

Randall Benderson 1993-1 Trust
\$6,480,000
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 53

COMPANY INCENTIVES

- Approximately \$328,000 in sales tax savings
- Approximately \$570,000 in real property tax savings

PROJECT BENEFITS

- The project will generate approximately \$155,560 of revenue to the local taxing jurisdictions over the abatement period representing \$25,873 to the County of Erie, \$46,637 to the Town of Cheektowaga and \$83,050 to the Cheektowaga Central School District.

EMPLOYMENT

- Current Jobs = 0
- Projected Jobs = 35

PROJECT HISTORY

- 6/18/2012 - Town of Cheektowaga adopts a Negative Declaration in accordance with SEQRA.
- 3/27/2015 & 4/6/2015 - Public hearings held. Transcript attached.
- 4/22/2015 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Randall Benderson 1993-1 Trust
 Project Address: 2839-2871 Broadway
 Cheektowaga, New York 14227
 (Cheektowaga Central School District)

Agency Request

A sales tax and real property tax abatement in connection with the construction of two multi-tenant facilities in the Broadway Development Park.

New Building Construction	\$5,296,768
Infrastructure	959,232
Soft Costs	224,000
Total Project Cost	\$6,480,000
85%	\$5,508,000

Company Description

Benderson Development is a commercial real estate developer with over 60 years experience. A portion of the applicant's portfolio consists of office, warehouse and industrial space. The most recent IDA project undertaken by the developer was the successful conversion of the former Donovan Building into a mixed use development anchored by Phillips Lytle and a Marriott Hotel.

Project Description

The project entails the construction of two spec buildings in the Broadway Development Park in the Town of Cheektowaga. The two buildings totaling 100,000 sq. ft. (35,000/65,000 sq. ft.) will create first class, clean and productive office, warehouse and distribution space at moderate rental costs ideally suited to start up and expansion minded businesses.

At present, there are 5 buildings in the park with a total square footage of 330,000 with approximately 250 employees.

Since the recession in 2008, the construction of new industrial space has been put on hold. During this time, the demand has grown to the point that the existing supply is at near capacity,

Retail Determination

This board has taken the position in the past that empty space should be considered retail. However, the zoning for this project is M2-general manufacturing which eliminates the ability to attract a retail tenant.

Retail Determination

Based on the project being a spec building, it is difficult to identify specific new employment figures for the proposed development. The estimated employment projections depend ultimately on the type of business that locates in the facility. However, the company was able to provide the following guidelines.

Use	Employment Estimate	Total Employment Estimate Based on Ultimate Use	Salary Estimate
Warehouse	1 employee per 6,000 sq. ft.	16	\$28,000 - \$30,000
Light Manufacturing/Distribution	3 employees per 6,000 sq. ft.	50	\$30,000 - \$33,000
Office/Distribution/Processing	5 employees per 6,000 sq. ft.	83	\$34,000 - \$36,000

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value (Actual)	Additional County Revenue over 7-year abatement period	Additional Local Revenue over 7-year abatement period	New Yearly Taxes Upon Expiration of Abatement Period
\$0	\$3,288,000	\$26,000	\$130,000	\$103,000
Combined Tax Rate: \$31.54				

PILOT Table

The project will generate approximately \$155,560 of revenue to the local taxing jurisdictions over the abatement period representing \$25,873 to the County of Erie, \$46,637 to the Town of Cheektowaga and \$83,050 to the Cheektowaga Central School District.

Year	%payment under PILOT	Est. County PILOT	Est. Town PILOT	Est. School PILOT	Est. Total PILOT	Full Taxes without PILOT	Net Exemption
1	10%	\$1,725	\$3,109	\$5,537	\$10,371	\$103,707	\$93,336
2	10%	\$1,725	\$3,109	\$5,537	\$10,371	\$103,707	\$93,336
3	20%	\$3,450	\$6,218	\$11,073	\$20,741	\$103,707	\$82,965
4	20%	\$3,450	\$6,218	\$11,073	\$20,741	\$103,707	\$82,965
5	30%	\$5,175	\$9,327	\$16,610	\$31,112	\$103,707	\$72,595
6	30%	\$5,175	\$9,327	\$16,610	\$31,112	\$103,707	\$72,595
7	30%	\$5,175	\$9,327	\$16,610	\$31,112	\$103,707	\$72,595
TOTAL PAYMENTS		\$25,873	\$46,637	\$83,050	\$155,560	\$725,948	\$570,387

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total project Amount = \$6,480,000 85% = \$5,508,000
Employment	Construction Phase and PILOT Term	New Tenant Employment at full Capacity = 35 new jobs 85% = 30
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Recapture Period	Coincides with 7 year PI-LOT term	Recapture of state and local sales taxes and real property taxes

Recapture applies to:

State and Local Sales Taxes
Payment in Lieu of Taxes

Recapture

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales tax and use tax exemption benefits taken by the company that are in violation of the GML.

In addition, it is the recommendation of the ECIDA's Policy Committee to recapture the local share of sales tax and real property taxes.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed and ii) 100 construction jobs and 85% of projected warehouse jobs and iii) adheres to local labor policy.