

## PUBLIC HEARING SCRIPT

### HARBORcenter Development, LLC Project

Public Hearing to be held on Friday, February 15, 2013 at 9:00 a.m.,  
at the Erie County Industrial Development Agency's offices  
located at 143 Genesee Street, Buffalo, New York 14203

#### ATTENDANCE

Terry Gilbride, Hodgson Russ  
Michael Gilbert, Buffalo Sabres  
Kathy Peterson, City of Buffalo, Office of Strategic Planning  
Raymond Carr, ECIDA Board  
Cliff Benson, Buffalo Sabres  
Andy Reynolds, Coalition for Economic Justice  
Mark Poloncarz, County Executive

Members of the General Public

#### **Second Option: To be followed when Members of the Public are in attendance:**

##### **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 public hearing.*

##### **2. PURPOSE:** Purpose of the Hearing.

Hearing Officer: *We are here to hold the public hearing on the HARBORcenter Development, LLC 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 Tuesday, February 5, 2013.*

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

Hearing Officer: *The proposed project located at 75 Main Street, City of Buffalo, Erie County, New York (the "Project") consisting of: (i) a 1.77+/- acre parcel of land (the "Land"), (ii) the construction, upgrading and equipping of a 649,500+/- SF integrated mixed-use facility to include hotel, hockey arena and related restaurant/retail uses, and including a five level parking garage (the "Improvements"), and (iii) the acquisition and installation by the Company of certain items of machinery, equipment and other tangible personal*

property (the "Equipment," and collectively with the Land and the Improvements, the "Facility").

The proposed financial assistance contemplated by the Agency includes sales and use tax exemptions, mortgage recording tax exemptions, and a partial real property tax abatement (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 in attendance are required to register by signing the sign-in sheet at the front of the room; you will not be permitted to speak unless you have registered. If you have a written comment to submit for the record, you may do so. Written comments may also be delivered to the Agency at 143 Genesee Street, Buffalo, New York 14203 until the comment period closes on Friday, February 15, 2013. There are no limitations on written comments.

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

Hearing Officer: If anyone is interested in making a comment, please raise your hand, state your name and address; if you are representing a company, please identify the company. I request that speakers keep comments to 5 minutes, and if possible, 3 minutes.

**The Hearing Officer calls on those who raise their hand.**

*[Cliff Benson. The speaker's comments were not recorded due to a transcription device malfunction. Mr. Benson's re-recorded comments are located at the end of the transcript.]*

Grant Lesswing: Please state your name.

Andy Reynolds, Communications Organizer, Coalition for Economic Justice - The Coalition for Economic Justice (CEJ) applauds the Buffalo Sabres' agreement with the City of Buffalo to purchase and develop the Webster Block. In particular, we are encouraged by the Sabres' commitment to use local labor for HARBORcenter construction, seek city residents for permanent jobs, and pay living wages to the employees of the ice rink and parking ramp.

CEJ and the Canal Side Community Alliance have worked to ensure that Mayor Byron Brown, the Common Council, and the Erie Canal Harbor Development Corporation adopt legally binding community benefit standards for the development of the City's waterfront. When the City included many of these high road economic development principles in its agreement with the Sabres, we applauded the proposed project as one that will directly benefit Buffalo residents with good paying jobs.

For the last several years, CEJ has co-anchored the statewide Getting Our Money's Worth coalition, a broad-based coalition that advocates for comprehensive reform of our economic development system to ensure good jobs, strong communities, and sustainable economic growth. Each year, IDAs waste money by giving tax breaks to businesses that fail to meet their commitments or create low-wage work that doesn't promote real economic growth. Our coalition of public policy experts, government watchdogs, labor unions, community and religious organizations, and concerned small business owners, workers and taxpayers advocate for performance standards, accountability measures, and transparency reforms to ensure that IDAs do not waste public dollars.

When the HARBORcenter project was publicly announced, it appeared that the Sabres were prepared to privately fund the development of the Webster Block and gave no public notice of intentions to seek tax breaks. Given the financial resources and stability of the Sabres, is the HARBORcenter a project that requires public subsidies from the Erie County Industrial Development Agency or other public agencies to go

forward? If not, should this and other economic development agencies continue to give away critical tax revenue that local municipalities and school districts need?

The Sabres will benefit from the relatively low purchase price for the site and from its location in the Canalside footprint, which is being developed by the Erie Canal Harbor Development Corporation at taxpayer expense. Does a project that will benefit from being located in a growing, heavily taxpayer subsidized area require additional subsidies from the ECIDA?

While CEJ is encouraged by the quality, local jobs that the HARBORcenter project proposes to create, we are concerned with the property, sales, and mortgage recording tax breaks the Sabres are seeking from the ECIDA to fund their private development.

Included in the Sabres' plan is restaurant and hotel space. Subsidies for retail development creates low-wage jobs and fails to grow our economic pie, instead re-slicing it by giving handouts to the select, well-connected few.

With community leaders and elected officials across the state increasingly calling for reform of IDAs, including Governor Cuomo, we hope the ECIDA will take these perspectives into consideration and invest taxpayer subsidies wisely and effectively. Thank you.

Grant Lesswing: Anyone else like to make a comment?

Mark Poloncarz, Erie County Executive, a member of the ECIDA board. Some of the comments are maybe more question and answer. There was...first off this is a wonderful project and I see a noted gadfly in the community has come out to try to I think either stop the project or work with a different developer and I don't think that is appropriate. I believe this is the appropriate project for this site and I commend the Sabres starting with Mr. Pegula, Mr. Benson and the rest of the team for their foresight and what is a good project. I believe that we have to look at the merits of every project when it is presented with regards to the reception of IDA benefits and as part of that we attempt to usually sit down with the project developers prior to even a public hearing to find out exactly what's going on with the project, the goals, the aspirations, the needs and I do thank the organization for doing that and we sat down approximately 2 weeks ago in regards to discussion on this project. At that time we had a number of questions including request for more information which I know was submitted by letter from my Deputy County Executive Mr. Tobe which unfortunately we have not received a response to. That's a little disappointing because some of those questions I think would have been helpful for myself sitting here today to answer with regards to what are some of the economic benefits that were being derived other than some of the proposals we had received. When I state that as the Sabres organization that shared some information with us that we found enlightening but did not answer all of the questions and as a result I was a little disappointed that we did not get that information. I find it quite interesting with regards to the increased costs of the project that I think anyone who understands doing projects in Western New York know that your initial estimates aren't always going to be the most accurate so it's understandable that projects go up and this from the original I think proposal of a little over \$120 million rose to \$140 and now its somewhere around \$170 and I wouldn't be shocked in the end if it even goes a little higher. I'm hoping it doesn't for your own sake. That being said it also leads to the question of what I've discussed on various other occasions. We should be offering tax incentives to projects that are a carrot to incentivize a project that otherwise would not be done. We should not be providing tax incentives to projects as sort of a cherry on the top of a cake for a project that will be done but we are just offering incentives because they potentially are there. I think once again and I've discussed this repeatedly on various projects including being the lone vote on the recent Catholic Health headquarters project that we have to think as an IDA what are we in the business for, we are in the business for jobs creation and to incentivize projects and jobs that otherwise would not occur but for the incentives that we offer. I don't believe at this time and I'm hopeful we'll have some conversations between now and the final vote that in regards to the costs associated with the projects and the incentives that are being offered and whether they are truly needed in exchange for the project to move forward. That's all I have at this point.

My name is Terrance Gilbride. I'm counsel for HARBORcenter Development and I just wanted to address a couple of the points that came up here today to clarify some misunderstandings. Mr. Reynolds indicated in his comments that the HARBORcenter Development entity was paying a relatively low purchase price for the land from the City. In fact by law we're required to pay full market value for the site and the surrounding easements and that's backed up by an arm's length appraisal that was prepared by the City so I don't know where the basis for that comment comes from because we're paying top dollar frankly based on current market value for the land. There was another

assertion in his comments that the request for IDA assistance was not public or was not disclosed and that's also incorrect. In the initial submission to the City of Buffalo in conjunction with the Webster Block RFP process and I have the page here with me and this was a public document, this has been in the public record since June and I'm reading and I'm going to read it directly. Erie County Industrial Development Agency sales tax abatement and PILOT benefits. It is our expectation that the project will receive economic development incentives through the Erie County Industrial Development Agency i.e. sales tax abatement on construction materials, furnishings, equipment. It is our expectation moreover that the project will receive a 10-year enhanced PILOT abatement. This was on the table from the get go and it was actually one of the things that the City was aware of when they selected the HARBORcenter Development project as the winning bid on the Webster block RFP. Now we, at that point, were projecting enhanced benefits because of the number of jobs that were going to be created on this site. We still have maintained that level of job creation but we've decided to proceed with the standard package of IDA benefits not the enhanced benefits and the only other point that I have is in response to something that County Executive Poloncarz raised frankly if there is a letter from Rich that went to either the Sabres or HARBORcenter Development or to me, I'm not aware of it. I believe that we've answered all the questions so if there is some information that Rich Tobe is looking for or Mr. Poloncarz you're looking for, we'd be happy to provide that information but to the best of my knowledge there is not an unanswered letter. So those are my comments. Thank you.

Grant Lesswing: Anyone else willing to speak?

\*Due to a malfunction in the recording device, Mr. Benson's comments from the public hearing needed to be re-recorded which was done on Friday afternoon.

Cliff Benson, president to Harborcenter Development and also chief development officer for the Buffalo Sabres here to talk about the proposed Buffalo harborcenter project. The project is a result of several years of planning on our part; the primary focus being twofold: One, to help generate and impact the development of canalside which when we came here 2 ½ years ago was for the most part completely undeveloped. The second aspect of equal importance is to help increase and expand the brand of hockey in WNY, keep our best players here and more importantly bring more and more folks in. And the idea of the project is to really make it a destination. That destination is expected to bring in close to a half million visitors a years between the rinks, hotels and restaurant facilities. Our hope is that a significant number of those visitors would be out of state, certainly out of area and maybe significantly out of the country; across the border from southern Canada.

There is no doubt that there is a significant lack of ice both in the Buffalo area and in southern Ontario so our expectation is that we'll will be able to not just fill up but fill up with people which otherwise would not be here in Buffalo.

The project itself has changed pretty considerably from its initial conception when it was a \$123 million dollar project. It was basically a parking structure and 2 NHL rinks. Added to that now is a 200 room major flag hotel and an upscale sports bar. Those 2 components along with some very significant structural challenges that we have in the construction have increased the pricing from the original \$123 million budget to over \$170 million. We're expecting to have approximately 650,000 sq. ft. of mixed use entertainment facility and from a jobs standpoint we think this is going to have a very, very significant impact on jobs on the construction side about 16 to 1700 full time equivalent jobs at an average per capita income of almost \$60,000 a year.

Also the \$172 million of direct spending will create a significant amount of additional economic output both in direct and indirect as a result of the project.

From an operations standpoint we expect that the project will drive at least \$260 million of direct economic output over a 10 year period. And when you look at the indirect aspects of that -- goes up to almost \$400 million. We expect that the project in terms of jobs in the facility once it's built will be roughly 250 full time equivalent jobs and generate a total of 347 full time jobs.

We have contemplated from the very beginning of this project that the PILOT program would be a very important aspect in this project. The project numbers as they stand create situation where the Pegula's will be making a gift to the City which was always contemplated in the area of \$10 million dollars. Without the PILOT financing the cost of this project goes up considerably probably well over \$200 million dollars which then makes the entire project a great deal more difficult to accomplish.

Because we consider this an important project for the community we wanted to make sure that the community was very much involved in the construction of the project. As such we agreed to several goals with the City as part of

the purchase of the land. One of the goals is we would have a 25% goal for minority workforce and we would have a 5% goals for female workforce.

The 25 and 5 goals are very aggressive goals particular for a privately funded project but we intend to make those goals. In addition we agreed that 75% of the entire workforce would come from within a 100 mile radius of Buffalo not including Canada. And the point there being we wanted this to be a local project by local folks.

**6. ADJOURNMENT.**

As there were no further comments, the Hearing Officer closed the public hearing at 9:28 a.m.

**SIGN IN SHEET**

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Friday, February 15, 2013, at 9:00 a.m.  
at the Erie County Industrial Development Agency's offices  
located at 143 Genesee Street, Buffalo, New York 14203  
regarding:

**HARBORcenter Development, LLC**

Project Location: 75 Main Street, Buffalo, New York

Name	Company and/or Address
Terry Gilbride	Hodgson Russ
Michael Gilbert	Buffalo Sabres
Kathy Piter	City of Buffalo Office of Strategic Planning
Raymond Cove	ECIDA Board
Cill Benson	Sabres
Andy Reynolds	Coalition for Economic Justice
MARK POLONCAREZ	Erie Co.