specific issues to the Board or appropriate committee for further investigation?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The ECIDA adopted a Whistleblower Policy in March of 2012. The Policy describes the process for reporting suspected fraudulent activities and describes the protections afforded to individuals who report suspected fraudulent activities. The Policy was re-adopted by the Board of Directors on 3/25/20.</p>
<p>9. Did the Finance & Audit Committee obtain information and training needed to enhance the committee members' understanding of the role of the independent auditor, the risk management process, internal controls, and appropriate level of familiarity in financial reporting standards and processes?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>On 3/20/20, the Committee reviewed an article entitled, "The Strategic Audit Committee: A 2020 Preview" published by the Deloitte Center for Board Effectiveness.</p>

Finance & Audit Committee Self-Evaluation	Yes	No	Pending	Comments
<p>10. Did the Finance & Audit Committee:</p> <p>(a) Report its actions and recommendations to the Board?</p> <p>(b) Report to the Board at least annually regarding any changes to the Finance & Audit Committee Charter?</p> <p>(c) Provide a self-evaluation to the Board on an annual basis?</p> <p>(d) Report to the Board at least annually on the findings of its independent auditors?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>On 3/25/20, the Audit & Finance Committee reported on its activities to the ECIDA Board of Directors. These activities included the: (1) Audit & Finance Committee self-evaluation; (2) Audit & Finance Committee Charter; (3) draft 2019 financial statements audited by Freed Maxick, CPAs; (4) Corporate Credit Card Policy; (5) 2019 Public Authorities Annual Report; (6) Investment & Deposit Policy; and (7) 2019 Investment Reports.</p>

Finance & Audit Committee Self-Evaluation

Other Self-Evaluation Notes

In addition to the above:

- During its 3/9/20 meeting, the Committee reviewed drafts of the 2019 audited financial statements for the ECIDA, RDC, and ILDC. The Committee also reviewed the 2019 PAAA Annual Report, 2019 Investment Reports, Investment & Deposit Policy, Finance & Audit Committee Charter, Corporate Credit Card Policy, and the 2019 Finance & Audit Self-Evaluation.
- During its 8/18/20 meeting, ECIDA staff discussed the ECIDA, RDC, and ILDC budget review process and the timelines for obtaining approval for those budgets. The Committee also reviewed drafts of the 2021 ECIDA, RDC, and ILDC operating and capital budgets and three-year forecasts. The Committee also voted to recommend a bond issuance for D'Youville College.
- During its 9/16/20 meeting, the Committee voted to recommend a bond issuance for Related Affordable/Elmwood Square Apartments. The Committee also approved drafts of the 2021 ECIDA, RDC, and ILDC operating and capital budgets and three-year forecasts for recommendation to their respective Boards. In addition, the Committee approved an extension for Freed Maxick to provide auditing services to the ECIDA, RDC, and ILDC for the year ending 12/31/2020.
- During the 10/16/20 meeting, Freed Maxick reviewed their 2020 Audit Plan for ECIDA, RDC, and ILDC.

AUDITED FINANCIAL STATEMENTS

**ERIE COUNTY INDUSTRIAL DEVELOPMENT
AGENCY**

DECEMBER 31, 2020

DRAFT

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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FINANCIAL SECTION

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis

**December 31, 2020
(UNAUDITED)**

Erie County Industrial Development Agency (ECIDA) is a public benefit corporation that provides tax incentives, financing programs, international trade assistance, land development and other economic development services to the City of Buffalo (the City) and Erie County, New York (the County). In accomplishing its mission, ECIDA does not receive any operational funding from Federal, State, County or local sources. Instead, ECIDA relies primarily upon administrative fees charged to those businesses that utilize its products and services.

As a public benefit corporation, ECIDA is required to comply with accounting standards issued by the Governmental Accounting Standards Board (GASB). Under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, ECIDA is required to present management's discussion and analysis (MD&A) to assist readers in understanding ECIDA's financial performance.

In compliance with GASB Statement No. 34, we present the attached overview and analysis of the financial activities of ECIDA as of and for the years ended December 31, 2020, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with ECIDA's audited financial statements.

In 2020 the ECIDA was significantly impacted by the COVID-19 pandemic and state of emergency declaration in New York State. ECIDA worked diligently with economic development partners in Erie County to provide assistance and support to businesses negatively impacted by the pandemic. In 2020, certain sections of New York State General Municipal Law were amended and allowed industrial development agencies in the State to provide financial assistance in the form of loans and/or grants to eligible small businesses and not-for-profit corporations in an effort to alleviate the financial hardship caused by the COVID-19 pandemic. ECIDA established a COVID-19 Disaster Emergency Grant Program in July 2020, with an initial funding allocation of \$500,000 of ECIDA general funds. Several references are made in this MD&A to the pandemic and ECIDA grant program.

Basic Overview of the Financial Statements

Included in this report are the following financial statements:

- 1) **Statements of Net Position** – The statements of net position show the reader what ECIDA owns (assets and deferred outflows of resources) and what ECIDA owes (liabilities and deferred inflows of resources). The difference between ECIDA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources (net position) can be one way to measure ECIDA's financial position. Over time, increases or decreases in ECIDA's net position are an indicator of whether its financial health is improving or deteriorating.
- 2) **Statements of Revenues, Expenses, and Changes in Net Position** – This statement reports ECIDA's operating and nonoperating revenues by major source along with operating and nonoperating expenses. The difference between total revenues and expenses can be one way to measure ECIDA's operating results for the year.
- 3) **Statements of Cash Flows** – This statement reports ECIDA's cash flows from operating, capital and related financing, and investing activities.

Financial Highlights

- ECIDA's total net position decreased by 7% from \$22,622,000 in 2019 to \$21,098,000 in 2020.
- ECIDA experienced a decrease in net position of \$1,524,000 in 2020 compared to an increase of \$507,000 in 2019.
- Administrative fees, a key source of revenue for ECIDA, increased 16% from \$1,591,000 in 2019 to \$1,850,000 in 2020.
- Net special project grants decreased to a loss of \$1,363,000 in 2020 from \$853,000 of income in 2019.
- Operating expenses decreased 3% from \$2,827,000 in 2019 to \$2,747,000 in 2020.

Condensed Comparative Financial Statements:

1. Statements of Net Position:

The following table (Table 1) presents condensed comparative financial information and was derived from the audited statements of net position of ECIDA.

Table 1
Statements of Net Position at December 31, 2020, 2019 and 2018
(Amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2018</u>
Assets:					
Cash	\$ 18,670	\$ 19,023	\$ (353)	-2%	\$ 17,302
Loans receivable, net of allowance	-	56	(56)	-100%	97
Capital assets, net	1,249	1,358	(109)	-8%	1,444
Other assets	2,088	1,722	366	21%	3,574
Restricted cash	6,289	7,939	(1,650)	-21%	7,373
Total assets	\$ 28,296	\$ 30,098	\$ (1,802)	-6%	\$ 29,790
Liabilities:					
Current liabilities	\$ 1,064	\$ 691	\$ 373	54%	\$ 1,377
Funds held on behalf of others	6,134	6,786	(652)	-10%	6,242
Other long-term liabilities	-	-	-	0%	56
Total liabilities	7,198	7,477	(279)	-4%	7,675
Net position:					
Investment in capital assets	1,249	1,358	(109)	-8%	1,444
Restricted	11,647	13,009	(1,362)	-10%	12,131
Unrestricted	8,202	8,255	(53)	-1%	8,540
Total net position	21,098	22,622	(1,524)	-7%	22,115
Total liabilities and net position	\$ 28,296	\$ 30,099	\$ (1,803)	-6%	\$ 29,790

Cash – ECIDA's cash balance decreased 2% or \$353,000 primarily due to an increase in receivables of \$524,000 and an overall decrease in net position of \$1,434,000. The increase in cash from 2018 to 2019 was a result of the collection of grants receivable of \$1,883,000 and an increase in net position of \$507,000.

Loans Receivable – Loans receivable represents conduit receivables. The \$56,000 decrease in the loans receivable balance is due to the final conduit loan repayments received during 2020.

Restricted Cash (Funds held on behalf of others) – Restricted cash consists primarily of funds held on behalf of others including the Buffalo Brownfields Redevelopment fund, Regional Redevelopment fund and PILOT Increment Financing (PIF) funds. Also included are investment sales proceeds held in escrow. The \$1,650,000 or 21% decrease from 2019 is due to a decrease in the sales proceeds held in escrow of \$1,000,000 and a decrease of \$762,000 in the Buffalo Brownfields Redevelopment Fund. Sales proceeds held in escrow were released during 2020 and there were continued temporary borrowings from the Buffalo Brownfields Redevelopment Fund by Buffalo Urban Development Corporation.

Other Assets – Other assets include ECIDA’s grants receivable, venture capital investments, affiliate receivables, prepaid expenses, and other receivables. The increase in other assets of \$366,000 from 2019 to 2020 is primarily due to an increase in grants receivable of \$500,000, with the award of a new grant during the year. This increase was offset by a \$127,000 decrease in investments. The decrease in other assets between 2018 and 2019 also related mainly to a decrease in grants receivable of \$1,883,000.

Current Liabilities – The \$373,000 increase in current liabilities from 2019 to 2020 is primarily due to a \$581,000 increase in unearned revenue related to grant funds awarded but not yet expended, offset by a \$137,000 decrease in accounts payable. The decrease in current liabilities between 2018 and 2019 related to a decrease in unearned revenue of \$398,000 and a decrease in accounts payable of \$320,000.

Other Long-Term Liabilities – Other long-term liabilities primarily consisted of conduit debt. There has been no long-term portion of conduit debt outstanding in 2020 or 2019. The decrease from 2018 to 2019 was due to payments on loan participation agreements made in 2019.

2. Change in Net Position:

The following table (Table 2) presents condensed, comparative financial information and was derived from ECIDA’s audited statements of revenues, expenses, and changes in net position.

Table 2
Change in Net Position for the Years ended December 31, 2020, 2019 and 2018
(Amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2018</u>
Revenue:					
Administrative fees	\$ 1,850	\$ 1,591	\$ 259	16%	\$ 1,201
Affiliate management fees	387	363	24	7%	429
Other income	439	388	51	13%	570
Total revenue	\$ 2,676	\$ 2,342	\$ 334	14%	\$ 2,200
Expenses:					
Salaries and benefits	\$ 2,004	\$ 1,982	\$ 22	1%	\$ 2,017
General and administrative	625	726	(101)	-14%	791
Depreciation and other	118	119	(1)	-1%	119
Total expenses	2,747	2,827	(80)	-3%	2,927
Operating loss before special project grants	(71)	(485)	414	-85%	(727)
Special grants and nonoperating revenue					
Net special project grants	(1,363)	853	(2,216)	-260%	1,084
Investment income (loss)	(127)	32	(159)	-497%	42
Interest income	37	107	(70)	-65%	58
Change in net position	\$ (1,524)	\$ 507	\$ (2,031)	-401%	\$ 457

3. Revenue Analysis:

Administrative Fees – Administrative fees are primarily collected from the issuance of various forms of tax abatements and tax-exempt financing. Fees for tax abatements are based on the amount of project investment. ECIDA relies on these fees to cover its operating costs; however, the amount of fees collected in any given year is largely dependent upon the local economic climate and the timing between project approval and project commencement. Administrative fees increased \$259,000 or 16% in 2020 primarily due to an increase in the average size of project investment from \$16 million in 2019 to \$24 million in 2020. Also during 2020, one project was closed through ILDC that generated \$382,000 of administrative fees that were passed-through to ECIDA, compared to two projects that generated \$166,000 of administrative fees in 2019.

Affiliate Management Fees – Affiliate management fees represent salaries and overhead costs charged to the following ECIDA affiliates for services that ECIDA's employees provide to these organizations:

- Buffalo & Erie County Regional Development Corporation (RDC) – a lending corporation affiliated with ECIDA.
- Buffalo & Erie County Industrial Land Development Corporation (ILDC) – a land development corporation affiliated with ECIDA.

The following table (Table 3) illustrates the amounts charged to ECIDA's affiliated corporations in 2020 with comparisons for 2019 and 2018:

Table 3
Affiliate Management Fees for the Years ended December 31, 2020, 2019 and 2018
(Amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2018</u>
Affiliate Management Fees Charged:					
RDC	\$ 292	\$ 302	\$ (10)	-3%	\$ 352
ILDC	95	61	34	56%	77
Total Affiliate Management Fees	\$ 387	\$ 363	\$ 24	7%	\$ 429

Affiliate management fees charged to RDC decreased \$10,000 or 10% primarily due to increased staff time on ILDC's micro-loan fund in 2020. Those charged to ILDC increased \$34,000 or 34% due to an increase in ECIDA staff time spent on ILDC's projects during 2020. ILDC's micro-loan fund had an increase in activity in 2020, and the ILDC purchased additional property, while continuing to develop property that was already owned.

Other Income – Other income is comprised of rental income, international division revenues, loan interest, and miscellaneous income. The increase of \$51,000 or 13% in 2020 is due mainly to an increase in rental income related to one of ECIDA's properties, which can vary from year to year. The decrease in 2019 from 2018 related to the recovery of a previously written off loan of \$150,000 in 2018 that inflated miscellaneous income for that year.

4. Expense Analysis:

Salaries and Benefits – Increase of \$22,000 in 2020 is primarily due to a \$39,000 increase in accrued leave and a \$16,000 increase in health insurance expenses. Many employees ended 2020 with larger than usual accrued leave balances due to less paid time off used in 2020. There were also payments to two employees who ended their employment with the Agency during the year. Health insurance costs increased due to increased premiums. These increases were offset by a \$36,000 decrease in payroll expense, due to two employees leaving the Agency in 2020.

General and Administrative – In 2020, General and Administrative expenses decreased \$101,000 from \$726,000 to \$625,000. Key expense differences in 2020 include the following:

- Sponsorship expenses decreased \$49,000 due to the expiration of an agreement with an economic development partner and a decrease in event sponsorships as a result of the COVID-19 pandemic.
- Conference and travel-related expenses decreased \$24,000 due to the cancellation of in-person conferences and events due to the COVID-19 pandemic.
- Legal expenses decreased \$17,000 because of decreased need for legal services.

Depreciation – Depreciation expense was \$117,000 for 2020 compared to \$118,000 for 2019.

Net Special Project Grants – Net Special Project Grants decreased from a net gain of \$853,000 in 2019 to a net loss of \$1,363,000 in 2020. In 2020, ECIDA granted \$855,000 to LDC for the acquisition of property at the former Angola Airport site. ECIDA also established a COVID-19 Personal Protective Equipment (PPE) Grant program in 2020 in response to the state of emergency declared in New York State. \$57,000 of grants were expended in 2020. In 2019, \$1,390,000 was reimbursed to ECIDA for the acquisition of property and certain other costs related to the Bethlehem Steel project, as well as \$375,000 from the sale of property at the site. Those reimbursements were the drivers of the net gain in 2019.

Investment Income (Loss) – The investment loss of \$127,000 is due to a valuation decrease of one of ECIDA's venture capital investments.

5. Budget Analysis:

ECIDA prepares an annual budget which was presented and approved by the Board of Directors on October 23, 2019. The following table (Table 4) presents an analysis of ECIDA's performance compared to the approved 2020 budget.

Table 4
Budget to Actual Analysis for the year ended December 31, 2020
(Amounts in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenue:				
Administrative fees	\$ 1,850	\$ 1,900	\$ (50)	-3%
Affiliate management fees	387	405	(18)	-4%
Other income	439	440	(1)	0%
Total revenue	2,676	2,745	(69)	-3%
Expenses:				
Salaries and benefits	2,004	2,114	(110)	-5%
General and administrative	625	786	(161)	-20%
Depreciation and other	118	140	(22)	-16%
Total expenses	2,747	3,040	(293)	-10%
Operating loss before special project grants	(71)	(295)	224	-76%
Net special project grants	(1,363)	(2,572)	1,209	-47%
Investment income (loss)	(127)	-	(127)	100%
Interest income	37	105	(68)	-65%
Change in net position	\$ (1,524)	\$ (2,762)	\$ 1,238	-45%

Budget to Actual Analysis:

Overall, ECIDA exceeded its budgeted decrease in net position for 2020 by \$1,238,000. Total revenue was 3% below the budgeted amount due to both administrative fees and affiliate management fees below budgeted amounts. Total expenses were \$293,000, or 10%, below budget. Net special project grants had a positive variance of \$1,209,000 as some of the budgeted special projects were not funded in 2020, including \$1,000,000 of venture capital activity and \$1,000,000 for a forgivable attraction loan, which were included in the budget as a placeholder. Interest income fell \$68,000 below budget, due to sharp decreases in interest rates as a result of the COVID-19 pandemic.

6. Economic Factors Impacting ECIDA:

ECIDA relies extensively upon administrative fees to generate the majority of its annual revenue. As a result of current uncertain economic conditions and potential legislative/board actions, ECIDA's ability to generate the administrative fees necessary to support operations may be limited in the future.

7. Requests for Information:

This financial report is designed to provide a general overview of ECIDA's finances. Questions concerning any of the financial information provided in this report should be addressed to the CFO of ECIDA at (716) 856-6525. General information relating to ECIDA can be found at its website, www.ecidany.com.

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**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF NET POSITION
DECEMBER 31,**

ASSETS	2020	2019
Current assets:		
Cash and cash equivalents	\$ 18,669,826	\$ 19,023,148
Receivables		
Current portion of conduit loans	-	56,294
Affiliates	577,111	553,651
Grants	831,498	331,434
Other	126,734	126,649
Prepaid expenses	45,558	76,118
Total current assets	20,250,727	20,167,294
Noncurrent assets:		
Capital assets, net	1,249,227	1,358,104
Investments	506,886	634,061
Restricted cash	6,289,218	7,939,159
Total noncurrent assets	8,045,331	9,931,324
Total assets	\$ 28,296,058	\$ 30,098,618
LIABILITIES		
Current liabilities:		
Accounts payable	74,652	\$ 211,642
Accrued expenses	164,444	179,329
Current portion of conduit debt	-	56,294
Unearned revenue	825,000	243,707
Total current liabilities	1,064,096	690,972
Noncurrent liabilities:		
Funds held on behalf of others	6,134,119	6,785,656
Total noncurrent liabilities	6,134,119	6,785,656
Total liabilities	7,198,215	7,476,628
NET POSITION		
Investment in capital assets	1,249,227	1,358,104
Restricted	11,646,524	13,008,827
Unrestricted	8,202,092	8,255,059
Total net position	21,097,843	22,621,990
Total liabilities and net position	\$ 28,296,058	\$ 30,098,618

See accompanying notes.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Administrative fees	\$ 1,850,078	\$ 1,590,700
Affiliate management fees and related income	387,152	363,803
Rental income	287,717	246,217
Loan interest	-	21
Other income	150,651	141,856
Total operating revenues	<u>2,675,598</u>	<u>2,342,597</u>
Operating expenses:		
Salaries and benefits	2,003,970	1,982,021
General and administrative	624,717	726,329
Depreciation	117,025	118,825
Other expenses	973	595
Total operating expenses	<u>2,746,685</u>	<u>2,827,770</u>
Operating loss before special project grants	(71,087)	(485,173)
Special project grants:		
Revenues	112,937	2,236,240
Expenses	(1,475,907)	(1,382,771)
Net income (loss) from special project grants	<u>(1,362,970)</u>	<u>853,469</u>
Operating income (loss)	(1,434,057)	368,296
Nonoperating revenues (expenses):		
Investment income (loss)	(127,175)	31,915
Interest income	37,085	107,000
Total nonoperating revenues (expenses)	<u>(90,090)</u>	<u>138,915</u>
Change in net position	(1,524,147)	507,211
Net position - beginning of year	<u>23,500,096</u>	<u>22,992,885</u>
Net position - end of year	<u>\$ 21,975,949</u>	<u>\$ 23,500,096</u>

See accompanying notes.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from fees and rental income	\$ 2,137,710	\$ 1,808,145
Cash received from special project grants	194,166	3,721,462
Loan repayments and loan interest collected	-	3,198
Cash received from affiliates and other sources	514,343	514,282
Payments to employees, suppliers, and other	(2,750,975)	(3,026,465)
Payments for special project grants	(1,475,907)	(1,382,771)
Net cash provided (used) by operating activities	<u>(1,380,663)</u>	<u>1,637,851</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(8,148)	(33,396)
Net cash used by capital and related financing activities	<u>(8,148)</u>	<u>(33,396)</u>
Cash flows from investing activities:		
Change in restricted cash, net of funds held on behalf of others	998,404	(22,062)
Cash received from equity investments	-	31,915
Interest	37,085	107,000
Net cash provided by investing activities	<u>1,035,489</u>	<u>116,853</u>
Net increase (decrease) in cash and cash equivalents	(353,322)	1,721,308
Cash and cash equivalents - beginning of year	<u>19,023,148</u>	<u>17,301,840</u>
Cash and cash equivalents - end of year	<u>\$ 18,669,826</u>	<u>\$ 19,023,148</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (1,434,057)	\$ 368,296
Adjustment to reconcile income from operations to net cash provided (used) by operating activities:		
Depreciation expense	117,025	118,825
(Increase) decrease in receivables	(523,609)	1,865,942
(Increase) decrease in prepaid expenses	30,560	(10,241)
Decrease in accounts payable	(136,990)	(319,810)
Increase (decrease) in accrued expenses	(14,885)	12,531
Increase (decrease) in unearned revenue	581,293	(397,692)
Net cash provided (used) by operating activities	<u>\$ (1,380,663)</u>	<u>\$ 1,637,851</u>

See accompanying notes.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Erie County Industrial Development Agency (ECIDA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The ECIDA's significant accounting policies are described below.

A. REPORTING ENTITY

Erie County Industrial Development Agency (ECIDA) was created in 1970 by an act of the Legislature of the State of New York (the State) for the purpose of encouraging financially sound companies to establish themselves and prosper in Erie County (the County).

ECIDA has related party relationships with Buffalo and Erie County Industrial Land Development Corporation (ILDC) and Buffalo and Erie County Regional Development Corporation (RDC). All three entities are managed by the same personnel and RDC currently shares a common board with ECIDA. These entities share the same mission, which is to provide the resources that encourage investment innovation, and international trade creating a successful business climate that improves the quality of life for the residents of the region.

B. BASIS OF PRESENTATION

Revenues from administrative fees, management fees, rental income and interest on loans are reported as operating revenues. All expenses related to the ECIDA are reported as operating expenses. Interest income and realized and unrealized gains are reported as nonoperating revenues and expenses, as appropriate.

When both restricted and unrestricted resources are available for use, it is the ECIDA's policy to use restricted resources first, then unrestricted resources as they are needed.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The ECIDA is reported as a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The financial statements of the ECIDA are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Nonexchange transactions, in which the ECIDA gives or receives value without directly receiving or giving equal value in exchange, include grants. Revenue from grants is recognized in the year in which all eligibility requirements have been satisfied.

D. TAX INCENTIVE TRANSACTIONS

ECIDA maintains an economic development incentive program to provide sales, property, and/or mortgage recording tax benefits for qualified construction, renovation, or expansion projects or other economic development activities within Erie County. Under this program, ECIDA may take title to or a leasehold interest in the real and/or personal property involved in the project for the term of the incentive period. ECIDA simultaneously leases the property under a lease agreement to the company undertaking the project (lessee). ECIDA receives administrative fees from the lessee for providing these tax incentives which are recognized according to the terms of the fee agreement.

ECIDA is an issuer of tax-exempt bond financing for qualified manufacturers and low-income housing projects. These bonds are obligations of the borrower. Since ECIDA has no obligation to repay the principal and interest of such bonds, they are not reflected as liabilities in the accompanying financial statements. ECIDA receives bond issuance fees from the borrower for providing this service. ECIDA also has a shared services agreement with ILDC under which administrative and staffing services are provided to ILDC in connection with its bond issuances to nonprofit organizations in exchange for the related bond issuance fees received by ILDC. Such fees totaled \$382,050 and \$166,250, respectively, for the years ended December 31, 2020 and 2019.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

E. CASH AND CASH EQUIVALENTS

The ECIDA's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

F. RESTRICTED ASSETS

Certain assets are classified on the Balance Sheet and Statement of Net Position as restricted because their use is limited. See Note 5 for the detail of restricted cash.

G. PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

H. CAPITAL ASSETS

Capital assets are recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. The cost of repairs, maintenance and minor replacements are expensed as incurred, whereas expenditures that materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in income. Contributed capital assets are recorded at fair value at the date received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the ECIDA are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Furniture and equipment	\$ 1,000	Straight-line	3-10 years
Buildings and improvements	1,000	Straight-line	5-40 years

In 1989, ECIDA developed a public warehouse and trans-shipment facility (the Port Terminal Facility) at the Gateway Metroport facility in the City of Lackawanna. The Port Terminal Facility provides enclosed storage facilities and materials handling services for the trans-shipment of goods by water, rail and truck. The facility is owned by ECIDA and is operated by Gateway Trade Center, Inc. Rental property is recorded at cost which includes all costs incurred during the development stage, net of accumulated depreciation. Port Terminal Facility rental property assets are fully depreciated.

ECIDA also owns its former office space at 143 Genesee Street. This property is recorded at cost and leased to a third party.

I. INVESTMENTS

Investments include venture capital investments made by ECIDA in order to spur local economic growth. The Urban Development Action Grant (UDAG) and General Accounts include venture capital investments that are recorded at the lesser of cost or fair value.

J. INSURANCE

The ECIDA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks has not yet exceeded commercial insurance coverage for the past three years.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

K. GRANTS

Grants are recognized at the time awarded, with timing differences resulting from funds spent and earned. ECIDA receives special project grants from various Federal, State and County governments. ECIDA also acts as a pass-through entity for certain companies who receive funding from the State, including the Department of Transportation (DOT).

In certain cases, funding is received in the form of a combination of a grant and a loan. One year after completion of the specified program and with State approval and acceptance, companies begin repaying the loan. A long-term liability and repayment plan receivable are established as the companies receiving the funding from the State are contractually obligated to repay ECIDA for its debt service requirements to the State. The payment terms of the conduit receivables are equivalent to the terms of ECIDA's loans to the State.

L. NET POSITION

Equity is classified as net position and displayed in three components:

- a. *Investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. *Restricted* - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. Restrictions are imposed by Federal Urban Development Action Grants (UDAG).
- c. *Unrestricted* - The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by ECIDA.

M. STATEMENTS OF CASH FLOWS

For the purposes of the statement of cash flows, the ECIDA considers all cash to be unrestricted including demand accounts and certificates of deposit with an original maturity of generally three months or less.

N. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

O. ACCOUNTING PRONOUNCEMENTS

On May 8, 2020, the GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* in response to the COVID-19 pandemic. The effective dates of GASB Statements not yet implemented by the ECIDA have been updated below to reflect the impact of this Statement. There were no new GASB Statements implemented by the ECIDA for the year ended December 31, 2020.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the ECIDA, for their potential impact in future years.

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2022.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2021.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2022.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending December 31, 2021, except for paragraph 11b, which will be effective for the year ending December 31, 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending December 31, 2022.

NOTE 2 - CASH AND INVESTMENTS

ECIDA's investment policies are governed by State statutes. In addition, ECIDA has its own written investment policy. ECIDA monies must be deposited in Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or trust companies located within the State. ECIDA is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury and its agencies, repurchase agreements and obligations of the State and its localities.

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

As of December 31, 2020 and 2019, the ECIDA aggregate bank deposits were considered fully collateralized.

Investment and Deposit Policy

ECIDA follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of ECIDA's Chief Financial Officer.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. ECIDA's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

ECIDA's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. ECIDA's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with ECIDA's investment and deposit policy, all deposits of ECIDA including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Corporation (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. ECIDA restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by the State of New York and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - LOANS RECEIVABLE

Loans are made to local businesses, with UDAG monies under certain restrictions, to complement private financing at a 4% interest rate with varying repayment terms. All loans are classified as commercial loans. Loans in non-accrual status are fully reserved.

During 2013, the ECIDA provided a \$1,000,000 forgivable loan to a manufacturing company. Half of that amount was immediately forgiven and the other \$500,000 will be forgiven in \$100,000 installments from 2019 through 2023 as long as the borrower maintains minimum employment requirements as set forth in the agreement. The portion not immediately forgiven is included in loans receivable and fully recognized in the allowance for uncollectible loans.

During the 2019 year, the ECIDA established an allowance for uncollectible loans amounting to \$400,000. There was no change to the allowance as of December 31, 2020.

NOTE 4 - GRANTS RECEIVABLE

The following is a summary of grants receivable at December 31:

	<u>2020</u>	<u>2019</u>
Buffalo Southern Railroad - 2017 PFRAP		
Rail Improvement	\$ 140	\$ 140
Sumitomo Dunlop Rail - PFRAP	6,358	14,352
National Grid - Zero Net Energy Building	125,000	125,000
Bethlehem Rail Phase II	-	191,942
Bethlehem Water and Sewer	<u>700,000</u>	<u>-</u>
Total	<u>\$ 831,498</u>	<u>\$ 331,434</u>

NOTE 5 - FUNDS HELD ON BEHALF OF OTHERS AND OTHER RESTRICTED CASH

ECIDA acts as a fiduciary for certain cash held for various development activities. ECIDA disburses these funds when given the appropriate authorization. The funds include:

	<u>2020</u>	<u>2019</u>
Erie County Regional Redevelopment Fund	\$ 1,528,292	\$ 1,525,156
Buffalo Brownfields Redevelopment Fund	217,484	979,274
Regionally Significant Project Funds:		
Buffalo Urban Development Corporation	-	17,531
Seneca Street Corridor	1,657,749	1,516,590
Main Street Improvement Fund	<u>2,730,594</u>	<u>2,747,105</u>
Total funds held on behalf of others	<u>6,134,119</u>	<u>6,785,656</u>
Other restricted cash:		
Railway Trust Fund	155,099	153,503
Sales proceeds held in escrow	-	1,000,000
Total restricted cash	<u>\$ 6,289,218</u>	<u>\$ 7,939,159</u>

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - CAPITAL ASSETS

Capital asset activity for ECIDA for the year ended December 31, 2020 was as follows:

	Balance 01/01/2020	Increases	Decreases	Balance 12/31/2020
Capital assets not being depreciated:				
Land	\$ 167,400	\$ -	\$ -	\$ 167,400
Capital assets being depreciated:				
Land improvements	1,106,386	-	-	1,106,386
Buildings	2,747,489	-	-	2,747,489
Furniture and equipment	463,388	8,148	-	471,536
Total capital assets, being depreciated	<u>4,317,263</u>	<u>8,148</u>	<u>-</u>	<u>4,325,411</u>
Less accumulated depreciation:				
Land improvements	770,820	54,528	-	825,348
Buildings	1,954,378	36,043	-	1,990,421
Furniture and equipment	401,361	28,454	-	427,815
Total accumulated depreciation	<u>3,126,559</u>	<u>117,025</u>	<u>-</u>	<u>3,243,584</u>
Total capital assets being depreciated, net	1,190,704	(108,877)	-	1,081,827
Total capital assets, net	<u>\$ 1,358,104</u>	<u>\$ (108,877)</u>	<u>\$ -</u>	<u>\$ 1,249,227</u>

Capital asset activity for ECIDA for the year ended December 31, 2019 was as follows:

	Balance 01/01/2019	Increases	Decreases	Balance 12/31/2019
Capital assets not being depreciated:				
Land	\$ 167,400	\$ -	\$ -	\$ 167,400
Capital assets being depreciated:				
Land improvements	1,106,386	-	-	1,106,386
Buildings	2,747,489	-	-	2,747,489
Furniture and equipment	471,744	33,396	41,752	463,388
Total capital assets, being depreciated	<u>4,325,619</u>	<u>33,396</u>	<u>41,752</u>	<u>4,317,263</u>
Less accumulated depreciation:				
Land improvements	716,292	54,528	-	770,820
Buildings	1,918,335	36,043	-	1,954,378
Furniture and equipment	414,859	28,254	41,752	401,361
Total accumulated depreciation	<u>3,049,486</u>	<u>118,825</u>	<u>41,752</u>	<u>3,126,559</u>
Total capital assets being depreciated, net	1,276,133	(85,429)	-	1,190,704
Total capital assets, net	<u>\$ 1,443,533</u>	<u>\$ (85,429)</u>	<u>\$ -</u>	<u>\$ 1,358,104</u>

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - INVESTMENTS

The ECIDA's investments consisted of the following at December 31:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Equity interest	\$ 913,136	\$ 506,886	\$ 987,187	\$ 634,061

In accordance with GASB Statement No. 72 Fair Value Measurement and Application, investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date. U.S. GAAP establishes a framework for measuring fair value of assets and liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Valuation is based on quoted prices (unadjusted) in active markets for identical assets or liabilities in active markets that the ECIDA has ability to access.
- Level 2: Valuation is based upon quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3: Valuation is based upon unobservable inputs that are significant to the fair value measurement.

Where quoted prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, fair values are estimated using quoted prices of securities with similar characteristics or inputs other than quoted prices that are observable for the security, and would be classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities would be classified within Level 3 of the valuation hierarchy.

Following is a description of the valuation methodology used at December 31, 2020 and 2019:

Equity interest - Value based analysis performed by industry consultant familiar with the industries in which the ECIDA has equity interest.

All investments are classified as a level 3 of the valuation hierarchy.

NOTE 8 - UNEARNED REVENUE

ECIDA received a grant from Erie County in the amount of \$700,000 in July 2020 to support the design, engineering and construction administration of water and sewer utility extensions and upgrades on the former Bethlehem Steel property. As of December 31, 2020, the entirety of that amount is included as unearned revenue as ECIDA has not begun expending grant funds.

ECIDA received an Economic Development Program grant from National Grid in the amount of \$125,000 in January 2017. As of December 31, 2020, the entirety of that amount is included as unearned revenue as ECIDA has not yet met the requirements to begin expending grant funds.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - RELATED PARTY TRANSACTIONS

Affiliate Management Fees

ECIDA allocates a portion of personnel and rental costs to its affiliates, RDC and ILDC. ECIDA earned \$387,152 and \$363,803 in affiliate management fees for the years ended December 31, 2020 and 2019, respectively. Management fees and related receivables by affiliate are as follows:

	Management Fees and Rental Costs		Receivables	
	2020	2019	2020	2019
RDC	\$ 292,107	\$ 302,332	\$ 293,638	\$ 303,021
ILDC	95,045	61,471	283,473	250,630
Total	\$ 387,152	\$ 363,803	\$ 577,111	\$ 553,651

ECIDA also provides personnel to perform administrative and accounting functions on behalf of Buffalo Urban Development Corporation, which amounted to \$119,444 and \$104,414 for the years ended December 31, 2020 and 2019, respectively. BUDC administration fees are included in other income on the Statements of Revenues and Expenses.

NOTE 10 - OPERATING LEASES

Office rent expense for the years ended December 31, 2020 and 2019 amounted to \$191,473 and \$192,143, respectively.

The ECIDA renewed their office lease agreement with Empire State Development effective for the period of October 1, 2018 through September 30, 2023. This lease agreement states a base lease amount of \$176,633 per annum plus utility charges that will be determined on an annual basis.

ECIDA recognized \$213,529 of rental income on its former office for the years ended December 31, 2020 and 2019. The net book value of the leased property is approximately \$1,047,300 at December 31, 2020.

Future annual rental income anticipated under this noncancelable lease is:

2021	\$ 209,869
2022	122,423
	\$ 332,292

NOTE 11 - PENSION

ECIDA maintains a defined contribution simplified employee pension (SEP) plan covering all of its employees. Employees are eligible to participate six months after employment, with employer contributions vesting immediately. During 2020 and 2019, ECIDA made discretionary contributions of 12% of eligible employees' salaries. ECIDA's expense for contribution to the plan for the years ended December 31, 2020 and 2019 amounted to \$173,647 and \$169,282, respectively. Employees are also permitted to participate in the New York State Deferred Compensation Plan but ECIDA does not make contributions to this plan.

NOTE 12 - CONTINGENCIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. This event is not expected to have a structural impact on the IDA. This may result in a reduction of business development projects in the short-term. The IDA will be further assessing small business relief programs from the government to determine the IDA's role in helping local businesses when additional information is available.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through XXXXX, 2021, which is the date the financial statements are available for issuance and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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SUPPLEMENTARY INFORMATION

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	<u>General Account</u>	<u>UDAG Account</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,617,692	\$ 11,052,134	\$ 18,669,826
Receivables			
Affiliates	388,968	188,143	577,111
Grants	831,498	-	831,498
Other	126,734	-	126,734
Prepaid expenses	45,558	-	45,558
Total current assets	<u>9,010,450</u>	<u>11,240,277</u>	<u>20,250,727</u>
Noncurrent assets:			
Capital assets, net	1,249,227	-	1,249,227
Investments	100,639	406,247	506,886
Restricted cash	6,289,218	-	6,289,218
Total noncurrent assets	<u>7,639,084</u>	<u>406,247</u>	<u>8,045,331</u>
Total assets	<u>\$ 16,649,534</u>	<u>\$ 11,646,524</u>	<u>\$ 28,296,058</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 74,652	\$ -	\$ 74,652
Accrued expenses	164,444	-	164,444
Unearned revenue	825,000	-	825,000
Total current liabilities	<u>1,064,096</u>	<u>-</u>	<u>1,064,096</u>
Noncurrent liabilities:			
Funds held on behalf of others	6,134,119	-	6,134,119
Total noncurrent liabilities	<u>6,134,119</u>	<u>-</u>	<u>6,134,119</u>
Total liabilities	<u>7,198,215</u>	<u>-</u>	<u>7,198,215</u>
NET POSITION			
Investment in capital assets	1,249,227	-	1,249,227
Restricted	-	11,646,524	11,646,524
Unrestricted	8,202,092	-	8,202,092
Total net position	<u>9,451,319</u>	<u>11,646,524</u>	<u>21,097,843</u>
Total liabilities and net position	<u>\$ 16,649,534</u>	<u>\$ 11,646,524</u>	<u>\$ 28,296,058</u>

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>General Account</u>	<u>UDAG Account</u>	<u>Total</u>
Operating revenues:			
Administrative fees	\$ 1,850,078	\$ -	\$ 1,850,078
Affiliate management fees and rental income	387,152	-	387,152
Rental income	287,717	-	287,717
Other income	150,651	-	150,651
Total operating revenues	<u>2,675,598</u>	<u>-</u>	<u>2,675,598</u>
Operating expenses:			
Salaries and benefits	2,003,970	-	2,003,970
General and administrative	623,943	774	624,717
Depreciation	117,025	-	117,025
Other expenses	973	-	973
Total operating expenses	<u>2,745,911</u>	<u>774</u>	<u>2,746,685</u>
Operating loss before special project grants	(70,313)	(774)	(71,087)
Special project grants:			
Revenues	112,937	-	112,937
Expenses	(194,413)	(1,281,494)	(1,475,907)
Net loss from special project grants	<u>(81,476)</u>	<u>(1,281,494)</u>	<u>(1,362,970)</u>
Operating loss	(151,789)	(1,282,268)	(1,434,057)
Nonoperating revenues (expenses):			
Investment income (loss)	(23,750)	(103,425)	(127,175)
Interest income	13,695	23,390	37,085
Total nonoperating revenues (expenses)	<u>(10,055)</u>	<u>(80,035)</u>	<u>(90,090)</u>
Change in net position	(161,844)	(1,362,303)	(1,524,147)
Net position - beginning of year	<u>9,613,163</u>	<u>13,008,827</u>	<u>22,621,990</u>
Net position - end of year	<u>\$ 9,451,319</u>	<u>\$ 11,646,524</u>	<u>\$ 21,097,843</u>

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INTERNAL CONTROL AND COMPLIANCE

REPORT TO THE BOARD OF DIRECTORS

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
BUFFALO AND ERIE COUNTY INDUSTRIAL LAND
DEVELOPMENT CORPORATION
BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT
CORPORATION**

DECEMBER 31, 2020

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To the Members of the Board of Directors
Erie County Industrial Development Agency
Buffalo and Erie County Industrial Land Development Corporation
Buffalo and Erie County Regional Development Corporation
95 Perry Street, Suite 403
Buffalo, New York 14203

Members of the Board:

We are pleased to present this report related to our audit of the financial statements of Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County Industrial Land Development Corporation (ILDC), and Buffalo and Erie County Regional Development Corporation (RDC), as of and for the year ended December 31, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for ECIDA/ILDC/RDC's financial reporting process.

This report is intended solely for the information and use of ECIDA/ILDC/RDC and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to be of service to ECIDA/ILDC/RDC.

Very truly yours,

Freed Maxick CPAs, P.C.

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditors Communications with Those Charge with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated January 11, 2021. Our audits of the financial statements do not relieve management or those charged with governance of their responsibilities which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audits and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	Preferability of Accounting Policies and Practices Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.
	Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by ECIDA/ILDC/RDC. In the current year, ECIDA/ILDC/RDC implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 95, <i>Postponement of Effective Dates of Certain Authoritative Guidance</i> .
	Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
	Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates."
Basis of Accounting	The financial statements were prepared on assumption that the entities will continue as a going concern.

Required Communications (Continued)

Area	Comments
Audit Adjustments	Audit adjustments proposed by us and recorded by the RDC are shown on the attached "Summary of Recorded Audit Adjustments."
Uncorrected Misstatement	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Significant Written Communication Between Management and Our Firm	A copy of the representation letter provided to us by management is attached as Exhibit A.

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**Erie County Industrial Development Agency
 Buffalo and Erie County Industrial Land Development Corporation
 Buffalo and Erie County Regional Development Corporation
 Summary of Significant Accounting Estimates
 Year Ended December 31, 2020**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the ECIDA/ILDC/RDC's December 31, 2020, financial statements:

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Depreciation of Property, Plant & Equipment (ECIDA & ILDC)	Management depreciates property, plant and equipment over the estimated lives of the assets.	Useful lives were assigned based on ECIDA/ILDC's useful life policy. Management was consistent in calculating depreciation based on the useful lives assigned to each asset.	The methods and lives used to estimate depreciation expense appears reasonable.
Allowance for Uncollectible Accounts	Management estimates collectability of receivables based on knowledge of past history.	Management reviews prior year write-off information and loan payment histories and uses this to estimate the allowance needed in the current year for the ECIDA/ILDC/RDC.	Management's process to estimate the allowance for uncollectible accounts appears reasonable.
Investments (ECIDA)	Investments are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ECIDA recognizes investments in accordance with GASB Statement No. 72, "Fair Value Measurements" as it defines the fair value and establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels of Level 1, 2 or 3.	Management has described the valuation techniques used for valuing investments at fair value in the financial statements ECIDA Note 7. Additionally, management has broken out the investments into Level 1, 2 or 3 based upon the valuation hierarchy.	Management's process to evaluate fair value and establish the fair value hierarchy of investments appears reasonable.

**Buffalo and Erie County Regional Development Corporation
 Summary of Recorded Audit Adjustments
 Year Ended December 31, 2020**

Number	Account Name	Debit	Credit
AJE #1	1400.3 GF01 Accounts receivable - CARES Act	11,015	
AJE #1	5850.4 GF01 Grant Income - CARES Act		(11,015)
To record the administrative cost receivables for the CARE Act as of 12/31/2020			
		11,015	(11,015)

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Recently Issued Accounting Standards

The GASB has issued several statements not yet implemented by the ECIDA/ILDC/RDC. The ECIDA/ILDC/RDC's management has not yet determined the effect these Statements will have on the ECIDA/ILDC/RDC's financial statements. However, the ECIDA/ILDC/RDC plans to implement all standards by the required dates. The Statements which might impact the ECIDA/ILDC/RDC are as follows:

Summary of GASB Statement No. 87, *Leases*

This Statement issued in June 2017 will be effective for ECIDA/ILDC/RDC with its fiscal year ending December 31, 2022. This Statement better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

Summary of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*

This Statement issued in June 2018 will be effective for ECIDA/ILDC/RDC beginning with its fiscal year ending December 31, 2022. The primary objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of GASB Statement No. 89 are effective for financial periods beginning after December 15, 2021. Earlier application is encouraged.

Recently Issued Accounting Standards (Continued)

Summary of GASB Statement No. 91, *Conduit Debt Obligations*

This Statement issued in May 2019 will be effective for ECIDA/ILDC/RDC beginning with its fiscal year ending December 31, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of GASB Statement No. 91 are effective for financial periods beginning after December 15, 2020. Earlier application is encouraged.

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XXXXXXX, 2021

The Finance & Audit Committees, Boards of Directors, and Management
Erie County Industrial Development Agency
Buffalo and Erie County Regional Development Corporation
Buffalo and Erie County Industrial Land Development Corporation

In planning and performing our audits of the financial statements of Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County Regional Development Corporation, and Buffalo and Erie County Industrial Land Development Corporation (collectively, ECIDA/ILDC/RDC), business-type activities, as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the separate financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Finance & Audit Committees, Boards of Directors, and others within ECIDA/ILDC/RDC. It is not intended to be, and should not be, used by anyone other than these specified parties.

Freed Maxick CPAs, P.C.

**EXHIBIT A – SIGNIFICANT WRITTEN COMMUNICATION
BETWEEN MANAGEMENT AND OUR FIRM**

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Erie County Industrial Development Agency
Investment Report
For the year ended December 31, 2020

Erie County Industrial Development Agency

2020 Annual Investment Report

Purpose of Report:

Under Section 2925(6) of the Public Authorities Law, the ECIDA is required to prepare and approve an annual Investment Report. The Investment Report is to include: the investment guidelines (see below), the results of the annual independent investment audit (see below), a list of the total investment income received by the corporation and a list of the fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the corporation since the last Investment Report.

The attached schedule details the corporation's investment income and related fees for the year ended December 31, 2020 and were approved by the ECIDA membership on March 24, 2021.

Investment Guidelines:

In accordance with Section 2925 of the Public Authorities Law, the ECIDA is required to adopt Investment Guidelines which detail its operative policy and instructions to staff regarding the investing, monitoring and reporting of funds of the Agency. In addition, the ECIDA is subject to the deposit and investment restrictions contained in Sections 10 and 11 of the General Municipal Law.

The Investment Guidelines were approved by the ECIDA membership on March 24, 2021 and are posted on the ECIDA website at <http://www.ecidany.com/about-us-corporate-policies>. The Investment Guidelines are consistent with the prior Guidelines adopted on March 25, 2020.

Investment Audit:

The auditors for the ECIDA have audited the corporation's compliance with the Investment Guidelines for Public Authorities. In their report dated March XX, 2021 Freed Maxick CPAs indicated that the Agency complied, in all material respects, with these Investment Guidelines.

Erie County Industrial Development Agency (ECIDA)

Annual Investment Report

For the year ended December 31, 2020

Account Type	Financial Institution	G/L Balance		Interest Rate ^a Dec 2020	2020		Restricted	Purpose
		1/1/2020	12/31/2020		Investment Income	Fees		
1 Checking	M&T Bank	1,166,759	1,194,625	0.03%	-	279	-	General ECIDA Checking account
2 Savings	M&T Bank	6,409,760	6,423,067	0.10%	-	13,307	-	General ECIDA Savings account
3 Checking	M&T Bank	411,957	35,452	0.03%	-	24	✓	ECIDA UDAG Fund checking/investment account
4 Savings	M&T Bank	11,034,672	11,016,682	0.10%	-	23,585	✓	ECIDA UDAG Fund Savings/investment account
5 Checking	M&T Bank	153,503	155,099	0.03%	-	49	✓	Restricted account for Erie County shoreline railroad related activities
6 Savings	M&T Bank	979,274	217,484	0.10%	-	1,341	✓	Restricted account for BLCF, Riverbend and Northland development
7 Savings	M&T Bank	1,525,156	1,528,292	0.10%	-	3,166	✓	Restricted account for North Youngmann Commerce Center & designated Erie County projects
8 Savings	M&T Bank	17,531	-	0.10%	-	35	✓	Restricted account for Buffalo Urban Development Corporation ^b
9 Savings	M&T Bank	2,747,105	2,730,594	0.10%	-	5,669	✓	Restricted account for Infrastructure Improvements in the Main Street District
10 Savings	M&T Bank	1,516,590	1,657,749	0.10%	-	3,065	✓	Restricted account for Infrastructure Improvements in the Seneca Street Corridor District
11 Preferred Custody Account	Citibank	1,000,000	-	0.00%	-	-	✓	Heid in escrow in accordance with Gemcor II sale agreement ^c
		<u>\$ 26,962,308</u>	<u>\$ 24,959,045</u>			<u>\$ 50,521</u>		

Notes:

^a The Interest Rate is the annualized rate for the month of December 2020 and is prior to the deduction of any fees.

^b Account closed December 2020 after funds were fully disbursed.

To: ECIDA, RDC & ILDC Board of Directors
From: Brenda McDuffie, Governance Committee Chair
Date: March 24, 2021
Re: Governance Committee Report

In accordance with its Committee Charter, the Governance Committee is required to “report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Governance Committee and when otherwise requested by the Board”. This report is prepared to satisfy this requirement.

The ECIDA/RDC/ILDC Governance Committee met on March 17, 2021. Committee members present were: Brenda McDuffie, Chair, Howard Johnson, Brian Kulpa, Ken Schoetz, David State, and Maria Whyte. The following items were reviewed:

1) 2020 PAAA Annual Report

The Governance Committee reviewed the ECIDA/RDC/ILDC 2020 PAAA Annual Report. No changes were recommended. The PAAA Annual Report will be reviewed by the full Boards during the March 24, 2021 Board meetings.

2) 2020 Board of Directors’ Self-Evaluation

The Governance Committee reviewed the summary sheets for the ECIDA, RDC, and ILDC Board self-evaluations and discussed the importance of open dialogue. They did not note any major issues. The Governance Committee Chair will forward the summary sheets to the Authorities Budget Office (ABO) as required.

3) 2020 Governance Committee Self-Evaluation

The Governance Committee reviewed the 2020 Governance Committee Self-Evaluation. The evaluation documented the activities of the Governance Committee during 2020.

4) Annual Re-Adoption of Policies, Charters & Guidelines

The Governance Committee reviewed the following policies of the ECIDA/RDC/ILDC:

- Whistleblower Policy
- Governance Committee Charter
- Property Disposition Guidelines
- Real Property Acquisition Policy
- Defense & Indemnification Policy
- Board Member Compensation, Reimbursement & Attendance Policy
- Travel, Conferences, Meals & Entertainment Policy
- Statement of the Duties & Responsibilities of the Board of the Directors
- Statement of the Competencies & Personal Attributes Required of Board Members
- Code of Ethics & Conflict of Interest Policy

The Agency’s CFO informed the Committee that ECIDA General Counsel Harris Beach reviewed the above referenced policies and did not recommend any changes. The ABO did not publish any new recommended guidance for any of these policies. No changes were recommended by the Committee. The Boards will review these policies during the March 24, 2021 Board meetings.

5) Adoption of Policies, Charters & Guidelines

ECIDA staff and General Counsel Harris Beach recommended revision/adoption of the following policies:

- Procurement Policy
- Sexual Harassment Policy
- ECIDA Employee Compensation Policy

The Procurement Policy is expanded to include more specific language regarding Minority & Women Business Enterprise procurements of goods and services and considerations when requests for proposals are solicited. Metrics will be set annually as part of the Agency's goals and performance measures. The Sexual Harassment Policy has been in place at the Agency for a number of years and is being brought to the Board to formalize Policy with Board approval. The policy meets all requirements under Federal and New York State guidelines. The ECIDA Employee Compensation Policy has a modification as a result of the Compensation Committee meeting in October 2020. A sentence was added noting "Employee compensation is subject to the overall profitability and economic stability of the ECIDA." The Committee supported the changes to the Procurement Policy and ECIDA Employee Compensation Policy and formal adoption of the Sexual Harassment Policy. The policies will be reviewed by the Boards during the March 24, 2021 Board meetings.

6) PARIS Report Update

The Governance Committee received an update on the status of the ABO's reporting requirements through the Public Authorities Reporting Information System (PARIS). The Agency is on track to complete the ECIDA, RDC, and ILDC PARIS reports on or before the March 31, 2021 deadline.

7) Board Member PAAA Training Update

The Governance Committee received an update on the status of the required ABO board member training. One board member received training during 2020. There was also a period of time whereby no training sessions were held as a result of the Covid-19 pandemic. The Agency's Compliance Officer regularly forwards the training schedule to board members who have not had the required training and to those who have not had training within the last three years.

8) Results of 2020 Performance Measures

The Governance Committee reviewed the results of the ECIDA/RDC/ILDC's 2020 Performance Measures. They did not recommend any changes. The results of the 2020 Performance Measures will be reviewed by the Boards during the March 24, 2021 Board meetings.

9) Mission Statement and 2021 Performance Measures

The Governance Committee met on January 28, 2021 and February 9, 2021 to discuss the ECIDA/RDC/ILDC Mission Statement and 2021 Performance Measures. During these meetings the Committee revised several metrics, added a goal and metrics related to the Covid-19 Pandemic Response, and incorporated metrics related to minority & women business enterprises (MWBES). The Committee reviewed the most current draft that incorporated changes made as a result of previous meetings, and did not recommend any additional changes. The 2021 Mission Statement & Performance Measures will be reviewed by the Boards during the March 24, 2021 Board meetings.

Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County Regional Development Corporation (RDC), and Buffalo and Erie County Industrial Land Development Corporation (ILDC)

2020 Governance Committee Self-Evaluation

Responsibilities of the Governance Committee:

The core responsibilities of the Governance Committee, as mandated under Section 2824(7) of the New York Public Authorities Law, are set forth in the Bylaws and include: (i) keeping the Board informed of current best governance practices; (ii) reviewing corporate governance trends; (iii) updating the Agency’s corporate governance principles; and (iv) advising those responsible for appointing members to the Board on the skills and experiences necessary required of potential Board members.

Governance Committee Self-Evaluation	Yes	No	Pen ding	Comments
1. Are the members of the Governance Committee appointed in accordance with the Bylaws and are individuals appointed to the Governance Committee knowledgeable, or have expressed a willingness to become knowledgeable, in matters pertaining to governance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Is each member of the Governance Committee an “independent member” within the meaning of, and to the extent required by, Section 2825 of the New York Public Authorities Law, as amended from time to time? Did Governance Committee members, who are members of the Agency, comply with the conflict of interest provisions applicable to public officers under Article 18 of the New York General Municipal Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Did the Governance Committee meet a minimum of once (1) each calendar year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Governance Committee met on 2/10/20 and 3/10/20.
4. Were meeting notices and agendas prepared for each meeting and provided to Governance Committee members by electronic or regular mail at least five (5) days in advance of the scheduled meeting? Were minutes of all meetings recorded by the Secretary or any Assistant Secretary of the Agency? Did all meetings comply with the requirements of the Open Meetings Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Governance Committee Self-Evaluation	Yes	No	Pen ding	Comments
5. Did the Governance Committee develop the Agency's governance practices, which should address transparency, independence, accountability, fiduciary responsibilities and management oversight?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	See Questions #6-#9 below.
6. Did the Governance Committee develop a statement of the competencies and personal attributes required of Board members to assist those authorized to appoint members to the Board in identifying qualified individuals (it being acknowledged that membership in the Agency is determined pursuant to Section 891-a of the General Municipal Law)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A Statement of the Competencies and Personal Attributes is posted on the ECIDA website. It was approved by the ECIDA Board of Directors on 2/16/10. Revisions to this document were not necessary in 2020.
7. Did the Governance Committee develop and recommend to the Board any revisions to the number and/or structure of Board committees?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No additional committees were recommended by the Governance Committee in 2020.
8. Did the Governance Committee develop and provide recommendations to the Board regarding Board member education, including new member orientation and regularly scheduled Board member training to be obtained from state-approved trainers as required under Section 2824(2) of the New York Public Authorities Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>New Board members attend an orientation session hosted by ECIDA staff and are provided with a New Member Orientation Manual.</p> <p>As of 12/31/20, 17 of 19 ECIDA/RDC Board members and 5 of 7 ILDC Board members have received the PAAA required training. All Board members who have not received the training received notifications throughout the year regarding PAAA training session dates.</p>
9. Did the Governance Committee develop, review and recommend to the Board the adoption and/or revisions to the following: (i) the Agency's Code of Ethics. (ii) written policies regarding conflicts of interest.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Governance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>(iii) written policies regarding the protection of whistleblowers from retaliation.</p> <p>(iv) equal opportunity and affirmative action policies.</p> <p>(v) written policies regarding procurement of goods and services, including policies relating to the disclosure of persons who attempt to influence the Agency's procurement process.</p> <p>(vi) written policies regarding the disposition of real and personal property and the acquisition of property.</p> <p>(vii) committee charters, including this Charter.</p> <p>(viii) any other policies or documents relating to the governance of the Agency, including rules and procedures for conducting the business of the Agency's Board, including the Agency's Bylaws. The Governance Committee will oversee the implementation and effectiveness of the Bylaws and other governance documents and recommend modifications to the Board as necessary or appropriate.</p>				<p>Items i) & ii) are included in the ECIDA Code of Ethics and Conflict of Interest Policy. The Governance Committee reviewed the Code of Ethics and Conflict of Interest Policy, as amended during its 3/10/20 Committee meeting. The Code was adopted by the full Board during its 3/25/20 Board meeting.</p> <p>(iii) In 2012, the Governance Committee approved a formal Whistleblower Policy. The Committee did not recommend any changes. The Policy was re-adopted by the full Board during its meeting on 3/25/20.</p> <p>iv) The ECIDA's EEO policy is included in the Personnel Handbook and the Procurement Policy.</p> <p>v) The ECIDA Procurement Policy was re-adopted by the full Board during its 3/25/20 Board meeting.</p> <p>vi) The ECIDA Property Disposition Guidelines were reviewed by the Governance Committee on 3/10/20. It was re-adopted by the full Board during its 3/25/20 Board meeting.</p> <p>vii) The ECIDA Governance Committee Charter was reviewed by the Governance Committee on 3/10/20. It was re-adopted by the full Board during its 3/25/20 Board meeting.</p> <p>viii) The Governance Committee did not approve any additional policies in 2020.</p>

Governance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>10. Did the Governance Committee:</p> <p>(i) report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Governance Committee and when otherwise requested by the Board.</p> <p>(ii) report to the Board, at least annually, regarding any proposed changes to this Charter.</p> <p>(iii) provide a self-evaluation of the Governance Committee's functions to the Board on an annual basis.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>i) & ii) As stated above, all policies/ guidelines referenced above were adopted or re-adopted by the Board on 3/25/20.</p> <p>iii) On 3/10/20, the Committee performed a Self-Evaluation for the calendar year 2019 and provided a status report to the Board on 3/25/20.</p>

Governance Committee Self-Evaluation

Other Self-Evaluation Notes

- 1) In March 2020, the Governance Committee performed a 2019 Board Member Self-Evaluation for the ECIDA, RDC, and ILDC boards. The Committee discussed the results of these evaluations during the 3/25/20 board meeting.
- 2) In addition to the above referenced policies, the Governance Committee discussed the following items during its meeting on 3/10/20: (1) 2019 Performance Measures Report & Results; (2) 2020 Mission Statement & Performance Measures; (3) 2019 PAAA Annual Report; (4) Property Acquisition Policy; (5) Defense & Indemnification Policy; (6) Board Member Compensation; (7) Reimbursement & Attendance Policy; (8) ECIDA Compensation Policy; (9) Travel Conferences Meals & Entertainment Policy; and (10) Statement of the Duties & Responsibilities of the Board of Directors. The Committee did not recommend changes. The full Board approved these documents/policies during its 3/25/20 Board meeting.
- 3) The ECIDA's Compliance Officer provided an update on the status of the ECIDA's Public Authority Reporting Information System (PARIS) report to the Committee on 3/10/20.
- 4) During the Governance Committee meeting on 3/10/20, ECIDA's Compliance Officer reported that there were no violations of the Agency's Local Labor Policy in 2019.
- 5) During its 2/10/20 and 3/10/20 Governance Committee meetings, the Governance Committee, ECIDA staff and counsel discussed the results of ECIDA's 2019 Performance Measures.
- 6) During its 2/10/20 and 3/10/20 Governance Committee meetings, the Governance Committee, ECIDA staff and counsel discussed the results of ECIDA Mission Statement and 2020 Performance Measure.

2020 ECIDA Summary Results of Confidential Evaluation of Board Performance

Criteria	Agree	Somewhat Agree	Somewhat Disagree	Disagree
	#	#	#	#
Board members have a shared understanding of the mission and purpose of the Authority.	12	1		
The policies, practices and decisions of the Board are always consistent with this mission.	12	1		
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	12	1		
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	12	1		
The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	12		1	
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence, pressure or self-interest.	10	2	1	
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	11	2		
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	12	1		
The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete.	12	1		
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	13			
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	13			
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	12	1		
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	11		2	
The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	13			
The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	12	1		
Board members demonstrate leadership and vision and work respectfully with each other.	13			

Name of Authority: Erie County Industrial Development Agency; Date Completed: 2/22/2021

Tax Incentives Induced 2021

Project Name	Project City	Inducement Amount	FT Jobs at App	Projected Year 2 FT Jobs	PT Jobs at App	Projectd Jobs Year 2 PT
Thermo Fisher North Expansion	Grand Island	\$ 85,000,000	807	867	0	0
Time Release Properties*	Lackawanna	\$ 30,500,000	103	123	0	0
Sucro Real Estate NY, LLC	Lackawanna	\$ 19,000,000	5	50	0	0
Calspan Corporation	Cheektowaga	\$ 12,500,000	143	163	3	3
Pine Pharmaceuticals, LLC	Tonawanda	\$ 8,615,000	76	116	7	7
72 East Niagara Street, LLC	Tonawanda	\$ 2,836,736	17	20	0	0
Eastman Machine Company	Buffalo	\$ 1,665,000	126	129	0	0

\$ 160,116,736 1,277 1,468 10 10

7 Projects

191 Projected FTE New Jobs

0 Projected PT New Jobs

*Amenadatory Inducement - Time Release Properties - to increase the sales tax benefit from \$463,167 to \$869,400 and overall project investment from \$22,700,000 to \$30,500,000

Tax Incentives Closings - 2021

Project Name	Project Amount at Closing	FT Jobs at App	Projected Year 2 FT Jobs	PT Jobs at App	Projected Year 2 PT Jobs	Project City	Induced Date	Est. Project Completion Date
Derby Warehousing, LLC/KPM Exceptional	\$ 1,332,000	6	7	1	1	Derby	7/24/2019	7/31/2020
3310 Benzing Road, LLC/Marathon Drains	\$ 718,329	15	17	0	0	Orchard Park	3/25/2020	3/31/2021
	\$ 2,050,329	21	24	1	1			
Projects Closed =2								
FT Projected New Jobs = 3								
PT Projected New Jobs = 0								

**ESTIMATED TAX IMPACT (SUBJECT TO RESTRICTIONS OF NYS TAX CAP)
2021 CLOSINGS**

PROJECT NAME	EST. OR ACTUAL INCREASE IN ASSESSED VALUE DUE TO PROJECT	COUNTY TAX RATE	LOCAL TAX RATE	PROJECTED INCREASE IN COUNTY TAXES AS A RESULT OF THE PROJECT OVER ABATEMENT PERIOD	PROJECTED INCREASE IN LOCAL TAXES AS A RESULT OF THE PROJECT OVER ABATEMENT PERIOD
Derby Warehouse	\$539,900	\$6.01	\$28.80	\$4,800	\$23,300
3310					
Benzing/Marathon	\$195,000	\$9.75	\$43.00	\$2,800	\$12,700
Drains					
*denotes company has or intends to file for City 485-a exemption	*The final assesment on each project is determined by the assessor of the respective municipality		Total	\$7,600	\$36,000



Item 3.7

To: ECIDA & RDC Boards of Directors
From: Mollie Profic, CFO
Jerry Manhard, Chief Lending Officer
Re: Board Certification of Revolving Loan Fund Plan
Date: March 24, 2021

Between 1979 and 1983 the Erie County Industrial Development Agency (ECIDA) received a total of \$8.5 million in four U.S. Department of Commerce, Economic Development Administration (EDA) Title IX grants. \$7 million was used to establish the RDC Revolving Loan Fund (RLF). As part of the annual reporting to the EDA in connection with the operations of the RLF administered by the Buffalo & Erie County Regional Development Corporation (RDC), the ECIDA must certify that the RLF is being operated in accordance with the policies and procedures contained in the Loan Administration Plan (LAP), also referred to as the RLF Plan. The LAP is required to be updated and approved by EDA every five years. The RDC's LAP was most recently approved on October 1, 2018.

Many of the requirements of the LAP overlap with the Federal regulations under Title 2 of the U.S. *Code of Federal Regulations* Part 200 and are tested as part of the Single Audit performed annually. Management discussed the requirements of the LAP with Freed Maxick (independent auditors) and came up with a set of Agreed Upon Procedures (AUP) to be reviewed and tested in conjunction with the Single Audit. This approach was discussed with both the Loan Committee and Finance & Audit Committee and deemed appropriate from both an operational and cost perspective.

The testing performed as part of the Single Audit yielded an unmodified (clean) opinion and did not yield any audit findings. The testing performed under the AUP noted two loans tested that staff was unable to obtain updated documents; despite multiple attempts. RDC staff is continuing efforts to obtain personal tax returns and employment surveys from the borrowers. A copy of the Agreed Upon Procedures report issued by Freed Maxick is attached.

Action:

Approval of the attached resolution certifying that the Revolving Loan Fund is operating in accordance with the approved Loan Administration Plan.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

REVOLVING LOAN FUND ANNUAL RESOLUTION

The meeting of the Erie County Industrial Development Agency was convened on March 24, 2021 at 12:00 p.m.

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

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (THE "RLF BOARD" OR "AGENCY") IN CONNECTION WITH AN ANNUAL CERTIFICATION TO BE MADE UNDER THE STANDARD TERMS AND CONDITIONS AND ADMINISTRATIVE MANUAL REQUIREMENTS OF THE ECONOMIC DEVELOPMENT ADMINISTRATION (THE "EDA")

WHEREAS, the Buffalo and Erie County Regional Development Corporation (the "RDC") was incorporated as an affiliate of the Erie County Industrial Development Agency for the purpose of encouraging the retention and expansion of existing companies as well as the attraction of new companies to target areas of Erie County using the resources from various Revolving Loan Funds (the "RLF") to make direct loans to individual companies; and

WHEREAS, the RLF was originally established with grants from the EDA of \$7,000,000, the County of Erie Community Development Block Grant funds of \$2,316,000 and the City of Buffalo Community Development Block Grant funds of \$1,800,000, and has received no other further grant funding since it was started; and

WHEREAS, in October 2016, the County of Erie Community Development Block Grant funds of \$2,316,000 was removed from the RLF after a dispute between the U.S. Department of Housing and Urban Development ("HUD") and EDA related to the County of Erie sub-fund was settled; and

WHEREAS, through the efforts of the RDC, the RLF has grown to total net assets now in excess of \$17,000,000, which includes the EDA and the City of Buffalo grant funding as described above, principal repayments, and interest; and

WHEREAS, a review of the RLF portfolio is to be conducted annually to determine adherence to the terms and conditions of the original grant, compliance with EDA regulations, completeness of supporting loan files/documentation and conformity with miscellaneous operational procedures; and

WHEREAS, Agreed-Upon Procedures (AUP) were conducted on a sample of loans in the RLF portfolio by Freed Maxick, CPAs, P.C in addition to audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* to ensure

RDC's compliance with its Loan Administration Plan ("LAP") as set forth by the EDA; and

WHEREAS, the Standard Terms and Conditions and Administrative Manual Requirements of the EDA require the RLF Board to provide annual certification that the RLF Loan Board (the RDC) and the Grant Recipient's governing body (the Agency) have reviewed the RLF and have determined that the RLF is being operated in accordance with the policies and procedures contained in the LAP, and that the loan portfolio meets the standards contained therein.

NOW, THEREFORE, BE IT RESOLVED BY THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. To the best knowledge and belief of the members of the Agency and with the disclosures provided above, the RLF is being operated in accordance with the policies and procedures contained in the LAP, and the loan portfolio meets the standards contained therein, subject to the following notations:

- (i) The AUP conducted in 2020 undertook a random sampling of RDC loans and it was noted that two loans tested did not have updated personal financial statements, resulting from the inability of RDC staff to obtain same despite multiple attempt to do so. RDC staff is continuing efforts to obtain certified personal financial statements from the borrowers; and
- (ii) An appeal over a disputed cost allocation (in the amount of \$352,000) resulting from an audit performed by the U.S. Department of Commerce Office of the Inspector General ("OIG") during late 2003 and early 2004 is yet to be resolved or formally acknowledged as being no longer an issue with the OIG and therefore remains an open item. Despite the fact that OIG and the EDA stated in October, 2006 that they were willing to reconsider the request to allow a portion of the administrative costs initially disallowed by the audit, no formal decision to the RDC's detailed reply from the EDA has been received and the appeal remains an unresolved item (without a reserve set-aside allocated) more than ten years later, awaiting direction from the OIG; and
- (iii) The OIG has initiated an audit of EDA's controls and processes associated with the management of its Revolving Loan Fund program, with the objective of the audit to determine the adequacy of controls EDA has in place specifically for the areas of capital utilization, default rates, reporting and audit oversight. Although the RDC is not the only entity included in the EDA review on a national level, the results of this review are still unknown as to how (if at all) the RDC will be affected.
- (iv) Section 307.9 of the EDA Regulations requires that the LAP be updated every five (5) years. The last time the plan was updated was in October 2018.

Section 2. The Chair or Vice Chair, the Chief Executive Officer, the Vice President, and/or the Chief Financial Officer or Assistant Treasurer of the Agency are hereby authorized to execute all necessary documents to make the required annual certification to the EDA including the notations as listed above.

Section 3. This resolution shall take effect immediately.

AGREED-UPON PROCEDURES

**Buffalo and Erie County Regional
Development Corporation**

For the period of January 1, 2020 through December 31, 2020.

DRAFT

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of the
Buffalo and Erie County Regional Development Corporation
Buffalo, New York

We have performed the procedures enumerated below, which were agreed to by the Buffalo and Erie County Regional Development Corporation (the "RDC"), on the loan monitoring procedures and documentation maintained by the RDC for the purpose of evaluating the monitoring procedures and records maintained in accordance with the Loan Administrative Plan (the "Plan") as set forth by the Economic Development Administration (the "EDA"), during the period of January 1, 2020 through December 31, 2020. RDC's management is responsible for loan monitoring procedures and records maintained in accordance with the Plan. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related findings are as follows:

Procedure 1

We have verified that RDC has monitored loans on an annual basis in accordance with section D.2. Loan Monitoring Procedures of the Plan for loans selected for testing for the period of January 1, 2020 through December 31, 2020.

Findings

There were two findings noted. Two instances of inadequate files maintained by the RDC for two active loan recipients. However, we noted that there have been attempts made by the RDC to contact the loan recipients to obtain the most recent files need.

Procedure 2

We have verified that the RDC has obtained the environmental reviews for all loans that are collateralized with commercial real estate in accordance with section B.3 Loan Processing Procedures of the Plan for loans selected for testing for the period of January 1, 2020 through December 31, 2020.

Findings

There were no findings noted.

Procedure 3

We have verified the RDC has obtained the Federal Regulations Acknowledgment form in accordance with Section B.1. Loan Processing Procedures of the Plan for the loans selected for testing for the period of January 1, 2020 through December 31, 2020.

Findings

There were no findings noted.

This agreed-upon-procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Board of Directors and the management of the RDC and is not intended and should not be used by anyone other than the specified parties.

Buffalo, New York
March 4, 2021

DRAFT

Memorandum



To: ECIDA Board of Directors
Re: Welded Tube USA

March 24, 2021

Background

In support of the construction of a new manufacturing facility on the former Bethlehem Steel Site by Welded Tube USA, Inc., the ECIDA approved a forgivable grant/loan of \$1,000,000. The agreement was entered into in the fall of 2013 and included a series of provisions designed to provide needed funding to the project and to ensure the company met and maintained a job commitment as part of the forgivable grant/loan structure. The funding was providing from the ECIDA's UDAG fund. The general structure of the agreement is as follows:

- The ECIDA provided the \$1million grant/loan, \$500,000 of which was deemed a forgivable grant that was not subject to any repayment provisions.
- The remaining \$500,000 of the original \$1million was structured as a forgivable loan subject to a five year repayment agreement for years 2019-2023 (the "Employment Monitoring Period").
- The repayment agreement provided that Welded Tube hire and maintain at least 75 FTE on the site by December 2018. Provided Welded Tube maintained at least 75 FTE positions during each year of the Employment Monitoring Period, \$100,000 of the originally outstanding \$500,000 loan balance would be forgiven, for each such applicable individual year.
- In the event Welded Tube failed to maintain the 75 FTE positions, the entire then outstanding principal loan balance, and interest, would then be due and payable, in monthly installments, with a maturity date of December 31, 2024.

Current Situation

Up until 2020 Welded Tube had met the job requirements under the forgivable loan agreement, such that the outstanding principal balance is now \$400,000. Early in 2021 representatives of the company contacted the agency and indicated that due to several issues, including disruption in the oil and gas market and impacts of the pandemic that they did not meet the job goals as required in 2020. Based on the information provided by Welded Tube (see attached) jobs at the site as of December 31, 2020 were 48 FTE with 14 staff on a recall list. This is short of the 75 FTE as required in the forgivable loan agreement. 75 FTE required, 48 FTE for 2020, shortfall of 27 FTE. To date, due to the continuing

negative impacts of the COVID-19 global pandemic, the Company continues to operate below the required 75 FTE threshold.

Welded Tube has provided the ECIDA with details on the impacts of multiple factors on plant operations. In 2020 their orders dropped significantly showing an overall decrease of 73%. Comparing the 2020 COVID period starting with the shutdown at the end of the 1st quarter to the same period in 2019 shows a 69% drop in sales.

As a result, the plant was idled for 20 weeks and shifts were reduced from 3 to 1 per day.

A company representative indicated that the Welded Tube is optimistic that sales will start to rebound in 2021 depending on easing of pandemic impacts.

Recommendation

The current forgivable grant/loan agreement did not contemplate the situation which occurred in 2020 with the onset of the global pandemic and the economic impacts that followed. It is recommended that the board consider an amendment to the terms of the agreement as follows:

The repayment agreement would be amended to defer any repayment for 2020 based on the employment goal shortfall. The repayment agreement would be extended an additional year to compensate for the impacts of COVID on Welded Tube's employment in 2020. The terms of the repayment agreement remain in effect but would be pushed out 1 year, keeping the remaining \$400,000 forgivable loan balance and repayment requirements in force through calendar year 2024 instead of 2023. Agency staff also recommends and advises that, given year to date continued FTE shortfalls related to the 75 FTE employee requirement, and the continued adverse impacts that the Covid-19 global pandemic exerts on the Company, that the Agency further authorize the Agency's President/CEO, in consultation with the Chair, to make similar amendments for the following year in the event the Company fails to meet the 75 FTE requirement for 2021.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
RESOLUTION

(Amendment to Forgivable Loan and Loan Agreement – Welded Tube USA, Inc.)

A regular meeting of the Erie County Industrial Development Agency was convened on Wednesday, March 24, 2021 at 12:00 p.m.

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

**RESOLUTION AUTHORIZING THE AMENDMENT TO THE
FORGIVABLE LOAN AND LOAN AGREEMENT
RELATIVE TO THE WELDED TUBE USA, INC., PROJECT IN
LACKAWANNA, NEW YORK, FOR CERTAIN INFRASTRUCTURE
IMPROVEMENTS RELATED THERETO**

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 293 of the Laws of 1970 of the State of New York, as amended (collectively, the “Act”), the ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (the “Agency”) was created as a public benefit corporation of the State with the authority and power to own, lease and sell property for the purpose of, among other things, acquiring, constructing and equipping civic, industrial, manufacturing, commercial and other facilities as authorized by the Act to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish the purposes of the Act, and to provide certain tax exemptions and abatements to Welded Tube USA, Inc., (the “Company”), the Agency, on August 1, 2013, entered into a transaction (the “Project”) relating to the Company’s acquisition and the construction of a 100,000+/- SF manufacturing facility, a 30,000+/- SF testing facility, and a 30,000+1- SF pipe threading and coupling facility (the “Improvements”) and related acquisition and installation of machinery and equipment therein (the “Equipment” and together with the Improvements, the “Project”) located at the intersection of Route 5 and Ridge Road, City of Lackawanna, Erie County, New York (the “Land”, and together with the Improvements and the Equipment, the “Facility”): and

WHEREAS, with respect to the Project, and to encourage the Company to undertake the Project, and, in addition, to ensure that the Project serves as a catalyst for additional future development at and adjacent to the Project site, the Agency made \$1,000,000 available to the Company from the Agency’s Urban Development Action Grant Reflow Fund (the “UDAG Fund”), in the form a forgivable loan and loan agreement, said forgivable loan and loan agreement to be made in accordance with applicable Federal HUD Title I rules and regulations which limit the use of the UDAG Fund to certain permitted uses including the uses described herein; and

WHEREAS, the Company and the Agency entered into that certain Forgivable Loan and Loan Agreement, dated as of November 12, 2013 (the “FLLA”), requiring, amongst other items, that proceeds from the FLLA be used by the Company for infrastructure, roads and utility corridors and connections in support of the Project, thereby making available jobs to low and moderate income community residents; and

WHEREAS, the FLLA provided that a total of \$500,000 of the FLLA proceeds was eligible for forgiveness, in increments of \$100,000 for each calendar year 2019, 2020, 2021, 2022 and 2023 (each a “Reviewed Calendar Year”) provided that the Company, in each such Reviewed Calendar Year, maintained no fewer than 75 full time permanent employees at the Project Facility (the “Minimum Employment Requirement”) and in such an event, where the Company met the Minimum Employment Requirement, the Agency would then determine that the conditions to reducing the outstanding principal balance, in a \$100,000 increment, had been met (the “Conditions to Reduction”), and \$100,000 of the outstanding principal balance amount would then be deemed forgiven; and

WHEREAS, the Company submitted its required annual employment report in 2020, for the 2019 calendar year, wherein the Agency determined that the Minimum Employment Requirement had been met, and as such, that the Conditions to Reduction had been met, such that the current outstanding principal balance outstanding is \$400,000; and

WHEREAS, in early 2021, the Company informed the Agency that due to the COVID-19 global pandemic and resulting disruption to oil and gas markets, the Company idled its manufacturing operations for 20 weeks, reduced shifts from 3 to 1 per day, and experienced an approximately 70% reduction in sales; and

WHEREAS, as a result of the foregoing, the Company stated that as of December 31, 2020, 48 full time permanent employees were working at the Facility, such that the Minimum Employment Requirement and Conditions to Reduction for the 2020 calendar year were not met; and

WHEREAS, per the terms of the FLLA, the principal outstanding balance of \$400,000 is deemed due and owing, and interest at the applicable interest rate (as defined within the FLLA) would begin to accrue thereon as of January 1, 2020, the Company would, on February 1, 2021, pay to the Agency all interest then accrued at the applicable rate, and, commencing on March 1, 2021, and continuing on the first day of each month thereafter until December 31, 2024 (the “Maturity Date”), the Company would pay to the Agency monthly payments of principal each in the amount of \$8,695.65, plus all accrued and unpaid interest at the applicable interest rate; and

WHEREAS, although, year to date, the Company continues to operate the Facility at a level of employment below the Minimum Employment Requirement, the Company is optimistic that sales will begin to rebound in 2021 assuming the alleviation of the adverse business and economic impacts caused by the COVID-19 global pandemic; and

WHEREAS, the current forgivable nature of the outstanding principal balance, as provided for within the FLLA, did not anticipate or contemplate the impacts that the COVID-19 global pandemic would have on the Company's Minimum Employment Requirement; and

WHEREAS, Agency staff and the Company desire to amend the FLLA to account for the adverse impacts caused by the COVID-19 global pandemic that has adversely impacted the Company and its ability to meet the Minimum Employment Requirement by: (i) requiring that no action be taken related to the Company's failure to meet the Minimum Employment Requirement for the 2020 calendar year, (ii) releasing the 2020 calendar year as one of the calendar years included within the Reviewed Calendar Year monitoring period, (iii) extending the Reviewed Calendar Year monitoring period by one additional year, to now include the 2024 calendar year, (iv) extending the FLLA Maturity Date to December 31, 2025, and (v) taking additional actions as so required to effectuate the foregoing (items (i)-(v), collectively, to be referred to as the "FLLA Amendments").

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. The Agency hereby authorizes the FLLA Amendments as so described herein and determines that the FLLA Amendments will facilitate economic development and job creation/retention for the benefit of the economy and people of Erie County.

Section 2. In the event the Company does not meet the 2021 Minimum Employment Requirement based upon the Company's representation that the COVID-19 global pandemic continues to adversely impacts its 2021 business operations, the Agency hereby authorizes the Agency's President/Chief Executive Officer, in consultation with the Chair and the Agency's general counsel, to confirm same and to further amend the heretofore amended FLLA by: (i) requiring that no action be taken related to the Company's failure to meet the Minimum Employment Requirement for the 2021 calendar year, (ii) releasing the 2021 calendar year as one of the calendar years included within the Reviewed Calendar Year monitoring period, (iii) extending the Reviewed Calendar Year monitoring period by one additional year, to now include the 2025 calendar year, (iv) extending the FLLA Maturity Date to December 31, 2026, and (v) taking additional actions as so required to effectuate the foregoing.

Section 3. In accordance with the Agency's goals and purposes set forth above, and subject to the terms of this Resolution, and further subject to appropriate terms and conditions as determined by the Chair, the Vice Chair, the President/Chief Executive Officer, the Vice President, the Treasurer, and/or the Assistant Treasurer (collectively, the "Authorized Officers"), any of the Authorized Officers are hereby authorized, on behalf of the Agency, to negotiate, execute and deliver any and all of the FLLA Amendments in a form acceptable to the Agency's general counsel, and any of the Authorized Officers are further authorized to negotiate and execute any and all documents, or amended documents, reasonably contemplated by these resolutions.

Section 4. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required and to negotiate, execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 5. This Resolution shall take effect immediately.

Dated: March 24, 2021

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

- MEETING:** March 4, 2021, at Erie County Industrial Development Agency (the “ECIDA” or “Agency”), meeting held via phone conference. Governor Cuomo’s Executive Order 202.1, as amended from time to time, 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-audio streamed and made accessible on the Agency’s website at www.ecidany.com.
- PRESENT:** Denise Abbott; April Baskin; Johanna Coleman; Colleen DiPirro; Hon. William Krebs; Richard Lipsitz; Brenda W. McDuffie; Glenn Nellis; Laura Smith; David State; Lavon Stephens and Maria Whyte
- EXCUSED:** Rev. Mark Blue; Bryon W. Brown and Richard Cummings
- OTHERS PRESENT:** John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer; Karen M. Fiala, Vice President/Secretary; Atiqa Abidi, Assistant Treasurer; Grant Lesswing, Business Development Officer; Brian Krygier, Systems Analyst; Carrie Hocieniec, Administrative Coordinator; Beth O’Keefe, Business Development Officer; Robbie Ann McPherson, Director of Marketing and Communications; and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC
- GUESTS:** Andrew Federick, Erie County Senior Economic Development Specialist; Lisa Hicks on behalf of the City of Buffalo; Alex Carducci on behalf of the City of Buffalo; Carl Montante III on behalf of Terzo Development; Benjamin Harp and Christopher Brown on behalf of Polymer Conversions.

There being a quorum present at 9:02 a.m., the Meeting of the Policy Committee was called to order by Mr. Lipsitz.

MINUTES

The minutes of the January 7, 2021 Policy Committee meeting were presented. Upon motion made by Mr. Nellis and seconded by Ms. Whyte, the aforementioned Policy Committee meeting minutes were then unanimously approved.

The minutes of the February 8, 2021 Special Policy Committee meeting were presented. Upon motion made by Mr. Krebs and seconded by Ms. McDuffie, the aforementioned Policy Committee meeting minutes were then unanimously approved.

PROJECT MATRIX

Mr. Cappellino reviewed the Agency's Project Matrix. Mr. Lipsitz directed that the report be received and filed.

PROJECT PRESENTATIONS

Surmet Ceramics Corp., 743 Hertel Avenue, Buffalo, New York. Mr. Cappellino presented this proposed sales tax exemption benefit project involving the construction of a 3,400 sq. ft. expansion to the existing 75,000 sq. ft. leased space. The additional space will be used for CIP (cold isostatic press) building and associated foundation (pit) and utilities extension. The project consists of the construction of a 3,400 sq. ft. expansion to the company's existing 130,000 sq. ft. facility.

Mr. Cappellino stated that in exchange for providing the sales tax exemption benefit, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to the potential modification, recapture and/or termination of financial assistance as follows:

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total Project Amount = \$11,500,000 85% = \$9,775,000
Employment	Coincides with recapture terms	Maintain base = 13 Create 85% of Projected Projected = 18 85% = 15 Recapture Employment: 28
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with recapture terms	Adherence to policy

Unpaid Tax	Coincides with recapture terms	Adherence to policy
Recapture Period	2 years following project completion	Recapture of state and local sales taxes

Ms. McDuffie moved and Ms. DiPirro seconded to recommend the project as proposed be forwarded to the members of the ECIDA Board for approval. Mr. Lipsitz called for the vote and the project was then unanimously approved.

Terzo Development/Bush Lofts, 44 17th Street, Buffalo, New York. Mr. Cappellino presented this proposed sales tax, mortgage recording tax and real property tax abatement benefits project involving the renovation and re-use of a 15,000 sq. ft. existing facility into 13 apartments. Three of the 13 units will be offered at 80% of the adjusted median income (“AMI”) throughout the 7-year PILOT term. There will also be 6-7 spaces of off-site parking available to tenants as well as a curb cutout in front of the building which will open up 3-4 additional parking spaces.

Mr. Cappellino stated that in exchange for providing the sales and use tax, mortgage recording tax exemption and real property tax abatement benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to the potential modification, recapture and/or termination of financial assistance as follows:

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total Project Amount = \$3,050,000 85% = \$2,592,000
Employment	Coincides with 7-year PILOT	Create 85% of Projected Projected = 1 PT 85% = 1 PT Recapture Employment = 1 PT
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 7-year PILOT	Adherence to policy
Unpaid Tax	Coincides with 7-year PILOT	Adherence to policy
Recapture Period	Coincides with 7-year PILOT	Recapture of state and local sales taxes, mortgage recording tax and real property taxes

General discussion ensued in regard to the Company’s response to comments received at the Agency’s public hearing held with respect to the Project as proposed. It was noted that the Company would continue to meet with community residents in efforts to continue to keep residents apprised of the Project.

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

Ms. Coleman moved and Ms. DiPirro seconded to recommend the project as proposed be forwarded to the members of the ECIDA for approval. Mr. Lipsitz called for the vote and the project was then unanimously approved.

POLYMER CONVERSIONS ECIDA ASSIGNMENT CONSENT

Ms. McDuffie moved and Ms. Smith seconded to recommend the approval of the assignment and assumption of the Polymer Conversion to Medbio, LLC be forwarded to the members of the ECIDA for approval. Mr. Lipsitz called for the vote and the project was then unanimously approved.

MWBE UPDATE

Ms. Whyte provided members with an update on the MWBE working committee.

There being no further business to discuss, Mr. Lipsitz adjourned the meeting at 9:52 a.m.

Dated: March 4, 2021

Karen M. Fiala, Secretary

Surmet Ceramics Corp.
\$11,500,000
INDUCEMENT RESOLUTION

<p align="center">ELIGIBILITY</p>	<p>Project Title: Surmet Ceramics Corp.</p>												
<ul style="list-style-type: none"> • NAICS Section - 336413 	<p>Project Address: 743 Hertel Avenue Buffalo, New York 14207 (Buffalo City School District)</p>												
<p align="center">COMPANY INCENTIVES</p>	<p align="center">Agency Request</p>												
<ul style="list-style-type: none"> • Approximately \$65,625 in sales tax savings 	<p>A sales tax exemption in connection with the construction of a 3,400 sq. ft. building expansion.</p>												
<p align="center">EMPLOYMENT</p>	<table border="0"> <tr> <td>Building Addition</td> <td>\$ 2,500,000</td> </tr> <tr> <td>Infrastructure</td> <td>\$ 500,000</td> </tr> <tr> <td>Manufacturing Equipment</td> <td>\$ 8,000,000</td> </tr> <tr> <td>Other</td> <td>\$ 500,000</td> </tr> <tr> <td>Total Project Cost</td> <td>\$11,500,000</td> </tr> <tr> <td> 85%</td> <td> \$ 9,775,000</td> </tr> </table>	Building Addition	\$ 2,500,000	Infrastructure	\$ 500,000	Manufacturing Equipment	\$ 8,000,000	Other	\$ 500,000	Total Project Cost	\$11,500,000	 85%	 \$ 9,775,000
Building Addition	\$ 2,500,000												
Infrastructure	\$ 500,000												
Manufacturing Equipment	\$ 8,000,000												
Other	\$ 500,000												
Total Project Cost	\$11,500,000												
 85%	 \$ 9,775,000												
<ul style="list-style-type: none"> • Retained Jobs - 13 • Projected New Jobs - 18 • Total Jobs After Project Completion -31 • Annual payroll: \$1,465,000 • Estimated salary of jobs to be created: \$55,000 • Estimated salary of jobs to be retained: \$52,500 	<p align="center">Company Description</p> <p>In 2002, Surmet acquired the ALON Technology from Ratheon with the goal of bringing transparent ceramic from the laboratory to the marketplace. In 2003 when M/ACOM-Tyco planned to close the location, Surmet took, over the facility at 699 Hertel Avenue where ALON Powder was being manufactured and has been operating the facility since that time. Over the past 18 years, Surmet has taken ALON from the laboratory to the marketplace with a combined Surmet and government investment of over \$100M. Surmet now produces windows, domes, lenses and transparent armor for the Department of Defense and all of the major defense contractors in the USA.</p> <p>The majority of company sales (95%) are to companies located within the U.S.</p>												
<p align="center">PROJECT HISTORY</p>	<p align="center">Project Description</p>												
<ul style="list-style-type: none"> • No public hearing required since estimated benefit amount is less than \$100,000 • 03/24/2021 Lease/Leaseback Inducement Resolution presented to the Board of Directors 	<p>Surmet currently leases 75,000 square feet from Benderson Development at 699 Hertel Avenue in the City of Buffalo. The current project is for the construction of a 3,400 sq. ft. expansion to the existing leased space. The additional space will be used for CIP (cold isostatic press) building and associated foundation (pit) and utilities extension. The project consists of the construction of a 3,400 sq. ft. expansion to the company's existing 130,000 sq. ft. facility.</p>												

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 = \$11,500,000 85% = \$9,775,000
Employment	Coincides with recapture term	Maintain base: 13 Create 85% of Projected Projected = 18 85% = 15 Recapture Employment = 28
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with recapture period	Adherence to Policy
Unpaid Tax	Coincides with recapture period	Adherence to Policy
Recapture Period	2 years following project completion	Recapture state and local sales taxes

Recapture applies to:
State and Local Sales Taxes

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 13 jobs and created 18 FT jobs, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.

ADDENDUM TO PROJECT LOG
 Surmet

Evaluative Criteria	Notes
Wage Rate (above median wage for area)	Erie County median worker income: \$33,350 Company estimated average salary of jobs to be retained: \$52,500 Company estimated average salary of jobs to be created: \$55,000
Regional Wealth Creation (% sales/customers outside area)	Sales: Outside NYS and within U.S.: 95% International: 2%
In Region Purchases (% of overall purchases)	70% of overall purchases are procured through firms located in Erie County. They include such services as gas, chemicals, abrasives, electrical, mechanical, parts and tools and supplies as well as various services for equipment maintenance and repair.
Research & Development Activities	Approximately 5-7% of operating expenses are devoted to research and development.
Investment in Energy Efficiency	All three pieces of equipment being purchased are constructed with the most efficient state of the art technology and will be energy efficient.
Locational Land Use Factors, Brownfields or Locally Designated Development Areas	The project will meet all local zoning and land use requirements.
LEED/Renewable Resources	Not applicable.
Retention/Flight Risk	Recapture criteria currently in place requires a company this size to retain 95% of its base FTE jobs.
MBE/WBE Utilization	The general contractor for this project is Gilbane. Gilbane, based out of Rhode Island has worked on many local projects such Northland and Albright Knox and has an excellent reputation for working with M/WBE subcontractors.
Workforce Access – Proximity to Public Transportation	The facility is accessible by Metro Bus 23A route.

March 24, 2021

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-Surmet Ceramics Corp. - 2021

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
\$3,000,000				

*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.)
\$11,500,000	N/A	\$65,625	\$0	\$0

Calculate %

(Est. PILOT + Est. Sales Tax+ Est. Mortgage Tax+ Other)/Total Project Costs: .5 %

Cost-Benefit Analysis for Surmet Ceramics Corp.

Prepared by Erie County IDA using InformAnalytics

Executive Summary

INVESTOR
Surmet Ceramics Corp.

TOTAL INVESTED
\$11.5 Million

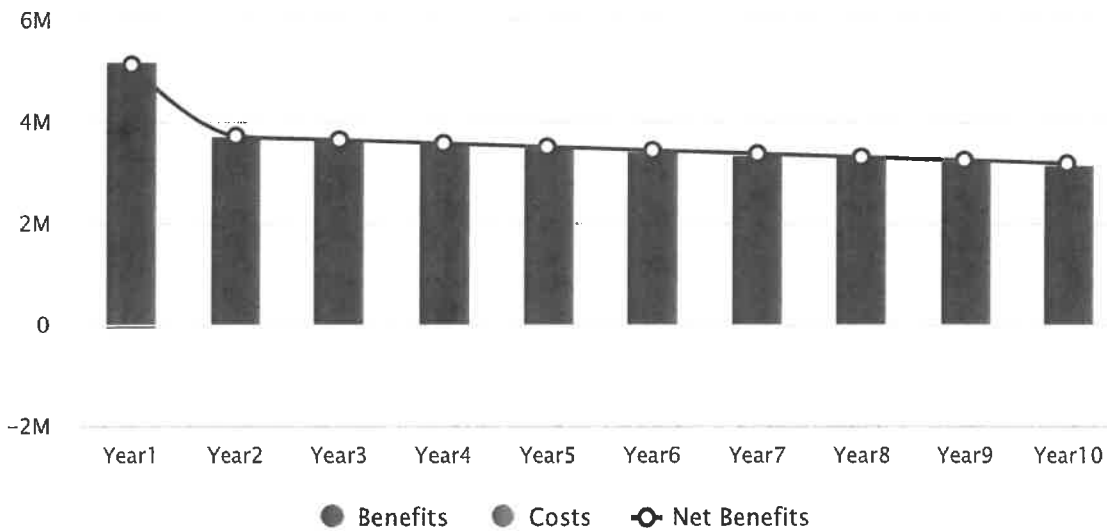
LOCATION
743 Hertel Avenue,
Buffalo, NY 14207

TIMELINE
10 Years

F1 FIGURE 1

Discounted* Net Benefits for Surmet Ceramics Corp. by Year

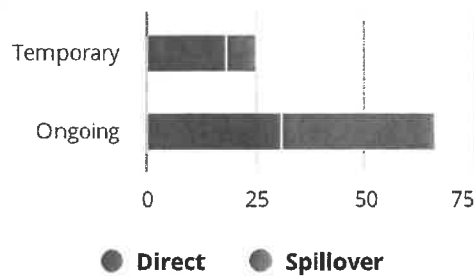
Total Net Benefits: \$36,107,000



Discounted at 2%

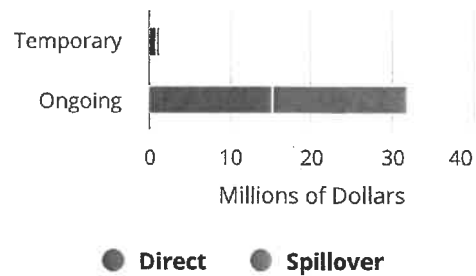
F2 FIGURE 2

Total Jobs



F3 FIGURE 3

Total Payroll



Proposed Investment

Surmet Ceramics Corp. proposes to invest \$11.5 million at 743 Hertel Avenue, Buffalo, NY 14207 over 10 years.

T1 TABLE 1

Proposed Investments

Description	Amount
CONSTRUCTION SPENDING	
Construction	\$2,500,000
OTHER SPENDING	
Infrastructure	\$500,000
Manufacturing Equipment	\$8,000,000
Other	\$500,000
Total Investments	\$11,500,000
Discounted Total (2%)	\$11,500,000

May not sum to total due to rounding.

F4 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 10 years, with future returns discounted at a 2% rate.

T2 TABLE 2

Estimated Costs or Incentives

Erie County IDA is considering the following incentive package for Surmet Ceramics Corp..

Description	Nominal Value	Discounted Value*
Sales Tax Exemption	\$65,000	\$65,000
Total Costs	\$65,000	\$65,000

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	\$18,318,000	\$18,762,000	\$37,080,000
To Private Individuals	\$17,623,000	\$18,461,000	\$36,085,000
Temporary Payroll	\$961,000	\$333,000	\$1,294,000
Ongoing Payroll	\$16,663,000	\$18,128,000	\$34,790,000
To the Public	\$695,000	\$301,000	\$996,000
Property Tax Revenue	\$407,000	N/A	\$407,000
Temporary Sales Tax Revenue	\$16,000	\$5,000	\$21,000
Ongoing Sales Tax Revenue	\$272,000	\$296,000	\$567,000
STATE BENEFITS	\$1,110,000	\$1,123,000	\$2,233,000
To the Public	\$1,110,000	\$1,123,000	\$2,233,000
Temporary Income Tax Revenue	\$47,000	\$16,000	\$63,000
Ongoing Income Tax Revenue	\$814,000	\$846,000	\$1,661,000
Temporary Sales Tax Revenue	\$14,000	\$5,000	\$18,000
Ongoing Sales Tax Revenue	\$235,000	\$256,000	\$491,000
Total Benefits to State & Region	\$19,428,000	\$19,885,000	\$39,314,000
Discounted Total Benefits (2%)	\$17,922,000	\$18,250,000	\$36,171,000

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	\$34,118,000	\$35,000	985:1
State	\$2,053,000	\$30,000	68:1
Grand Total	\$36,171,000	\$65,000	559:1

May not sum to total due to rounding.

* Discounted at 2%

CGR has exercised reasonable professional care and diligence in 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.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
INDUCEMENT RESOLUTION**

**SURMET CERAMICS CORPORATION, AND/OR INDIVIDUAL(S) OR AFFILIATE(S),
SUBSIDIARY(IES), OR ENTITY(IES) FORMED OR TO BE FORMED ON ITS
BEHALF**

A regular meeting of the Erie County Industrial Development Agency was convened on Wednesday, March 24, 2021 at 12:00 p.m.

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

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY: (i) ACCEPTING THE APPLICATION OF SURMET CERAMICS CORPORATION, AND/OR INDIVIDUAL(S) OR AFFILIATE(S), SUBSIDIARY(IES), OR ENTITY(IES) FORMED OR TO BE FORMED ON ITS BEHALF (INDIVIDUALLY, AND/OR COLLECTIVELY, THE "COMPANY") IN CONNECTION WITH A CERTAIN PROJECT DESCRIBED BELOW; (ii) RATIFYING THE SCHEDULING, NOTICING, AND CONDUCTING OF A PUBLIC HEARING IN CONNECTION WITH THE PROJECT; (iii) APPOINTING THE COMPANY, OR ITS DESIGNEE, AS ITS AGENT TO UNDERTAKE THE PROJECT; (iv) AUTHORIZING THE UNDERTAKING OF THE PROJECT TO PROVIDE FINANCIAL ASSISTANCE TO THE COMPANY IN THE FORM OF A SALES TAX EXEMPTION BENEFIT FOR PURCHASES AND RENTALS RELATED TO THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT; AND (v) AUTHORIZING THE NEGOTIATION AND EXECUTION OF AN AGENT AND FINANCIAL ASSISTANCE PROJECT AGREEMENT, AND RELATED DOCUMENTS

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 293 of the Laws of 1970 of the State of New York, as amended (collectively, the "Act"), the ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (the "Agency") was created with the authority and power to own, lease and sell property for the purpose of, among other things, acquiring, constructing and equipping civic, industrial, manufacturing, commercial and other facilities as authorized by the Act; and

WHEREAS, SURMET CERAMICS CORPORATION or on behalf of an affiliated entity formed or to be formed (the "Company") has submitted an application to the Agency (the "Application") requesting the Agency's assistance with a certain project (the "Project") consisting of: (i) the construction of an additional 3,400+/- SF expansion off the southeast corner of the Company's existing 130,000+/- SF facility located at 743 Hertel Avenue, City of Buffalo, County of Erie, New York (the "Land"); (ii) the expansion building will consist of three

main components: a press room with a recessed pit, high pressure room and pump room on the Land (the "Improvements"); and (iii) the acquisition of and installation in and around the Improvements of certain machinery, equipment and items of personal property (the "Equipment" and, collectively with the Land and the Improvements, the "Facility"), and all to be used by the Company. The Facility will be initially operated and/or managed by the Company; and

WHEREAS, the financial assistance (as hereinafter defined) being contemplated by the Agency shall not exceed \$100,000, until a Public Hearing is held, if at all, and a subsequent resolution is passed pursuant to General Municipal Law Section 859-a; and

WHEREAS, it is contemplated that the Agency will (i) designate the Company as its agent for the purpose of undertaking the Project pursuant to an Agent and Financial Assistance Project Agreement (the "Agent Agreement"), and (ii) provide Financial Assistance to the Company in the form of an exemption benefit from all New York State and local sales and use taxes for purchases and rentals related to the Project with respect to the qualifying personal property included in or incorporated into the Facility or used in the acquisition, construction, reconstruction and/or renovation, rehabilitation or equipping of the Facility ("Financial Assistance"); and

WHEREAS, pursuant to Article 18-A of the Act, the Agency desires to adopt a resolution describing the Project and the Financial Assistance that the Agency is contemplating with respect to the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. The Company has presented an application in a form acceptable to the Agency. Based upon the representations made by the Company to the Agency in the Company's application and any other correspondence submitted by the Company to the Agency, public hearing comments, if any, Agency Policy Committee review and recommendations of the Project and its March 4, 2021 resolution to approve the project subject to the terms and conditions as described herein, and Agency board member review, discussion, and consideration of same, the Agency hereby finds and determines that:

(A) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(B) It is desirable and in the public interest for the Agency to appoint the Company as its agent for purposes of acquiring, constructing and/or renovating and equipping the Project; and

(C) The Agency has the authority to take the actions contemplated herein under the Act; and

(D) The action to be taken by the Agency will induce the Company to develop the Project, thereby increasing and/or retaining employment opportunities in Erie County, New York and otherwise furthering the purposes of the Agency as set forth in the Act; and

(E) The Project will not result in the removal of a civic, commercial, industrial, or manufacturing plant of the Company or any other proposed occupant of the Project from one area of the State of New York (the "State") to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project located within the State; and the Agency hereby finds that, based on the Company's application, to the extent occupants are relocating from one plant or facility to another, the Project is reasonably necessary to discourage the Project occupants from removing such other plant or facility to a location outside the State and/or is reasonably necessary to preserve the competitive position of the Project occupants in their respective industries, and, to the extent occupants are relocating from one plant or facility to another in another area of the State, the Agency has complied with the Intermunicipal Movement procedures as required in the Countywide Industrial Development Agency Uniform Tax Exemption Policy; and

(F) The Agency has assessed all material information included in connection with the Application necessary to afford a reasonable basis for the decision by the Agency to provide Financial Assistance for the Project as described herein; and

(G) The Agency has prepared a written cost-benefit analysis identifying the extent to which the Project will create or retain permanent, private sector jobs, the estimated value of any tax exemption to be provided, the amount of private sector investment generated or likely to be generated by the Project, the likelihood of accomplishing the Project in a timely fashion, and the extent to which the Project will provide additional sources of revenue for municipalities and school districts, and any other public benefits that might occur as a result of the Project; and

(H) The Company has provided a written statement confirming that the Project as of the date of the Application is in substantial compliance with all provisions the Act.

(I) The Project involves a "Type II action" as said term is defined in under the State Environmental Quality Review Act ("SEQR") and therefore no other determination or procedures under SEQR are required.

(J) The Project qualifies for Agency Financial Assistance as it meets the Agency's evaluative criteria established by the Agency as required under General Municipal Law Section 859-a(5), as evidenced by the following:

(i) *Wage Rate (above median wage for area):* Erie County per capita income: \$33,350. Company estimated average salary of jobs to be retained: \$52,500. Company estimated average salary of jobs to be created: \$55,000.

(ii) *Regional Wealth Creation (% sales/customers outside area):* Sales outside NYS and within U.S.: 95% and International: 2%.

(iii) *In Region Purchases (% of overall purchases):* 70% of overall purchases are procured through firms located in Erie County. They include such services as gas, chemicals, abrasives, electrical, mechanical, parts and tools and supplies as well as various services for equipment maintenance and repair.

(iv) *Research and Development Activities:* Approximately 5-7% of operating expenses are devoted to research and development.

(v) *Investment in Energy Efficiency:* All three pieces of equipment being purchased are constructed with the most efficient state of the art technology and will be energy efficient.

(vi) *Locational Land Use Factors, Brownfields or Locally Designated Development Areas:* The project will meet all local zoning and land use requirements.

(vii) *LEED/Renewable Resources:* Not Applicable.

(viii) *Retention/Flight Risk:* Recapture criteria currently in place requires a company this size to retain 95% of its base FTE jobs.

(ix) *MBE/WBE Utilization:* The general contractor for this project is Gilbane. Gilbane, based out of Rhode Island, has worked on many local projects such as Northland and Albright Knox and has an excellent reputation for working with M/WBE subcontractors.

(x) *Workforce Access-Proximity to Public Transportation:* The facility is accessible by Metro Bus 23A route.

Section 2. The Agency hereby authorizes the undertaking of the Project and the provision of the Financial Assistance to the Company as described herein.

Section 3. Subject to the Company executing an Agent Agreement and the delivery to the Agency of a binder, certificate or other evidence of insurance for the Project satisfactory to the Agency, the Agency hereby authorizes the Company to proceed with the acquisition, construction and equipping of the Project and hereby appoints the Company as the true and lawful agent of the Agency: (i) to acquire, construct and/or renovate and equip the Project; (ii) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, as the stated agent for the Agency with the authority to delegate such agency, in whole or in part, to agents, subagents, contractors, and subcontractors of such agents and subagents and to such other parties as the Company chooses; and (iii) in general, to do all things which may be requisite or proper for completing the Project, all with the same powers and the same validity that the Agency could do if acting in its own behalf; provided, however, the appointment of the Company as agent of the Agency, if utilized, shall expire one year from the date of this resolution (unless extended for good cause by the Chair, the Vice Chair, the President/Chief Executive Officer, the Vice President, the Chief Financial Officer/Treasurer, and/or the Assistant Treasurer).

A. Financial Assistance. With respect to the foregoing, and based upon the representations and warranties made by the Company in its application for Financial Assistance, the Agency hereby:

(i) authorizes and approves the Company, as its agent, to make purchases of goods and services relating to the Project and that would otherwise be subject to New

York State and local sales and use tax in an amount estimated up to \$750,000, and, therefore, the value of the sales and use tax exemption benefits (“sales and use tax exemption benefits”) authorized and approved by the Agency cannot exceed \$65,625, however, the Agency may consider any requests by the Company for increases to the amount of sales and use tax exemption benefits authorized by the Agency upon being provided with appropriate documentation detailing the additional purchases of property or services; and

B. Terms and Conditions of Financial Assistance. Pursuant to Section 875(3) of the New York General Municipal Law, and per the policies of the Agency, the Agency may recover or recapture from the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project, any New York State and local sales and use tax exemption benefits taken or purported to be taken by the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project, if it is determined that: (i) the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project, is not entitled to the New York State and local sales and use tax exemption benefits; (ii) the New York State and local sales and use tax exemption benefits are in excess of the amounts authorized to be taken by the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project; (iii) the New York State and local sales and use tax exemption benefits are for property or services not authorized by the Agency as part of the Project; (iv) the Company has made a material false statement on its application for Financial Assistance; (v) the New York State and local sales and use tax exemption benefits are taken in cases where the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project, fails to comply with the Investment Commitment, the Employment Commitment, and/or the Local Labor Commitment, said commitments, as described below, being a material term or condition to use property or services in the manner approved by the Agency in connection with the Project; and/or (vi) the New York State and local sales and use tax exemption benefits are taken in cases where the Company fails to comply with the Equal Pay Commitment and/or the Unpaid Real Property Tax Policy Commitment, as described below, being a material term or condition to use property or services in the manner approved by the Agency in connection with the Project.

As a condition precedent of receiving Financial Assistance, the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project, must cooperate with the Agency in its efforts to recover or recapture any Financial Assistance, and promptly pay over any such amounts to the Agency that the Agency demands.

(C) Commitments. As an additional condition precedent of receiving Financial Assistance, and as a material term or condition as approved by the Agency in connection with the Project, the Company covenants and agrees and understands that it must, subject to potential modification, termination and/or recapture of Financial Assistance for failure to meet and maintain the commitments and thresholds as described below, submit, on an annual basis or as otherwise indicated below through the conclusion of the later of two (2) years following either (x) the construction completion date, or (y) the termination of the Agent Agreement, a certification, as so required by the Agency, confirming:

- (i) Investment Commitment- the total investment actually made with respect to the Project at the time of Project completion equals or exceeds \$9,775,000 (which represents the product of 85% multiplied by \$11,500,000, being the total project cost as stated in the Company's application for Financial Assistance).
- (ii) Employment Commitment – that there are at least thirteen (13) existing full time equivalent (“FTE”) employees located at, or to be located at, the Facility as stated in the Company's application for Financial Assistance (the “Baseline FTE”); and
 - the number of current FTE employees in the then current year at the Facility; and
 - that within two (2) years of Project completion, the Company has maintained and created FTE employment at the Facility equal to twenty-eight (28) FTE employees [representing the sum of (x) thirteen (13) Baseline FTE and (y) fifteen (15) FTE employees, being the product of 85% multiplied by eighteen (18) (being the eighteen (18) new FTE employee positions proposed to be created by the Company as stated in its Application)]. In an effort to confirm and verify the Company's employment numbers, the Agency requires that, at a minimum, the Company provide employment data to the Agency on a quarterly basis, said information to be provided on the Agency's “Quarterly Employment Survey” form to be made available to the Company by the Agency.
- (iii) Local Labor Commitment - that the Company adheres to and complies with the Agency's Local Labor Workforce Certification Policy on a quarterly basis during the construction period.
- (iv) Equal Pay Commitment – that the Company adheres to and complies with the Agency's Pay Equity Policy.
- (v) Unpaid Real Property Tax Policy Commitment – that the Company is compliant with the Agency's Unpaid Real Property Tax Policy.

Section 4. Subject to the terms of this Inducement Resolution, the Chair, the Vice Chair, the President/Chief Executive Officer, the Vice President, the Chief Financial Officer/Treasurer and/or the Assistant Treasurer, are hereby authorized, on behalf of the Agency, to negotiate, execute and deliver, on behalf of the Agency, the Agent Agreement, a sales tax exemption letter (the "Sales Tax Exemption Letter"), a bill of sale (the "Bill of Sale") whereby the Agency at the completion of the installation period transfers to the Company title to the Equipment acquired during the installation period by the Company as agent of the Agency, and related documents.

Section 5. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required and to negotiate, execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or,

in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 6. The provision by the Agency of Financial Assistance with respect to the Project as described herein is subject to the execution and delivery of the Agency's Administrative Fee Agreement (the "Fee Agreement") and payment by the Company of an administrative fee calculated in accordance with the Fee Agreement, all within sixty (60) days of the date of this resolution. In the event the Agency has not received the executed Fee Agreement and the appropriate fee within such sixty (60) day period, this resolution shall become automatically null and void and of no further effect and the Agency shall have no liability to the Company hereunder or otherwise, unless extended in the discretion of the Chair, the Vice Chair, the President/Chief Executive Officer, the Vice President, the Chief Financial Officer/Treasurer, or the Assistant Treasurer for good cause shown.

Section 7. This resolution shall take effect immediately, and shall expire one (1) year from the date hereof unless extended for good cause by the Chair, the Vice Chair, the President/Chief Executive Officer, the Vice President, the Chief Financial Officer/Treasurer, or the Assistant Treasurer.

Dated: March 24, 2021



Surmet Ceramics Corp.

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	Surmet- 290 Expansion Project
Project Summary	This new project is about the expansion and build-out of a CIP (cold isostatic press) building and associated foundation (pit) and utilities extensions at our existing Buffalo facility, located at 699 Hertel Avenue, Suite 290, Buffalo, NY 14207. The project consists of an approximate 3,400 square foot building expansion off the southeast corner of the existing structure. The expansion building consists of three main components, a press room with a recessed pit, high pressure room, and pump room.
Applicant Name	Surmet Ceramics Corp.
Applicant Address	699 Hertel Avenue Suite 290
Applicant Address 2	
Applicant City	Buffalo
Applicant State	New York
Applicant Zip	14207
Phone	(781) 345-5721
Fax	(781) 750-3025
E-mail	sjha@surmet.com
Website	www.surmet.com
NAICS Code	541715, 541330, 336413 and 336992

Business Organization

Type of Business	Corporation
Year Established	2003
State in which Organization is established	New York

Individual Completing Application

Name	Dr. Santosh K. Jha
Title	Director of Operations
Address	699 Hertel Avenue Suite 290
Address 2	

City Buffalo
State New York
Zip 14207
Phone (781) 345-5721
Fax (781) 750-3025
E-Mail sjha@surmet.com

Company Contact (if different from individual completing application).

Name Surmet Ceramics Corp.
Title Surmet Ceramics Corp.
Address 699 Hertel Avenue Suite
 290
Address 2
City Buffalo
State New York
Zip 14207
Phone (781) 345-5721
Fax (781) 750-3025
E-Mail sjha@surmet.com

Company Counsel

Name of Attorney TBD
Firm Name
Address
Address 2
City
State
Zip
Phone
Fax
E-Mail

Benefits Requested (select all that apply).

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

* (typically for not-for-profits & small qualified manufacturers)

Applicant Business Description

Describe in detail company background, history, products and customers. Description is critical in determining eligibility.

Surmet Background: Surmet is an advanced materials manufacturing company, that was founded in 1982 on the principal that today's materials are not adequate for the applications of tomorrow. Surmet initially focused on producing products such as electro-static clamps, and protective coatings for the inside of processing chambers for the Semiconductor Industry. In 2002, Surmet acquired the ALON® Technology from Raytheon with the goal of bringing this transparent ceramic (Transparent Aluminum from Star Trek) from the laboratory to the marketplace. In 2003 when M/ACOM-Tyco planned to close the location, Surmet took over the facility at 699 Hertel Ave., Buffalo, NY where their ALON® Powder was being manufactured, and has been operating this facility ever since. Over the past 18 years, Surmet has taken ALON from the laboratory to marketplace with a combined Surmet and Gov't investment >\$100M. Surmet now produces windows, domes, lenses and transparent armor for the DoD and all of the Major Defense Contractors in the USA. About the New Expansion Project in Buffalo: Surmet and its Gov't customers are now investing >\$13M in new equipment project, to consolidate its forming and heat-treating capabilities in the facility at 699 Hertel Ave., Buffalo, NY. This equipment includes the largest ceramics processing equipment in North America and production scale furnaces for the heat-treatment of ALON. The purpose of this new equipment project is for Surmet to produce the largest transparent ceramic windows ever made for future Reconnaissance systems. This equipment will also be used for Surmet's other product including sensor windows, domes, lenses, and transparent armor. This new project is about the expansion and build-out of a CIP (cold isostatic press) building and associated foundation (pit) and utilities extensions at our existing Buffalo facility, located at 699 Hertel Avenue, Suite 290, Buffalo, NY 14207. The project consists of an approximate 3,400 square foot building expansion off the southeast corner of the existing structure. The expansion building consists of three main components, a press room with a recessed pit, high pressure room, and pump room. The expansion will have a corridor that connects the three main building components to the existing structure. Egress doors are proposed off the press room (overhead) and at the pump room (double). The project will cost about \$2.5M (per Gilbane's proposal after the completion of Phase I: Design study). Surmet is looking for help in the form of Sales Tax Exemption for the construction materials, exemption from Real Property Tax for the proposed building addition, etc. This will help us stay in Buffalo area. In addition to the existing employment, Surmet also has the additional new employment projections in Buffalo as below: Year 1: 8 New employment Year 2: 10 New employment Year 3: 12 New employment Year 4: 15 New employment Year 5: 17 New employment Investment projections for this expansion project are also listed below: Year 1: \$11.5M Year 2: \$1.3M Year 3: \$1.15M Year 4: \$1.15M Year 5: \$1.17M

Estimated % of sales within Erie County	0 %
Estimated % of sales outside Erie County but within New York State	3 %
Estimated % of sales outside New York State but within the U.S.	95 %
Estimated % of sales outside the U.S.	2 %

(*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?

70

Describe vendors within Erie County for major purchases

Major purchases from Erie County vendors include gas, chemicals, abrasives, electrical, mechanical, parts and tools and supplies as well as various services for equipment maintenance and repair.

Section II: Eligibility Questionnaire - Project Description & Details

Project Location

Address of Proposed Project Facility

743 Hertel Avenue

Town/City/Village of Project Site

Buffalo

School District of Project Site

Buffalo

Current Address (if different)

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

SBL Number(s) for proposed Project

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

Current yearly taxes for Surmet are \$.71 per foot

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?

No

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

Benderson Development

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.)

Existing building with plans for addition - manufacturing user.

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)

Surmet and its Gov't customers are now investing >\$13M in new equipment project, to consolidate its forming and heat-treating capabilities in the facility at 699 Hertel Ave., Buffalo, NY. This equipment includes the largest ceramics processing equipment in North America and production scale furnaces for the heat-treatment of ALON. The purpose of this new equipment project is for Surmet to produce the largest transparent ceramic windows ever made for future Reconnaissance systems. This equipment will also be used for Surmet's other product including sensor windows, domes, lenses, and transparent armor. This new project is about the expansion and build-out of a CIP (cold isostatic press) building and associated foundation (pit) and utilities extensions at our existing Buffalo facility, located at 699 Hertel Avenue, Suite 290, Buffalo, NY 14207. The project consists of an approximate 3,400 square foot building expansion off the southeast corner of the existing structure. The expansion building consists of three main components, a press room with a recessed pit, high pressure room, and pump room. The expansion will have a corridor that connects the three main building components to the existing structure. Egress doors are proposed off the press room (overhead) and at the pump room (double). The project will cost about \$2.5M (per Gilbane's proposal after the completion of Phase I: Design study). Surmet is looking for help in the form of Sales Tax Exemption for the construction materials, exemption from Real Property Tax for the proposed building addition, etc. This will help us stay in Buffalo area. In addition to the existing employment, Surmet also has the additional new employment projections in Buffalo as below: Year 1: 8 New employment Year 2: 10 New employment Year 3: 12 New employment Year 4: 15 New employment Year 5: 17 New employment Investment projections for this expansion project are also listed below: Year 1: \$11.5M Year 2: \$1.3M Year 3: \$1.15M Year 4: \$1.15M Year 5: \$1.17M

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?

Yes

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

Burlington, MA - company's current headquarters. If the current facility can't meet the manufacturer's needs through the proposed addition, then operations could be moved out of state.

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

Yes

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

Invest Niagara, National Grid, and ECIDA.

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

Describe the reasons why the Agency's financial assistance is necessary, and the effect the Project will have on the Applicant's business or operations. Focus on competitiveness issues, project shortfalls, etc... Your eligibility determination will be based in part on your answer (attach additional pages if necessary)

Surmet has placed orders for over \$10M of manufacturing equipment, including a very large high pressure Cold Isostatic Press (CIP) and two large production furnaces. We were prepared to install this equipment in the Buffalo facility when we encountered a number of issues which threaten to derail our Buffalo expansion. For structural reasons we are unable to install the CIP inside of the existing building. Consequently, we will need to build an additional structure to house it at greater than 3x the original estimated cost. And National Grid has substantially decreased the amount of electricity available for the facility over the past 20 years. These two factors have increased the cost of our installation by millions of dollars. This is a huge additional expense for a small company like Surmet. We are working with a number of governmental agencies, including yours, to help defray these unexpected expenses.

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?

We need ECIDA assistance so that we can not only stay in Buffalo, but substantially increase our operations there.

Will project include leasing any equipment?

No

If yes, please describe equipment and lease terms.

Site Characteristics

Is your project located near public transportation?

Yes

If yes describe if site is accessible by either metro or bus line (provide route number for bus lines)

Facility is accessible my route 23A

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

Yes

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

D-C

Describe required zoning/land use, if different

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

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

No

If yes, please explain

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

<BLANK>

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

All new equipment that is being purchased has been constructed with the latest state-of-the-art technology as concerns 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?

Yes

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

Project occupancy : estimated starting date of occupancy

1/1/2022

Project Information

Estimated costs in connection with Project

1.) Land and/or Building Acquisition

\$ 0 square feet acres

2.) New Building Construction

\$ 2,500,000 3,400 square feet

3.) New Building addition(s)

\$ 0 square feet

4.) Reconstruction/Renovation

\$ 0 square feet

5.) Manufacturing Equipment

\$ 8,000,000

6.) Infrastructure Work

\$ 500,000

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

\$ 0

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

\$ 0

9.) Other Cost

\$ 500,000

Explain Other Costs electrical, cooling tower, etc.

Total Cost \$ 11,500,000

Construction Cost Breakdown:

Total Cost of Construction	\$ 3,000,000 (sum of 2, 3, 4 and 6 in Project Information, above)
Cost of materials	\$ 750,000.00
% sourced in Erie County	72%

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	\$ 750,000
Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above):	\$ 65,625

** Note that the estimate provided above will be provided to the New York State Department of Taxation and Finance. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to undertake the total amount of investment as proposed within this Application, and that the estimate, above, represents the maximum amount of sales and use tax benefit that the Agency may authorize with respect to this Application. The Agency may utilize the estimate, above, as well as the proposed total Project Costs as contained within this Application, to determine the Financial Assistance that will be offered.

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

Have any of the above costs been paid or incurred as of the date of this Application? No

If Yes, describe particulars:

Sources of Funds for Project Costs:

Equity (excluding equity that is attributed to grants/tax credits): \$ 11,500,000

Bank Financing: \$ 0

Tax Exempt Bond Issuance (if applicable): \$ 0

Taxable Bond Issuance (if applicable): \$ 0

Public Sources (Include sum total of all state and federal grants and tax credits): \$ 0

Identify each state and federal grant/credit: (ie Historic Tax Credit, New Market Tax Credit, Brownfield, Cleanup Program, ESD, other public sources) 0

Total Sources of Funds for Project Costs: \$11,500,000

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). 0

Lender Name, if Known

Estimated Mortgage Recording Tax Exemption Benefit (product of mortgage amount as indicated above multiplied by 3/4 of 1%): \$0

Real Property Tax Benefit:

Identify and describe if the Project will utilize a real property tax exemption benefit other than the Agency's PILOT benefit (485-a, 485-b, other):

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

Is project necessary to expand project employment?

Yes

Is project necessary to retain existing employment?

Yes

Will project include leasing any equipment?

No

If yes, please describe equipment and lease terms.

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

By statute, Agency staff must project the number of FTE jobs that would be retained and created if the request for Financial Assistance is granted. Agency staff will project such jobs over the TWO Year time period following Project completion. Agency staff converts PT jobs into FTE jobs by dividing the number of PT jobs by two (2).

	Current # of jobs at proposed project location or to be relocated at project location	If financial assistance is granted – project the number of FT and PT jobs to be retained	If financial assistance is granted – project the number of FT and PT jobs to be created upon 24 months (2 years) after Project completion	Estimate number of residents of the Labor Market Area in which the project is located that will fill the FT and PT jobs to be created upon 24 months (2 years) after project completion **
Full time	13	13	18	18
Part time	0	0	0	0
Total	13	13	18	

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	4	\$ 65,000	\$ 30,000	\$ 0	\$ 0
Professional	6	\$ 60,000	\$ 25,000	\$ 0	\$ 0
Administrative	1	\$ 45,000	\$ 10,000	\$ 0	\$ 0
Production	20	\$ 40,000	\$ 9,000	\$ 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	Part time	Total
	0	0	0
	0	0	0
	0	0	0

Payroll Information

Annual Payroll at Proposed Project Site upon completion

1,465,000

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

52,500

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

0

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

55,000

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

0

Estimated salary range of jobs to be created

From (Full Time)	40,000	To (Full Time)	65,000
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

743 Hertel Avenue Buffalo, NY 14207

Name and Address of Owner of Premises

Benderson Development 570 Delaware Avenue Buffalo, NY 14202

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

Multi-tenant, manufacturing, medical, professional office.

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

Describe all known former uses of the Premises

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

Surmet Corp.

Have there been any spills, releases or unpermitted discharges of petroleum, hazardous substances, chemicals or hazardous wastes at or near the Premises?

No

If yes, describe and attach any incident reports and the results of any investigations

Has the Premises or any part of it ever been the subject of any enforcement action by any federal, state or local government entity, or does the preparer of this questionnaire have knowledge of: a) any current federal, state or local enforcement actions; b) any areas of non-compliance with any federal, state or local laws, ordinances, rules or regulations associated with operations over the past 12 months?

No

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

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

No

If yes, describe in full detail

Solid And Hazardous Wastes And Hazardous Substances

Does any activity conducted or contemplated to be conducted at the premises generate, treat or dispose of any petroleum, petroleum-related products, solid and hazardous wastes or hazardous substances?

No

If yes, provide the Premises' applicable EPA (or State) identification number

Have any federal, state or local permits been issued to the Premises for the use, generation and/or storage of solid and hazardous wastes?

No

If yes, please provide copies of the permits.

Identify the transporter of any hazardous and/or solid wastes to or from the Premises

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

Does or is it contemplated that there will occur at the Premises any accumulation or storage of any hazardous wastes on-site for disposal for longer than 90 days?

No

If yes, please identify the substance, the quantity and describe how it is stored

Discharge Into Waterbodies

Briefly describe any current or contemplated industrial process discharges (including the approximate volume, source, type and number of discharge points). Please provide copies of all permits for such discharges

Identify all sources of discharges of water, including discharges of waste water, process water, contact or noncontact cooling water, and stormwater. Attach all permits relating to the same. Also identify any septic tanks on site

Is any waste discharged into or near surface water or groundwaters?

No

If yes, please describe in detail the discharge including not only the receiving water's classification, but a description of the type and quantity of the waste

Air Pollution

Are there or is it contemplated that there will be any air emission sources that emit contaminants from the Premises?

No

If yes, describe each such source, including whether it is a stationary combustion installation, process source, exhaust or ventilation system, incinerator or other source

Are any of the air emission sources permitted?

No

If yes, attach a copy of each permit.

Storage Tanks

List and describe all above and under ground storage tanks at the Premises used to store petroleum or gasoline products, or other chemicals or wastes, including the contents and capacity of each tank. Please also provide copies of any registrations/permits for the tanks

Have there been any leaks, spills, releases or other discharges (including loss of inventory) associated with any of these tanks?

<BLANK>

If yes, please provide all details regarding the event, including the response taken, all analytical results or reports developed through investigation (whether internal or external), and the agencies which were involved

Polychlorinated Biphenyls ("PCB" or "PCBs") And Asbestos

Provide any records in your possession or known to you to exist concerning any on-site PCBs or PCB equipment, whether used or stored, and whether produced as a byproduct of the manufacturing process or otherwise.

Have there been any PCB spills, discharges or other accidents at the Premises?

No

If yes, relate all the circumstances

Do the Premises have any asbestos containing materials?

No

If yes, please identify the materials

Section IV: Facility Type - Single or Multi Tenant

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

Single Use Facility

For Single Use Facility

Occupant Name Surmet Corp.
Address 699 Hertel Avenue Suite 290, Buffalo, NY 14207
Contact Person Santosh K. Jha
Phone (781) 345-5721
Fax (781) 750-3025
E-Mail sjha@surmet.com
Federal ID # 51-046-4403
SIC/NAICS Code 541715, 336413, 336992

SS

Section VI: Retail Determination

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

Please answer the following:

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

No

If yes, complete the Retail Questionnaire Supplement below.

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

743 Hertel Avenue

City/Town

Buffalo

State

New York

Zip Code

14207

Will the project result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the state to another area of the state?

No

Will the project result in the abandonment of one or more plants or facilities of the Project occupant located within the state?

No

If Yes to either question, explain how, notwithstanding the aforementioned closing or activity reduction, the Agency's Financial Assistance is required to prevent the Project from relocating out of the State, or is reasonably necessary to preserve the Project occupant's competitive position in its respective industry:

Does this project involve relocation or consolidation of a project occupant from another municipality?

Within New York State

No

Within Erie County

No

If Yes to either question, please, explain

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

No

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

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

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

No

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

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

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

Section IX: Senior Housing

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

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

No

Terzo Development/Bush Lofts
\$3,050,000
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 531110

COMPANY INCENTIVES

- Approximately \$96,250 in sales tax savings
- Approximately \$191,000 in real property tax savings
- Approximately \$16,875 in mortgage tax savings

EMPLOYMENT

- Projected New Jobs - 1 PT

PROJECT HISTORY

- 03/01/2021—Public hearing held.
- 03/24/2021 - Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA.
- 03/24/2021 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Terzo Development/Bush Lofts

Project Address: 44-17th Street
 Buffalo, New York 14213
 (Buffalo City School District)

Agency Request

A sales tax, mortgage recording tax and real property tax abatement in connection with the adaptive reuse of a 15,000 sq. ft. vacant building.

Building Acquisition	\$ 500,000
Renovation	\$2,050,000
Soft Costs	\$ 500,000
Total Project Cost	\$3,050,000
85%	\$2,592,000

Company Description

Terzo Development was formed in 2020 and is owned equally by Carl Montante, III and John Ticco. The company was formed for the purpose of acquiring and renovating vacant facilities in the Buffalo area. Their mission is to help build under-invested communities and neighborhoods in the City of Buffalo such as the West Side, East Side and First Ward among other areas.

Project Description

This existing building has been vacant since 2019 and was severely underutilized prior to that time. The project consists of the renovation and re-use of this 15,000 sq. ft. structure into 13 apartments. Three of the 13 units will be offered at 80% of the adjusted median income (“AMI”) throughout the 7-year PILOT term. A breakdown of the units is offered below:

Units	Square Feet	Rent Range
3-1 bedroom	635-1,007	\$900-\$1,400
7-2 bedroom	812-1,240	\$1,137-\$1,740
2-3 bedroom	1,350-1,625	\$1,890-\$2,275
1-Studio	483	\$532-\$600

Also offered in the development of the building will be 6-7 spaces of off-site parking which will be available to the tenants. They will also be adding a curb cut to the front of the building which will open up 3-4 additional parking spaces.

Since 100% of the project is devoted to housing, there is no employment impact other than a part time building manager.

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over 7-year abatement period	Additional Local Revenue Over 7-year abatement period	New Yearly Taxes Upon Expiration of Abatement Period
\$4,400	\$1,600,000	\$12,000	\$40,000	\$35,000
Combined Tax Rate: \$22				

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 = \$3,050,000 85% = \$2,592,000
Employment	Coincides with 7-year PILOT	Create 85% of Projected Projected = 1 PT 85% = 1 PT Recapture Employment = 1 PT
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 7-year PILOT	Adherence to Policy
Unpaid Tax	Coincides with 7-year PILOT	Adherence to Policy
Recapture Period	Coincides with 7-year PILOT	Recapture of Mortgage recording tax, state and local sales taxes

Recapture applies to:
 State and Local Sales Taxes
 Real Property Tax
 Mortgage Recording Tax

Recapture

Pursuant to New York State General Municipal Law, the agency shall modify, recover, recapture or terminate any financial assistance taken by the company that is in violation of the GML.

At completion of the project company must certify i) total investment amount is equal to or greater than 85% of the anticipated project amount; ii) company has created 1 PT job, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.

ADAPTIVE REUSE REPORT AND EVALUATIVE CRITERIA
 Terzo Development/Bush Lofts

Evaluative Criteria	Notes
Distressed Census Tracts	The property is in census tract 67.01 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)	The building was constructed in the late 1800's.
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	<p>The building has been vacant since mid-2019 when the previous owner passed away. Prior to that time, the building, which once housed a photography studio had not been utilized for several years.</p> <p>The investment of over \$3,000,000 will serve to eliminate slum and blight and enhance this neighborhood which is in a highly distressed census tract.</p>
Structure is not generating significant rental income (defined as 50% or less than the market rate income average for that property class.	Since the facility is vacant, no income is being generated.
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.	The entire building requires updating. Roof needs repair, exterior bricks are crumbling and falling. In addition, the facility needs all new mechanicals to bring it up to current code standards.
LEED/Renewable resources	NA
Building or site has historic designation	The building was constructed in the late 1800's and has a historical designation.
Site or structure has delinquent or other local taxes	The developer does not yet own the building, but it is his understanding the estate is keeping the taxes current.
MBE/WBE utilization	The general contractor, Lamparelli Construction, will solicit to MBE subcontractors and strive to reach a 20% goal and solicit WBE subcontractors and strive to reach a 10% goal. They are currently under contract on several ongoing projects which require these same goals.

Demonstrated support of local gov't.	Mayor Brown has supplied a letter in support of the project.
Project/developer's return on investment	The developer has supplied an ROI which indicates a below average rate of return on the investment.
Impediments to conventionally financing project.	The savings from sales tax, mortgage tax and real property taxes will provide a level of comfort to the lender. The developer has stated without these benefits, it would be difficult to finance the project.
Transit Oriented Development	The facility is accessible on the 3, 7 and 12 bus lines.

March 24, 2021

Return on Investment – Terzo Development – Bush Lofts 72

Regional Return on Investment (ROI) numbers vary depending on the interest rate environment, investor availability and risk associated with a project.

The National Development Council, which has experience financing projects in higher risk urban areas across the Northeast, uses 10% - 12% as a benchmark rate of return for urban high-risk projects.

Empire State Development financing officials when reviewing similar projects in the City of Buffalo have used 12% as an acceptable ROI for development projects.

Adaptive Reuse Projects

Many Adaptive Reuse Projects are hampered by upfront development costs that are not typical in new build green field development projects. These upfront costs can hinder the ability of the projects to attract financing and provide cash flow. The upfront costs associated with site contamination, asbestos removal, code compliance, structural deficiencies can make Adaptive Reuse projects difficult to undertake and attract private investment and financing, particularly in real estate markets where rental values are relatively low. Historically real estate projects in the region are difficult to undertake, local real estate developers have indicated that the typical ROI investors and developers seek to achieve in mixed use development projects are in the 10% - 12% range, although they can run higher for projects with significant risk.

Public Incentives Requested

- ECIDA Real Property Tax Abatement in an approximate value of \$191,000
- Sales Tax Savings in the amount of \$96,250
- Mortgage Tax Savings in the estimated amount of \$16,875

ROI

Terzo Development has submitted a proforma documenting the expenses and revenues and ROI for the project.

Stated ROI for the project with ECIDA assistance is 2.4%

Stated ROI for the project without ECIDA assistance is 1.5%

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-Terzo Development – Bush Lofts - 2021

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
\$2,050,000	\$1,600,000	\$5.04	\$16.75	N/A

*Apply equalization rate to value

PILOT Year	% Payment	County PILOT Amount	Local PILOT Amount	Total PILOT	Full Tax Payment w/o PILOT	Net Exemption
1	10%	\$806	\$2,680	\$3,486	\$34,864	\$31,378
2	10%	\$806	\$2,680	\$3,486	\$34,864	\$31,378
3	20%	\$1,613	\$5,360	\$6,973	\$34,864	\$27,891
4	20%	\$1,613	\$5,360	\$6,973	\$34,864	\$27,891
5	30%	\$2,419	\$8,040	\$10,459	\$34,864	\$24,405
6	30%	\$2,419	\$8,040	\$10,459	\$34,864	\$24,405
7	30%	\$2,419	\$8,040	\$10,459	\$34,864	\$24,405
TOTAL		\$12,096	\$40,200	\$52,296	\$244,048	\$191,752

***** 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.)
\$3,050,000	\$191,752	\$96,250	\$16,875	\$0

Calculate %

(Est. PILOT + Est. Sales Tax+ Est. Mortgage Tax+ Other)/Total Project Costs: 10.0%



LAMPARELLI CONSTRUCTION CO., INC.

Commercial • Industrial • Construction Management

February 19, 2021

ECIDA
95 Perry Street, Suite 403
Buffalo, NY 14203

Attn: Karen Fiala, Grant Lesswing

Re: Bush Lofts, 44 17th Street

Please be advised that Lamparelli Construction Company has completed many projects in the Buffalo and surrounding areas that have received IDA and state funding. Lamparelli Construction will bid to WBE & MBE contractors on upcoming IDA projects and try to reach the MBE goal of 20% and the WBE goal of 10%.

Currently we have several projects ongoing with state funding that require these goals, including Polly Jean Suites, GDZ Homes, Cigar Factory Apartments and Main & Utica Apartments. Some of the subcontractors we are using are Heatwave Mechanical (WBE), Call Associates (MBE), Rand & Jones (WBE), Ready WNY(Section 3), Innovative Mechanical (WBE), Lazarus Construction (MBE) and JDS Electrical (SVBOD). Please call with any questions.

Sincerely,

Paul Lamparelli
President

Cost-Benefit Analysis for Terzo Development

Prepared by Erie County IDA using InformAnalytics

Executive Summary

INVESTOR
Bush Lofts

TOTAL INVESTED
\$3.1 Million

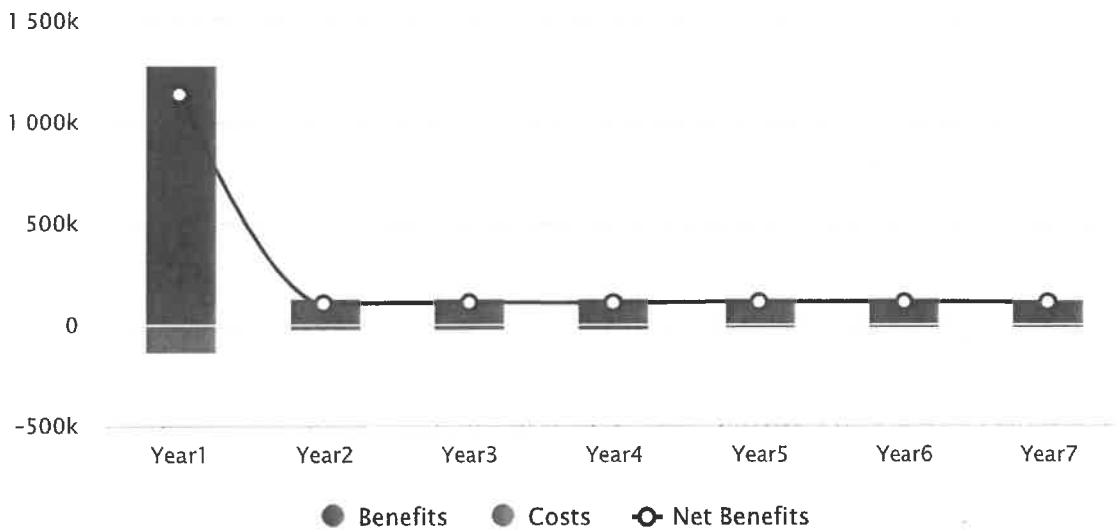
LOCATION
**44 17th Street, Buffalo,
NY 14203**

TIMELINE
7 Years

F1 FIGURE 1

Discounted* Net Benefits for Terzo Development by Year

Total Net Benefits: \$1,766,000



Discounted-at 2%

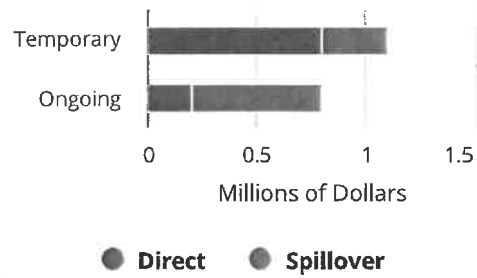
F2 FIGURE 2

Total Jobs



F3 FIGURE 3

Total Payroll



Proposed Investment

Bush Lofts proposes to invest \$3.1 million at 44 17th Street, Buffalo, NY 14203 over 7 years.

T1 TABLE 1

Proposed Investments

Description	Amount
CONSTRUCTION SPENDING	
Construction	\$2,050,000
OTHER SPENDING	
Building Acquisition	\$500,000
Soft Costs	\$500,000
Total Investments	\$3,050,000
Discounted Total (2%)	\$3,050,000

May not sum to total due to rounding.

F4 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 7 years, with future returns discounted at a 2% rate.

T2 TABLE 2

Estimated Costs or Incentives

Erie County IDA is considering the following incentive package for Bush Lofts.

Description	Nominal Value	Discounted Value*
Property Tax Exemption	\$192,000	\$182,000
Sales Tax Exemption	\$97,000	\$97,000
Mortgage Recording Tax Exemption	\$17,000	\$17,000
Total Costs	\$306,000	\$296,000

May not sum to total due to rounding.

* Discounted at 2%

T3 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	\$1,075,000	\$922,000	\$1,997,000
To Private Individuals	\$1,006,000	\$907,000	\$1,914,000
Temporary Payroll	\$788,000	\$273,000	\$1,061,000
Ongoing Payroll	\$218,000	\$634,000	\$852,000
To the Public	\$69,000	\$15,000	\$84,000
Property Tax Revenue	\$52,000	N/A	\$52,000
Temporary Sales Tax Revenue	\$13,000	\$4,000	\$17,000
Ongoing Sales Tax Revenue	\$4,000	\$10,000	\$14,000
STATE BENEFITS	\$61,000	\$55,000	\$116,000
To the Public	\$61,000	\$55,000	\$116,000
Temporary Income Tax Revenue	\$39,000	\$13,000	\$52,000
Ongoing Income Tax Revenue	\$8,000	\$29,000	\$37,000
Temporary Sales Tax Revenue	\$11,000	\$4,000	\$15,000
Ongoing Sales Tax Revenue	\$3,000	\$9,000	\$12,000
Total Benefits to State & Region	\$1,136,000	\$977,000	\$2,114,000
Discounted Total Benefits (2%)	\$1,123,000	\$939,000	\$2,061,000

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	\$1,948,000	\$245,000	8:1
State	\$113,000	\$51,000	2:1
Grand Total	\$2,061,000	\$296,000	7:1

May not sum to total due to rounding.

* Discounted at 2%

CGR has exercised reasonable professional care and diligence in 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.



CITY OF BUFFALO
OFFICE OF THE MAYOR

BYRON W. BROWN
MAYOR
February 26, 2021

Mr. John Cappellino
Chief Executive Officer
Erie County Industrial Development Agency
95 Perry Street, Suite 403
Buffalo NY 14203

RE: 44 17th Street
Terzo Development, LLC

Dear Mr. Cappellino:

The City of Buffalo supports Terzo Development's application to the Erie County Industrial Development Agency to redevelop the former vacant warehouse at 44 17th Street on the City of Buffalo's West Side. We believe that this multifamily redevelopment project will strengthen the City of Buffalo and its appeal to new residents.

Buffalo is a wonderful place to live, and is a city that values its historic structures. The adaptive reuse project at 44 17th Street will transform a historic, vacant warehouse into 13 new market/affordable-rate apartments. As Buffalo makes room for its emerging modern workforce, housing demand throughout the City continues to rise. This multifamily adaptive reuse project aligns with my vision to increase housing stock throughout the City of Buffalo to meet current housing demand and sustain economic development.

This project will also enhance the vitality of the surrounding West Side neighborhood by mitigating neighborhood blight and attracting new residents. The adaptive reuse of this historic structure is a welcome addition to the impressive revitalization efforts that continue to propel Buffalo into a new era of development.

Sincerely,

Byron W. Brown
Mayor

VIRTUAL PUBLIC HEARING SCRIPT

**Terzo Development, LLC and/or
Individual(s) or Affiliate(s),
Subsidiary(ies), or Entity(ies) formed or
to be formed on its behalf Project**

Public Hearing to be held on March 1, 2021 at 9:00 a.m.
via Virtual Conference Software

ATTENDANCE:

Carl Montante, III – Terzo Development
John Cappellino – ECIDA
Karen Fiala – ECIDA
Carrie Hocieniec – ECIDA
Brian Krygier – ECIDA
Tara Heavern - Resident

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

Hearing Officer: Welcome. This public hearing is now open; it is 9:00 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: We are here to hold the public hearing on the Terzo Development, LLC and/or Individual(s) or Affiliate(s), Subsidiary(ies), or Entity(ies) formed or to be formed on its behalf project. The transcript of this hearing will be reviewed and considered by the Agency in determination of this project. Notice of this hearing appeared in The Buffalo News on Friday, February 19, 2021.

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

Hearing Officer: The proposed project (the "Project") consists of: (i) the acquisition by the Agency of a leasehold interest in certain property located on 44 17th Street,

City of Buffalo, Erie County, New York (the "Land"), (ii) the renovation on the Land of an approximately 15,000 square-foot historic facility to be utilized for 13 market/affordable-rate apartments (1 of which being affordable at 80% AMI) and 6-7 spaces of off-site parking which will be rented/leased to tenants (the "Improvements"), and (iii) the acquisition by the Company in and around the Improvements of certain items of machinery, equipment and other tangible personal property (the "Equipment"; and, together with the Land and the Improvements, the "Facility").

The proposed financial assistance contemplated by the Agency includes New York State and local sales and use tax exemption benefits, mortgage recording tax exemption benefits, and real property tax abatement benefits (in compliance with Agency's uniform tax exemption policy).

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 March 23, 2021. 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.

Thank you very much. My name is Carl Montante, III. As previously stated I am with Terzo Development and I am here to present my project at 44 17th Street otherwise what I am calling Bush Lofts. This is Terzo Development's first project as a company and in the City of Buffalo. We are very excited about this first venture, and excited about the possible partnership that we can have with the ECIDA now and moving forward. Terzo's mission is to strengthen, grow and preserve the urban neighborhoods that are vital to the City of Buffalo. Urban redevelopment is our focus now and will continue to be our vision moving forward. This is a hundred plus year old building and was originally built as a Livery Horse Stable and it has changed hands a few times over the last century. Most recently was Mr. Jim Bush's photography studio and private residence. However, it has been sitting vacant for a couple of years now

and according to preservation ready sites of Buffalo, 44 17th Street is in danger of crumbling and being demolished which I do not think anybody wants. The goal here is to provide energy and life to a vacant structure on an already beautiful street on Buffalo's West side neighborhood. Some of the work to be complete is going to be a total gut renovation. There is going to be a new roof, new mechanical systems, new plumbing. There is some serious structural work that needs to be done to the brick exterior of the project and then obviously the build out and construction of 13 apartments as well as appliances for those apartments. The breakdown of units will be as follows. It is going to be 1 studio, 3-1 bedrooms, 7-2 bedrooms, and 2-3 bedrooms. So, a good unit mix giving a multitude of people, the opportunity to live down in the City of Buffalo's lower West side. There will also be some streetscape design and construction, as well as the opening of three to four new on-street parking spaces to go along with the six to seven off-street parking spaces as Grant previously mentioned. I would also like to mention that I am working very closely with my contractor Paul Lamparelli of Lamparelli Construction to include some MBE and WBE participation in the construction of this project. So, that's a quick little overview of the project, but again I really appreciate you guys having me on. Thank you.

Hi, thanks for letting me speak. My name is Tara Heavern. I am a resident of 14 17th Street where I have owned my home for over 20 years. I first off want to say that we first met as our community with Mr. Montante in 2020 and the first thing he said when we were talking about zoning for the project, which again had been a single-family home on our very small one-way street. He came to the zoning

board stating that this project could not happen unless he got it zoned for 13 apartments. There are many concerns by residents. Nobody is in approval of this project in the community. We are very, very concerned with many aspects of this project. We were told by the zoning board to go back and have another meeting and then come back. We did that. More concerns arose than we had before. The zoning board crazily enough did not hear one resident they only heard Mr. Montante and then they made their decision. So, he got us 13 units and now Mr. Montante states he cannot do this project unless he receives tax credits. It stated throughout the project that this is an area that is in need of revitalization. My understanding of tax credits is that they are especially used for communities which are blighted. We are not that as is evidenced by the fact that every resident on our block in the past six months has seen a tax bill increase from 100, very few people at 100, most people at the 200 to 350%. So that is not evidence of a community that is in that is blighted. In addition, I am concerned by the fact that when asked at one of the community meetings if there were going to be affordable housing units, Mr. Montante did not know unless he said he was going to look into the cost effectiveness of that as well and apparently, he found it to be cost-effective enough to simply have a little 400 square foot studio apartment designated for that purpose. This project is just very concerning on a lot of levels. It is concerning because as a community we have not had our interests tended to. We have not been heard. We are seeing the density of our block go up by double. We are seeing the project double the density of our block. I have never heard that this project is in any way in jeopardy of demolition. I would be interested in seeing where that is stated or noted. In addition, you know the whole idea of providing tax credits for a property like this especially when most of the units are going to be what I would consider quite high rent. Mr. Montante says he is gearing this towards students and I personally do not know of any students who would be able to afford these rents. I am a teacher, I am not wealthy, but I do not make nothing, and I could not afford these units. So I think it's myself and I will speak on behalf of my neighbors as well, who I'm sure you'll be receiving letters from that the idea of granting tax credits for a project when we are seeing our tax bills increased so much really speaks to the fact that this neighborhood might not be you know in my opinion a neighborhood that should be considered for tax credits especially when my neighbors' concerns have not been validated at all and again we're seeing our density on our block double with this project. We are a small one-way street and we have invested

greatly in the neighborhood in this community. And it is just very unfortunate that we see our concerns disregarded so heavily by the city. However, grateful for this opportunity for ECIDA to hear us speak. It just does not seem to be that this is how community development should happen. It seems Mr. Montante had indicated that he wants to use this project to build his reputation as a builder and he wants to use this project as a foothold to get the ability to continue to do this kind of work in the city. That should not be a reason why tax credits are granted. There have been other parties that have expressed interest early on in this project. Mr. Montante has been sitting around with this for quite some time and keeps asking for more benefit from the community really to help make this project happen and that should not be our responsibility as a community. There are plenty of neighborhoods and communities that would welcome this kind of project and that needs this kind of revitalization that would welcome a 13 unit building because their population has been lost on a block or what have you. This is not a project that is being warmly received by the community and to expect tax credits to fund it is something that does not sit well. Again, community development should happen with input of the community and not just simply you know, it should not just be an opportunity for people to pursue their business ventures without regarding community needs. Thank you very much for letting me speak.

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 March 1, 2021 at 9:00 a.m.
via Virtual Conference Software

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

Project Location: 44 17th Street, Buffalo, New York 14213

Name	Company and/or Address	X box to speak/ comment
Carl Montante, III	Terzo Development 505 Ellicott Street, Suite 122 Buffalo, New York 14203	X
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	
Tara Heavern	14 17 th Street Buffalo, New York 14213	X

617.20
Appendix B
Short Environmental Assessment Form

Instructions for Completing

Part 1 - Project Information. The applicant or project sponsor is responsible for the completion of Part 1. Responses become part of the application for approval or funding, are subject to public review, and may be subject to further verification. Complete Part 1 based on information currently available. If additional research or investigation would be needed to fully respond to any item, please answer as thoroughly as possible based on current information.

Complete all items in Part 1. You may also provide any additional information which you believe will be needed by or useful to the lead agency; attach additional pages as necessary to supplement any item.

Part 1 - Project and Sponsor Information			
Name of Action or Project: 44 17 th Street - Bush Lofts			
Project Location (describe, and attach a location map): 44 17 th Street, Buffalo, NY 14213			
Brief Description of Proposed Action: The building at 44 17 th Street is currently vacant and the plan is to redevelop this 100+ year old building into 13 apartments, 2 Market-Rate and 1 Affordable @ 80% AMI. Plans call for a new roof, HVAC System, plumbing, and a total Gut Renovation.			
Name of Applicant or Sponsor: Carl Montank III		Telephone: 716-998-3512	
		E-Mail: cmontank@trcodevelopment.com	
Address: 505 Ellicott St, Suite 122, Buffalo, NY 14203			
City/PO: —		State: —	Zip Code: —
1. Does the proposed action only involve the legislative adoption of a plan, local law, ordinance, administrative rule, or regulation? If Yes, attach a narrative description of the intent of the proposed action and the environmental resources that may be affected in the municipality and proceed to Part 2. If no, continue to question 2.			NO <input checked="" type="checkbox"/> YES <input type="checkbox"/>
2. Does the proposed action require a permit, approval or funding from any other governmental Agency? If Yes, list agency(s) name and permit or approval:			NO <input type="checkbox"/> YES <input type="checkbox"/>
3.a. Total acreage of the site of the proposed action?		.304 acres	
b. Total acreage to be physically disturbed?		.304 acres	
c. Total acreage (project site and any contiguous properties) owned or controlled by the applicant or project sponsor?		.304 acres	
4. Check all land uses that occur on, adjoining and near the proposed action.			
<input type="checkbox"/> Urban <input type="checkbox"/> Rural (non-agriculture) <input type="checkbox"/> Industrial <input type="checkbox"/> Commercial <input checked="" type="checkbox"/> Residential (suburban) <input type="checkbox"/> Forest <input type="checkbox"/> Agriculture <input type="checkbox"/> Aquatic <input type="checkbox"/> Other (specify): _____ <input type="checkbox"/> Parkland			

5. Is the proposed action, a. A permitted use under the zoning regulations?	NO	YES	N/A
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. Consistent with the adopted comprehensive plan?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Is the proposed action consistent with the predominant character of the existing built or natural landscape?	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
7. Is the site of the proposed action located in, or does it adjoin, a state listed Critical Environmental Area? If Yes, identify: _____	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
8. a. Will the proposed action result in a substantial increase in traffic above present levels?	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
b. Are public transportation service(s) available at or near the site of the proposed action?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
c. Are any pedestrian accommodations or bicycle routes available on or near site of the proposed action?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
9. Does the proposed action meet or exceed the state energy code requirements? If the proposed action will exceed requirements, describe design features and technologies: _____	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
10. Will the proposed action connect to an existing public/private water supply? If No, describe method for providing potable water: _____	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
11. Will the proposed action connect to existing wastewater utilities? If No, describe method for providing wastewater treatment: _____	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
12. a. Does the site contain a structure that is listed on either the State or National Register of Historic Places?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Is the proposed action located in an archeological sensitive area?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
13. a. Does any portion of the site of the proposed action, or lands adjoining the proposed action, contain wetlands or other waterbodies regulated by a federal, state or local agency?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Would the proposed action physically alter, or encroach into, any existing wetland or waterbody? If Yes, identify the wetland or waterbody and extent of alterations in square feet or acres: _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
14. Identify the typical habitat types that occur on, or are likely to be found on the project site. Check all that apply: <input type="checkbox"/> Shoreline <input type="checkbox"/> Forest <input type="checkbox"/> Agricultural/grasslands <input type="checkbox"/> Early mid-successional <input type="checkbox"/> Wetland <input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban			
15. Does the site of the proposed action contain any species of animal, or associated habitats, listed by the State or Federal government as threatened or endangered?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
16. Is the project site located in the 100 year flood plain?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
17. Will the proposed action create storm water discharge, either from point or non-point sources? If Yes, a. Will storm water discharges flow to adjacent properties? <input type="checkbox"/> NO <input type="checkbox"/> YES	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Will storm water discharges be directed to established conveyance systems (runoff and storm drains)? If Yes, briefly describe: _____ _____	<input type="checkbox"/> NO <input type="checkbox"/> YES		

18. Does the proposed action include construction or other activities that result in the impoundment of water or other liquids (e.g. retention pond, waste lagoon, dam)? If Yes, explain purpose and size:	NO	YES
	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. Has the site of the proposed action or an adjoining property been the location of an active or closed solid waste management facility? If Yes, describe:	NO	YES
	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20. Has the site of the proposed action or an adjoining property been the subject of remediation (ongoing or completed) for hazardous waste? If Yes, describe: <u>There was a gas tank removed. DEC letter attached.</u>	NO	YES
	<input type="checkbox"/>	<input checked="" type="checkbox"/>
I AFFIRM THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE		
Applicant/sponsor name: <u>Carl J. Montano III</u>		Date: <u>2/4/2021</u>
Signature: <u>[Signature]</u>		

Part 2 - Impact Assessment. The Lead Agency is responsible for the completion of Part 2. Answer all of the following questions in Part 2 using the information contained in Part 1 and other materials submitted by the project sponsor or otherwise available to the reviewer. When answering the questions the reviewer should be guided by the concept "Have my responses been reasonable considering the scale and context of the proposed action?"

	No, or small impact may occur	Moderate to large impact may occur
1. Will the proposed action create a material conflict with an adopted land use plan or zoning regulations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Will the proposed action result in a change in the use or intensity of use of land?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Will the proposed action impair the character or quality of the existing community?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Will the proposed action have an impact on the environmental characteristics that caused the establishment of a Critical Environmental Area (CEA)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Will the proposed action result in an adverse change in the existing level of traffic or affect existing infrastructure for mass transit, biking or walkway?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Will the proposed action cause an increase in the use of energy and it fails to incorporate reasonably available energy conservation or renewable energy opportunities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Will the proposed action impact existing:		
a. public / private water supplies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. public / private wastewater treatment utilities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Will the proposed action impair the character or quality of important historic, archaeological, architectural or aesthetic resources?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Will the proposed action result in an adverse change to natural resources (e.g., wetlands, waterbodies, groundwater, air quality, flora and fauna)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	No, or small impact may occur	Moderate to large impact may occur
10. Will the proposed action result in an increase in the potential for erosion, flooding or drainage problems?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Will the proposed action create a hazard to environmental resources or human health?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Part 3 - Determination of significance. The Lead Agency is responsible for the completion of Part 3. For every question in Part 2 that was answered "moderate to large impact may occur", or if there is a need to explain why a particular element of the proposed action may or will not result in a significant adverse environmental impact, please complete Part 3. Part 3 should, in sufficient detail, identify the impact, including any measures or design elements that have been included by the project sponsor to avoid or reduce impacts. Part 3 should also explain how the lead agency determined that the impact may or will not be significant. Each potential impact should be assessed considering its setting, probability of occurring, duration, irreversibility, geographic scope and magnitude. Also consider the potential for short-term, long-term and cumulative impacts.

<input type="checkbox"/>	Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action may result in one or more potentially large or significant adverse impacts and an environmental impact statement is required.
<input checked="" type="checkbox"/>	Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action will not result in any significant adverse environmental impacts.
<u>Erie County IDA</u>	<u>March 24 2021</u>
Name of Lead Agency	Date
<u>Karen M. Fiala</u>	<u>Vice President</u>
Print or Type Name of Responsible Officer in Lead Agency	Title of Responsible Officer
<u>Karen M. Fiala</u>	
Signature of Responsible Officer in Lead Agency	Signature of Preparer (if different from Responsible Officer)

PRINT

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
INDUCEMENT RESOLUTION**

**TERZO DEVELOPMENT, LLC, AND/OR INDIVIDUAL(S) OR AFFILIATE(S),
SUBSIDIARY(IES), OR ENTITY(IES) FORMED OR TO BE FORMED ON ITS
BEHALF**

A regular meeting of the Erie County Industrial Development Agency was convened on Wednesday, March 24, 2021 at 12:00 p.m.

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

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

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 293 of the Laws of 1970 of the State of New York, as amended (collectively, the "Act"), the ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (the "Agency") was created with the authority and power to own, lease and sell property for the purpose of, among other things, acquiring, constructing and equipping civic, industrial, manufacturing, commercial and other facilities as authorized by the Act; and

WHEREAS, the Company has submitted an application to the Agency (the "Application") requesting the Agency's assistance with a certain project (the "Project")

consisting of: (i) the acquisition by the Agency of a leasehold interest in certain property located on 44 17th Street, City of Buffalo, Erie County, New York (the “Land”), (ii) the renovation on the Land of an approximately 15,000 square-foot historic facility to be utilized for 13 market/affordable-rate apartments (3 of which being affordable at 80% AMI) and 6-7 spaces of off-site parking which will be rented/leased to tenants (the “Improvements”), and (iii) the acquisition by the Company in and around the Improvements of certain items of machinery, equipment and other tangible personal property (the “Equipment”; and, together with the Land and the Improvements, the “Facility”); and

WHEREAS, pursuant to General Municipal Law Section 859-a, and pursuant to Governor Cuomo’s Executive Order 202.15 issued on April 9, 2020, and as amended from time to time, authorizing the conduct of public hearings through the use of telephone conference, video conference and/or other similar service, the Agency, on March 1, 2021, at 9:00 a.m., held a public hearing with respect to the Project and the proposed Financial Assistance (as hereinafter defined) being contemplated by the Agency (the “Public Hearing”) via live stream web broadcast at www.ecidany.com/streaming, at which the Agency provided interested parties a reasonable opportunity to provide oral comments and/or their views on the Project, and further instructed interested parties on the process to submit written comments with respect to the Project; and

WHEREAS, it is contemplated that the Agency will (i) designate the Company as its agent for the purpose of undertaking the Project pursuant to an Agent and Financial Assistance Project Agreement (the “Agent Agreement”), (ii) negotiate and enter into a lease agreement (the “Lease Agreement”) and related leaseback agreement (the “Leaseback Agreement”) with the Company, pursuant to which the Agency will retain a leasehold interest in the Land, the Existing Improvements, the Improvements, the Equipment and personal property constituting the Facility; and (iii) provide Financial Assistance to the Company in the form of (a) an exemption benefit from all New York State and local sales and use taxes for purchases and rentals related to the Project with respect to the qualifying personal property included in or incorporated into the Facility or used in the acquisition, construction, reconstruction and/or renovation, rehabilitation or equipping of the Facility, (b) a mortgage recording tax exemption benefit for the financing related to the Project, and (c) a partial abatement from real property taxes benefit through a seven (7) year term PILOT Agreement for the benefit of each municipality and school district having taxing jurisdiction over the Project, (collectively, the sales and use tax exemption benefit, the mortgage recording tax exemption benefit, and the partial abatement from real property taxes benefit, are hereinafter collectively referred to as the “Financial Assistance”); and

WHEREAS, the City of Buffalo Zoning Board of Appeals (the “Zoning Board”) in accordance with Article 8 of the New York Environmental Conservation Law and the regulations promulgated thereto in 6 N.Y.C.R.R. Part 617 (collectively referred to as the “State Environmental Quality Review Act” and/or “SEQR”), undertook uncoordinated review with respect to the Project, established itself as Lead Agency as defined in SEQR, determined that the Project was an Unlisted Action, and issued a negative declaration (“Negative Declaration”) under SEQR on November 18, 2020, with respect to the Project; and

WHEREAS, pursuant to and in accordance with SEQR, the Company has submitted to the Agency a Short Environmental Assessment Form (the “EAF”) with respect to the Project; and

WHEREAS, pursuant to Article 18-A of the Act, the Agency desires to adopt a resolution describing the Project and the Financial Assistance that the Agency is contemplating with respect to the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. The Company has presented an application in a form acceptable to the Agency. Based upon the representations made by the Company to the Agency in the Company's application and any other correspondence submitted by the Company to the Agency, public hearing comments, if any, Agency Policy Committee review and recommendations of the Project and its March 4, 2021 resolution to approve the project subject to the terms and conditions as described herein, and Agency board member review, discussion, and consideration of same, the Agency hereby finds and determines that:

(A) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(B) It is desirable and in the public interest for the Agency to appoint the Company as its agent for purposes of acquiring, constructing and/or renovating and equipping the Project; and

(C) The Agency has the authority to take the actions contemplated herein under the Act; and

(D) The action to be taken by the Agency will induce the Company to develop the Project, thereby increasing and/or retaining employment opportunities in Erie County, New York and otherwise furthering the purposes of the Agency as set forth in the Act; and

(E) The Project will not result in the removal of a civic, commercial, industrial, or manufacturing plant of the Company or any other proposed occupant of the Project from one area of the State of New York (the "State") to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project located within the State; and the Agency hereby finds that, based on the Company's application, to the extent occupants are relocating from one plant or facility to another, the Project is reasonably necessary to discourage the Project occupants from removing such other plant or facility to a location outside the State and/or is reasonably necessary to preserve the competitive position of the Project occupants in their respective industries, and, to the extent occupants are relocating from one plant or facility to another in another area of the State, the Agency has complied with the Intermunicipal Movement procedures as required in the Countywide Industrial Development Agency Uniform Tax Exemption Policy; and

(F) The Agency has assessed all material information included in connection with the Application necessary to afford a reasonable basis for the decision by the Agency to provide Financial Assistance for the Project as described herein; and

(G) The Agency has prepared a written cost-benefit analysis identifying the extent to which the Project will create or retain permanent, private sector jobs, the estimated value of any tax exemption to be provided, the amount of private sector investment generated or likely to be generated by the Project, the likelihood of accomplishing the Project in a timely fashion, and the extent to which the Project will provide additional sources of revenue for municipalities and school districts, and any other public benefits that might occur as a result of the Project; and

(H) The Company has provided a written statement confirming that the Project as of the date of the Application is in substantial compliance with all provisions the Act.

(I) Based upon a comprehensive and thorough review by the Agency of the EAF and related documents delivered by the Company to the Agency, the Zoning Board Negative Declaration, the criteria set forth in 6 N.Y.C.R.R. Section 617.7 of the SEQR regulations, and the additional representations made by the Company to the Agency in connection with the Project, the Agency finds and determines that: (i) the Project constitutes an "Unlisted Action" within the meaning of SEQR and a coordinated review is optional; (ii) the Agency has conducted an uncoordinated review of the Project under SEQR; (iii) the Project will result in no major impacts and, as it simply involves the adaptive reuse of an existing structure, therefore, is one which may not cause significant damage to the environment; (iv) construction related impacts are short term and do not have a significant magnitude or effect; (v) the Project will not have a "significant effect on the environment" as such quoted term is defined in SEQR; and (vi) no "environmental impact statement" as such quoted term is defined in SEQR, need be prepared for this action. The Agency thus issues a Negative Declaration pursuant to 6 N.Y.C.R.R. § 617.7 of the SEQR regulations, which concludes the Agency's uncoordinated review of the Project.

(J) The Project qualifies for Agency Financial Assistance as it is compliant with the Agency's Adaptive Reuse Project Policy and meets the Agency's evaluative criteria for adaptive reuse projects, said criteria established by the Agency as required under General Municipal Law Section 859-a(5) as evidenced by the following:

(i) *Distressed Census Tracts:* The property is in census tract 67.01 which is considered highly distressed under the State statute, and it is also surrounded by several other highly distressed tracts.

(ii) *Age of Structure (must be at least 20 years old and present functional challenges to redevelopment):* The building was constructed in the late 1800's.

(iii) *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:* The building has been vacant since mid-2019 when the previous owner passed away. Prior to that time, the building, which once housed a photography studio had not been utilized for several years. The investment of over \$3,000,000 will serve to eliminate slum and blight and enhance this neighborhood which is in a highly distressed census tract.

(iv) *Structure is not generating significant rental income (defined as 50% or less than the market rate income average for that property class:* Since the facility is vacant, no income is being generated.

(v) *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.

(vi) *Environmental or Safety Issues:* The entire building requires updating. Roof needs repair, exterior bricks are crumbling and falling. In addition, the facility needs all new mechanicals to bring it up to current code standards.

(vii) *LEED/Renewable Resources:* N/A.

(viii) *Building or site has historic designation:* The building was constructed in the last 1800's and has a historical designation.

(ix) *Site or structure has delinquent or other local taxes:* The developer does not yet own the building, but it is his understanding the estate is keeping the taxes current.

(x) *MBE/WBE utilization:* The general contractor, Lamparelli Construction, will solicit to MBE subcontractors and strive to reach a 20% goal and solicit WBE subcontractors and strive to reach a 10% goal. They are currently under contract on several ongoing projects which require these same goals.

(xi) *Demonstrated support of local government:* The developer has spoken with representatives of the Mayor's office about the project.

(xii) *Project/developer's return on investment:* The developer has supplied an ROI which indicates a below average rate of return on the investment.

(xiii) *Impediments to conventionally financing project:* The savings from sales tax, mortgage tax and real property taxes will provide a level of comfort to the lender. The developer has stated without these benefits, it would be difficult to finance the project.

(xiv) *Transit Oriented Development:* The facility is accessible on the 3, 7 and 12 bus lines.

(K) The Project is compliant with the Countywide IDA Eligibility Policy, constitutes a commercial facility as defined in the General Municipal Law and will promote employment opportunities and prevent economic deterioration in the City of Buffalo. The Agency has reviewed the opinion of the State Comptroller (OSC Op. 85-51) and hereby specifically finds that the Project will create temporary construction jobs and one new part-time job and, by adaptively reusing a vacant, declining and aged structure and rehabilitating it for residential use, will be a physical and economic improvement to this sensitive area of the City of Buffalo; and

Section 2. The Agency hereby authorizes the undertaking of the Project and the provision of the Financial Assistance to the Company as described herein.

Section 3. Subject to the Company executing an Agent Agreement and the delivery to the Agency of a binder, certificate or other evidence of insurance for the Project satisfactory to the Agency, the Agency hereby authorizes the Company to proceed with the acquisition, construction and equipping of the Project and hereby appoints the Company as the true and lawful agent of the Agency: (i) to acquire, construct and/or renovate and equip the Project; (ii) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, as the stated agent for the Agency with the authority to delegate such agency, in whole or in part, to agents, subagents, contractors, and subcontractors of such agents and subagents and to such other parties as the Company chooses; and (iii) in general, to do all things which may be requisite or proper for completing the Project, all with the same powers and the same validity that the Agency could do if acting in its own behalf; provided, however, the appointment of the Company as agent of the Agency, if utilized, shall expire one year from the date of this resolution (unless extended for good cause by the Chair, the Vice Chair, the President/Chief Executive Officer, the Vice President, the Chief Financial Officer/Treasurer, and/or the Assistant Treasurer).

A. Financial Assistance. With respect to the foregoing, and based upon the representations and warranties made by the Company in its application for Financial Assistance, the Agency hereby:

(i) authorizes and approves the Company, as its agent, to make purchases of goods and services relating to the Project and that would otherwise be subject to New York State and local sales and use tax in an amount estimated up to \$1,100,000, and, therefore, the value of the sales and use tax exemption benefits (“sales and use tax exemption benefits”) authorized and approved by the Agency cannot exceed \$96,250, however, the Agency may consider any requests by the Company for increases to the amount of sales and use tax exemption benefits authorized by the Agency upon being provided with appropriate documentation detailing the additional purchases of property or services; and

(ii) authorizes and approves that the value of the mortgage recording tax exemption benefit (“mortgage recording tax exemption benefits”) shall not exceed \$16,875; and

(iii) authorizes and approves that the real property tax abatement benefits (“PILOT benefits”) to be provided over the term of the PILOT Agreement are estimated to be approximately \$191,752, resulting in estimated total PILOT payments of \$52,296 over the term of the PILOT Agreement.

B. Terms and Conditions of Financial Assistance. Pursuant to Section 875(3) of the New York General Municipal Law, and per the policies of the Agency, the Agency may recover or recapture from the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project, any New York State and local sales and use tax exemption benefits, and/or mortgage recording tax exemption benefits, and/or partial

abatements from real property taxes benefits taken or purported to be taken by the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project, if it is determined that: (i) the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project, is not entitled to the New York State and local sales and use tax exemption benefits; (ii) the New York State and local sales and use tax exemption benefits are in excess of the amounts authorized to be taken by the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project; (iii) the New York State and local sales and use tax exemption benefits are for property or services not authorized by the Agency as part of the Project; (iv) the Company has made a material false statement on its application for Financial Assistance; (v) the New York State and local sales and use tax exemption benefits and/or mortgage recording tax exemption benefits, and/or the partial abatement from real property taxes benefits are taken in cases where the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project, fails to comply with the Investment Commitment, the Employment Commitment, and/or the Local Labor Commitment, said commitments, as described below, being a material term or condition to use property or services in the manner approved by the Agency in connection with the Project; and/or (vi) the New York State and local sales and use tax exemption benefits, and/or mortgage recording tax exemption benefits, and/or the partial abatement from real property taxes benefits are taken in cases where the Company fails to comply with the Equal Pay Commitment and/or the Unpaid Real Property Tax Policy Commitment, as described below, being a material term or condition to use property or services in the manner approved by the Agency in connection with the Project.

As a condition precedent of receiving Financial Assistance, the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project, must cooperate with the Agency in its efforts to recover or recapture any Financial Assistance, and promptly pay over any such amounts to the Agency that the Agency demands.

(C) Commitments. As an additional condition precedent of receiving Financial Assistance, and as a material term or condition as approved by the Agency in connection with the Project, the Company covenants and agrees and understands that it must, subject to potential modification, termination and/or recapture of Financial Assistance for failure to meet and maintain the commitments and thresholds as described below, submit, on an annual basis or as otherwise indicated below through the termination of the PILOT Agreement, a certification, as so required by the Agency, confirming:

- (i) Investment Commitment- the total investment actually made with respect to the Project at the time of Project completion equals or exceeds \$2,592,000 (which represents the product of 85% multiplied by \$3,050,000, being the total project cost as stated in the Company’s application for Financial Assistance).
- (ii) Employment Commitment – that there are at least one (1) existing part-time equivalent (“PTE”) employees located at, or to be located at, the Facility as stated in the Company’s application for Financial Assistance (the “Baseline FTE”); and

- the number of current PTE employees in the then current year at the Facility; and
 - that within two (2) years of Project completion, the Company has maintained and created PTE employment at the Facility equal to one (1) PTE employee. In an effort to confirm and verify the Company's employment numbers, the Agency requires that, at a minimum, the Company provide employment data to the Agency on a quarterly basis, said information to be provided on the Agency's "Quarterly Employment Survey" form to be made available to the Company by the Agency.
- (iii) Local Labor Commitment - that the Company adheres to and complies with the Agency's Local Labor Workforce Certification Policy on a quarterly basis during the construction period.
- (iv) Equal Pay Commitment – that the Company adheres to and complies with the Agency's Pay Equity Policy.
- (v) Unpaid Real Property Tax Policy Commitment – that the Company is compliant with the Agency's Unpaid Real Property Tax Policy.

Section 4. Subject to the terms of this Inducement Resolution, the Chair, the Vice Chair, the President/Chief Executive Officer, the Vice President, the Chief Financial Officer/Treasurer and/or the Assistant Treasurer, are hereby authorized, on behalf of the Agency, to negotiate, execute and deliver (A) an Agent Agreement, (B) the Lease Agreement whereby the Company leases the Project to the Agency, (C) the related Leaseback Agreement whereby the Agency leases the Project back to the Company, and (D) the PILOT Agreement and (E) related documents; provided, however, that (i) the rental payments under the Leaseback Agreement to the Company include payments of all costs incurred by the Agency arising out of or related to the Project and indemnification of the Agency by the Company for actions taken by the Company and/or claims arising out of or related to the Project; and (ii) the terms of the PILOT Agreement are consistent with the Agency's Uniform Tax Exemption Policy, or procedures for deviation have been complied with accordingly.

Section 5. Subject to the terms of this Inducement Resolution, the Chair, the Vice Chair, the President/Chief Executive Officer, the Vice President, the Chief Financial Officer/Treasurer and/or the Assistant Treasurer, are hereby authorized, on behalf of the Agency, to negotiate, execute and deliver any mortgage, assignment of leases and rents, security agreement, UCC-1 Financing Statements and all documents reasonably contemplated by these resolutions or required by any lender identified by the Company (the "Lender") up to a maximum principal amount necessary to undertake the Project, acquire the Facility and/or finance or refinance acquisition and Project costs or equipment and other personal property and related transactional costs (hereinafter, with the Lease Agreement, Leaseback Agreement, and related documents, collectively called the "Agency Documents"); and, where appropriate, the Secretary or the Assistant Secretary of the Agency is hereby authorized to affix the seal of the Agency to the Agency Documents and to attest the same, all with such changes, variations, omissions and insertions as the Chair, the Vice Chair, the President/Chief Executive Officer, the

Vice President, the Chief Financial Officer/Treasurer and/or the Assistant Treasurer of the Agency shall approve, the execution thereof by the Chair, the Vice Chair, the President/Chief Executive Officer, the Vice President, the Chief Financial Officer/Treasurer and/or the Assistant Treasurer of the Agency to constitute conclusive evidence of such approval; provided in all events recourse against the Agency is limited to the Agency's interest in the Project.

Section 6. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required and to negotiate, execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 7. The provision by the Agency of Financial Assistance with respect to the Project as described herein is subject to the execution and delivery of the Agency's Administrative Fee Agreement (the "Fee Agreement") and payment by the Company of an administrative fee calculated in accordance with the Fee Agreement, all within sixty (60) days of the date of this resolution. In the event the Agency has not received the executed Fee Agreement and the appropriate fee within such sixty (60) day period, this resolution shall become automatically null and void and of no further effect and the Agency shall have no liability to the Company hereunder or otherwise, unless extended in the discretion of the Chair, the Vice Chair, the President/Chief Executive Officer, the Vice President, the Chief Financial Officer/Treasurer, or the Assistant Treasurer for good cause shown.

Section 8. This resolution shall take effect immediately, and shall expire one (1) year from the date hereof unless extended for good cause by the Chair, the Vice Chair, the President/Chief Executive Officer, the Vice President, the Chief Financial Officer/Treasurer, or the Assistant Treasurer.

Dated: March 24, 2021



44 17th Street

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	Bush Lofts
Project Summary	44 17th Street is a vacant warehouse that Terzo Development is looking to redevelopment into a multi-family apartment building in the City of Buffalo's West Side.
Applicant Name	Carl Montante III
Applicant Address	505 Ellicott Street
Applicant Address 2	Suite 122
Applicant City	Buffalo
Applicant State	New York
Applicant Zip	14203
Phone	(716) 998-3512
Fax	
E-mail	cmontante@terzodevelopment.com
Website	
NAICS Code	

Business Organization

Type of Business	Limited Liability Company
Year Established	2020
State in which Organization is established	New York

Individual Completing Application

Name	Carl J. Montante III
Title	Founder and CEO
Address	505 Ellicott Street
Address 2	Suite 122
City	Buffalo
State	New York
Zip	14203
Phone	(716) 998-3512

Fax
E-Mail cmontante@terzodevelopment.com

Company Contact (if different from individual completing application)

Name
Title
Address
Address 2
City
State New York
Zip
Phone
Fax
E-Mail

Company Counsel

Name of Attorney Martin Clifford
Firm Name
Address 403 Main Street
Address 2 Suite 716
City Buffalo
State New York
Zip 14203
Phone (716) 308-3260
Fax
E-Mail mclifford@cliff-law.com

Benefits Requested (select all that apply)

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

* (typically for not-for-profits & small qualified manufacturers)

Applicant Business Description

Describe in detail company background, history, products and customers. Description is critical in determining eligibility.

Terzo Development, LLC is a private, urban development company based in Buffalo, NY. Carl Montante, III and John Ticco each own 50% of the LLC. Terzo's mission is to help build under-invested communities and neighborhoods in the city of Buffalo, such as the city's West Side, East Side, and First Ward, amongst other areas. Receiving benefits such as sales, mortgage, and property tax exemption would truly help the young company's success and ability to complete more and more projects in these under-invested areas down the road.

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?

100

Describe vendors within Erie County for major purchases

Vendors have not been chosen yet, but it will be my primary objective to work with my contractor, Paul Lamparelli, to make sure we are purchasing from vendors within Erie County.

Section II: Eligibility Questionnaire - Project Description & Details

Project Location

Address of Proposed Project Facility

44 17th Street, Buffalo, NY 14203

Town/City/Village of Project Site

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

99.60-7-10

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

\$4200

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

From what I know, yes. I do not own the property, but from what I have heard, the estate has kept up on the tax payments.

*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

Jim Bush Estate

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

Yes

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

The 15,000 sf building is currently vacant and has been for over a year and a half now. I have a letter from the current owner stating how the property has been underused for the last 5+ years. Since the 1980's the property was used as a private residence and photography studio for Mr. Jim Bush. Unfortunately, he lost a battle with cancer in July 2019 so the building has been vacant since then and was severely underutilized for years prior to Mr. Bush's passing.

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 existing 15,000 sf building at 44 17th Street has been vacant since July 2019 and was severely underutilized for several years prior. My purpose of this project is to A) renovate a historic structure in the West Side of Buffalo that is in serious jeopardy when it comes to possible demolition, and B) create market/affordable-rate apartment housing for young professionals and students looking to live in the urban footprint of Buffalo. This project's plans call for 13 units (3 of which being affordable at 80% AMI) and 6-7 spaces of off-site parking which will be rented/leased to tenants of the building. We will also be adding a curb cut to the front of the building which will open 3-4 additional parking spaces that are currently unavailable. The end user will be the tenants of the apartment buildings and the property will be owned and held by Terzo Development. Without the ECIDA 7 Year PILOT program, this project will not be able to financially support itself and that is because lenders need to see this benefit approved for their debt service coverage needs to be met.

Municipality or Municipalities of current operations

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 cannot take place without Financial Assistance provided by the agency as mentioned above. Without the assistance, the project will not be able to repay debt obligations and therefore no return will be made, causing the project not to begin in the first place.

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 reason why the Agency's financial assistance is necessary, is because without this help, the project will not take place. Renovation costs are already high (plus the need for a new roof, new HVAC system, new plumbing etc.), so having sales tax and mortgage tax breaks will help in a very beneficial way for the redevelopment efforts of the property. In regard to the property tax and the operating costs of the project, the tax break is necessary for us to cover operating costs and debt obligations. Without the tax break, we will not be able to receive financing on the project and therefore, the project will not happen.

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 we are unable to obtain financial assistance, then there will be an impact on multiple parties including the applicant and Erie County. Impacts such as lower tax revenue, employment opportunity, lending availability for banks in the area who want to invest and help build Buffalo, etc.

Will project include leasing any equipment?

No

If yes, please describe equipment and lease terms.

Site Characteristics**Is your project located near public transportation?**

Yes

If yes describe if site is accessible by either metro or bus line (provide route number for bus lines)

The site is accessible by bus. 44 17th Street is .3 miles from 3 bus stops (Summer and Richmond, Richmond and Utica, and Normal and Connecticut). The bus lines are #3, #7 and #12.

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

N-2R is the current zoning onsite.

Describe required zoning/land use, if different

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

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

No

If yes, please explain

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?

Yes

If yes, please provide copies of the study.

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

No

If yes, describe the efficiencies achieved

We will be buying all high-efficiency appliances such as washers and dryers, refrigerators, and HVAC systems. 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.

Estimated costs in connection with Project

1.) Land and/or Building Acquisition

\$ 500,000 15,000 square feet 1 acres

2.) New Building Construction

\$ 0 0 square feet

3.) New Building addition(s)

\$ 0 0 square feet

4.) Reconstruction/Renovation

\$ 2,050,000 15,000 square feet

5.) Manufacturing Equipment

\$ 0

6.) Infrastructure Work

\$ 0

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

\$ 0

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

\$ 500,000

9.) Other Cost

\$ 0

Explain Other Costs

Total Cost \$ 3,050,000

Construction Cost Breakdown:

Total Cost of Construction \$ 2,050,000 (sum of 2, 3, 4 and 6 in Project Information, above)
Cost of materials \$ 1,100,000.00
% sourced in Erie County 100%

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 \$ 1,100,000

Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above): \$ 96,250

** Note that the estimate provided above will be provided to the New York State Department of Taxation and Finance. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to undertake the total amount of investment as proposed within this Application, and that the estimate, above, represents the maximum amount of sales and use tax benefit that the Agency may authorize with respect to this Application. The Agency may utilize the estimate, above, as well as the proposed total Project Costs as contained within this Application, to determine the Financial Assistance that will be offered.

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

Have any of the above costs been paid or incurred as of the date of this Application? No

If Yes, describe particulars:

Sources of Funds for Project Costs:

Equity (excluding equity that is attributed to grants/tax credits):	\$ 800,000
Bank Financing:	\$ 2,250,000
Tax Exempt Bond Issuance (if applicable):	\$ 0
Taxable Bond Issuance (if applicable):	\$ 0
Public Sources (Include sum total of all state and federal grants and tax credits):	\$ 0
Identify each state and federal grant/credit: (ie Historic Tax Credit, New Market Tax Credit, Brownfield, Cleanup Program, ESD, other public sources)	0
Total Sources of Funds for Project Costs:	\$3,050,000
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).	2,250,000
Lender Name, if Known	
Estimated Mortgage Recording Tax Exemption Benefit (product of mortgage amount as indicated above multiplied by 3/4 of 1%):	\$16,875

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):	N/A
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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

While we are a brand new company, we are still working through internal policies. However, I have and will continue to make it known to contractors that we use how we want to see MBE and WBE subcontractors given the opportunity to work on Terzo Projects.

Is project necessary to expand project employment?

Yes

Is project necessary to retain existing employment?

Yes

Will project include leasing any equipment?

No

If yes, please describe equipment and lease terms.

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

By statute, Agency staff must project the number of FTE jobs that would be retained and created if the request for Financial Assistance is granted. Agency staff will project such jobs over the TWO Year time period following Project completion. Agency staff converts PT jobs into FTE jobs by dividing the number of PT jobs by two (2).

	Current # of jobs at proposed project location or to be relocated at project location	If financial assistance is granted – project the number of FT and PT jobs to be retained	If financial assistance is granted – project the number of FT and PT jobs to be created upon 24 months (2 years) after Project completion	Estimate number of residents of the Labor Market Area in which the project is located that will fill the FT and PT jobs to be created upon 24 months (2 years) after project completion **
Full time	0	0	0	0
Part time	0	0	1	1
Total	0	0	1	

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	0	\$ 0	\$ 0	\$ 0	\$ 0
Professional	0	\$ 0	\$ 0	\$ 0	\$ 0
Administrative	0	\$ 0	\$ 0	\$ 0	\$ 0
Production	0	\$ 0	\$ 0	\$ 0	\$ 0
Independent Contractor	1	\$ 0	\$ 0	\$ 15,000	\$ 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

15,000

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

0

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

0

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

0

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

15,000

Estimated salary range of jobs to be created

From (Full Time)	0	To (Full Time)	0
From (Part Time)	15,000	To (Part Time)	15,000

Section III: Environmental Questionnaire

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

General Background Information

Address of Premises

44 17th Street Buffalo, NY 14203

Name and Address of Owner of Premises

Carl Montante III 505 Ellicott Street, Suite 122 Buffalo, NY 14203

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

The premises at 44 17th Street is a vacant warehouse that sits on .304 acres within a residential street/neighborhood in the West Side of Buffalo.

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

From what I know, the property was built in the 1880's as a Livery Horse Stable and has changed owners a few times over the last 100+ years. Currently, it is vacant and waiting for redevelopment.

Describe all known former uses of the Premises

Livery Horse Stable Ice Cream Truck Warehouse Light Framing Shop (Woodworking, mattresses, beds, etc.) Photography Studio/Private Residence

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

No

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

Have there been any spills, releases or unpermitted discharges of petroleum, hazardous substances, chemicals or hazardous wastes at or near the Premises?

Yes

If yes, describe and attach any incident reports and the results of any investigations

There was a gas tank on the property, under the parking pad, that has been removed and marked as clean by the NYSDEC.

Has the Premises or any part of it ever been the subject of any enforcement action by any federal, state or local government entity, or does the preparer of this questionnaire have knowledge of: a) any current federal, state or local enforcement actions; b) any areas of non-compliance with any federal, state or local laws, ordinances, rules or regulations associated with operations over the past 12 months?

No

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

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

No

If yes, describe in full detail

Solid And Hazardous Wastes And Hazardous Substances

Does any activity conducted or contemplated to be conducted at the premises generate, treat or dispose of any petroleum,

petroleum-related products, solid and hazardous wastes or hazardous substances?

No

If yes, provide the Premises' applicable EPA (or State) identification number

Have any federal, state or local permits been issued to the Premises for the use, generation and/or storage of solid and hazardous wastes?

No

If yes, please provide copies of the permits.

Identify the transporter of any hazardous and/or solid wastes to or from the Premises

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

Does or is it contemplated that there will occur at the Premises any accumulation or storage of any hazardous wastes on-site for disposal for longer than 90 days?

No

If yes, please identify the substance, the quantity and describe how it is stored

Discharge Into Waterbodies

Briefly describe any current or contemplated industrial process discharges (including the approximate volume, source, type and number of discharge points). Please provide copies of all permits for such discharges

N/A

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

N/A

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

N/A

Have there been any leaks, spills, releases or other discharges (including loss of inventory) associated with any of these tanks?

No

If yes, please provide all details regarding the event, including the response taken, all analytical results or reports developed through investigation (whether internal or external), and the agencies which were involved

Polychlorinated Biphenyls ("PCB" or "PCBs") And Asbestos

Provide any records in your possession or known to you to exist concerning any on-site PCBs or PCB equipment, whether used or stored, and whether produced as a byproduct of the manufacturing process or otherwise.

Have there been any PCB spills, discharges or other accidents at the Premises?

No

If yes, relate all the circumstances

Do the Premises have any asbestos containing materials?

No

If yes, please identify the materials

Section IV: Facility Type - Single or Multi Tenant

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

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

Buffalo has seen a spike in housing needs in the past year and that demand is continuing to grow. Redeveloping 13 units in the West Side of Buffalo will be a sought after dwelling once complete.

Have any tenant leases been entered into for this project?

No

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.
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*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?

No

If yes, complete the Retail Questionnaire Supplement below.

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?

Yes

What is the age of the structure (in years)? 140

Has the structure been vacant or underutilized for a minimum of 3 years? (Underutilized is 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)

Yes

If vacant, number of years vacant.

2

If underutilized, number of years underutilized.

5

Describe the use of the building during the time it has been underutilized:

For the last 40+ years, Mr. Jim Bush owned and worked out of this building. Unfortunately, Mr. Bush passed away from cancer in July 2019 and for the previous 5 years, the building, according to his brother, was underutilized. I have received a letter from Mr. Bush's brother explaining his thoughts and reasoning.

Is the structure currently generating insignificant income? (Insignificant income is defined as income that is 50% or less than the market rate income average for that property class)

No

If yes, please provide dollar amount of income being generated, if any

If apartments are planned in the facility, please indicate the following:

	Number of Units	Sq. Ft. Range Low to High	Rent Range Low to High
1 Bedroom	3	635 - 1,007	\$900 - \$1,400
2 Bedroom	7	812 - 1,240	\$1,137 - \$1,740
3 Bedroom	2	1,350 - 1,625	\$1,890 - \$2,275
Other	1	483 - 483	\$532 - \$600

Does the site have historical significance?

No

If yes, please indicate historical designation

Are you applying for either State/Federal Historical Tax Credit Programs?

No

If yes, provide estimated value of tax credits

Briefly summarize the financial obstacles to development that this project faces without ECIDA or other public assistance. Please provide the ECIDA with documentation to support the financial obstacles to development (you will be asked to provide cash flow projections documenting costs, expenses and revenues with and without IDA and other tax credits included indicating below average return on investment rates compared to regional industry averages)

Without cost savings from the property taxes, the project will return a negative cash flow after debt service. Due to that reason, the banks and/or any other lending provider will not issue a loan.

Briefly summarize the demonstrated support that you intend to receive from local government entities. Please provide ECIDA with

documentation of this support in the form of signed letters from these entities

I have spoken with Lisa Hicks at the City of Buffalo and while nothing has been formally documented, she sounds excited about the project and potential investment that will happen in the City of Buffalo's West Side.

Indicate other factors that you would like the Agency to consider such as: structure or site presents significant public safety hazard and or environmental remediation costs, structure presents significant costs associated with building code compliance

The structure, as it currently sits, needs work. There are leaks in the roof, there are exterior bricks that are crumbling and falling, and the building is vacant. On top of the roof, we need a total gut renovation of flooring, interior walls, HVAC and Plumbing systems, etc. This is a perfect opportunity to bring an old building back to life, provide exceptional housing in the city's West End, and help a new, young developer in the city of Buffalo that wants to invest time, money and effort back into this amazing city.

Indicate census tract of project location

State Code: 36 County Code: 029 Tract Code: 0067.01

Indicate how project will eliminate slum and blight

The building is currently vacant and unused. Redeveloping it into an apartment/multi-tenant building will help eliminate slum and blight.

If project will be constructed to LEED standards indicate renewable resources utilized

N/A

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

44 17th Street

City/Town

Buffalo

State

New York

Zip Code

14203

Will the project result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the state to another area of the state?

No

Will the project result in the abandonment of one or more plants or facilities of the Project occupant located within the state?

No

If Yes to either question, explain how, notwithstanding the aforementioned closing or activity reduction, the Agency's Financial Assistance is required to prevent the Project from relocating out of the State, or is reasonably necessary to preserve the Project occupant's competitive position in its respective industry:

Does this project involve relocation or consolidation of a project occupant from another municipality?

Within New York State

No

Within Erie County

No

If Yes to either question, please, explain

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

No

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

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

Onsite parking (6-7 spaces), mix of unit sizes, in-unit laundry, fabulous natural light, close proximity to various shops, bars and restaurants as well as public transportation, bike storage onsite.

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?

<BLANK>

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

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

Please provide a list of properties considered, and the reason they were not adequate. (Some examples include: site not large

enough, layout was not appropriate, did not have adequate utility service, etc.) Please include full address for locations.

Section IX: Senior Housing

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

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

No

Medbio, LLC

Assignment and Assumption of Polymer Conversions Project

ELIGIBILITY	Project Title: Assignment and Assumption of Polymer Conversions Project
<ul style="list-style-type: none"> • NAICS Section - 326199 	Project Address: 5732 Big Tree Road Orchard Park, New York 14127 (Orchard Park Central School District)
COMPANY INCENTIVES	Agency Request
<ul style="list-style-type: none"> • Assumption of approximately \$40,000 in property tax savings 	Approval of Assignment and Assumption of Polymer Conversions Lease and PILOT to a new entity: Medbio, LLC
EMPLOYMENT	Company Description/History
<ul style="list-style-type: none"> • There are 120 FT people working at the facility and MedBio plans to keep all of the employees. 	<p>In 2008, the ECIDA closed on a \$7,200,000 project for Polymer Conversions, Inc. and Birch Run, Inc. which company was owned by Jack Bertsch. The project consisted of the construction of a 27,000 sq. ft. addition to the company’s then current manufacturing facility located on Big Tree Road in the Town of Orchard Park. Polymer Conversions is a premier custom plastic injection molder specializing in highly technical, high tolerance medical components and gearing devices.</p> <p>In 2020, the Bertsch family sold Polymer Conversions and its parent company, Birch Run, Inc. to Medbio Intermediate Holding LLC (“MedBio”) Med Bio is an outsourced manufacturer specializing in clean room injection molding and assembly for medical, life science, and biotechnology devices. The acquisition of Polymer created a premier medical device manufacturing platform of scale and capable of supporting growth for Polymer’s customers.</p> <p>Medbio is a portfolio company of Graham Partners, a leading private investment firm targeting technology driven advanced manufacturing companies.</p> <p>Med Bio is requesting the assignment and assumption of the Agency Lease and PILOT which would preserve the remaining PILOT benefit – through 2023 - which would provide approximately \$40,000 in estimated benefits to the company during the remaining years of the PILOT. The PILOT term extends through 2023 for the Town and County and the ‘22/’23 school year. NOTE: This was under our previous 15 year PILOT. In return for the Lease and PILOT assumption, Med Bio would agree to abide by the following recapture terms:</p>

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Employment	Coincides with recapture period.	Maintain 100% of current employees: 120
Unpaid Taxes	Coincides with recapture period.	Adherence to policy
Pay Equity	Coincides with recapture period.	Adherence to policy
Recapture Period	Coincides with Lease/PILOT Term	Real Property Taxes

Recapture applies to:
Real Property Tax

Pursuant to New York General Municipal Law, the agency shall modify, recover, recapture or terminate any financial assistance taken by the company that are in violation of the GML.

Company must through the end of recapture term i) maintain 100% of current employees; ii) adhere to unpaid tax and pay equity policies.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
RESOLUTION

(Assignment of Jack E. Bertsch/Polymer Conversions, Inc. Project to Birch Run Inc.)

A regular meeting of the Erie County Industrial Development Agency was convened on Wednesday, March 24, 2021 at 12:00 p.m.

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

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ASSIGNMENT OF AND ASSUMPTION BY JACK E. BERTSCH TO BIRCH RUN INC., OF THE EXISTING LEASE, LEASEBACK, AND PILOT AGREEMENT TOGETHER WITH ALL ASSOCIATED DOCUMENTS RELATING TO THE FACILITY LOCATED AT 5732 BIG TREE ROAD, ORCHARD PARK, NEW YORK

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 293 of the Laws of 1970 of the State of New York, as amended (collectively, the "Act"), the ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (the "Agency") was created with the authority and power to own, lease and sell property for the purpose of, among other things, acquiring, constructing and equipping civic, industrial, manufacturing, commercial and other facilities as authorized by the Act; and

WHEREAS, to accomplish the purposes of the Act, and to provide certain tax exemptions and abatements to Jack E. Bertsch (the "Company") the Agency, on April 1, 2008, entered into a transaction relating to the Company's acquisition and construction of a certain 27,000 +/- SF manufacturing facility (the "Improvements") and related acquisition and installation of machinery and equipment therein (the "Equipment" and together with the Improvements, the "Project") located at 5732 Big Tree Road, Orchard Park, New York (the "Land", and together with the Improvements and the Equipment, the "Facility") and the sub-lease of the Facility to Polymer Conversions, Inc. (the "Subtenant"), and

WHEREAS, with respect to the foregoing, the Agency and the Company have entered a certain Company Lease, Agency Lease Agreement, PILOT Agreement and an Environmental Compliance and Indemnification Agreement, and related documents, all dated as of April 1, 2008 (the "Agency Documents"); and

WHEREAS, the Company has submitted an application to the Agency (the "Application") whereby the Company informed the Agency that effective as of August 1, 2020, the Company has sold the Facility to Birch Run Inc., (the "Assignee"), that the Subtenant continues to occupy the Facility as Assignee's tenant; and that, pursuant to Section 15.1 of that certain Agency Lease Agreement, the Company has requested that the Agency approve of and

consent to the conveyance of the Facility and assignment of the Agency Documents to the Assignee; and

WHEREAS, the Agency desires to approve of and consent to : (i) the conveyance of the Facility by the Company to the Assignee; (ii) the undertaking of the Assignment; and (iii) the execution and delivery of documents and agreements to effectuate the foregoing.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. The Agency hereby finds that the assignment and assumption of the Project as herein described constitutes a Type II Action, as defined within the State Environmental Quality Review Act (“SEQRA”) and regulations adopted pursuant thereto at 6 N.Y.C.R.R. Part 617.5(c)(32) whereby the assignment and assumption constitutes a transfer of leasehold rights with no material change in permitted conditions or activities and as such, no further action under SEQR is required.

Section 2. The Agency hereby consents to the conveyance of the Facility to the Assignee, and the assignment and assumption of the Agency Documents from Company to the Assignee, subject to (i) the Company, Assignee, and Agency entering into an appropriate Assignment and Assumption Agreement, and related documents, to be dated and effective as of no sooner than August 1, 2020, and (ii) the delivery to the Agency of a binder, certificate or other evidence of insurance for the Project satisfactory to the Agency. With respect to the foregoing, the Agency hereby authorizes and approves that the real property tax abatement benefits to be provided over the term of the PILOT Agreement be assigned to, and assumed by, the Assignee.

Section 3. The consent contained herein is further conditioned upon adherence by the Assignee to the policies of the Agency whereby the Agency may recover or recapture from the Assignee real property tax abatement benefits, or amend or terminate the partial abatement from real property taxes benefits if it is determined that: (i) the Company and/or Assignee has made a material false statement on its Application and/or (ii) the partial abatement from real property taxes benefits are taken in cases where the Assignee fails to comply, or cause to be complied with, with the Employment Commitment and/or the Equal Pay Commitment and/or the Unpaid Real Property Tax Policy Commitment, as described below, being a material term or condition to use property or services in the manner approved by the Agency in connection with the Project. As a condition precedent of receiving the partial real property tax abatement benefits, the Assignee must cooperate with the Agency in its efforts to recover or recapture any real property tax abatement benefits, and promptly pay over any such amounts to the Agency that the Agency demands.

Section 4. As an additional condition precedent of receiving the real property tax abatement benefits, and as a material term or condition as approved by the Agency in connection with the assignment of the Project by the Company to the Assignee, the Assignee covenants and agrees and understands that it must, subject to potential modification, termination and/or recapture of real property tax abatement benefits for failure to meet and maintain the commitments and thresholds as described below, submit, on an annual basis or as otherwise

indicated below through the termination of the PILOT Agreement, a certification, as so required by the Agency, confirming:

- (i) Employment Commitment – that there are at least 120 existing full-time equivalent (“FTE”) employees located at the Facility as stated in the Application (the “Baseline FTE”); and
 - the number of current FTE employees in the then current year at the Facility; and
 - that, the Assignee has maintained, or caused to be maintained, FTE employment at the Facility equal to the Baseline FTE. In an effort to confirm and verify the Assignee’s employment numbers, the Agency requires that, at a minimum, the Assignee provide, or cause to be provided, employment data to the Agency on a quarterly basis, said information to be provided on the Agency’s “Quarterly Employment Survey” form to be made available to the Assignee by the Agency.
- (ii) Equal Pay Commitment – that the Assignee adheres to and complies with the Agency’s Pay Equity Policy.
- (iii) Unpaid Real Property Tax Policy Commitment – that the Assignee is compliant with the Agency’s Unpaid Real Property Tax Policy.

Section 3. Subject to the terms of this Resolution, the Chair, the President/Chief Executive Officer, the Chief Operating Officer, the Vice President, the Chief Financial Officer/Treasurer, and/or the Assistant Treasurer, are hereby authorized, on behalf of the Agency, to negotiate, execute and deliver any documents necessary and incidental to the assignment and assumption of the Project.

Section 4. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required and to negotiate, execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 5. This resolution shall take effect immediately.

Dated: March 24, 2021



Polymer Conversions, Inc.

[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	Polymer Conversions, Inc. Assignment of 2008 PILOT
Project Summary	Request for ECIDA consent to the Assignment of the 2008 PILOT program from Jack E. Bertsch to Birch Run Inc.
Applicant Name	Birch Run Inc.
Applicant Address	5732 Big Tree Road
Applicant Address 2	
Applicant City	Orchard Park
Applicant State	New York
Applicant Zip	14127
Phone	(716) 662-8550
Fax	
E-mail	
Website	https://polymerconversions.com/
NAICS Code	326199

Business Organization

Type of Business	Corporation
Year Established	1978
State in which Organization is established	New York

Individual Completing Application

Name	Benjamin J. Harp
Title	President
Address	5732 Big Tree Road
Address 2	
City	Orchard Park
State	New York
Zip	14127
Phone	(716) 622-8550

Fax

E-Mail bharp@polymerconversions.com

Company Contact (if different from individual completing application)

Name

Title

Address

Address 2

City

State New York

Zip

Phone

Fax

E-Mail

Company Counsel

Name of Attorney Christopher H. Brown, Jr.

Firm Name Roach, Lennon & Brown, PLLC

Address 535 Washington Street Suite 1000

Address 2

City Buffalo

State New York

Zip 14203

Phone (716) 235-3025

Fax (716) 235-3026

E-Mail chbrown@rlbattorneys.com

Benefits Requested (select all that apply)

Exemption from Sales Tax No

Exemption from Mortgage Tax No

Exemption from Real Property Tax Yes

Tax Exempt Financing* No

* (typically for not-for-profits & small qualified manufacturers)

Applicant Business Description

Describe in detail company background, history, products and customers. Description is critical in determining eligibility.

Polymer Conversions, Inc. (PCI), the wholly-owned subsidiary of Applicant, is a premier precision custom plastics injection molder located in Orchard Park, New York. Since 1979, PCI has specialized in highly technical, tight-tolerance medical devices, medical components, biometric devices, gearing parts, and turnkey product solutions. PCI manufactures, among other products, small-part precision Class I & II medical device components/assemblies and other complex critical-to-life injection molded products. It excels on projects that are highly technical and require engineering horsepower, robust tooling, stringent validations, and ultra-consistent quality. PCI's molded products are used in the manufacture of critical-to-life medical device, life science, pharmaceutical, biomedical, veterinary, and dental industries. PCI's capabilities include offering customers full-service plastic part manufacturing, including Program/Project Management, Product Design Review, and Tooling Design Review. PCI also offers secondary operations include pad printing, testing, joining, labeling, specialty packaging and other value-added services, including sophisticated robotic assembly. In addition to plastic injection, PCI offers liquid silicon rubber (LSR) molding, located at a different facility, a highly complementary technology in the medical device space. End markets for PCI products include respiratory care, pharmaceutical filtration, drug delivery, pharmaceutical and personal care, ENT devices, blood diagnostics and enteral feeding. PCI was founded, owned and operated by Jack and Joan Bertsch since 1979. In August 2020, and as part of Jack and Joan Bertsch's anticipated plan for the transition of PCI, upon retirement, PCI was sold to Medbio Intermediate Holding LLC ("Medbio"). Medbio is an outsourced manufacture specializing in clean room injection molding and assembly for medical, life science, and biotechnology devices. The acquisition of PCI creates a premier medical device manufacturing platform of scale and capable of supporting growth for PCI's customers. Medbio is a portfolio company of Graham Partners, a leading private investment firm targeting technology-driven advanced manufacturing companies. PCI's main manufacturing facility at 5732 Big Tree Road (the "Facility") is fully equipped with Computer Integrated Manufacturing (CIM)-monitored systems that apply Six Sigma principles to its 32 injection molding presses ranging from 55 to 390 tons of clamping force, and 2 liquid silicon rubber molding machines. The Facility includes a clean room molding area, and secondary operations with decorating, assembly, custom automation, packaging capabilities and a full-service tool room with mold making capabilities. PCI was initially ISO registered in 1997 and currently holds ISO 13485:2016 and ISO 9001:2015. PCI has occupied the Facility since 1990, when the first phase of construction was completed (approximately 37,000 square feet). In 2012, PCI completed a 27,300 square foot addition on the north side of the building (the "2012 Expansion") and the current footprint comprises approximately 65,000 square feet and sits on nearly 15 acres of land. The Agency sponsored the 2012 Expansion with an Agreement for Payment in Lieu of Real Estate Taxes, dated April 1, 2008, Company Lease, dated April 1, 2008, and Agency Lease Agreement, dated April 1, 2008 (the "2008 IDA").

Estimated % of sales within Erie County	0 %
Estimated % of sales outside Erie County but within New York State	90 %
Estimated % of sales outside New York State but within the U.S.	10 %
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?

30

Describe vendors within Erie County for major purchases

Section II: Eligibility Questionnaire - Project Description & Details

Project Location

Address of Proposed Project Facility

5732 Big Tree Road

Town/City/Village of Project Site

Orchard Park

School District of Project Site

Orchard Park

Current Address (if different)

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

SBL Number(s) for proposed Project

161.18-2-15 and 161.18-2-15./A

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

Subject to 2008 IDA PILOT

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

Land

\$ 94,020.00

Building(s)

\$ 2,061,856.00

If available include a copy of current tax receipt.

Are Real Property Taxes current at project location?

Yes

If no please explain

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

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

Yes

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

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

No

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

Manufacturing facility for Polymer Conversions, Inc.

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)

Applicant is seeking consent to the assignment of the 2008 IDA, nunc pro tunc, effective August 31, 2020. The 2008 IDA project encompassed the 2012 Expansion, which included a 27,300 square foot addition onto the Facility, for purposes of expanding clean room manufacturing operations for PCI. Applicant understands that Agency consent is required to assign the Company Lease, dated April 1, 2008 (the "Company Lease"), the Agency Lease Agreement, dated April 1, 2008 (the "Agency Lease"), the Agreement For Payment in Lieu of Real State Taxes, dated April 1, 2008 (the "PILOT Agreement"), and the Sublease Agreement between Jack E. Bertsch and PCI, dated April 1, 2008 (the "IDA Sublease"). The Bertsch family sold PCI, and its parent company, Birch Run Inc. ("BRI"), as of August 31, 2020 to Medbio Intermediate Holding LLC ("Medbio"). Jack E. Bertsch sold the real estate at 5732 Big Tree Road to Birch Run Inc., which was ultimately acquired by Medbio. The PILOT Agreement, Company Lease, and Agency Lease are between the Agency and Jack E. Bertsch. Medbio is an outsourced manufacture specializing in clean room injection molding and assembly for medical, life science, and biotechnology devices. The acquisition of Polymer creates a premier medical device manufacturing platform of scale and capable of supporting growth for Polymer's customers. Medbio is a portfolio company of Graham Partners, a leading private investment firm targeting technology-driven advanced manufacturing companies. Additional background of Medbio is enclosed with a copy of this letter. Prior to the sale, Medbio expressed an interest in continuing the PILOT with the Agency. Due to the accelerated closing schedule for the transaction, consent to such assignment could not be accomplished in a timely manner. As of August 31, 2020, BRI is the fee simple owner of 5732 Big Tree Road. As a result, to maintain the PILOT, the Company Lease, Agency Lease, IDA Sublease, and PILOT Agreement need to be assigned to BRI, on behalf of PCI, for the remainder of the term which is set to expire in 2023.

Municipality or Municipalities of current operations

Town of Orchard Park

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?

Yes

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:

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)

PCI is competing with several out-of-state and international competitors, both of which have lower tax burden on their respective business and employees. The continuing benefit of the 2008 IDA PILOT will assist PCI in maintaining the investment of the 2012 Expansion, including its world-class facility and state-of-the-science manufacturing equipment and automation necessary to support its business. The continuation of the 2008 IDA PILOT enables PCI to continue its growth and investment in Orchard Park and Erie County, at large, including the ability to increase its local labor force in highly specialized and well-paying manufacturing jobs. PCI is anticipating an additional expansion of the Facility within the next two years, and the continuation of the 2008 IDA PILOT will provide financial assistance to support the prospective expansion.

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?

Will project include leasing any equipment?

No

If yes, please describe equipment and lease terms.

Site Characteristics

Is your project located near public transportation?

No

If yes describe if site is accessible by either metro or bus line (provide route number for bus lines)

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

I-1, Industrial District

Describe required zoning/land use, if different

N/A

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?

No

If yes, please explain

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

No

If yes, please provide a copy.

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

No

If yes, please provide copies of the study.

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

No

If yes, describe the efficiencies achieved

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

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

Yes

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

10%

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

Project Information

Estimated costs in connection with Project

1.) Land and/or Building Acquisition

\$ 0 square feet acres

2.) New Building Construction

\$ 0 square feet

3.) New Building addition(s)

\$ 0 square feet

4.) Reconstruction/Renovation

\$ 0 square feet

5.) Manufacturing Equipment

\$ 0

6.) Infrastructure Work

\$ 0

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

\$ 0

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

\$ 0

9.) Other Cost

\$ 0

Explain Other Costs

Total Cost \$ 0

Construction Cost Breakdown:

Total Cost of Construction \$ 0 (sum of 2, 3, 4 and 6 in Project Information, above)

Cost of materials \$

% sourced in Erie County %

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 \$ 0

Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above): \$ 0

** 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: All costs have been paid since this Application seeks retroactive consent to the assignment of the 2008 IDA.

Sources of Funds for Project Costs:

Equity (excluding equity that is attributed to grants/tax credits): \$ 0
Bank Financing: \$ 0
Tax Exempt Bond Issuance (if applicable): \$ 0
Taxable Bond Issuance (if applicable): \$ 0
Public Sources (Include sum total of all state and federal grants and tax credits): \$ 0
Identify each state and federal grant/credit: (ie Historic Tax Credit, New Market Tax Credit, Brownfield, Cleanup Program, ESD, other public sources) 0
Total Sources of Funds for Project Costs: \$0
Have you secured financing for the project? Yes

Mortgage Recording Tax Exemption Benefit:

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

Mortgage Amount (include sum total of construction/permanent/bridge financing). 0
Lender Name, if Known
Estimated Mortgage Recording Tax Exemption Benefit (product of mortgage amount as indicated above multiplied by 3/4 of 1%): \$0

Real Property Tax Benefit:

Identify and describe if the Project will utilize a real property tax exemption benefit other than the Agency's PILOT benefit (485-a, 485-b, other): No

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

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

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

Is project necessary to expand project employment?

No

Is project necessary to retain existing employment?

Yes

Will project include leasing any equipment?

No

If yes, please describe equipment and lease terms.

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

By statute, Agency staff must project the number of FTE jobs that would be retained and created if the request for Financial Assistance is granted. Agency staff will project such jobs over the TWO Year time period following Project completion. Agency staff converts PT jobs into FTE jobs by dividing the number of PT jobs by two (2).

	Current # of jobs at proposed project location or to be relocated at project location	If financial assistance is granted – project the number of FT and PT jobs to be retained	If financial assistance is granted – project the number of FT and PT jobs to be created upon 24 months (2 years) after Project completion	Estimate number of residents of the Labor Market Area in which the project is located that will fill the FT and PT jobs to be created upon 24 months (2 years) after project completion **
Full time	0	120	0	0
Part time	0	0	0	0
Total	0	120	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	8	\$ 122,314	\$ 24,000	\$ 0	\$ 0
Professional	13	\$ 73,000	\$ 14,600	\$ 0	\$ 0
Administrative	7	\$ 57,200	\$ 11,440	\$ 0	\$ 0
Production	92	\$ 40,000	\$ 8,000	\$ 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	3176 Abbot Rd Hamburg, NY		
Full time	0	5	0
Part time	0	0	0
Total	0	5	0

Payroll Information

Annual Payroll at Proposed Project Site upon completion

6,100,000

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

0

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

66,700

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

5732 Big Tree Road, Orchard Park, New York 14127

Name and Address of Owner of Premises

Birch Run Inc. 5732 Big Tree Road, Orchard Park, New York 14127

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

Industrial park, with wooded terrain, detention pond, and South Branch of Smokes Creek to Casenovia Creek located on the north part of the parcel

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

Initial construction of Facility- 1990 27,000 square foot addition to existing Facility- 2012 Injection molding manufacturing operations, office, and warehouse space.

Describe all known former uses of the Premises

Undeveloped

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

Polymer Conversions, Inc.- Injection molding manufacturing operations, office, and warehouse space. Polymer Conversions, Inc. is the wholly-owned subsidiary of Applicant.

Have there been any spills, releases or unpermitted discharges of petroleum, hazardous substances, chemicals or hazardous wastes at or near the Premises?

No

If yes, describe and attach any incident reports and the results of any investigations

Has the Premises or any part of it ever been the subject of any enforcement action by any federal, state or local government entity, or does the preparer of this questionnaire have knowledge of: a) any current federal, state or local enforcement actions; b) any areas of non-compliance with any federal, state or local laws, ordinances, rules or regulations associated with operations over the past 12 months?

No

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

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

No

If yes, describe in full detail

Solid And Hazardous Wastes And Hazardous Substances

Does any activity conducted or contemplated to be conducted at the premises generate, treat or dispose of any petroleum,

petroleum-related products, solid and hazardous wastes or hazardous substances?

Yes

If yes, provide the Premises' applicable EPA (or State) identification number

NYS Small Quantity Waste Generator EPA ID # NYD 094 167 608

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**

Republic Services

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

Scrap resin and thermoplastic material recycled with Republic Services.

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 storedDischarge 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**

N/A

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

Sewage discharged into municipal sewer system.

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 wasteAir 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

One 55 gallon drum (Isopropyl alcohol)

Have there been any leaks, spills, releases or other discharges (including loss of inventory) associated with any of these tanks?

No

If yes, please provide all details regarding the event, including the response taken, all analytical results or reports developed through investigation (whether internal or external), and the agencies which were involved

Polychlorinated Biphenyls ("PCB" or "PCBs") And Asbestos

Provide any records in your possession or known to you to exist concerning any on-site PCBs or PCB equipment, whether used or stored, and whether produced as a byproduct of the manufacturing process or otherwise.

Have there been any PCB spills, discharges or other accidents at the Premises?

No

If yes, relate all the circumstances

Do the Premises have any asbestos containing materials?

No

If yes, please identify the materials

Section IV: Facility Type - Single or Multi Tenant

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

Single Use Facility

For Single Use Facility

Occupant Name Polymer Conversions, Inc.
Address 5732 Big Tree Road
Contact Person Benjamin Harp, President
Phone (716) 662-8550
Fax
E-Mail bharp@polymerconversions.com
Federal ID # 20-2706624
SIC/NAICS Code 326199

SS

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:

Yes

No

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

No

If yes, complete the Retail Questionnaire Supplement below.

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

5732 Big Tree Road

City/Town

Orchard Park

State

New York

Zip Code

14127

Will the project result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the state to another area of the state?

No

Will the project result in the abandonment of one or more plants or facilities of the Project occupant located within the state?

No

If Yes to either question, explain how, notwithstanding the aforementioned closing or activity reduction, the Agency's Financial Assistance is required to prevent the Project from relocating out of the State, or is reasonably necessary to preserve the Project occupant's competitive position in its respective industry:

Does this project involve relocation or consolidation of a project occupant from another municipality?

Within New York State

No

Within Erie County

No

If Yes to either question, please, explain

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

No

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

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

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?

<BLANK>

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