



95 Perry Street, Suite 104  
Buffalo, New York 14203  
Phone: (716) 332-5959  
Fax: (716) 332-5968

[www.500Seneca.com](http://www.500Seneca.com)



February 5, 2014

Mr. John Cappellino  
Executive Vice President and Director of Business Development  
Erie County Industrial Development Agency  
95 Perry Street - Suite 403  
Buffalo, New York 14203

RE: IDA Application for 500 Seneca Street, Buffalo, New York  
Revised Application for Tax Abatement

Dear Mr. Cappellino:

On behalf of 500 Seneca, LLC I am providing you herewith our amended application and attendant revised exhibits for the adaptive reuse of the historic former FN Burt plant at 500 Seneca.

The project will provide for the remediation of a contaminated site and the historic restoration of a landmark structure. The historic renovation has been reviewed and accepted by NYS Historic Preservation Office and National Parks Service and is included in the *National Register of Historic Places*. The brownfield remediation plan for the 500 Seneca property has been accepted by the NYS Department of Environmental Conservation under the New York State Brownfield Cleanup Program and has been assigned case number C915273.

We are formally requesting:

1. An abatement from mortgage recording tax.
2. An abatement for sales tax on materials and equipment incorporated into the project for (a) building site, shell and core and (b) materials and equipment incorporated for tenant finishes for *non-retail tenants only*.

At this time are not requesting sales tax abatement for tenant specific interior improvements (interior walls, ceilings, doors, flooring and casework); however we request the right to make subsequent and separate applications to the ECIDA for sales tax abatement on said tenant specific improvements at such time(s) as a tenant(s) is identified.

**construction | development**

[www.SavarinoCompanies.com](http://www.SavarinoCompanies.com)

We are not requesting a PILOT agreement or any exemption from real property taxes. The 500 Seneca Street property currently pays \$11,100 annually in property taxes. Once fully completed the 500 Seneca property is expected to generate over \$400,000 annually in property taxes.

Below is a calculation of the benefit of a sales tax abatement we are requesting:

Historic Rehabilitation & Brownfield Cleanup for Building Site Shell & Core		\$ 30,669,760
Tenant Fit Out of Occupied Space (BCOME)	22,800 Net SF	\$ 638,400
Tenant Fit Out of Occupied Space (Frontier Group of Cos.*)	15,338 Net SF	\$ 429,464
<b>Costs for Requested Sales Tax Abatement</b>		<b>\$ 31,737,624</b>
% of Available Tenant Space Occupied Under Submission	Of 160,563 Net SF	23.75%

**FOR INFORMATION PURPOSES ONLY**

**Future space / cost not currently being requested for sales tax abatement**

Fit Out of Unoccupied Concrete (Phase I) Space	122,425 Net SF	\$ 3,427,900
Phase I costs <u>not presently requested</u> sales tax abatement		\$ 3,427,900
<b>Total Phase I Costs</b>		<b>\$ 35,165,524</b>

**FOR INFORMATION PURPOSES ONLY**

**Future phases for space / cost not currently being requested for sales tax abatement**

Historic Rehabilitation of Wood Structure	85,047 Gross SF	\$ 2,871,034
Fit Out of Unoccupied Wood (Phase II)		\$ 2,381,316
Phase II costs <u>not presently requested</u> sales tax abatement		\$ 5,252,350

\* *NOTE: as requested by ECIDA, the Frontier Group of Companies (FFZ) square footage and costs reported are based solely on the intended occupied space by Frontier Group of Companies. Until subtenants are identified as non-retail entities, the balance of space the tenant leases under a Master Lease structure will not be a part of this application; sales tax abatement may be applied for separately.*

**TENANT INFORMATION – FRONTIER GROUP OF COMPANIES**

Upon approval of the submitted application by the ECIDA Board, Frontier Group of Companies (aka FFZ) is prepared to enter into a master lease for 60,450 square feet of interior office space. Frontier itself would occupy 15,338 square feet of that space.

Frontier Group of Companies (and its affiliates and subsidiaries) is a Buffalo based company which performs a variety of real estate services with core service in demolition, recycling, brownfield remediation and real estate development. Frontier’s business is generated locally, nationally, and internationally. Approximately 60% of sales are Erie County based with 10% of sales generated outside of the United States.

Frontier presently occupies office space at 26 Mississippi Street near Downtown Buffalo. The move and expansion to 500 Seneca Street is needed for business growth and operation. The current space will continue to be leased and not remain vacant.



Frontier presently employs approximately 250 employees, 20 of which work in the Buffalo office headquarters. Frontier is committing to 10 new full time Buffalo jobs over the next two years with the potential for more.

Additional information can be found in the letter submitted to the ECIDA by Frontier Group of Companies dated January 9, 2014.

#### TENANT INFORMATION – BUFFALO COMMUNITY JOINT VENTURE (BCOME)

Upon approval of the submitted application by the ECIDA Board, Buffalo Community Joint Venture (aka BCOME) is prepared to enter into a lease at 500 Seneca for a net 22,800 square feet.

BCOME will operate a Management Services Organization (MSO) that will provide back office service and support for not-for-profit agencies and other clients. BCOME will also operate Buffalo Technology Skills Acquisition (BTSA) focused on underserved and unemployed post high school populations for employment in skilled and semi-skilled positions.

BCOME is a new not-for-profit collaboration by three established service agencies in Buffalo. This tenancy will not involve relocation or vacancy of any existing real estate.

BCOME will employ 1 full time employee and 3 part time employees at 500 Seneca. In addition to the direct employment, BCOME's primary mission is workforce development training and will be regularly training 30-40 candidates in skills for jobs identified as underserved in the Buffalo market. This operation will help fulfill the priority identified by the Regional Development Council for workforce development.

Additional information can be found in the BCOME business plan previously submitted.

Your approval of our request would:

- Facilitate the rescue of an important and historic community asset. The project will involve the restoration and adaptive reuse of the historic former F.N. Burt factory complex including the stabilization and salvage of the oldest and most iconic portion of the complex which would otherwise require demolition. In total the 500 Seneca complex is considered a contributing structure to Buffalo's *Hydraulics District* and is now included in the *National Register of Historic Places*.

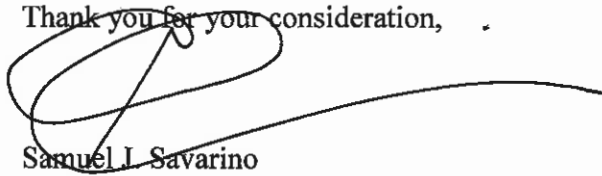
The project meets the required criteria for the ECIDA *Adaptive Reuse Strategy* promoting smart growth resulting in both the adaptive reuse of a recognized historic building and provide for the environmental remediation of a contaminated site. The project will also bring \$35,000,000 in private investment and employment opportunities to a neighborhood which could use both as it borders a highly distressed census tract.

- Create 195,000 square feet of unique Class A office space and 110,000 square feet of dedicated below market space for community and/or cultural organizations. With over 1,000 adjacent parking spaces the project will provide a tenancy option for businesses and organizations that would not otherwise locate in a neighborhood where employment opportunities are as distant as they are limited.
- Provide a location for the BCOME Buffalo job training program. Job training is identified as a regional priority by the *Regional Economic Development Council*. It will also provide a location for the MSO Center which will provide collaborative office administration and support for not for profit organizations throughout Erie County. Both programs are sponsored and operated in a collaborative partnership of *The Matt Urban Center, The Old First Ward Community Association, and UDCDC*.
- Allow the full cleanup of a contaminated brownfield site. 500 Seneca is currently in the New York State Brownfields Remediation Program.
- Provide not only employment and skills training but construction and permanent jobs to a neighborhood immediately adjacent to a Highly Distressed Census Tract - where jobs are needed and where convenient public transportation options already exist.
- Provide for the retention and growth of local business: local firms Frontier Industrial Services and Frontier Group of Companies (through FFZ Holdings, LLC) will relocate their headquarters from their current location at 26 Mississippi Street in Buffalo to expanded premises 500 Seneca. Pending ECIDA approval Frontier has committed to occupy a minimum of 60,450 square feet of space to house its operations with space included for future growth as well as office space for companion tenants. While Frontier Industrial Services is headquartered in Buffalo the vast majority of its business and revenue and derived from operations outside Erie County with 10% of business performed outside of the United States.
- Endorse the documented support from the *Buffalo Urban Development Corporation*, the *City of Buffalo*, Assemblywoman Crystal Peoples-Stokes, Councilmen David Franczyk and Darius Pridgen (the project spans two Council districts) and United States Congressman Brian Higgins. There is also evident support from many local community organizations.

- Help link the developing Larkin District with the Seneca Street corridor, downtown Buffalo the I-190 access/egress ramps.

We will be happy to address any questions or concerns you may have and we will be available to discuss this application or our proposed project in greater detail.

Thank you for your consideration,

A handwritten signature in black ink, appearing to read 'S. Savarino', with a long horizontal flourish extending to the right.

Samuel J. Savarino  
President & CEO

cc. 500 Seneca Street, LLC

# Application Title

500 Seneca Street

## Section I: Applicant Background Information

### **Applicant Information - Company Receiving Benefit**

**Total Project Cost** 35165434  
**Applicant Name** 500 Seneca Street, LLC  
**Applicant Address** 26 Mississippi Street - Suite 400  
**Phone** None  
**Fax** None  
**E-mail** None  
**Website** www.500Seneca.com  
**Fed ID#**

### **Individual Completing Application**

**Name** Kevin Hays  
**Title** Director of Development  
**Address** 95 Perry Street - Suite 104  
**Phone** (716) 332-5959  
**Fax** (716) 332-5968  
**E-Mail** kevinh@savarinocompanies.com

### **Company Contact (if different from individual completing application)**

**Name**  
**Title**  
**Address**  
**Phone**  
**Fax**  
**E-Mail**

### **Company Counsel**

**Name of Attorney** Craig Slater  
**Firm Name** The Slater Law Firm, PLLC  
**Address** 26 Mississippi Street - Suite 400  
**Phone** 716-845-6763

**Fax**  
**E-Mail**

[cslater@cslaterlaw.com](mailto:cslater@cslaterlaw.com)

**Identify the assistance being requested of the Agency**

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

**Business Organization**

<b>Type of Business</b>	Limited Liability Company
<b>Year Established</b>	2009
<b>State of Organization</b>	New York

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

**Please include name and % of ownership.**

FFZ Holdings, LLC (85%) Savarino Development Corp. (15%)

**Business Description**

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

500 Seneca Street, LLC is a commercial property holding company and real estate developer. The partners are Buffalo based with experience in adaptive re-use and renovation. A sampling of the partnership's similar projects include Class A adaptive reuse projects at 26 Mississippi Street, 30 Mississippi Street and 95 Perry Street in Buffalo's historic Cobblestone District, White's Livery Apartments on Jersey Street, and Buffalo Iron Works at 49 Illinois Street in Buffalo. This application is for exemption from mortgage tax and abatement of sales tax for the adaptive reuse of the building shell, core, and occupied tenant spaces only. Sales tax abatement for the fit out of unoccupied tenant spaces is excluded from this application. Detailed business descriptions for both tenants are included as attachments to this application.

Estimated % of sales within Erie County	60
Estimated % of sales outside Erie County but within New York State	10
Estimated % of sales outside New York State	20
Estimated % of sales outside the U.S.	10

**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)**

Estimated 85% or greater.



## Section II: Project Description & Details

### **Location of proposed project facility**

<b>Address</b>	500 Seneca Street
<b>City</b>	Buffalo & Adjacent Properties
<b>State</b>	New York
<b>Zip Code</b>	14204
<b>SBL Number</b>	1118100007001000
<b>Town/City/Village</b>	Buffalo
<b>School District</b>	Buffalo
<b>Present Project Site Owner</b>	500 Seneca Street, LLC

### **Please provide a brief narrative of the project**

500 Seneca will see the historic renovation and adaptive reuse of a prominent piece of Buffalo's industrial heritage, transforming the former historic F. N. Burt Company Factory into a mixed use development featuring over 300,000 square feet of space for Class A offices and a nonprofit job training center. The building will feature amenities such as a large multi-story interior green atrium area, enclosed exterior courtyard, on site fitness center and cafe. This project will bridge the established downtown core and the developing Larkin District and spur future development along this corridor. 500 Seneca will also extend streetscape improvements for the historic Larkin District further towards the Downtown core. The 500 Seneca project is in the process of obtaining Federal and New York State tax credits and New Market Tax Credits for the project. The building has demonstrable historical, architectural and cultural significance for the region and the country as supported by SHPO and the NPS. If not for this particular adaptive reuse the structure would most likely be demolished. The commercial office space at 500 Seneca will feature loft-style finishes, large exterior windows and tenant-friendly floorplates. 500 Seneca features an ideal location-adjacent to both Downtown Buffalo and the City's emerging Larkin District - with quick access to the I-190. There will also be ample secured parking onsite. These features make this a competitive location promoting new business and growth in the region's commercial core. An important component of the project will be the plentiful amount of floor space dedicated to local cultural institutions at rates well below market. The first of these tenants will be the BCOME Buffalo job training center.

### **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**

Previous environmental investigations completed at the Site have revealed evidence of environmental contamination related to site's former use. Elevated levels of volatile organic compounds (VOCs), including chlorinated VOCs, have been detected on-site at concentrations exceeding regulatory guidelines. Asbestos containing materials and lead containing materials are also noted onsite. 500 Seneca Street, LLC has submitted this property as a qualified site to the DEC under the Brownfield Cleanup Program. The DEC has accepted and executed a Brownfield Cleanup Agreement with 500 Seneca Street, LLC and has been assigned BCP Site #C915273.

**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?**

Yes

If yes, please describe equipment and lease terms

Machinery and equipment rentals during construction only.

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

No  
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.**

The project offers the required space, location and amenities for our proposed anchor tenant. FFZ Holdings, LLC would expand their operations in Western New York from a new location at 500 Seneca Street and provide an anchor tenancy along with BCOME Buffalo job training center allowing the building to be placed into service. The requested incentives are critical to meeting the budget for the bringing the anchor tenants to 500 Seneca. The community benefits of activating this project include a historic renovation of an abandoned property near the City Center, remediation of a contaminated brownfield, modern competitive office space with the amenities needed to retain and attract new jobs adjacent to a distressed area where jobs are needed, and a much needed job training and not-for-profit management services center. Workforce development and skills training programs are highlighted as one of the six priorities for the region in the "Buffalo Billion" investment plan. The BCOME job training program will rely upon below market lease terms and job placement opportunities at 500 Seneca. The project scope for 500 Seneca Street includes brownfield cleanup and an historic renovation of a long vacant State and Federally listed landmark. Environmental cleanup and historic renovation provide a community and business asset for Buffalo but also require additional investment and higher cost than a traditional new build. Because of this, the project is requesting sales and mortgage recording tax abatement to remain competitive and protect the adaptive reuse plan of this property. This project is also located adjacent to a highly distressed census tract. The development team is confident in the employment opportunities, spinoff development, and infrastructure improvements this project will spur but the location produces barriers to entry for tenant lease up. Due to long term vacancy this property needs immediate repairs and stabilization to protect the structural integrity of the historic asset.

**Project Information**

**Estimated costs in connection with project**

**Land and/or Building Acquisition** \$ 730075

9.27 acres 304019.00 square feet

**New Building Construction** \$ 0

0.00 square feet

**New Building addition(s)** \$ 0

0.00 square feet

**Renovation** \$ 22497874

304019.00 square feet

**Manufacturing Equipment** \$ 0

**Non-Manufacturing Equipment: (furniture, fixtures, etc.)** \$ 0

**Soft Costs: (professional services, etc.)** \$ 7441811

**Other Cost** \$ 1067864

**Explain Other Costs** Tenant Improvement

**Total Cost** 31737624

**Project Refinancing (est. amount)** 0

**Select Project Type (check all that apply)**

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

**SIC Code** 6552

**NAICS Code** 531120

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

		<b>Cost</b>	<b>% of Total Cost</b>
<b>Manufacturing/Processing</b>	0 square feet	0	0
<b>Warehouse</b>	0 square feet	0	0
<b>Research &amp; Development</b>	0 square feet	0	0
<b>Commercial</b>	0 square feet	0	0
<b>Retail</b>	265881 square feet	30699760	97
<b>Office</b>	15338 square feet	429464	1
<b>Specify Other</b>	22800 square feet	638400	2

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

**Gas** National Fuel Gas

**Electric** National Grid **Size**

**Water** City of Buffalo **Size** Inactive

**Sewer** City of Buffalo **Size** Inactive

**Other (Specify)**

**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)**

<BLANK>

**What is your project timetable (Provide dates)**

**Start date : acquisition of equipment**

2014-03-01

**End date : Estimated completion of project**

2017-12-31

**Project occupancy : estimated starting date of operations**

2015-01-01

**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)**

Partial acquisition and carrying costs as well as stabilization of structural failures.

**Is project necessary to expand project employment?**

Yes

**Is project necessary to retain existing employment?**

Yes

**Employment Plan (Specific to location):**

	<b>Current # of jobs at project location or to be relocated at project location</b>	<b>If project is to retain jobs, number of jobs to be retained</b>	<b>Total # of jobs 2 years after project completion</b>
<b>Full time</b>	20	20	31
<b>Part time</b>	0	0	3
<b>Total</b>	20	20	34

**Employment at other locations in Erie County: (provide address and number of employees at each location):**

<b>Address</b>	<b>Multiple Locations</b>		
<b>Full time</b>	48	0	0
<b>Part time</b>	0	0	0
<b>Total</b>	48	0	0

**Payroll Information**

**Annual payroll**

1000000

**Estimated average annual salary of jobs to be retained**

83333

**Average estimated annual salary of jobs to be created**

50000

**Estimated salary range of jobs to be created**

**From** 35000 **To** 80000

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

Yes

**If yes, please explain and identify out-of-state locations investigated**

FFZ Holdings, LLC, an investor and development partner in the project and committed anchor tenant references the need for the requested tax incentives in order to allow the project to move forward and provide the space required for their growing business: "(Savarino and) FFZ has submitted an Application for Tax Incentive Benefits to the ECIDA. [The attached] letter confirms our belief that achieving a move to 500 Seneca Street is essential to maintaining our competitiveness in the real estate and brownfield redevelopment business we are engaged in and to discourage our company from moving out of state."

**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?**

Inquiries have been limited to the City of Buffalo as continued business operations within Western New York are contingent on that location.

**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**

National Grid: Brownfield Cleanup Program Grant DEC: Brownfield Cleanup Program NYS SHPO / NPS: Historic Tax Credits



## Section III: Adaptive Reuse Projects

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

Yes

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

114.00

**If yes, number of years vacant?**

10

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

Yes

**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)**

Yes

**Does the site have historical significance?**

Yes

**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)**

The adaptive reuse of the designated historic property requires design, engineering, and construction well above traditional building code requirements. The cost of sales tax and a mortgage recording tax on the project budget for 500 Seneca Street would result in a construction costs far exceeding the value of the completed project which poses an inability to obtain sufficient financing. Summary projections are attached. The extra work required will create additional construction jobs which can and will be sourced locally.

**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**

There is wide neighborhood and government support for this project. Letters of support have been provided by both the community and elected officials. These letters are attached. Support for the project through funding sources has been secured for Historic Tax Credits as approved by SHPO and NPS and Brownfield Cleanup as approved by DEC.

**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**

This project has been identified as a qualifying site for brownfield cleanup and is a NYS and Federally listed landmark. The extraordinary additional capital costs borne to the project because of these challenges makes it more difficult to fund the redevelopment. Granting the tax incentives for this project allows a historic landmark to be revitalized and a contaminated site to be cleaned. In addition, this project is located adjacent to a "highly distressed" census tract with a below average median family income and a high unemployment rate. This project has the prospect to bring a broad range of employment opportunities to a neighborhood in need and advance the link between the Larkin District and Downtown Buffalo. The project team been working with a non-profit to provide them with low-cost operations space at 500 Seneca Street for a jobs and skills training program. We also envision and are promoting synergies between the private companies locating at 500 Seneca Street and BCOME to provide onsite job opportunities as a component of the program. Workforce development and skills training programs are repeatedly identified as one of the six primary initiatives for the "Buffalo Billion."

## Section IV: Retail Determination

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

No

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?**

No

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?**

0.00

%

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?**

<BLANK>

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

<BLANK>

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?**

<BLANK>

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?**

<BLANK>

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?**

<BLANK>

**Is the project located in a Neighborhood Redevelopment Area?**

<BLANK>

## 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.)**

This project does not involve any relocation between municipalities, either within New York State or within Erie County. The proposed anchor tenants include a business (FFZ Holdings, LLC and affiliates) proposing to relocate and expand from 26 Mississippi Street in Buffalo to 500 Seneca Street. The vacated space is covered by an existing lease and will not be creating vacant space. The proposed anchor tenant operates affiliated companies internationally. It is growing its Western New York enterprises and needs to expand to continue said operations. The committed not-for-profit (BCOME) is a new organization and will not be vacating any space. From FFZ: "FFZ has invested significantly in the Downtown Central Business District and is looking for further opportunities in that and other areas in the City of Buffalo. We wish to remain downtown for ease of access, access to our properties, maintain connectivity to our lenders and business partners, be able to monitor our investments and the progress of our developments, and to generally be able to stay close and available to the end users and tenants of our properties. It is critical to us to maintain that kind of access to be competitive at all in the area and to be successful. Failing to have the kind of access, from our perspective, diminishes the value of our investments, retards our ability to respond and be competitive in acquisition, development, and leasing or sale, and would ultimately chill our ability or willingness to continue or expand those investments. We have many other properties outside of New York and the United States from which we could conduct our real estate operations that have more favorable tax and regulatory structures. We could choose to relocate there, monitor or sell-off our investments here, and re-invest in other metropolitan areas having greater economic incentives and returns. While our investments have shown a commitment to WNY to date, for us, we have the ability to change that if we feel it appropriate, obtaining a tax incentive benefits package would serve as a significant disincentive to exercise our available options and relocate out of state."

**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?**

Yes

**If yes, please explain and provide supporting documentation**

From FFZ: "Failing to have the kind of access, from our perspective, diminishes the value of our investments, retards our ability to respond and be complete in acquisition, development, and leasing or sale, and would ultimately chill our ability or willingness to continue or expand those investments." BCOME's operation is based on serving residents in the not-for-profits' service areas. This project and location is necessary for BCOME's outreach, service, and operational affordability.

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

Location for for ease of access, access to our properties, maintain connectivity to lenders and business partners, be able to monitor our investments and the progress of developments, and to generally be able to stay close and available to the end users and tenants of properties.

**What is going to happen to the current facility that project occupant is located in?**

Facility (Frontier) is currently operating under a master lease. Lease holder has continued inquiries regarding available space and will lease to a comparable tenant. BCOME is a new operation that will not be vacating space.

**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**

Vacancy rates in the Buffalo Market for office space are at 13.71% from 2013's CBRE Marketview analysis which is below the national average. It is expected that a significant portion of this space will be taken off the market by change of use. The Class A office vacancy rate in the City Central Business District is 9.71% making competitive space with the necessary amenities for employers difficult to find. Ensuring the availability of modern office space with in demand amenities on the edge of the Central Business District will ensure retainage and attraction of employers. Ensuring the adaptive reuse of a long neglected State and Federal listed landmark will also preserve an irreplaceable asset in the urban core while providing marketable space to new and expanding employers.

### **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**

500 Seneca Street Buffalo, New York 14204

### **Name and Address of Owner of Premises**

500 Seneca Street, LLC 26 Mississippi Street - Suite 104 Buffalo, New York 14203

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

100% urban area. No bodies of water located near the project. Hardscape roadway has a grade change of 1 building story over the length of the complex.

### **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**

The property is an existing vacant complex of joined buildings in the urban core. The oldest building, located at Hamburg and Seneca Streets, was built in 1900 of heavy timber construction. Other additions were also built in the same way, but later buildings in 1926 were constructed of reinforced concrete as construction methods evolved over time. As new additions were built, openings were cut into perimeter walls to allow for a pass through. As the complex developed, two interior courtyards were framed by the buildings; one in the east portion and one in the west portion. The east courtyard remains open, but the west courtyard later received a roof and was enclosed. All former operations at the facility are classified as light manufacturing. The intended use of the redevelopment is office space, cultural institutions (ie museum), and job training.

### **Describe all known former uses of the Premises**

From 1900 to 1959 the facility was a paper box manufacturing plant and corporate offices. From 1986 to 2004 the facility was a baseball hat manufacturing and embroidering plant.

### **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**

Vacant since 2004.

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

Yes

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

There is an existing chlorinated solvent spill that has been identified and is being cleaned through a volunteer Brownfield Cleanup Agreement with DEC. Environmental reports are attached.

**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**

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**

Approximately 5 tons of water per month will impact the City of Buffalo municipal sewer system. Sources of this water include stormwater runoff from the existing building and regular water use by 300,000 SF of office use. The capacity of the municipal system exceeds this use as it is designed for an industrial facility. A SEQRA negative declaration was issued by the City of Buffalo Planning Board and is attached.

**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**

None. Underground storage tanks were removed and documented by prior owners. Documentation is attached.

**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**

All impacted soil surrounding a former underground storage tank was removed and documented by prior owners. Documentation is attached.

## **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?**

Yes

**If yes, please identify the materials**

Pipe insulation.

## Kevin Hays

---

**From:** Samuel Savarino  
**Sent:** Wednesday, February 05, 2014 3:59 PM  
**To:** Kevin Hays  
**Subject:** FW: 500 Seneca

**Samuel J. Savarino**  
President and CEO



**Savarino Companies**  
95 Perry Street  
Suite 104  
Buffalo, NY 14203  
p: (716) 332-5959  
f: (716) 332-5968

---

**From:** Stefan Kershow [mailto:skershow@tbco.biz]  
**Sent:** Wednesday, February 05, 2014 3:48 PM  
**To:** Samuel Savarino  
**Subject:** 500 Seneca

Sam,

I understand you are making application to the Erie County Industrial Development Agency for a sales tax abatement on 500 Seneca.

This email is to confirm that Brownfield Revitalization CDE is currently holding \$5.7mm of NMTC allocation, tied to an equity investment from US Bank, for the 500 Seneca project. The allocation commitment remains subject to underwriting and internal approvals and is conditioned upon a successful transaction closing occurring by March 31, 2014.

Please let me know if you have any questions.

Best,

Stefan Kershow  
Assistant Director, Structured Finance  
Consortium Capital  
The Bernstein Companies  
3299 K Street NW, Suite 700  
Washington, DC 20007  
202-478-7557 (direct)  
202-306-5091 (cell)



January 9, 2014

John Cappellino, Executive Vice President  
Erie County Industrial Development Agency  
95 Perry Street  
Buffalo, NY 14203

Re: 500 Seneca Street, Buffalo, NY (Erie County)  
*Application for Tax Incentive Benefits*

Dear Mr. Cappellino:

This letter follows up the public hearing held today on the Application of 500 Seneca Street, LLC for Tax Incentive Benefits submitted to the ECIDA for the 500 Seneca Street project above-mentioned.

The application identifies Frontier Industrial Corporation and Frontier Group of Companies<sup>1</sup> ("Frontier") as companies that have committed to re-locating their current headquarters at 26 Mississippi Street to the 500 Seneca Street location due to the need for additional space for expansion. Frontier has committed to executing, for these purposes, a master lease to occupy a minimum of 60,450 square feet of the building.

This letter supplements our application and is intended to set out more information regarding Frontier and anticipated job creation.

Frontier Industrial Corp. is one of the largest and highest quality demolition, dismantling, and recycling turnkey contractors in North America, having worked and continuing to work for some of the top Fortune 500 companies in the U.S. and Canada in the chemical (including Dow), paper, steel, power, and manufacturing industries over many years. Frontier has developed an extraordinary tool box to use in addressing site, building, and contamination issues, complementing our real estate development experience with muscle, machine, and know-how for addressing almost any large, industrial, or contaminated site issue that may arise.

Frontier Group of Companies ("FGC") is the real estate development arm of Frontier Industrial Corp., with the principals of Frontier Industrial Corp. being the principals of FGC and various related companies engaged in real estate development projects in Buffalo, Western New York, nationally, and internationally, including 500 Seneca Street, LLC, the owner of this project.

Given the toolbox Frontier Industrial Corp. has available, it should surprise no one that the initial and continued focus of FGC has been in acquiring and redeveloping brownfield and industrial sites throughout the United States and they have done so for the last 20 years. During this time, we have purchased and redeveloped idled plants for many well-known global companies in the steel, power, and chemical industries companies, among others. As a result, our company is very familiar with the

<sup>1</sup> FFZ Holdings, LLC now operates under the name of Frontier Group of Companies.



John Cappellino  
January 9, 2014



regulatory and cost framework for redeveloping brownfield sites, are experienced in property assessment and pricing, can close quickly, are comfortable with and understand environmental risks and liabilities, have the capacity to assume liabilities under appropriate conditions, are flexible enough to provide a broad array of services at good prices when and how the client may want, and we have teams that can assist in developing and implementing project re-use or exit strategies. This experience allows us to tackle the most challenging projects and then find a pathway to successful redevelopment.

Our two most recent acquisitions are evidence of our willingness to acquire brownfield sites, remediate them, and put them back to work if we can. We recently acquired the former Bethlehem Steel facility in Lackawanna and the former RG Steel facility in Mingo Junction, Ohio. We re-purposed the Bethlehem facility to auto recycling, plastics recycling, storage, and other uses adding some 50-75 new jobs to the area. For the Mingo Junction facility, we expect steel production will be re-started in the next year. We have similar facilities in Ohio, Pennsylvania, and Iowa.

FGC's recent focus, on the other hand, has been on commercial and residential development in the City of Buffalo and Western New York. FGC already has a local property portfolio that includes Charter Schools, office buildings, and storage units. Continuing that focus, FGC will commence construction this year on the 500 Seneca Street project, a \$18MM 78 market rate apartment project on Ohio Street, and a \$5MM 25 market rate apartment project at 550 Seneca Street. At the same time, as you are probably aware, FGC has partnered with TM Montante on the \$70MM redevelopment of the former Kaleida Gates Circle Hospital which will involve the construction of 52 senior living units, a 50,000 sf in health and wellness center, a hub grocery store, other retail amenities, and market rate apartments. In addition, FGC has also recently purchased property at 1515 Fuhrmann Boulevard for potential Buffalo waterfront redevelopment.

Finally, to give you an idea of our scope, depth, and heft, our company has interests in Central and South America in power and mineral projects in this geographic area. Via controlled subsidiaries, we are involved in the final development stages of a coal mine in Santander, Colombia, a 528 MW power plant in Santa Marta, Colombia (100 MW under government contract and 428 MW merchant plant), and a 75 MW power plant outside of Panama City, Panama. We have been successful in working with local contractors and consultants, local and global lenders, regulatory agencies, and governmental energy agencies in moving these projects along.

Frontier presently has approximately 250 employees, 20 of which work in our Buffalo headquarters office in Buffalo. We expect to add another 25-50 labor jobs to Frontier Industrial Corp. field operations (mostly out of state) and to generate an additional 5-10 full-time jobs over the next 2 years at the Frontier headquarters (although there is an excellent potential of producing more than that). We also intend to use our master lease to add or consolidate the operations of various companies that are affiliates of Frontier Group of Companies or other companies we may acquire. The number of jobs created by this consolidation over time is hard to predict given the level and speed of our growth and diversity.

John Cappellino  
January 9, 2014



We would respectfully request that you approve the Application for Tax Incentives. Thank you.

Very truly yours,

Frontier Group of Companies

A handwritten signature in black ink, appearing to read "Craig A. Slater".

Craig A. Slater

CELLULAR: (716) 480-5417

CAS : es

cc : S. Savarino

K. Hays

**CONFIDENTIAL**

COMPANY NAME

500 Seneca Street, LLC

PROJECT NAME

500 Seneca Street

**NO** ECIDA Sales Tax & Mortgage Recording Tax Abatement

**NO** New Market Tax Credits

**NO** Historic Tax Credits

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Income	(4,961,397)	(304,218)	(181,857)	(234,047)	(14,872)	-	-	-	252,008	518,776
Add:										
Depreciation/Amortization	903,130	903,130	903,130	903,130	903,130	903,130	903,130	903,130	903,130	903,130
Net Cash Flow	(4,058,267)	598,912	721,273	669,083	888,258	903,130	903,130	903,130	1,155,138	1,421,906

Discount Rate

12%

Discounted Cash Flow

401,833

ROI

1.1%

Total Project Costs

35,165,433

**NO** ECIDA Sales Tax & Mortgage Recording Tax Abatement

**YES** New Market Tax Credits

**YES** Historic Tax Credits

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Income	(4,961,397)	(45,531)	-	-	-	299,756	671,830	646,658	718,020	791,557
Add:										
Depreciation/Amortization	904,502	904,502	904,502	904,502	904,502	904,502	904,502	904,502	904,502	904,502
Net Cash Flow	(4,056,895)	858,971	904,502	904,502	904,502	1,204,258	1,576,332	1,551,160	1,622,522	1,696,059

Discount Rate

12%

Discounted Cash Flow

1,875,249

ROI

5.3%

Total Project Costs

35,165,433

<b>YES</b>	ECIDA Sales Tax & Mortgage Recording Tax Abatement (Shell & Occupied Tenant Areas of Phase I Per Submitted Application Only)										
<b>YES</b>	New Market Tax Credits										
<b>YES</b>	Historic Tax Credits										
Requested Per Submitted Application		<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
	Net Income	(4,921,547)		202,727	243,930	463,105	684,188	750,563	725,391	796,753	870,290
	Add:										
	Depreciation/Amortization	854,570	854,570	854,570	854,570	854,570	854,570	854,570	854,570	854,570	854,570
	ECIDA Assistance	1,897,847									
	Net Cash Flow	(2,169,130)	854,570	1,057,297	1,098,500	1,317,675	1,538,758	1,605,133	1,579,961	1,651,323	1,724,860
	<b>Discount Rate</b>	<b>12%</b>	<b>Discounted Cash Flow</b>		<b>4,237,524</b>		<b>ROI</b>		<b>12.1%</b>		
			<b>Total Project Costs</b>		<b>35,165,433</b>						

<b>YES</b>	ECIDA Sales Tax & Mortgage Recording Tax Abatement (Shell & All Tenant Areas of Phase I Only)										
<b>YES</b>	New Market Tax Credits										
<b>YES</b>	Historic Tax Credits										
Requested Per Submitted Application		<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
	Net Income	(4,921,547)	10,784	304,123	251,933	471,108	692,191	758,566	733,394	804,756	878,293
	Add:										
	Depreciation/Amortization	849,494	849,494	849,494	849,494	849,494	849,494	849,494	849,494	849,494	849,494
	ECIDA Assistance	2,095,808									
	Net Cash Flow	(1,976,245)	860,278	1,153,617	1,101,427	1,320,602	1,541,685	1,608,060	1,582,888	1,654,250	1,727,787
	<b>Discount Rate</b>	<b>12%</b>	<b>Discounted Cash Flow</b>		<b>4,492,360</b>		<b>ROI</b>		<b>12.8%</b>		
			<b>Total Project Costs</b>		<b>35,165,433</b>						