



Policy Committee

August 4, 2022

At 9:00 a.m.

Via Conference Call & Livestreaming

1. Call Meeting to Order
2. Approval of the July 7, 2022 Policy Committee Meeting Minutes (Pages 2-7)
3. Project Matrix (Page 8)
4. Project Presentation (Staff – Company Q&A)
 - a) Laborers Way/Zephyr (Pages 9-37)
5. MWBE Update
6. Adjournment - Next Meeting **September 1, 2022 at 9:00 a.m.**

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

- DATE:** July 7, 2022
- LIVE STREAMED:** This meeting is being live-audio streamed and made accessible on the Agency's website at www.ecidany.com.
- PRESENT:** Denise Abbott; Hon. April Baskin; Rev. Mark E. Blue; Johanna Coleman; Colleen DiPirro; Richard Lipsitz, Jr.; Brenda W. McDuffie; Hon. Glenn R. Nellis; Laura Smith; David J. State; Lavon Stephens; Hon. John Tobia; Paul Vukelic and Hon. Maria Whyte
- EXCUSED:** Hon. Bryon W. Brown
- OTHERS PRESENT:** John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer; Beth O'Keefe, Vice President of Operations; Andrew Federick, Business Development Officer; Soma Hawramee, Compliance Portfolio Manager; Brian Krygier, Director of Information Technology; Carrie Hocieniec, Operations Assistant; Robbie Ann McPherson, Director of Marketing & Communications; Pat Smith, Senior Bookkeeper; Lynette Thompson, Receptionist and Robert Murray General Counsel/Harris Beach PLLC
- GUESTS:** Zachary Evans on behalf of the County; Julius Aebly on behalf of Aebly & Associates Insurance Services, Inc.; Joe Casullo on behalf of Carrier Terminal Services, Inc. and Steve Helms on behalf of Perry's Ice Cream Company

There being a quorum present at 9:01 a.m., the Meeting of the Policy Committee was called to order by Mr. Lipsitz.

MINUTES

The minutes of the June 2, 2022 Policy Committee meeting were presented. Upon motion made by Ms. Whyte to approve of the minutes, and seconded by Mr. Nellis, the aforementioned Policy Committee meeting minutes were unanimously approved.

PROJECT MATRIX

Mr. Cappellino reviewed the Agency's 2022 Tax Incentives Project Matrix. Mr. Lipsitz directed that the report be received and filed.

PROJECT PRESENTATIONS

Carrier Terminal Services, Inc. / Speed Global Services, 380, 400, 408 and 416 Vulcan Street, Tonawanda, New York 14207. Ms. O’Keefe presented this proposed sales tax, mortgage recording tax and real property tax abatement benefits project involving the purchase and repurpose of 170,399 sq. ft. (or 98% of the 176,399 sq. ft.) of space within the 21 buildings located at 380, 400, 408 and 416 Vulcan Street in the Town of Tonawanda. The renovation will be in phases with a completion date of January 2024. The space will be used by Speed Global Services for warehouse and distribution uses.

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

Mr. Casullo spoke on behalf of the company, and reviewed the proposed project.

Ms. Whyte queried as to how the company can utilize the facility to create more jobs. Mr. Casullo responded that it will just need to grow its Buffalo customer based and discussed how factors such as types of services requested and ceiling height requirements effects job #s. Ms. Whyte then asked about challenges that might occur if incentives were not approved. The company confirmed that more deterioration has been found in the building, further increasing rehabilitation costs, and if the company didn’t get incentives, it would probably slow the project down.

Ms. O’Keefe confirmed that Carrier Terminal Services, Inc. is seeking approximately \$1,520,894 in assistance including sales tax exemption, mortgage tax exemption and real property tax abatement benefits. Total payroll is projected at \$8,401,745 for the direct and indirect jobs created including 25 construction jobs. The resulting cost benefit is 1:6 so for every \$1 of incentives the community benefit is \$6 in payroll & tax revenue. For Erie County, every \$1 of incentives provides \$6 in community benefits.

Ms. O’Keefe 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 = \$7,145,000 85% = \$6,073,250

Employment	Coincides with 7-year PILOT	Maintain Base – 4 FTE, 2 PTE Create 85% of Projected Projected = 3 FTE, 2 PTE 85% = 3 FTE Recapture Employment = 8 FTE
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 tax abatement

Ms. Whyte moved and Ms. McDuffie 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.

Perry’s Ice Cream Co. Inc., 1 Ice Cream Plaza, Akron, New York 14001. Ms. O’Keefe presented this proposed sales tax, mortgage recording tax and real property tax abatement benefits project involving the construction of an approximately 23,000 sq. ft. building next to an existing structure at the Perry’s facility. The new building will house a new extruded ice cream novelty machine with conveyoring as well as upgrading the site’s engine and pumping rooms. Products produced can be dairy and non-dairy, can include more than one base flavor, inclusions, toppings, and dipped coatings.

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

Mr. Helms spoke on behalf of the company.

Ms. Whyte queried what would happen if the Agency did not approve of the project.

Mr. Helms responded that Perry’s would still pursue the project but the speed of the project would slow down and would impact financing.

Mr. Lipsitz spoke in favor of the union membership at Perry’s and asked if new employees will be union employees. Mr. Helms confirmed.

Ms. O’Keefe confirmed that Perry’s Ice Cream Co., Inc. is seeking \$669,933 in incentives including sales tax exemption, mortgage tax exemption and real property tax abatement benefits. Total payroll is projected at \$334,158,086 for the direct and indirect jobs created including 79 construction jobs. The resulting cost benefit is 1:490 so for every \$1 of incentives the community benefit is \$490 in payroll & tax revenue. For Erie County, every \$1 of incentives provides \$703 in community benefits.

Ms. O’Keefe 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 = \$18,000,000 85% = \$15,300,000
Employment	Coincides with 7-year PILOT	Maintain Base – 356 FTE, 14 PTE (363 FTE) Create 85% of Projected Jobs Projected = 15 FTE 85% = 12 FTE Recapture Employment = 378 FTE
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 tax abatement

Ms. Abbott moved and Mr. Tobia 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.

PANDEMIC IMPACT 2021 RECAPUTRE WAIVER

Mr. Cappellino reviewed the memorandum prepared for the committee describing employment difficulties and challenges that ECIDA clients continue to experience due to COVID-19 impacts, noting about 10% of the Agency’s companies are continuing to experience employment shortfalls related to decline in sales, supply chain impacts, time lag in getting raw materials and difficulty in finding employees despite advertising for employment. Mr. Cappellino stated that it was the recommendation of Agency staff that the Agency continue with the “Special COVID Waiver” with respect to the potential recapture of Agency financial assistance for employee related shortfalls for the 2021 calendar year.

Ms. Smith spoke in favor of the waiver, but expressed concerns that it be linked to COVID-19 impacts and not general global gas/inflation cases.

Ms. McDuffie spoke in favor of the ECIDA's waiver. Ms. Whyte commented and stressed that COVID-19 is still a health challenge in 2022 based on Erie County Health Department statistics, confirmed that employers are having difficulty filling open job positions, and commented on the growing number of woman having to leave the workforce to tend to children, and how this issue continues to challenge women, families, and employers.

Mr. Stevens moved and Ms. McDuffie seconded to recommend to the board that the COVID-19 waiver for 2021 for employee related shortfalls remain in place. Mr. Lipsitz called for the vote and the project was then unanimously approved.

JUNE BOARD MEETING UPDATE

Aebly and Associates Insurance Services a/k/a A&A Union Road, LLC, 1471 Union Road, West Seneca, New York 14224. Mr. Cappellino advised that the Agency, at its June 22, 2022 meeting, expressed concerns over COVID-19 and its impact on the new "work from home" model, and perhaps how the new "work from home" model is contributing to office space vacancy, and noted that the board tabled the project, and asked the ECIDA Policy Committee to consider post-COVID-19 impacts on commercial office and workforce space.

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

Mr. Lipsitz stated he is in favor of reviewing the larger commercial office space policy issue and also in favor of putting this particular project back on the Agency Board meeting agenda as a project recommended for approval by the Policy Committee, unless any member of the committee desires that the committee take a second vote on whether or not to send the project back to the Board.

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

Ms. McDuffie confirmed Mr. Lipsitz's recommendation that this project go back to the Agency Board, as having been already approved by the Policy Committee, and that this project should not be held up based on a desire to create a new commercial office space policy.

Ms. Whyte confirmed that Ms. Gallagher expressed concerns that the project may not be a smart growth project, but notes her conclusion that this project is a smart growth project by reusing a blighted area in West Seneca, so just because it's not an adaptive reuse project, per se, doesn't make it a non-smart growth project. Ms. Whyte expressed support to create an office space working group to analyze this issue going forward. Ms. Whyte also stated her belief that the project should move forward and noted the Agency has approved of other projects even while MWBE and affordable housing policies are under discussion and development.

Mr. Blue noted the Agency continues to evolve and that we still take action even when we do not have a policy for everything.

Mr. Nellis stated that it is important for Policy Committee members to speak up on this project at the next Agency Board meeting.

Mr. Lipsitz proposed that this project go back to the Agency Board for consideration at its July meeting, without a new Policy Committee vote because it was already considered and approved by the Policy Committee at its June 2, 2022 meeting. No objection to Mr. Lipsitz's proposal was made.

Mr. Cappellino stated it's in the discretion of the ECIDA to create an ad hoc working group or a new committee. Ms. McDuffie stated her desire to create a working group to consider and analyze the future of commercial office space, as opposed to a new committee.

Ms. Smith expressed support for the establishment of a commercial office space working group, and stated her opinion on the need for experts to be utilized to assist in this analysis.

Mr. Lipsitz confirmed that a working group will be created to analyze the future of commercial office space and that this A&A Union Road, LLC project will go back to the Agency Board for consideration.

MWBE UPDATE

Mr. Cappellino provided an update to Committee members.

There being no further business to discuss, Mr. Lipsitz adjourned the meeting at 10:23 a.m.

Dated: July 7, 2022

Elizabeth A. O'Keefe, Secretary

Tax Incentives Approved - 2022

Approval Date	Project Name	Project City/Town	Private Investment/ Project Amount	Minimum Investment Commitment	FT Jobs Retained	PT Jobs Retained	FT Jobs to be Created	PT Jobs to be Created	Job Creation	Const Jobs	Spillover Jobs	Length of Term	Incentive Amount
1 Jan-22	791 Washington Street, LLC ¹	Buffalo	\$107,950,000	85% threshold \$91,800,000	0	0	5	0	85% -New 4 Jobs	571	433	Period of PILOT 10 Years	\$3,719,000
1 Jan-22	Arbor Multifamily Lending, LLC	Tonawanda	\$2,100,000	85% threshold \$1,785,000	168	0	25	0	85% -New 21 Jobs	0	158	project completion date + 2 yrs	\$183,750
1 Jan-22	Broadway Development & Management ¹	Buffalo	\$12,500,000	85% threshold \$10,625,000	2	0	8	0	85% -New 7 Jobs	56	55	project completion date + 2 yrs	\$693,750
1 Jan-22	Lactalis American Group, Inc.	Buffalo	\$1,436,697	85% threshold \$1,221,192	334	0	27	0	85% -New 22 Jobs	5	1390	project completion date + 2 yrs	\$121,441
1 Mar-22	471 Elmwood, LLC ¹	Buffalo	\$3,590,000	85% threshold \$3,051,500	0	0	1	0	85% -New 1 Job	20	10	project completion date + 2 yrs	\$122,500
1 Apr-22	Workspport, Ltd.	West Seneca	\$15,006,887	85% threshold \$12,755,854	0	0	6	10	85% -New 9 Jobs	30	33	project completion date + 2 yrs	\$103,562
1 Jul-22	380 Vuclian	Tonawanda	\$7,145,000	85% threshold \$6,073,250	4	2	3	2	85% -New 3 Jobs	25	26	Period of PILOT 7 Years	\$1,520,894
1 Jul-22	Perry's Ice Cream	Akron	\$18,000,000	85% threshold \$15,300,000	365	14	15	0	85% -New 12 Jobs	79	690	Period of PILOT 7 Years	\$699,933
1 Jul-22	Spaulding Business Park	Tonawanda	\$2,055,000	85% threshold \$1,746,750	0	0	20	0	85% -New 17 Jobs	8	24	Period of PILOT 7 Years	\$403,241
1 Jul-22	A & A Union Road, LLC	West Seneca	\$3,110,729	85% threshold \$2,644,119	12	1	2	0	85% -New 1 Job	13	33	Period of PILOT 7 Years	\$521,790

Totals:	Private Investment/ Project Amount	FT Jobs Retained	PT Jobs Retained	FT Jobs Created	PT Jobs Created	Incentive Amount
Adaptive Reuse Subtotal	\$124,040,000	2	0	14	0	\$4,535,250
2022 Total	\$172,894,313	885	17	112	12	\$8,089,861

¹ Adaptive Reuse

Laborers Way 1, LLC
\$ 27,800,000
PRIVATE INVESTMENT INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 531120

COMPANY INCENTIVES

- Approximately \$ 1,088,281 in sales tax savings
- Approximately \$ 1,879,009 in real property tax savings
- Up to 3/4 of 1% of the final mortgage amount estimated at \$ 120,000.

JOBS & ANNUAL PAYROLL

- Current Jobs: 0
- Projected / new jobs: 20 FT, 34 PT (37 FTE)
- Est. salary/yr. of jobs created: \$60,000 FT, \$35,000 PT
- Total jobs after project completion: 37 FTE
- Construction Jobs: 119

PROJECTED COMMUNITY BENEFITS*

- Term: 15 YEARS – PILOT Deviation (BLCP PILOT Agmt)
- NET Community Benefits: \$ 92,463,618
- Spillover Jobs: 141

Total Payroll: \$ 85,984,983

INCENTIVE COST / COMMUNITY BENEFIT RATIO (discounted at 2%)*

Incentives: \$ 2,840,048

Community Benefit: \$ 80,824,364

Cost: Benefit Ratio

- 1:28

Project Title: Laborers Way 1

Project Address: 310 Ship Canal Parkway
Buffalo, NY 14218
(City of Buffalo School District)

Agency Request

A sales tax, mortgage recording tax and real property tax abatement in connection with the construction of two buildings totaling 75,000 sq ft to be used for cannabis cultivation that includes production, packaging and distribution.

Land Acquisition	\$ 425,000
New Building Construction	\$ 21,825,000
Infrastructure	\$ 3,050,000
Soft Costs/Other	\$ 2,500,000
Total Project Cost	\$ 27,800,000
85%	\$ 23,630,000

Company Description

Laborers Way 1, LLC will be the owner/ landlord for this facility. The 75,000 sq ft facility will be subleased to Etain, LLC. Etain, founded by Amy, Hillary and Keeley Peckham received its medical marijuana license in 2015, With a focus on delivering high quality products, Etain currently operates four dispensaries across NYS with a flagship location in Manhattan and other locations in Kingston, Syracuse and Yonkers. Additionally, Etain operates a greenhouse facility in Chestertown, NY which is currently undergoing an expansion from 12,000 sq ft to 56,000 sq ft.

Project Description

The applicant, Laborers Way 1, LLC is under contract to purchase designated Brownfield land (project site) within the Buffalo Lakeside Commerce Park from the Buffalo Urban Development Corporation (BUDC). Following the property acquisition and remediation, the company will construct 2 one-story steel framed structures totaling 75,000 sq ft on the site consisting of an office building and a production building. This facility will be used for cannabis production - manufacturing, cultivating, packaging and distribution. The facility will focus on recreational and/or medical cannabis consistent with NYS laws and the Office of Cannabis Management (OCM) regulations. 100% of the products (such as oils, edibles, and extracts for adult-use) created at the site will be sold within NYS. This project is the first phase of a plan to create approx. 211,000 sq ft campus on this site, comprised of 3 buildings supporting cultivation and manufacturing operations.

* Cost Benefit Analysis Tool powered by MRB Group

Economic Impact: Inform Analytics Cost-Benefit Analysis

The Erie County Industrial Development Agency uses the Cost Benefit Analysis Tool powered by MRB Group to assess the economic impact of a project applying for incentives. A Cost-Benefit Analysis is required by Section 859-a (5)(b) of General Municipal Law. For the complete Cost Benefit Analysis – please see the attached MRB Cost Benefit Calculator.

Cost: Incentives

COSTS	Tax Exemption	Amount
	Property	1,879,009
	Sales	1,088,281
	Mortgage Recording	120,000
	Total	3,087,290
	Discounted at 2%	2,840,048

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **
	Erie County	Individuals	Payroll Construction	17,482,687
			Payroll Permanent	68,502,296
		Public	Property Taxes	1,252,665
			Sales Taxes	714,750
			Other Muni Rev (NFTA)	40,000
	New York State	Public	Income Taxes	3,869,324
			Sales Taxes	601,895
			Total Benefits to EC + NYS***	92,463,618
			Discounted at 2%	80,824,364

* Cost Benefit Analysis Tool powered by MRB Group **includes direct & indirect \$ over project period *** may not sum to total due to rounding

Discounted Cost	\$ 2,840,048
Discounted Benefit	\$ 80,824,364
Ratio	1:28

Conclusion: The Cost Benefit for this project is 1:28. For every \$1 in costs (incentives), this project provides \$28 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$34 in benefits to the community.**

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over abatement period	Additional Local Revenue Over abatement period	New Yearly Taxes Upon Expiration of Abatement Period
\$400,800	\$ 9,400,800	\$ 271,527	\$ 981,146	\$ 208,779
Combined Tax Rate: \$ 23.198				

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 = \$ 27,800,000 85% = \$ 23,630,000
Employment	Coincides with 10-year PILOT	Maintain Base = 0 Create 85% of Projected Projected = 37 FTE 85% = 31 FTE Recapture Employment = 31 FTE
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 15-year PILOT	Adherence to Policy
Unpaid Tax	Coincides with 15-year PILOT	Adherence to Policy
<u>Recapture Period</u>	Coincides with 15-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 31 FTE jobs, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.

Project ECIDA History

- 8/2/22: Public hearing held.
- 8/24/22: Inducement Resolution presented to Board of Directors adopting SEQR with City of Buffalo Common Council as lead agency confirmation that the project will be carried out in conformance with the conditions and thresholds contained in the 2002 FGEIS.
- 8/24/22: Lease/Leaseback Inducement Resolution presented to the Board of Directors

Erie County Industrial Development Agency

MRB Cost Benefit Calculator

Date: July 26, 2022
 Project Title: Laborer's Way 1
 Project Location: 310 Ship Canal Parkway, Buffalo, NY 14218



Economic Impacts

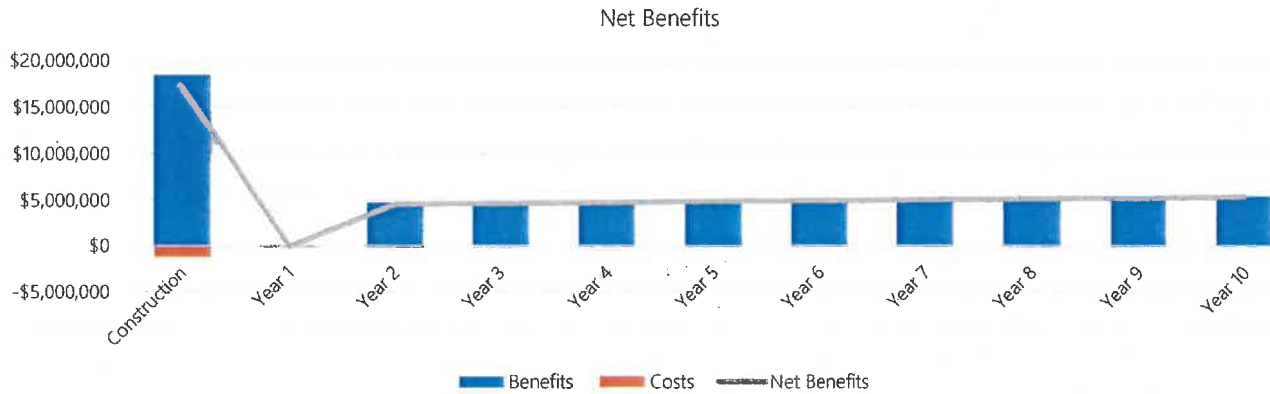
Summary of Economic Impacts over the Life of the PILOT

Project Total Investment
 \$27,800,000

Temporary (Construction)			
	Direct	Indirect	Total
Jobs	119	108	227
Earnings	\$11,266,396	\$6,216,291	\$17,482,687
Local Spend	\$27,244,000	\$19,288,651	\$46,532,651

Ongoing (Operations)			
Aggregate over life of the PILOT			
	Direct	Indirect	Total
Jobs	37	33	70
Earnings	\$34,810,336	\$33,691,960	\$68,502,296

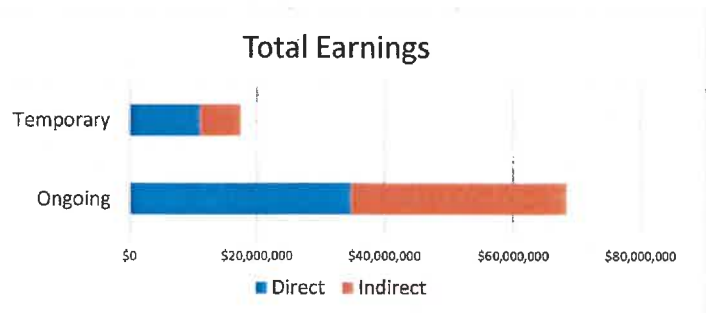
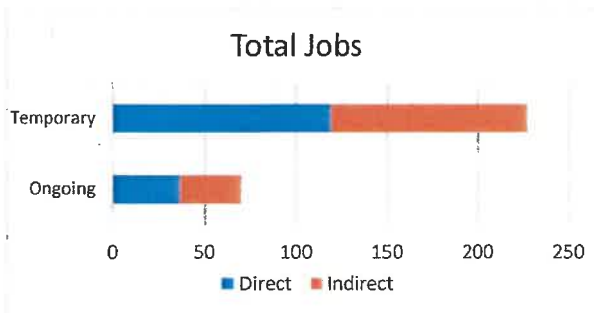
Figure 1



Net Benefits chart will always display construction through year 10, irrespective of the length of the PILOT.

Figure 2

Figure 3



© Copyright 2021 MRB Engineering, Architecture and Surveying, D.P.C.

Ongoing earnings are all earnings over the life of the PILOT.

Fiscal Impacts



Cost-Benefit Analysis Tool powered by MRB Group

Estimated Costs of Exemptions

	Nominal Value	Discounted Value*
Property Tax Exemption	\$1,879,005	\$1,631,767
Sales Tax Exemption	\$1,088,281	\$1,088,281
Local Sales Tax Exemption	\$590,781	\$590,781
State Sales Tax Exemption	\$497,500	\$497,500
Mortgage Recording Tax Exemption	\$120,000	\$120,000
Local Mortgage Recording Tax Exemption	\$40,000	\$40,000
State Mortgage Recording Tax Exemption	\$80,000	\$80,000
Total Costs	\$3,087,286	\$2,840,048

State and Local Benefits

	Nominal Value	Discounted Value*
Local Benefits	\$87,992,398	\$76,914,024
To Private Individuals	\$85,984,983	\$75,198,841
Temporary Payroll	\$17,482,687	\$17,482,687
Ongoing Payroll	\$68,502,296	\$57,716,155
Other Payments to Private Individuals	\$0	\$0
To the Public	\$2,007,415	\$1,715,183
Increase in Property Tax Revenue	\$1,252,665	\$1,050,877
Temporary Jobs - Sales Tax Revenue	\$145,325	\$145,325
Ongoing Jobs - Sales Tax Revenue	\$569,425	\$479,766
Other Local Municipal Revenue	\$40,000	\$39,216
State Benefits	\$4,471,219	\$3,910,340
To the Public	\$4,471,219	\$3,910,340
Temporary Income Tax Revenue	\$786,721	\$786,721
Ongoing Income Tax Revenue	\$3,082,603	\$2,597,227
Temporary Jobs - Sales Tax Revenue	\$122,379	\$122,379
Ongoing Jobs - Sales Tax Revenue	\$479,516	\$404,013
Total Benefits to State & Region	\$92,463,618	\$80,824,364

Benefit to Cost Ratio

	Benefit*	Cost*	Ratio
Local	\$76,914,024	\$2,262,548	34:1
State	\$3,910,340	\$577,500	7:1
Grand Total	\$80,824,364	\$2,840,048	28:1

*Discounted at 2%

Additional Comments from IDA

Does the IDA believe that the project can be accomplished in a timely fashion? Yes

**EVALUATIVE CRITERIA – Laborers Way: Zephyr
AGRICULTURAL, FOOD PROCESSING**

Evaluative Criteria	Notes
Wage Rates (above median wage for area)	The average salary for FT jobs to be created = \$60,000.
Regional Wealth Creation (% of sales/customers outside area)	100% of sales within NYS, 10% within Erie County.
In Region Purchases (% of purchases from local growers)	In region purchases are anticipated to be = 20%
Research & Development Activities	The company plans to perform research and development activities on new products / services at this location and is attributing 5% of operating expenses to R&D.
Investments in Energy Efficiency/ LEED/Renewable Resources	The company states that equipment selection will be made to ensure efficient use of energy. Energy recovery measures will also be evaluated and considered when equipment is secured for the project.
Locational Land Use Factors, Proximity to Supporting Local Agricultural Production	The applicant plans to remediate the project site prior to occupancy under the standards and requirements per the NYS Brownfield Cleanup Program. The primary use is as a cannabis production facility within the city limits of the City of Buffalo
Retention/Flight Risk	Without financial assistance from ECIDA and other incentives – the project would explore other locations for expansion.
MBE/WBE Utilization	See MBE/ WBE Utilization form outlining company commitments in the areas of employment and construction as well as other relevant information.
Workforce Access – Proximity to Public Transportation	Bus stop at Fuhrmann Blvd & Buffalo Harbor for the NFTA Bus #42.
Additional Criteria Consideration	Letter of Support – Buffalo Mayor Byron Brown (PENDING)

DATE OF INDUCEMENT: August 24, 2022

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-Laborer's Way / Zephyr

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
24,875,000	9,000,000	5.028272	18.169375	n/a

*Apply equalization rate to value

PILOT Year	% Payment	County PILOT Amount	Town PILOT Amount	School PILOT Amount	Total PILOT	Full Tax Payment w/o PILOT	Net Exemption
1	0.2	\$11,066	\$39,987	\$0	\$51,053	\$218,076	\$167,023
2	0.2	\$11,066	\$39,987	\$0	\$51,053	\$218,076	\$167,023
3	0.3	\$15,592	\$56,340	\$0	\$71,931	\$218,076	\$146,145
4	0.3	\$15,592	\$56,340	\$0	\$71,931	\$218,076	\$146,145
5	0.4	\$20,117	\$72,692	\$0	\$92,809	\$218,076	\$125,267
6	0.4	\$20,117	\$72,692	\$0	\$92,809	\$218,076	\$125,267
7	0.4	\$20,117	\$72,692	\$0	\$92,809	\$218,076	\$125,267
8	0.4	\$20,117	\$72,692	\$0	\$92,809	\$218,076	\$125,267
9	0.4	\$20,117	\$72,692	\$0	\$92,809	\$218,076	\$125,267
10	0.5	\$24,643	\$89,044	\$0	\$113,687	\$218,076	\$104,389
11	0.5	\$24,643	\$89,044	\$0	\$113,687	\$218,076	\$104,389
12	0.5	\$24,643	\$89,044	\$0	\$113,687	\$218,076	\$104,389
13	0.5	\$24,643	\$89,044	\$0	\$113,687	\$218,076	\$104,389
14	0.5	\$24,643	\$89,044	\$0	\$113,687	\$218,076	\$104,389
15	0.5	\$24,643	\$89,044	\$0	\$113,687	\$218,076	\$104,389
TOTAL		\$301,757	\$1,090,381	\$0	\$1,392,137	\$3,271,147	\$1,879,009

***** 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.)
27,800,000	1,879,009	1,088,281	120,000	tax credit amt unknown.

Calculate %

(Est. PILOT + Est. Sales Tax+ Est. Mortgage Tax+ Other)/Total Project Costs: 11.1 %

MBE/WBE Utilization



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

Project employment policy will have a commitment to promoting social equity and diversity, with a focus on hiring members of disadvantaged communities to create a diverse, equitable, and inclusive environment. Project will promote inclusion in the cannabis industry by making ongoing financial contributions to established nonprofits working on police and criminal justice reform related to cannabis. Additionally, reinvestment will be focused on communities that have been significantly impacted by cannabis-related convictions. Additional construction jobs will be immediately created with specific goals for hiring minority and communities that have been disproportionately impacted by cannabis-related crimes. Our business plan includes construction hiring goals of at least 25% minority workforce participation and at least 5% women workforce participation. Priority employment will also be given to employees that live locally in Buffalo. Project will also include facilities geared towards helping new operators establish a business with minimal capital investment, onsite job training, and business mentoring.



Laborers Way 1

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	Laborers Way 1
Project Summary	The applicant is planning on developing approx. 75,000 square feet of manufacturing space in Buffalo.
Applicant Name	Laborers Way 1, LLC
Applicant Address	700 Second Street
Applicant Address 2	NA
Applicant City	Encinitas
Applicant State	California
Applicant Zip	92024
Phone	(310) 480-6766
Fax	
E-mail	Slevin@zephyrpartners.com
Website	NA
NAICS Code	531120

Business Organization

Type of Business	Limited Liability Company
Year Established	2021
State in which Organization is established	Delaware

Individual Completing Application

Name	Seth Levin
Title	EVP
Address	700 Second Street
Address 2	
City	Encinitas
State	California
Zip	92024
Phone	

Fax

E-Mail SLEVIN@ZEPHYRPARTNERS.COM

Company Contact - Authorized Signer for Applicant

Contact is same as individual completing application No

Name Brad Termini

Title CEO

Address 700 Second Street

Address 2

City Encinitas

State California

Zip 92024

Phone

Fax

E-Mail Brad@Zephyrpartners.com

Company Counsel

Name of Attorney Adam Perry

Firm Name Hodgson Russ LLP

Address 140 Pearl Street

Address 2 Suite 100

City Buffalo

State New York

Zip 14202

Phone (716) 848-1422

Fax (716) 819-4679

E-Mail APerry@hodgsonruss.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. Also list all stockholders, members, or partners with % ownership greater than 20%.

The subject Project includes a total of two buildings in one-story steel-framed structures with approximately 72 surface parking spaces and located on approximately 5.3 net acres of unimproved land along the waterfront in Buffalo Lakeside Commerce Park. The Property was adjacent to a former steel mill and is a designated brownfield site that is owned by the Buffalo Urban Development Corporation ("BUDC") and included within a city-approved redevelopment plan to revitalize the historically industrial area. The Applicant is under contract to purchase the Property from BUDC with an anticipated land closing date in June/July 2022 and the Applicant has spent several years and invested capital to entitle the Project, which has received land use approvals by the City of Buffalo, allowing the development to proceed. Planning Board approved the Project in October 2021, and the design team anticipates receiving a building permit in June/July 2022. Additionally, the Project has received support from the City of Buffalo Mayor's Office and BUDC. The Applicant will remediate the site prior to occupancy under the standards and requirements outlined within the New York State Brownfield Cleanup Program. The Applicant plans to acquire the Property, build the Project, install equipment and lease the space to a tenant who will operate the facility. The Applicant has an executed Memorandum of Understanding (MOU) and is finalizing a lease with a tenant, RIV Capital, who will sublease the property to their subsidiary, Etain, for the initial 75,000 square feet of space. Furthermore, the additional site acreage at the Property allows for up to 1.25 million square feet and the long-term plan is to continue expansion at the site as the New York state market matures over time. The Project will be used primarily as a cannabis production facility, with space for a variety of uses including manufacturing, cultivation, packaging, and distribution. The facility will focus on both recreational and medical cannabis consistent with New York State (NYS) laws and the Office of Cannabis Management (OCM) regulations. NYS has a process by which they are converting medicinal licenses to adult-use/recreational, as regulations are introduced. Etain currently has a medicinal license for one manufacturing facility and four retail dispensaries. In June 2022, Etain submitted their request to OCM to add our Buffalo facility to their license. The request is considered "by right". The Applicant's tenant will comply with all NYS cannabis regulations and licensing laws, and products include raw cannabis flower and other cannabis-based products such as oil, edibles, and extracts for adult-use. 100% of the products produced at the facility will be created and sold within NYS. Once the Project is fully operational, the facility is expected to be running 24 hours a day and 7 days a week. Including the land acquisition, the Project is estimated to cost approximately \$27,800,000. Upon completion of the Project, the facility is anticipated to produce 20 new full-time jobs and 34 new part-time jobs, for a total of 54 new jobs. The completed Project will include jobs for skilled manufacturing, product development specialists, maintenance technicians, packaging technicians, administrative staff, and marketing professionals. It is anticipated that the part-time employees will work on average between 20-30 hours per week, but we have budgeted for up to 40 hours per week on average. Project employment policies will have a commitment to promoting social equity and diversity, with a focus on hiring members of disadvantaged communities to create a diverse, equitable, and inclusive environment. Additionally, reinvestment will be focused on communities that have been significantly impacted by cannabis-related convictions. Beyond the jobs that will be created once fully operational, construction jobs will also be immediately created with specific goals for hiring minority and communities that have been disproportionately impacted by cannabis-related crimes. Priority employment will also be given to employees that live locally in Buffalo. The Project will also include facilities geared towards helping new operators establish a business with minimal capital investment, onsite job training, and business mentoring. Laborers Way 1, LLC will be the owner/landlord and LW1 Operator, LLC, which is wholly owned by Laborers Way 1, LLC, is set up to be the operating entity. Project ownership is fully controlled by Laborers Way Partners, LLC with 50% controlled by Zephyr Laborers Way, LLC and 50% controlled by USA DRES, LLC. Additionally, Brad Termini is a member with an indirect ownership of more than 20%.

Estimated % of sales within Erie County	10 %
Estimated % of sales outside Erie County but within New York State	90 %
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?

20

Describe vendors within Erie County for major purchases

Cleaning, Service/Maintenance, Food Service, Hardware (tools, PVC/tubing, screws, nails, bolts, and other miscellaneous supplies), and Hard Goods (pots, hoses, fans, etc.)

Section II: Eligibility Questionnaire - Project Description & Details

Project Location

Address of Proposed Project Facility

310 Ship Canal Parkway

Town/City/Village of Project Site

Buffalo

School District of Project Site

City of Buffalo School District

Current Address (if different)

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

SBL Number(s) for proposed Project

132.15-2-1

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

0

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

Land

\$ 400,800

Building(s)

\$ 0

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?

Yes

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

Vacant land

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)

Project is new construction of 75,000 square feet to be used for cannabis cultivation facilities including production, packaging and distribution.

Municipality or Municipalities of current operations

City of Buffalo

Will the Proposed Project be located within a Municipality identified above?

Yes

Will the completion of the Project result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state OR in the abandonment of one or more plants or facilities of the project occupant located within the

state?

No

If the Proposed Project is located in a different Municipality within New York State than that Municipality in which current operations are being undertaken, is it expected that any of the facilities in any other Municipality will be closed or be subject to reduced activity?

No

(If yes, you will need to complete the Intermunicipal Move Determination section of this application)

Is the project reasonably necessary to prevent the project occupant from moving out of New York State?

No

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

We are only considering New York State for this expansion project.

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

State Department of Environmental Conservation's Brownfield Cleanup Program - TBD

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)

The Agency's financial assistance is necessary for our business operations and expansion within the New York market. When determining which market to expand to, we analyzed various locations and determined that the subject site in Buffalo and the ability to apply for financial assistance was essential in attracting the tenant and current investor stakeholders. If financial assistance from the Agency and other local incentive programs are not received our business would need to be reevaluated from the stakeholders perspective.

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?

Applicant would need to reassess business expansion to this location and explore other locations for expansion.

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)

Bus stop at Fuhrmann Blvd & Buffalo Harbor for the 42 bus line.

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

Zoning of D-IL

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?

Yes

If yes, please explain

Site is being enrolled into the Brownfield Cleanup Program for known slag fill materials, petroleum and metals in the soils.

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?

Yes

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

Equipment selection will be made to ensure efficient use of energy. Energy recovery measures will also be evaluated and considered when equipment is secured for the project

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.

5%

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

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

Will customers personally visit the Project site for either of the following economic activities? If yes with respect to either economic activity indicated below, you will need to complete the Retail section of this application.

Retail Sales	No	Services	No
---------------------	----	-----------------	----

Please check any and all end uses as identified below.

- | | | |
|--|---------------------------|-------------------------------------|
| No Acquisition of Existing Facility | No Assisted Living | Yes Back Office |
| No Civic Facility (not for profit) | No Commercial | No Equipment Purchase |
| No Facility for the Aging | No Industrial | No Life Care Facility (CCRC) |
| No Market Rate Housing | No Mixed Use | No Multi-Tenant |
| No Retail | No Senior Housing | Yes Manufacturing |
| No Renewable Energy | No Other | |

For proposed facility please include the square footage for each of the uses outlined below

If applicant is paying for FFE for tenants, include in cost breakdown.

			Cost	% of Total Cost
Manufacturing/Processing	68,040 square feet	\$	25,200,000	91%
Warehouse	square feet	\$	0	0%
Research & Development	square feet	\$	0	0%
Commercial	square feet	\$	0	0%
Retail	square feet	\$	0	0%
Office	7,000 square feet	\$	2,600,000	9%
Specify Other	square feet	\$	0	0%

If you are undertaking new construction or renovations, are you seeking LEED certification from the US Green Building Council?

No

If you answered yes to question above, what level of LEED certification do you anticipate receiving? (Check applicable box)

Standard

Provide estimate of additional construction cost as a result of LEED certification you are seeking < BLANK >

Will project result in significant utility infrastructure cost or uses Yes

What is the estimated project timetable (provide dates)

Start date : acquisition of equipment or construction of facilities

8/30/2022

End date : Estimated completion date of project

6/30/2023

Project occupancy : estimated starting date of occupancy

7/1/2023

Capital Project Plan / Budget

Estimated costs in connection with Project

1.) Land and/or Building Acquisition

\$ 425,000 square feet 6 acres

2.) New Building Construction

\$ 21,825,000 75,000 square feet

3.) New Building addition(s)

\$ 0 square feet

4.) Reconstruction/Renovation

\$ 0 square feet

5.) Manufacturing Equipment

\$ 0

6.) Infrastructure Work

\$ 3,050,000

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

\$ 0

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

\$ 2,500,000

9.) Other Cost

\$ 0

**Explain Other
Costs**

Total Cost \$ 27,800,000

Construction Cost Breakdown:

Total Cost of Construction	\$ 24,875,000 (sum of 2, 3, 4 and 6 in Project Information, above)
Cost of materials	\$ 12,437,500
% sourced in Erie County	50%

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 \$ 12,437,500

Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above): \$ 1,088,281

** 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): \$ 27,800,000

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) Brownfield Tax Credit (amount of tax credits are not known at this time)

Total Sources of Funds for Project Costs: \$27,800,000

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).	16,000,000
Lender Name, if Known	
Estimated Mortgage Recording Tax Exemption Benefit (product of mortgage amount as indicated above multiplied by 3/4 of 1%):	\$120,000

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

Project employment policy will have a commitment to promoting social equity and diversity, with a focus on hiring members of disadvantaged communities to create a diverse, equitable, and inclusive environment. Project will promote inclusion in the cannabis industry by making ongoing financial contributions to established nonprofits working on police and criminal justice reform related to cannabis. Additionally, reinvestment will be focused on communities that have been significantly impacted by cannabis-related convictions. Additional construction jobs will be immediately created with specific goals for hiring minority and communities that have been disproportionately impacted by cannabis-related crimes. Priority employment will also be given to employees that live locally in Buffalo. Project will also include facilities geared towards helping new operators establish a business with minimal capital investment, onsite job training, and business mentoring

Is project necessary to expand project employment?

Yes

Is project necessary to retain existing employment?

No

Will project include leasing any equipment?

No

If yes, please describe equipment and lease terms.

Employment Plan (Specific to the proposed project location)

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	20	20
Part time	0	0	34	34
Total	0	0	54	

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	1	\$ 150,000	\$ 22,500	\$ 0	\$ 0
Professional	3	\$ 110,000	\$ 16,500	\$ 0	\$ 0
Administrative	0	\$ 0	\$ 0	\$ 0	\$ 0
Production	50	\$ 45,000	\$ 6,750	\$ 35,000	\$ 5,250
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.

Yes **By checking this box, I certify that the above information concerning the current number of jobs at the proposed project location or to be relocated to the proposed project location is true and correct.**

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

2,390,000

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)

60,000

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

35,000

Estimated salary range of jobs to be created

From (Full Time)	45,000	To (Full Time)	150,000
From (Part Time)	30,000	To (Part Time)	40,000

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

310 Ship Canal Parkway, Buffalo, New York 14218

Name and Address of Owner of Premises

Laborers Way 1, LLC 700 Second Street Encinitas, CA 92024

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

unimproved land with roadway bisecting Premises and preserved wetlands to the north.

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

land to be developed into 75,000 square feet of manufacturing and office space

Describe all known former uses of the Premises

former steel mill and designated brownfield site

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

Current owner is Buffalo Urban Development Corporation. Applicant is under contract to acquire the Premises.

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?

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 TBD

Address 310 Ship Canal Parkway

Contact Person

Phone

Fax

E-Mail

Federal ID #

SIC/NAICS Code

SS

Section V: Tenant Information

PART 1 TO BE COMPLETED BY LESSEE (DEVELOPER)

Tenant Name

RIV Capital US Real Estate LLC

Property Address:

310 Ship Canal Parkway

City/Town/Village

Buffalo

The following information is an outline relative to the potential client and their proposed contract to sublease space in the above reference facility

Amount of space to be leased (square feet)

75,000

What percentage of the building does this represent?

100

Are terms of lease:

NET

If GROSS lease, please explain how Agency benefits are passed to the tenant

Estimated date of occupancy

7/1/2023

PART 2 TO BE COMPLETED BY PROPOSED TENANT

Company Name:

RIV Capital US Real Estate LLC (a wholly-owned subsidiary of RIV Capital Inc.)

Local Contact Person:

Matt Mundy

Title:

General Counsel and Chief Strategy Officer

Current Address:

40 King St. West Suite 2504, Toronto, Ontario, Canada, M5H 3C2

Phone:

(905) 466-2191

Fax:

E-Mail:

matt@rivcapital.com

Website:

rivcapital.com

Company President/General Manager:

Mark Sims

Number of employees moving to new project location:

Full-Time:

0

Part-Time:

0

Total:

Please describe briefly the nature of the business in which the proposed tenant is/will be engaged. This should include NAICS Code; type of business and products or services; percent of total sales in Erie County and the United States:

NAICS Code: 053 Type of Business: Real Estate Leasing/Subleasing Description of Business: RIV Capital US Real Estate LLC is engaged in the business of leasing and sub-leasing properties. It is a wholly owned subsidiary of RIV Capital Inc. RIV Capital US Real Estate LLC will sublease the property to Etain LLC, which owns and operates legally licensed medical cannabis cultivation and retail dispensaries in the state of New York. Percent of total sales in Erie County and United States: 10% and 100%, respectively

Attach additional information as necessary.

History of Company (i.e. start-up, recent acquisition, publicly traded)

About RIV Capital: For complete detail on the history of RIV Capital Inc. (the "Company"), please refer to the Annual Information Form filed with the Canadian Securities Administrators ("CSA") at sedar.com On March 30, 2022, the Company entered into definitive agreements (the "Etain Purchase Agreements") to acquire (the "Etain Acquisition") ownership and control of Etain IP LLC and Etain, LLC, owners and operators of legally licensed cannabis cultivation and retail dispensaries in the state of New York, (the "Etain Companies" or "Etain"). About Etain: Etain is one of the original five medical cannabis license recipients in the state of New York and is currently one of ten approved vertically integrated operators. Etain was founded by Amy Peckham, Hillary Peckham, and Keeley Peckham with another strong woman in mind - their grandmother, Frances "Granny Franny" Keefe. During Granny Franny's battle with ALS, the Peckham women began researching medical marijuana and discovered all the potential benefits it could provide. Determined to provide similar relief to others, Etain received its medical marijuana license in 2015, and the Peckham women have been focused on delivering high-quality wellness products. Etain currently operates four dispensaries across New York State, with a flagship location in Manhattan and prominent locations in Kingston, Syracuse and Yonkers. As a Registered Organizations ("ROs"), Etain expects to be grandfathered in as one of ten vertically-integrated cannabis companies in New York State's adult-use program, and will be permitted to open four additional dispensaries. Additionally, Etain operates a greenhouse cultivation facility in Chestertown, which is currently undergoing expansion increasing its size from 12,000 sq. ft. to 56,000 sq. ft. Etain retained Moelis and Company LLC in late-2021 to explore and consummate a sale of its New York operations, and after two rounds of bidding, RIV Capital emerged as the exclusive party to consummate a deal. Pursuant to the transaction, Etain submitted a request ("Request") to the New York Cannabis Control Board and the New York State Office of Cannabis Management to authorize a change in control in the ownership of Etain. As part of the Request, Etain requested regulatory approval to establish an additional cannabis cultivation and manufacturing facility located in Buffalo, New York. Currently, RIV Capital has entered into a Memorandum of Understanding (the "MOU") with LABORERS WAY 1, LLC, for development of a site in Buffalo, New York (the "Zephyr Project"). RIV Capital is finalizing a long-term lease for the property identified as part of the Zephyr Project pursuant to the terms and subject to the conditions of the MOU. RIV Capital would then sublease the property to Etain. The goal is to create an approximately 211,000 square foot campus comprised of 3 buildings supporting cultivation and manufacturing operations (collectively, the "Zephyr Facility"). The first phase includes the 75,000 square foot facility at the Project location. The Zephyr Project would be in addition to the Chestertown Expansion.

Please list the square footage which the proposed tenant will lease at the Project location

75,000

Please list the square footage which the proposed tenant leases at its present location(s)

0

Describe the economic reason for either the increase or decrease in leased space.

Tenant is expanding

Will the project result in a relocation and/or abandonment of other tenant/user(s) facilities in Erie County, or New York State?

No

If owned, what will happen to the existing facility once vacated?

If leased, when does lease expire?

7/31/2038

Are any of the proposed tenant's current operations located in facilities which have received an Industrial Development Agency benefit?

No

If yes, please provide details as to location, and amount of leased space, how long leased?

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. **If no, proceed to the next section.**

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

700 Second Street

City/Town

Encintas

State

California

Zip Code

92024

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