

David Gordon/Gordon Companies, Inc.; Colvin Oakdale, LLC, 2331 GB
\$1,825,000
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 454111

COMPANY INCENTIVES

- Approximately \$87,500 in sales tax savings
- Approximately \$130,000 in real property tax savings

PROJECT BENEFITS

- The project will generate approximately \$24,000 of revenue to the local taxing jurisdictions over the abatement period representing \$4,000 to the County of Erie, \$7,000 to the Town of Cheektowaga and \$13,000 to the Cheektowaga Central School District.

EMPLOYMENT

- Current Jobs = 82
- Projected Jobs = 88

PROJECT HISTORY

- Exempt from SEQRA review -repair/rebuild in place.
- 4/28/2015 - Public hearing held. Transcript attached.
- 5/20/2015 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: David Gordon/Gordon Companies, Inc.
Colvin Oakdale, LLC, 2331 GB

Project Address: 2331 and 2335 Union Road
Cheektowaga, New York 14227
(Cheektowaga Central School District)

Agency Request

A sales tax and real property tax abatement in connection with the rebuilding of company's warehouse operations destroyed by severe weather.

New Building Construction	\$1,000,000
Renovation	500,000
Non-Manufacturing Equipment	175,000
Soft Costs	150,000
Total Project Cost	\$1,825,000
85%	\$1,551,250

Company Description

David Gordon/Gordon Companies, Inc., Colvin Oakdale, LLC 2331 GB are real estate holding companies for Gordon Companies, Inc., a warehousing center of Christmas and home décor products for its sales operations.

The bulk of the company's sales (84%) are to customers located outside of New York State.

Project Description

The project will serve to repair damage caused by the November, 2014 storm. The buildings located at 2331 and 2335 Union Road are warehouses currently minimally useable or totally unusable for all storage needs in connection with the Gordon Company, Inc./ Christmas Central.com Christmas Decoration and Home Décor and global internet business.

A 28,000 sq. ft. section of the warehouse at 2335 Union Road collapsed due to the weight of the snow on the roof. All contents including inventory and equipment were destroyed. This section of the building has since been demolished. In addition, two other sections of the building totaling 44,000 sq. ft. were significantly damaged and in need of extensive repair. This entire building is currently closed by order of the Town of Cheektowaga.

A second warehouse located at 2331 Union Road had a roof collapse covering approximately 12,000 sq. ft. of this total 34,000 sq. ft. building. The roof is in need of significant repair as well as corrective rehab of the damaged interior.

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	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	\$500,000	\$4,000	\$20,000	\$16,000
Combined Tax Rate: \$31.54				

PILOT Table

The project will generate approximately \$24,000 of revenue to the local taxing jurisdictions over the abatement period representing \$4,000 to the County of Erie, \$7,000 to the Town of Cheektowaga and \$13,000 to the Cheektowaga Central School District.

Year	%payment under PI-LOT	Est. County PILOT	Est. Town PILOT	Est. School PILOT	Est. Total PILOT	As if Owned	Net Exemption
1	10%	\$262	\$473	\$842	\$1,577	\$15,771	\$14,193
2	10%	\$262	\$473	\$842	\$1,577	\$15,771	\$14,193
3	20%	\$525	\$946	\$1,684	\$3,154	\$15,771	\$12,616
4	20%	\$525	\$946	\$1,684	\$3,154	\$15,771	\$12,616
5	30%	\$787	\$1,418	\$2,526	\$4,731	\$15,771	\$11,039
6	30%	\$787	\$1,418	\$2,526	\$4,731	\$15,771	\$11,039
7	30%	\$787	\$1,418	\$2,526	\$4,731	\$15,771	\$11,039
TOTAL PAYMENTS		\$3,935	\$7,092	\$12,629	\$23,656	\$110,394	\$86,738

Current Taxes

The demolished building is part of an existing parcel with a current assessment of just over \$1,000,000. The company will continue to pay full taxes on that parcel which are approximately \$33,000.

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 = \$1,825,000 85% = \$1,551,250
Employment	Same as PILOT	Maintain base employment of 82 and create 85% of projected: Projected = 6 85% = 5
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 ii) that they maintained the 82 existing jobs and created 85% of projected jobs (5) and iii) adherence to local labor policy.