

Michigan Seneca Group, Inc.
\$5,712,000
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 531110

COMPANY INCENTIVES

- Approximately \$219,450 in sales tax savings
- Up to 3/4 of 1% of the final mortgage amount estimated at \$35,000

EMPLOYMENT

- Retained & Created Jobs - 35 FT
1 PT
- Annual payroll: \$56,270
- Estimated salary of jobs to be retained: \$37,440 (full-time)
- Estimated salary of jobs to be created: \$18,720 (part-time)

PROJECT HISTORY

- 05/29/2019 - Public hearing held. Transcript attached.
- 08/28/2019 - Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA.
- 08/28/2019 - Lease/Leaseback Inducement Resolution presented to the Board of Directors.

Project Title: Michigan Seneca Group, Inc.

Project Address: 270 Michigan Avenue
Buffalo, New York 14203
(Buffalo City School District)

Agency Request

A sales tax and mortgage recording tax exemption in connection with the adaptive reuse of the former Buffalo Envelope Building.

Renovation	\$5,016,000
Soft Costs	\$ 696,000
Total Project Cost	\$5,712,000
85%	\$4,855,200

Company Description

Michigan-Seneca Group, Inc. was formed in 1990 and is currently owned by Nancy Krieger and Carl Paladino Revocable Trust.

Project Description

The proposed project consists of the adaptive reuse of the existing facility which has been underutilized for many years. The complex covers 6 different buildings constructed in 1890 and once housed the Buffalo Envelope Company. The entire complex is approximately 114,000 sq. ft.

The Department of Environmental Conservation currently occupies approximately 28,000 sq. ft. of one of the buildings with another tenant utilizing approximately 5,000 sq. ft. as basement storage.

The project involves a full-scale renovation of 47,000 sq. ft. (non DEC space) which is currently vacant, portions of which are eligible for NYS and federal historic tax credits, which the developer is pursuing. While the overall scope of the work is extensive, some of the key rehab costs will include asbestos abatement, masonry repair, exterior cleaning, the replacement of existing non-original windows with historically accurate units, updated code compliance measures including a new elevator and a new egress stair in the 6-story portion. Updated fire suppression systems and new utility services will bring the complex into current code compliance.

Final uses will include office / back office and warehouse space along with the addition of 6 market-rate apartments.

Three 1,270 sq. ft. 1-BR apartments are planned to rent for approximately \$1,250 per month and three 1,800 sq. ft. 3-BR apartments are planned to rent for approximately \$2,400 per month.

At this time, it is uncertain as to the type of tenants that will be located in the building. The developer has however committed to 1 job per 1,000 sq. ft. or 35 employees at the project location.

Retail Determination

Project Use	Sq. Ft.	Cost	1% of Project Cost
Commercial/Retail	35,450	\$4,150,000	73%
Residential	11,550	\$1,562,000	27%
Total	47,000	\$5,712,000	100%

On August 28, 2019 the Board determined that the project was a retail project as it was located in a highly distressed area and in compliance with Section 862 of the NY General Municipal Law, the chief executive officer of Erie County will provide written confirmation confirming the financial assistance.

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 = \$5,712,000 85% = \$4,855,200
Employment	Same as recapture period	Maintain Base: 1 Create 85% of Retained & Created = 35 FT & 1 PT 85% = 30 Recapture Employment = 30 FTE
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Same as recapture period	Adherence to Policy
Unpaid Tax	Same as recapture period	Adherence to Policy
Recapture Period	2 years after project completion	Recapture of Mortgage recording tax, state and local sales taxes

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

Recapture

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

At completion of the project company must certify i) total investment amount is equal to or greater than 85% of the anticipated project amount; ii) company has created and retained 35 FTE jobs, iii) confirm adherence to ECIDA local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.