

Application Title

CCF Application

Section I: Applicant Background Information

Applicant Information - Company Receiving Benefit

Total Project Cost 172200000
Applicant Name HARBORcenter Development, LLC
Applicant Address First Niagara Center, One Seymour H. Knox, III Plaza, Buffalo, New York 14203
Phone 716-855-4100
Fax 716-855-4122
E-mail cbenson@harborcenter.com
Website
Fed ID# 35-2455226

Individual Completing Application

Name David S. Zygaj
Title Vice President of Legal Affairs, HARBORcenter Development, LLC
Address First Niagara Center, One Seymour H. Knox, III Plaza, Buffalo, New York 14203
Phone 716-855-4428
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E-Mail dave.zygaj@harborcenter.com

Company Contact (if different from individual completing application)

Name Cliff Benson
Title President, HARBORcenter Development, LLC
Address First Niagara Center, One Seymour H. Knox, III Plaza, Buffalo, New York 14203
Phone 716-855-4139
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E-Mail cbenson@harborcenter.com

Company Counsel

Name of Attorney Terrence M. Gilbride
Firm Name Hodgson Russ LLP
Address 140 Pearl Street, Buffalo, New York 14202
Phone 716-856-4000
Fax 716-849-0349

E-Mail

tgilbrid@hodgsonruss.com

Identify the assistance being requested of the Agency

Exemption from Sales Tax	Yes
Tax Exempt Financing	No
Exemption from Mortgage Tax	Yes
Exemption from Real Property Tax	Yes
Assignment/Assumption of existing PILOT benefits	No

Business Organization

Type of Business	Limited Liability Company
Year Established	2012
State of Organization	Delaware

List all stockholders, members, or partners with % of ownership greater than 20%

Please include name and % of ownership.

HARBORcenter Development, LLC is a Delaware limited liability company qualified to do business in New York. The sole member of HARBORcenter Development, LLC is Second Half, LLC, a Delaware limited liability company, 100% of the membership interests in which are owned by Terry and Kim Pegula.

Business Description

Describe in detail company background, products, customers, goods and services

The Company was formed for the sole purpose of owning and operating the Project, which is described in more detail later in this Application.

Estimated % of sales within Erie County	100%
Estimated % of sales outside Erie County but within New York State	0%
Estimated % of sales outside New York State	0%
Estimated % of sales outside the U.S.	0%

What percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County? (You may be asked to provide supporting documentation of the estimated percentage of local purchases)

At this point in time, because the design and bidding of the project are not yet complete, we are unable to determine the extent to which supplies, materials and services will be purchased from Erie County-based firms. It is worth noting, however, that under the terms and conditions of the term sheet and land disposition agreement between HARBORcenter Development, LLC and the City of Buffalo, 75% of the workforce to be employed in the construction of the project must be drawn from within a 100 mile radius of the project, excluding Canada.

Section II: Project Description & Details

Location of proposed project facility

Address	75 Main Street
City	Buffalo
State	New York
Zip Code	14203
SBL Number	111.17-13-2
Town/City/Village	Buffalo
School District	Buffalo
Present Project Site Owner	City of Buffalo

Please provide a brief narrative of the project

The owner desires to design, develop, and construct a Project at the property that is comprised of (i) a hockey facility with two ice rinks, (ii) a five level parking garage, (iii) a full-service hotel of approximately 200 beds, and (iv) a ground-level restaurant and retail facilities.

Site Characteristics

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

Environmental due diligence has revealed the presence of contamination at the project site consistent with urban fill areas. Because of this contamination, the project site was accepted into the New York State Brownfield remediation program. Contaminated soils will be remediated to meet NYSDEC soil guidance levels.

Has a Phase I Environmental Assessment been prepared, or will one be prepared with respect to the proposed Project Site? (If yes, please provide copy)

Yes

If yes, please provide a copy.

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

Yes

If yes, please provide copies of the study.

Will project include leasing any equipment?

No

If yes, please describe equipment and lease terms

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

Yes
If yes, please attach additional documentation describing the efficiencies achieved.

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

No
If yes, please explain

What percentage of annual operating expenses are attributed to the above referenced research and development activities?

not applicable

Explain why IDA participation is necessary for this project to proceed. Focus on competitiveness issues, project shortfalls, etc.

From its inception, this project was envisioned as major regional destination attraction with significant community-based programming centered around the twin ice rinks located on the 6th and 7th levels of the facility. As the history of ice rink development in Western New York clearly demonstrates, however, without significant public subsidy, privately developed ice rinks are financially unworkable. This is why there has been no meaningful ice rink development in our community for the past 15 years, despite the severe shortage of available ice time in Erie County. We have recognized from the outset that a significant portion of the project costs on this facility, which we currently estimate to be in the range of about \$17 million, cannot be recovered through revenues generated at the facility. In addition, under the terms and conditions of the land disposition agreement for the project between the City of Buffalo and HARBORcenter Development, LLC, we agreed to make at least 15% of the project ice time available for public and community activities, further challenging the potential revenues from this facility. These financial challenges, plus the significant cost of the project overall, are the reasons why in the original proposal submitted by HARBORcenter Development, LLC and selected by the City in the Webster Block RFP selection process that ECIDA benefits would be necessary in order for this project to proceed. It is worth noting that the City of Buffalo, which is the taxing jurisdiction, most impacted by the conferral of ECIDA benefits on this project made the selection of HARBORcenter Development, LLC, as the developer for the Webster Block project, fully aware of the necessity of these benefits.

Project Information

Estimated costs in connection with project

Land and/or Building Acquisition \$ 2200000
1.77 acres 0.00 square feet

New Building Construction \$ 149200000
641500.00 square feet

New Building addition(s) \$ 0
0.00 square feet

Renovation \$ 0
0.00 square feet

Manufacturing Equipment \$ 0

Non-Manufacturing Equipment: (furniture, fixtures, etc.) \$ 10800000

Soft Costs: (professional services, etc.) \$ 10000000

Other Cost \$ 0

Explain Other Costs

Total Cost	172200000
Project Refinancing (est. amount)	0

Select Project Type (check all that apply)

No Industrial	Yes Multi-Tenant	Yes Mixed Use
No Acquisition of Existing Facility	Yes Commercial	No Facility for the Aging
No Housing	No Back Office	No Civic Facility (not for profit)
No Equipment Purchase	Yes Retail	Yes Other

Parking, Recreational, Hotel

SIC Code

NAICS Code 71

For proposed facility please include # of sq ft for each of the uses outlined below

Manufacturing/Processing	0.00 square feet
Warehouse	0.00 square feet
Research & Development	0.00 square feet
Commercial	0.00 square feet
Retail	8000.00 square feet
Office	0.00 square feet
Other	641500.00 square feet
Specify Other	Hotel: 144000 sf; Restaurant 12000 sf; Garage 370500 sf; and Ice facility 115000 sf

Utilities and services presently serving site. Provide name of utility provider

Gas	National Fuel	
Electric	National Grid	Size
Water	City of Buffalo	Size
Sewer	City of Buffalo	Size
Other (Specify)	Given that lot is currently vacant, new connections will be constructed	

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

Yes

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

Standard

What is your project timetable (Provide dates)

Start date : acquisition of equipment

2013-03-01

End date : Estimated completion of project

2015-06-01

Project occupancy : estimated starting date of operations

2014-09-01

Have site plans been submitted to the appropriate planning department for approval?

Yes

Have any expenditures already been made by the company?

Yes

If yes, indicate particulars (ECIDA benefits do not apply to expenses incurred prior to Board approval)

As of the date of the application, HARBORcenter Development, LLC has incurred preconstruction expenses for environmental due diligence, architectural and engineering design, and legal.

Is project necessary to expand project employment?

Yes

Is project necessary to retain existing employment?

No

Employment Plan (project location)

	Current Jobs	If project is to retain jobs, number of jobs to be retained	Total # of jobs 2 years after project completion
Full time	0	0	205
Part time	0	0	160
Current Full Time Jobs in other Erie county locations	0		
Current Part Time Jobs in other Erie county locations	0		

Payroll Information

Annual payroll

7966842

Estimated average annual salary of jobs to be retained

0

Average estimated annual salary of jobs to be created

32000

Estimated salary range of jobs to be created

From 15080 **To** 140000

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

However, the project occupant will not exist if the project does not occur.

Were you offered financial assistance to locate outside of New York State?

No

If yes, from whom and what type of assistance was offered

What competitive factors led you to inquire about sites outside of New York State?

Have you contacted or been contacted by other economic or governmental agencies regarding this project?

Yes

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

New York DEC - Brownfield Remediation Program

Section III: Adaptive Reuse Projects

Are you applying for a tax incentive under the Adaptive Reuse Program?

No

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

0.00

If yes, number of years vacant?

0

Has the structure been vacant or underutilized for a minimum of 3 years? (Underutilized is defined as a minimum of 50% of the rentable square footage of the structure being utilized for a use for which the structure was not designed or intended)

No

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

No

Does the site have historical significance?

No

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

Briefly summarize the demonstrated support that you intend to receive from local government entities. Please provide the ECIDA with documentation of this support in the form of signed letters from these entities

Please indicate other factors that you would like the ECIDA to consider such as: structure or site presents significant public safety hazard and or environmental remediation costs, site or structure is located in a distressed census tract, structure presents significant costs associated with building code compliance, site or structure is presently delinquent in property tax payments

Section IV: Retail Determination

Will project involve the sales of goods or services to customers who personally visit the facility?

Yes

If yes, complete the Retail Questionnaire Supplement below.

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

Yes

If the answer is yes, please continue.

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

100.00
%

If the answer to this is **less than 33%** do not complete the remainder of the page and proceed to the next section (Section V: Inter-Municipal Move Determination).

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

No

Is the project likely to attract a significant number of visitors from outside the economic development region in which the project will be located?

Yes

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

Would the project occupant, but for the contemplated financial assistance from the industrial development agency, locate the related jobs outside the State of New York?

No

If yes, please provide documentation regarding investigation of sites outside New York State.

Is the predominant purpose of the project to make available goods or services which would not otherwise be reasonably accessible to the residents of the project municipality?

No

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

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

Yes

Is the project located in a Neighborhood Redevelopment Area?

No

Section V: Inter-Municipal Move Determination

Does this project involve relocation or consolidation of a project occupant from another municipality or abandonment of an existing facility?

Within New York State No

Within Erie County No

If EITHER IS YES, please complete the following. If BOTH ARE NO, please 'save and continue' to the next section (Section VI: Facility Type - Single or Multi Tenant).

The Agency is required by state law to make a determination that Agency assistance is required to prevent the project occupant from relocating out of the state, or to preserve the project occupant's competitive position in its respective industry.

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 (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, has the project occupant attempted to find a suitable location within the municipality?

<BLANK>

Is the project reasonably necessary to preserve the project occupant's competitive position in its industry?

<BLANK>

If yes, please explain and provide supporting documentation

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

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 VI: Facility Type - Single or Multi Tenant

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

Multi-Tenant Facility

For Single Use Facility

Occupant Name

Address

Contact Person

Phone

Fax

E-Mail

Federal ID #

SIC/NAICS Code

Multi-Tenant Facility

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

See attached market study excerpt from consultant Firland Management

Have any tenant leases been entered into for this project?

No

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

Section VII: Environmental Questionnaire

General Background Information

Address of Premises

75 Main Street, Buffalo, New York 14202

Name and Address of Owner of Premises

City of Buffalo, City Hall, Buffalo, New York 14202

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

Surface level parking lot with a fully impervious surface. No water features or wetlands are present on site.

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

Currently vacant, intended to be improved as multi-use building with ice rink, parking garage, hotel, restaurant and retail. Initial property development occurred in the mid to late 1800s. Old operations were warehousing and manufacturing consistent with operations to support canal and harbor functions. Site improvements were demolished over time from the 1950s to the late 1980s.

Describe all known former uses of the Premises

Previous uses from the 1800s to late 1900s include warehousing, oil storage, flavoring extract manufacturing and hotels.

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

No

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

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

Yes

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

Past foundry and oil storage facilities have resulted in the historical deposition of metals and petroleum into the subsurface. Several underground petroleum storage tanks have been removed over the years. Sampling has indicated metals and petroleum byproducts are present in urban fill at varying depths across the site. These areas will be remediated under the NYSDEC Brownfield Program.

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

No

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

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

No

If yes, describe in full detail

Solid And Hazardous Wastes And Hazardous Substances

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

Yes

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

Only during remediation activities. No operations at the site will involve these actions.

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

None

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

None

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

None

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

Storm water discharges (existing and proposed) are directed to existing Buffalo Sewer Authority (BSA) sewers. BSA is responsible for stormwater regulation. NYS DEC SPDES General Permit for Construction is not applicable due to the ultimate discharge to a combined sewer. Wastewater will be discharged into an existing BSA sanitary sewer.

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

City of Buffalo has provided records of 3 tank removal set of occurred on site in the last 10 years. Tanks were free from historical site usage and were not registered. No active tanks are on site.

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

Yes

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

Previous tank removals required removal of a minor amount of surrounding soils. Groundwater testing has not indicated impacts relating to petroleum storage tanks.

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

Extensive site testing has not shown any PCBs to be on site.

Do the Premises have any asbestos containing materials?

No

If yes, please identify the materials

Site asbestos testing of subsurface soil/fill conducted as part of the predevelopment work for this project did not find evidence of asbestos fill materials on-site.