



## Great Lakes Orthodontics Application

### Section I: Applicant Background Information

#### Applicant Information - Company Receiving Benefit

<b>Applicant Name</b>	Great Lakes Orthodontics, Ltd.
<b>Applicant Address</b>	200 Cooper Avenue
<b>Applicant Address 2</b>	
<b>Applicant City</b>	Tonawanda
<b>Applicant State</b>	New York
<b>Applicant Zip</b>	14150
<b>Phone</b>	716-871-1161
<b>Fax</b>	
<b>E-mail</b>	dlavin@greatlakesortho.com
<b>Website</b>	www.greatlakesortho.com
<b>Federal ID#</b>	
<b>NAICS Code</b>	339110, 423450
<b>Will a Real Estate Holding Company be utilized to own the Project property/facility</b>	No
<b>What is the name of the Real Estate Holding Company</b>	N/A
<b>Federal ID#</b>	N/A
<b>State and Year of Incorporation/Organization</b>	N/A
<b>List of stockholders, members, or partners of Real Estate Holding Company</b>	N/A

#### Individual Completing Application

<b>Name</b>	David Lavin
<b>Title</b>	Vice President of Operations
<b>Address</b>	200 Cooper Avenue
<b>Address 2</b>	
<b>City</b>	Tonawanda
<b>State</b>	New York
<b>Zip</b>	14150
<b>Phone</b>	716-871-1161
<b>Fax</b>	
<b>E-Mail</b>	dlavin@greatlakesortho.com

Company Contact (if different from individual completing application)

**Name** N/A  
**Title**  
**Address**  
**Address 2**  
**City**  
**State**  
**Zip**  
**Phone**  
**Fax**  
**E-Mail**

Company Counsel

**Name of Attorney** Vincent Hanley  
**Firm Name** Bond, Schoeneck & King  
**Address** Avanti Building, Suite 900  
**Address 2** 200 Delaware Avenue  
**City** Buffalo  
**State** New York  
**Zip** 14202-2107  
**Phone** 716-416-7022  
**Fax** 716-416-7322  
**E-Mail** vhanley@bsk.com

Identify the assistance being requested of the Agency

**Exemption from Sales Tax** Yes  
**Exemption from Mortgage Tax** No  
**Exemption from Real Property Tax** Yes  
**Tax Exempt Financing\*** No

\* (typically for not-for-profits & small qualified manufacturers)

Business Organization

**Type of Business** Corporation  
**Type of Ownership**  
**Year Established** 1967  
**State of Organization** New York

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

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

Great Lakes Orthodontics Ltd ESOP, 100%

Applicant Business Description

**Describe in detail company background, products, customers, goods and services. Description is critical in determining eligibility**

Great Lakes Orthodontics, Ltd. is a manufacturer of dental appliances, a distributor of dental equipment and supplies, and a training and education provider to dental technicians for other labs and doctor's offices. The markets served include orthodontists, prosthodontists, oral surgeons, and the restorative and general dental profession throughout North America and around the world. Great Lakes Orthodontics was established in 1967 and has a history of steady and continual growth. The company moved to its Hertel Avenue, Buffalo facility in 1975 with 28 employees. In 1986, the company moved from Hertel Avenue to its Fire Tower, Tonawanda facility with 130 employees. In 2002, the company moved from Fire Tower to its Cooper Avenue, Tonawanda facility with 190 employees. The present facility at Cooper Avenue is close to maximum capacity with 240 employees. Great Lakes Orthodontics operates one of the largest orthodontic dental labs (manufacturing) in the United States. The laboratory manufacturing operations are labor intensive with a current lab headcount of 146. Great Lakes Orthodontics distributes over 2,500 products to over 100 countries and is a leading supplier for 3D printing and scanning equipment in the orthodontic sector of the dental industry. Warehousing and logistics staff consists of 14 employees, while the sales and administrative staff have a headcount of 80. The company often faces considerable price competition from other laboratories that have their products manufactured overseas. Great Lakes Orthodontics desires to maintain its laboratory operations in its current location of Tonawanda, NY. However, there is consideration for the company to outsource its manufacturing operations to the Chinese companies who are often soliciting Great Lakes Orthodontics business.

<b>Estimated % of sales within Erie County</b>	1
<b>Estimated % of sales outside Erie County but within New York State</b>	9
<b>Estimated % of sales outside New York State but within the U.S.</b>	81
<b>Estimated % of sales outside the U.S.</b>	9

(\*Percentage to equal 100%)

**What percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County? Include list of vendors, raw material suppliers and percentages for each. Provide supporting documentation of the estimated percentage of local purchases**

\$4,079,515 or 24.92% of total purchases are purchased in Erie County

## Section II: Eligibility Questionnaire - Project Description & Details

### Project Location

#### **Municipality or Municipalities of current operations**

Tonawanda, New York

#### **Will the Proposed Project be located within a Municipality identified above?**

Yes

#### **In which Municipality will the proposed project be located**

Tonawanda, New York

#### **Address**

200 Cooper Avenue, Tonawanda, NY 14150

#### **If the Proposed Project is located in a different Municipality than that Municipality in which current operations are being undertaken, is it expected that any of the facilities in any other Municipality will be closed or be subject to reduced activity?**

No

(If yes, you will need to complete the Retail Section of this application)

#### **SBL Number for Property upon which proposed Project will be located**

N/A

#### **What are the current real estate taxes on the proposed Project Site**

116,919

#### **Assessed value of land**

N/A

#### **Assessed value of building(s)**

N/A

#### **Are Real Property Taxes current?**

Yes

#### **If no please explain**

N/A

#### **Town/City/Village of Project Site**

200 Cooper Avenue, Tonawanda, NY 14150

#### **School District of Project Site**

Kenmore - Town of Tonawanda UFD, New York

#### **Does the Applicant or any related entity currently hold fee title to the Project site?**

Yes

#### **If No, indicate name of present owner of the Project Site**

N/A

#### **Does Applicant or related entity have an option/contract to purchase the Project site?**

No

#### **Describe the present use of the Proposed Project site**

The present site is the facility in which Great Lakes Orthodontics conducts business, which includes the land between the parking lots and the current facility where an expansion is to take place.

#### **Please provide narrative of project (new build, renovations, and/or equipment purchases). Identify specific uses occurring within the project. Describe any and all tenants and any/all end users: (This information is critical in determining project eligibility)**

The project consists of an expansion and a renovation to the existing building, and a parking lot expansion allowing for 125 additional parking spaces in anticipation of employee headcount growth. The building's east expansion of 14,629 square feet is for additional manufacturing space in the lab and cafeteria space to accommodate the additional staff. The building's west expansion of 9,720 square feet is for additional warehousing and office space to allow for expanded product lines and sales staff additions. The New York State Department of Environmental Conservation requires the company to install a costly underground water detention system to handle water runoff from the parking expansion. The internal renovations are to accommodate current staffing requirements and while providing growth space for various departments throughout the company. Departments affected by the building renovations include 1) Lab Division: Designers, Shipping and Receiving, customer service and Digital Production 2) Products Division: Bracket Sales Staff, Inside and Outside Sales Staff, Digital Sales Support, Warehousing, Assembly and Repair 3) Corporate Staff: Information Technologies, Accounting and Business Support Services.

**Describe the reasons why the Agency's Financial Assistance is necessary and how the Financial Assistance enables the company to undertake the Project to facilitate investment, job creation and/or job retention. Focus on competitiveness issues, project shortfalls, etc... Your eligibility determination will be based in part on your answer (attach additional pages if necessary)**

Great Lakes Orthodontics, Ltd (GLO) needs to expand its manufacturing and distribution facilities to support growth from new product launches as well as the consistent annual organic growth of 5% to 10%. The lab's manufacturing area is out of space. The work area is crowded, which not only cause productivity and safety concerns, but also limits the ability to bring in additional hires to support expected growth. GLO faces continual price pressure from other labs that have outsourced their appliance manufacturing in foreign countries such as China. GLO has had conversations with Chinese representatives to establish a lab in China for the fabrication of appliances even though this is a direction management would prefer not to choose. If GLO cannot expand its manufacturing facility it will be in a position to significantly consider establishing a Chinese lab to manufacture its appliances. This will not only eliminate 10-15 estimated new jobs, but could also eliminate up to 146 GLO lab technician jobs for a total net job loss of around 155. Distribution warehousing space is at maximum capacity with current inventories. The expansion project adds warehousing space to support continual growth and the growth of major new product line for orthodontic brackets. Pending the success of this product line GLO will add sales staff and warehousing staff to maintain this business. Workstations will be added throughout the company to accommodate places for the new hires in administrative and support roles due to the overall anticipated growth of the company. The estimated construction and related costs of this project are \$5,000,000, which is significant to the company. GLO is an ESOP with an off-balance sheet repurchase liability of approximately \$14,000,000 for employees over 55 years of age and will be retiring soon. The repurchase liability places a tremendous strain on company funds as a result. The company does not want to relocate its business or outsource its manufacturing, but it will be forced to consider these options if there is not sufficient incentives to support them on this project.

**Will project include leasing any equipment?**

No

**If yes, please describe equipment and lease terms.**

N/A

Site Characteristics

**Will the Project meet zoning/land use requirements at the proposed location?**

Yes

**Describe the present zoning/land use**

PS Performance Standard

**Describe required zoning/land use, if different**

N/A

**If a change in zoning/land use is required, please provide details/status of any request for change of zoning/land use requirements**

N/A

**Is the proposed Project located on a site where the known or potential presence of contaminants is complicating the development/use of the property?**

No

**If yes, please explain**

N/A

**Has a Phase I Environmental Assessment been prepared, or will one be prepared with respect to the proposed Project Site?**

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?**

No

If yes, please provide copies of the study.

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

N/A

You may also attach additional information about the machinery and equipment at the end of the application.

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

Yes

If yes, please explain.

Research and development activities are conducted through operating staff that are knowledgeable in the application and fabrication process of various dental products. These staff members have other responsibilities beyond research and development.

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

about 1%

Select Project Type for all end users at project site (you may check more than one)

Will customers personally visit the Project site for either of the following economic activities? If yes with respect to either economic activity indicated below, complete the Retail Determination contained in Section IV of the Application.

Please check any and all end uses as identified below.

**Retail Sales**      No                                      **Services**      Yes

For purposes of this question, the term "retail sales" means (i) sales by a registered vendor under Article 28 of the Tax Law of the State of New York (the "Tax Law") primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b)(4)(i) of the Tax Law), or (ii) sales of a service to customers who personally visit the Project.

- |  |                        |   |
|--|------------------------|---|
| <b>Yes Manufacturing</b>                   | <b>No Multi-Tenant</b> | <b>No Mixed Use</b>                       |
| <b>No Acquisition of Existing Facility</b> | <b>Yes Commercial</b>  | <b>No Facility for the Aging</b>          |
| <b>No Housing</b>                          | <b>No Back Office</b>  | <b>No Civic Facility (not for profit)</b> |
| <b>No Equipment Purchase</b>               | <b>No Retail</b>       | <b>Yes Other</b>                          |
|  |                        | <b>Training Services</b>                  |

Project Information

**Estimated costs in connection with project**

**Land and/or Building Acquisition**

\$ 0 square feet acres

**New Building Construction**

\$ 0 square feet

**New Building addition(s)**

\$ 4,255,230 24,349 square feet

**Infrastructure Work**

\$ 0

**Renovation**

\$ 0 square feet

**Manufacturing Equipment**

\$ 0

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

\$ 750,000

**Soft Costs: (professional services, etc.)**

\$ 0

**Other Cost**

\$ 0

**Explain Other Costs**

**Total Cost**

\$ 5,005,230

**Project Refinancing; estimated amount (for refinancing of existing debt only)**

\$ 0

**Have any of the above costs been paid or incurred as of the date of this Application?**

Yes

**If Yes, describe particulars:**

\$167,600 for architecture and design services

Sources of Funds for Project Costs:

**Estimated Mortgage Amount (Sum total of all financing – construction and bridge)**

\$

**Lender Name, if Known**

**Equity**

5,000,000

Construction Cost Breakdown:

**Total Cost of Construction**

\$ 4,255,230 (sum of 2,3,4,5, and/or 7 in Question K, above)

**Cost for materials**

\$ 2,382,928

**% sourced in Erie County**

60%

**% sourced in State**

65% (including Erie County)

**Gross amount of costs for goods and services that are subject to State and local sales and use tax- said amount to benefit from the Agency's sales and use tax exemption benefit**

\$ 3,132,928

**Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above):**

\$ 274,131

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>	12,190 square feet	\$ 2,130,348	50
<b>Warehouse</b>	4,860 square feet	\$ 849,285	20
<b>Research &amp; Development</b>	square feet	\$ 0	0
<b>Commercial</b>	square feet	\$ 0	0
<b>Retail</b>	square feet	\$ 0	0
<b>Office</b>	4,860 square feet	\$ 849,285	20
<b>Specify Other</b>	2,439 square feet	\$ 426,312	10

**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>

**Provide estimate of additional construction cost as a result of LEED certification you are seeking**

N/A

**Will project result in significant utility infrastructure cost or uses**

No

What is your project timetable (Provide dates)

**Start date : acquisition of equipment or construction of facilities**

7/1/2016

**End date : Estimated completion date of project**

3/1/2017

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

4/1/2017

**Have construction contracts been signed?**

No

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

No

**Has the Project received site plan approval from the appropriate planning department?**



No

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

Yes

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

Yes

Employment Plan (Specific to the proposed project location):

	<b>Current # of jobs at proposed 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>Net total new jobs</b>
<b>Full time</b>	221	127	230	9
<b>Part time</b>	19	19	19	0
<b>Total</b>	240	146	249	

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

<b>Address</b>	N/A	N/A	N/A
<b>Full time</b>	0	0	0
<b>Part time</b>	0	0	0
<b>Total</b>	0	0	0

**Will any of the facilities described above be closed or subject to reduced activity?**

No

Payroll Information

**Annual Payroll at Proposed Project Site**

\$ 9,985,000

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

\$ 33,000

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

\$ 23,000

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

**From**

\$ 21,000

**To \$ 47,000**

**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**

N/A

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

N/A

**Have you contacted or been contacted by other Local, State and/or Federal Economic Development Agencies?**

Yes

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

Empire State Development

**Do you anticipate applying for any other assistance for this project?**

Yes

**If yes, what type of assistance (Historic Tax Credits, 485(a), Grants, Utility Loans, Energy Assistance, Workforce Training)**

Tax Credits

**Section III: Facility Type - Single or Multi Tenant**

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

Single Use Facility

For Single Use Facility

**Occupant Name** Great Lakes Orthodontics, Ltd.  
**Address** 200 Cooper Avenue, Tonawanda, NY 14150  
**Contact Person** David Lavin  
**Phone** 716-871-1161, ext 245  
**Fax**  
**E-Mail** dlavin@greatlakesortho.com  
**Federal ID #** -----  
**SIC/NAICS Code** 339110, 423450

Multi-Tenant Facility

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

**Have any tenant leases been entered into for this project?**

<BLANK>

**If yes, please fill out a tenant form in section VII, for each tenant.**

<b>Tenant Name</b>	<b>Current Address (city, state, zip)</b>	<b># of sq ft and % of total to be occupied at new projet site</b>	<b>SIC or NAICS-also briefly describe type of business, products services, % of sales in Erie Co.</b>
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## Section VI: Inter-Municipal Move Determination

The Agency is required by state law to make a determination that, if completion of a Project benefiting from Agency Financial Assistance results in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, Agency financial Assistance is required to prevent the project occupant from relocating out of the state, or is reasonably necessary to preserve the project occupant's competitive position in its respective industry.

**Will the project result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the state to another area of the state?** No

**Will the project result in the abandonment of one or more plants or facilities of the Project occupant located within the state?** No

**If Yes to either question, explain how, notwithstanding the aforementioned closing or activity reduction, the Agency's Financial Assistance is required to prevent the Project from relocating out of the State, or is reasonably necessary to preserve the Project occupant's competitive position in its respective industry:**

N/A

**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 Yes to either question, please, explain** N/A

**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 out of the City of Buffalo (For example, present site is not large enough, or owner will not renew leases etc.)**

N/A

**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.)**

N/A

**If the project occupant is currently located in Erie County and will be moving to a different municipality within Erie County, has the project occupant attempted to find a suitable location within the municipality in which it is currently located?**

No

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

N/A

**If the current facility is to be abandoned, what is going to happen to the current facility that project occupant is located in?**

N/A

**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.**

N/A

## Section VII: Adaptive Reuse Projects

<b>Are you applying for tax incentives under the Adaptive Reuse Program?</b>	No
<b>What is the age of the structure (in years)?</b>	0
<b>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)</b>	No
<b>If vacant, number of years vacant.</b>	0
<b>If underutilized, number of years underutilized.</b>	0
<b>Describe the use of the building during the time it has been underutilized:</b>	N/A
<b>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)</b>	<BLANK>
<b>If yes, please provide dollar amount of income being generated, if any</b>	\$ N/A
<b>Does the site have historical significance?</b>	No
<b>Are you applying for either State/Federal Historical Tax Credit Programs?</b>	No
<b>If yes, provide estimated value of tax credits</b>	\$ N/A
<b>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 (you will be asked to provide cash flow projections documenting costs, expenses and revenues with and without IDA and other tax credits included indicating below average return on investment rates compared to regional industry averages)</b>	N/A
<b>Briefly summarize the demonstrated support that you intend to receive from local government entities. Please provide ECIDA with documentation of this support in the form of signed letters from these entities</b>	N/A
<b>Please indicate other factors that you would like 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 has historical significance, site or structure is presently delinquent in property tax payments</b>	N/A

**Section VIII: Senior Citizen Rental Housing Projects**

**Are you applying for tax incentives under the Senior Rental Housing policy?**

No

**Has the project received written support from the city, town or village government in which it is located?**

<BLANK>

**Describe the location of the project as it relates to the project's proximity to the town / village / city center or to a recognized hamlet.**

**Is the project consistent with the applicable municipal master plan?**

<BLANK>

**If yes, please provide a narrative identifying the master plan (by name) and describing how the project aligns with the plan details**

**Does the project advance efforts to create a walkable neighborhood and community in proximity to important local amenities and services?**

<BLANK>

**If yes, please provide a narrative describing the walkable nature of the project including access seniors would have to specific neighborhood amenities.**

**Has a market study shown that there is a significant unmet need in the local community or specific neighborhood where seniors are unable to find appropriate housing opportunities?**

<BLANK>

**Is the project located in an area (defined as a 1 – 5 mile radius of the project site) where there are significant local resident populations that are at or below the median income level?**

<BLANK>

**If yes, please describe how you made this determination based upon census tract and other relevant third party data.**

**Does the project provide amenities that are attractive to seniors and differentiates the project from standard market rate housing?**

**Are there impediments that hinder the ability to conventionally finance this project and /or negatively impact the project's return on investment?**

<BLANK>

**If yes, please 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 (you will be asked to provide cash flow projections documenting costs, expenses and revenues with and without IDA and other tax credits included indicating below average return on investment rates compared to regional industry averages)**

**Will the project target (and maintain during the incentive period) a minimum 50% occupancy rate of senior citizens whose income is at or below 60-80% of the median income for Erie County?**

<BLANK>

**If yes, please describe provide a narrative citing key facts that substantiate this finding.**

## Section IX: Retail Determination

**Will any portion of the project (including that portion of the costs to be financed from equity or other sources) consist of facilities or property that are or will be primarily used in making sales of goods or services to customers who personally visit the project site?**

No

If yes, complete the Retail Questionnaire Supplement below.

**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 %

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).

If the answer to A is Yes AND the answer to Question B is greater than 33.33%, indicate which of the following questions below apply to the project:

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

<BLANK>

**Is the project location or facility likely to attract a significant number of visitors from outside the economic development region (Erie, Niagara, Allegheny, Chautauqua and Cattaraugus counties) in which the project will be located?**

<BLANK>

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

**Is the predominant purpose of the project to make available goods or services which would not, but for the project, be reasonably accessible to the residents of the municipality? Are services provided at the proposed project site needed because of a lack of reasonably accessible retail trade facilities offering such goods or services?**

<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>

**If yes, explain**

**Is the project located in a Highly Distressed Area?**

<BLANK>