

Trahwen-G, LLC
\$5,380,000
INDUCEMENT RESOLUTION

ELIGIBILITY
<ul style="list-style-type: none"> • NAICS Section - 53
COMPANY INCENTIVES
<ul style="list-style-type: none"> • Approximately \$227,500 in sales tax savings • Approximately \$538,000 in real property tax savings
PROJECT BENEFITS
<ul style="list-style-type: none"> • The project will generate approximately \$147,000 of revenue to the local taxing jurisdictions over the abatement period representing \$24,000 to the County of Erie, \$43,000 to the Town of Cheektowaga and \$80,000 to the Cheektowaga Maryvale School
EMPLOYMENT
District. <ul style="list-style-type: none"> • Current Jobs = 0 • Projected Jobs = 35
PROJECT HISTORY
<ul style="list-style-type: none"> • 4/25/16 - Public hearing held. Transcript attached. • 5/25/2016 - ECIDA Board of Directors adopts a Negative Declaration in accordance with SEQRA. • 5/25/2016 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Trahwen-G, LLC (Benderson)
 Project Address: 135 Buell Avenue
 Cheektowaga, New York 14225
 (Cheektowaga Maryvale School District)

Agency Request

A sales tax and real property tax abatement in connection with the construction of a 100,000 sq. ft. spec building.

New Building Construction	\$4,300,000
Infrastructure	1,025,000
Soft Costs	55,000
Total Project Cost	\$5,380,000
85%	\$4,573,000

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 finalized 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 a spec building in the Town of Cheektowaga. The 100,000 sq. ft. facility 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.

The current project mirrors one previously approved by this Board in April, 2015 which consisted of two spec buildings totaling 100,000 sq. ft. in the neighboring Broadway Development Park also in the Town of Cheektowaga.

Since the 2008 recession, construction of new industrial space has been put on hold. During this time, 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.

Employment

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. It should be noted the company has committed to 35 jobs in this new facility.

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	\$3,010,000	\$24,000	\$123,000	\$98,000
Combined Tax Rate: \$32.53				

PILOT Table

The project will generate approximately \$147,000 of revenue to the local taxing jurisdictions over the abatement period representing \$24,000 to the County of Erie, \$43,000 to the Town of Cheektowaga and \$80,000 to the Cheektowaga Maryvale Central School District.

Year	% payment under PILOT	Est. County PILOT	Est. Town PILOT	Est. School PILOT	Est. Total PILOT	AIO Full Taxes without PILOT	Net Exemption
1	10%	\$1,588	\$2,856	\$5,349	\$9,793	\$97,933	\$88,140
2	10%	\$1,588	\$2,856	\$5,349	\$9,793	\$97,933	\$88,140
3	20%	\$3,176	\$5,713	\$10,698	\$19,587	\$97,933	\$78,347
4	20%	\$3,176	\$5,713	\$10,698	\$19,587	\$97,933	\$78,347
5	30%	\$4,764	\$8,569	\$16,046	\$29,380	\$97,933	\$68,553
6	30%	\$4,764	\$8,569	\$16,046	\$29,380	\$97,933	\$68,553
7	30%	\$4,764	\$8,569	\$16,046	\$29,380	\$97,933	\$68,553
TOTAL PAYMENTS		\$23,821	\$42,847	\$80,232	\$146,900	\$685,534	\$538,633

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 = \$5,380,000 85% = \$4,573,000
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
Pay Equity	See Recapture Period	Adherence to Policy
Unpaid Tax	See Recapture Period	Adherence to Policy
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) creation of 30 jobs, iii) adherence to local labor policy, iv) adherence to unpaid tax policy and v) adherence to pay equity policy.