

COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY

APPLICATION FOR SALE/LEASEBACK TRANSACTION

IMPORTANT NOTICE: The answers to the questions contained in this application are necessary to determine your firm's eligibility for tax exemptions and other assistance from County of Cattaraugus Industrial Development Agency. These answers will also be used in the preparation of papers in this transaction. Accordingly, all questions should be answered accurately and completely by an officer or other employee of your firm who is thoroughly familiar with the business and affairs of your firm and who is also thoroughly familiar with the proposed project. This application is subject to acceptance by the Agency.

TO: COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY
3 East Washington Street
P.O. Box 1749
Ellicottville, New York 14731
Attention: Chairman

This application by applicant respectfully states:

APPLICANT: DST Properties NY, LLC
APPLICANT'S STREET ADDRESS: 13829 Jay St. NW
CITY: Andover STATE: MN PHONE NO.: 763-404-8040

NAME OF PERSON(S) AUTHORIZED TO SPEAK FOR APPLICANT WITH RESPECT TO THIS APPLICATION: Crystal Wiech

IF APPLICANT IS REPRESENTED BY AN ATTORNEY, COMPLETE THE FOLLOWING:

NAME OF FIRM: Barn, Guzy & Steffen, Ltd.

NAME OF ATTORNEY: Charles Seykora

ATTORNEY'S STREET ADDRESS: 400 Northtown Financial Plaza, 200 Coon Rapids Blvd.
CITY: Minneapolis STATE: MN PHONE NO.: 763-783-5118

NOTE: PLEASE READ THE INSTRUCTIONS ON PAGE 2 BEFORE FILLING OUT THIS APPLICATION.

INSTRUCTIONS

1. The Agency will not approve any application unless, in the judgment of the Agency, said application contains sufficient information upon which to base a decision whether to approve or tentatively approve an action.
2. Fill in all blanks, using "none" or "not applicable" or "N/A" where the question is not appropriate to the project which is the subject of this application (the "Project").
3. If an estimate is given as the answer to a question, put "(est)" after the figure or answer which is estimated.
4. If more space is needed to answer any specific question, attach a separate sheet.
5. When completed, return two (2) copies of this application to the Agency at the address indicated on the first page of this application.
6. The Agency will not give final approval to this application until the Agency receives a completed environmental assessment form concerning the Project which is the subject of this application.
7. Please note that Article 6 of the Public Officers Law declares that all records in the possession of the Agency (with certain limited exceptions) are open to public inspection and copying. If the applicant feels that there are elements of the Project which are in the nature of trade secrets or information, the nature of which is such that if disclosed to the public or otherwise widely disseminated would cause substantial injury to the applicant's competitive position, the applicant may identify such elements in writing and request that such elements be kept confidential in accordance with Article 6 of the Public Officers Law.
8. The applicant will be required to pay to the Agency all actual costs incurred in connection with this application and the Project contemplated herein. The applicant will also be expected to pay all costs incurred by general counsel and special counsel to the Agency.
9. The Agency has established an application fee of Two Hundred Fifty Dollars (\$250) to cover the anticipated costs of the Agency in processing this application. A check or money order made payable to the Agency must accompany each application. **THIS APPLICATION WILL NOT BE ACCEPTED BY THE AGENCY UNLESS ACCOMPANIED BY THE APPLICATION FEE.**
10. The Agency has established a project fee for each project in which the Agency participates. **UNLESS THE AGENCY AGREES IN WRITING TO THE CONTRARY, THIS PROJECT FEE IS REQUIRED TO BE PAID BY THE APPLICANT AT OR PRIOR TO THE GRANTING OF ANY FINANCIAL ASSISTANCE BY THE AGENCY.**

FOR AGENCY USE ONLY

1.	Project Number	
2.	Date application Received by Agency	_____, 200_
3.	Date application referred to attorney for review	_____, 200_
4.	Date copy of application mailed to members	_____, 200_
5.	Date notice of Agency meeting on application posted	_____, 200_
6.	Date notice of Agency meeting on application mailed	_____, 200_
7.	Date of Agency meeting on application	_____, 200_
8.	Date Agency conditionally approved application	_____, 200_
9.	Date scheduled for public hearing	_____, 200_
10.	Date Environmental Assessment Form ("EAF") received	_____, 200_
11.	Date Agency completed environmental review	_____, 200_
12.	Date of final approval of application	_____, 200_

County of Cattaraugus Industrial Development Agency
Lease Fee Structure

\$750 non-refundable application fee, **plus**
\$750 non-refundable agency counsel fee.

At the time of closing, prior to the CCIDA issuing its sales tax letter, you will be responsible for the following:

1 and 1/16% fee on the amount of sales tax letter(s) provided (in addition to the non-refundable application fee). Any additional sales tax letter(s) beyond the initial project amount will pay the standard IDA fee (1 and 1/16%) prior to the Agency issuing this letter(s). Any project with an in lieu of real property PILOT will be responsible for the full project PILOT amount paid in full at time of the project closing including projects with fixed fee amounts.

In addition to a CCIDA administrative fee you will also be responsible for paying CCIDA legal counsel expenses for lease transactions. The following are the CCIDA legal costs for each project:

Projects up to \$500,000	\$5,000 fee & up to \$500 in expenses
Projects up to \$1,000,000	\$7,500 fee & up to \$750 in expenses
Projects up to \$2,000,000	\$9,000 fee & up to \$750 in expenses
Projects above \$2,000,000	Will be negotiated

NOTE: Agency legal counsel fee include the \$750 non-refundable agency Counsel fee.
Also if a Payment in Lieu of Taxes (PILOT) and/or a mortgage is part of the Project an additional \$2,000.00 fee will be charged.

Please Note: ALL lease transactions will be by mail closing and these costs only include basic lease documents. Modification of the base documents could result in additional CCIDA attorney costs. In addition, you will also be responsible for your own attorney's legal expenses relating to this transaction. The Board may also modify its fee with three quarters of the Agency's Board Members present approving.

A late payment charge of 1 1/2% per month (30 day period) for every project billing will be in effect from the date billed by the CCIDA.

I. **INFORMATION CONCERNING THE PROPOSED OCCUPANT OF THE PROJECT (HEREINAFTER, THE "COMPANY").**

I. INFORMATION CONCERNING THE PROPOSED OCCUPANT OF THE PROJECT (HEREINAFTER, THE "COMPANY").

A. Identity of Company:

1. Company Name: DST Properties NY, LLC
Present Address: 13829 Jay St. NW, Andover, MN
Zip Code: 55304
Employer's ID No.:
2. If the Company differs from the Applicant, give details of relationship:
3. Indicate type of business organization of Company:
 - a. ☒ Corporation. If so, incorporated in what country? U.S.A.;
What State? MN; Date Incorporated 4/2/2009;
Type of Corporation? LLC; Authorized to do business
in New York? Yes ☒; No ☐.
 - b. ☐ Partnership. If so, indicate type of partnership _____;
Number of general partners _____; Number of limited partners _____.
 - c. ☐ Sole proprietorship.
4. Is the Company a subsidiary or direct or indirect affiliate of any other organization(s)? If so, indicate name of related organization(s) and relationship:

B. Management of Company:

1. List all owners, officers, directors and partners (complete all columns for each person):

NAME AND HOME ADDRESS	OFFICE HELD	OTHER PRINCIPAL BUSINESS
Jeffrey Meister	President	
John Knoll	V. President	
Scott Ilstrup	Secretary	

2. Is the Company or management of the Company now a plaintiff or a defendant in any civil or criminal litigation? Yes ☐; No ☒.
3. Has any person listed above ever been convicted of a criminal offense (other than a minor traffic violation)? Yes ☐; No ☒.

4. Has any person listed above or any concern with whom such person has been connected ever been in receivership or been adjudicated a bankrupt? Yes ☐; No ☒.
5. If the answer to any of questions 2 through 4 is yes, please, furnish details in a separate attachment.

C. Principal owners of Company:

1. Is Company publicly held? Yes ☐; No ☒. If yes, please list exchanges where stock traded:
2. If no, list all stockholders having a 5% or more interest in the Company:

NAME	ADDRESS	PERCENTAGE OF HOLDING
Jeffrey Meister		55
John Knoll		25
Scott Ilstrup		20

- D. Company's principal bank(s) of account:
US Bank

II. DATA REGARDING PROPOSED PROJECT.

- A. Description of the Project: (Please provide a brief narrative description of the Project.)

~~Build a new 16230 sq.ft. manufacturing facility to help increase production.~~

- B. Location of the Project:

1. Street Address: 301 Franklin St.
2. City of Olean
3. Town of _____
4. Village of _____
5. County of Cattaraugus

C. Description of the Project site:

1. Approximate size (in acres or square feet) of the Project site: 2 Acres
Is a map, survey or sketch of the Project site attached? Yes ☒; No ☐.

2. Are there existing buildings on the Project site? Yes ☐; No ☒.

a. If yes, indicate the number of buildings on the site: _____. Also, please briefly identify each existing building and indicate the approximate size (in square feet) of each such existing building:

b. Are the existing buildings in operation? Yes ☐; No ☐. If yes, describe present use of present buildings:

c. Are the existing buildings abandoned? Yes ☐, No ☐. About to be abandoned? Yes ☐; No ☐. If yes, describe:

d. Attach photograph of present buildings.

3. Utilities serving the Project site:

Water-Municipal: None

Other (describe)

Sewer-Municipal: None

Other (describe)

Electric-Utility: None

Other (describe)

Heat Utility: None

Other (describe)

4. Present legal owner of the Project site:

a. If the Company owns the Project site, indicate date of purchase:
March 12 2009, purchase price: \$ 50000.00.

b. If Company does not own the Project site, does Company have an option signed with the owner to purchase the Project site? Yes ☐; No ☐. If yes, indicate date option signed with the owner: _____, 20____; and the date the option expires: _____, 20____.

- c. If the Company does not own the Project site, is there a relationship legally or by common control between the Company and the present owner of the Project site? Yes ☐; No ☐. If yes, describe;

5. a. Zoning District in which the Project site is located:

- b. Are there any variances or special permits affecting the Project site? Yes ☐; No ☒. If yes, list below and attach copies of all such variances or special permits:

D. Description of Proposed Construction:

1. Does part of the Project consist of the acquisition or construction of a new building or buildings? Yes ☒, No ☐. If yes, indicate number and size of new buildings:

New 16230 sq. ft. building

2. Does part of the Project consist of additions and/or renovations to existing buildings located on the Project site? Yes ☐; No ☒. If yes, indicate the buildings to be expanded or renovated, the size of any expansions and the nature of expansion and/or renovation:

3. Describe the principal uses to be made by the Company of the building or buildings to be acquired, constructed or expanded:

Manufacturing facility for production of rotary unions and rotary timing valves



E. Description of the Equipment:

1. Does a part of the Project consist of the acquisition or installation of machinery, equipment or other personal property (the "Equipment")? Yes ☒, No ☐. If yes, describe the Equipment:

New Haas VF5 Machining center, Larger lapping table.

2. With respect to the Equipment to be acquired, will any of the Equipment be Equipment which has previously been used? Yes ☐; No ☒. If yes, please provide detail:

3. Describe the principal uses to be made by the Company of the Equipment to be acquired or installed:

Increase production, size of product manufactured and profitability.

F. Project Use:

1. What are the principal products to be produced at the Project?
Rotating Unions & Rotary Timing Valves
2. What are the principal activities to be conducted at the Project?
Engineering, Manufacturing, Assembly & Test of all products.
3. Does the Project include facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities?
Yes ☐; No ☒. If yes, please provide detail:
4. If the answer to question 3 is yes, what percentage of the cost of the Project will be expended on such facilities or property primarily used in making retail sales of goods or services to customers who personally visit the Project? _____%
5. If the answer to question 3 is yes, and the answer to question 4 is more than 33.33%, indicate whether any of the following apply to the Project:
 - a. Will the Project be operated by a not-for-profit corporation?
Yes ☐; No ☐. If yes, please explain:
N/A
 - b. Is the Project likely to attract a significant number of visitors from outside the economic development region in which the Project will be located?
Yes ☐; No ☐. If yes, please explain:
N/A
 - c. Would the Project occupant, but for the contemplated financial assistance from the Agency, locate the related jobs outside the State of New York?
Yes ☐; No ☐. If yes, please explain:
N/A

d. 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 city, town or village within which the Project will be located, because of a lack of reasonably accessible retail trade facilities offering such goods or services? Yes ☐; No ☒. If yes, please provide detail:

e. Will the Project be located in one of the following: (i) the City of New York; (ii) an area designed as an economic development zone pursuant to Article 18-B of the General Municipal Law; or (iii) a census tract or block numbering area (or census tract or block numbering area contiguous thereto) which, according to the most recent census data, has (x) a poverty rate of at least 20% for the year in which the data relates, or at least 20% of households receiving public assistance, and (y) an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates? Yes ☒, No ☐. If yes, please explain:

We are in Certified Economic Development Zone (EDZ)

6. If the answers to any of subdivisions c. through e. of question 5 is yes, will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York? Yes ☒; No ☐. If yes, please explain:

With increase sales and production we will need additional man power.

7. Will the completion of the Project result in the removal of a plant or facility of the Company or another proposed occupant of the Project (a "Project Occupant") from one area of the State of New York to another area of the State of New York? Yes ☒; No ☐. If yes, please explain:

We will be moving the business from Hinsdale to Olean, NY

8. Will the completion of the Project result in the abandonment of one or more plants or facilities of the Company located in the State of New York? Yes ☐; No ☒. If yes, please provide detail:

9. If the answer to either question 7 or question 8 is yes, indicate whether any of the following apply to the Project:

- a. Is the Project reasonably necessary to preserve the competitive position of the Company or such Project Occupant in its industry? Yes ☒; No ☐. If yes, please provide detail:

With increase productivity and better machines we will be able to reduce overall cost and stay competitive. Also the need for high

- b. Is the Project reasonably necessary to discourage the Company or such Project Occupant from removing such other plant or facility to a location outside the State of New York? Yes ☒; No ☐. If yes, please provide detail:

Parent Co. located in MN. If we can't stay profitable and productive they could move everything to MN. Jobs would be lost.

G. Project Status:

1. If the Project includes the acquisition of any land or buildings, have any steps been taken toward acquiring same? Yes ☐; No ☒. If yes, please discuss in detail the approximate stage of such acquisition:
2. If the Project includes the acquisition of any Equipment, have any steps been taken toward acquiring same? Yes ☒; No ☐. If yes, please discuss in detail the approximate stage of such acquisition:
3. If the Project involves the construction or reconstruction of any building or other improvement, has construction work on any such building or improvement begun? Yes ☐, No ☒. If yes, please discuss in detail the approximate extent of construction and the extent of completion. Indicate in your answer whether such specific steps have been completed as site clearance and preparation; completion of foundations; installation of footings; etc.:
4. Please indicate amount of funds expended on the Project by the Company in the past three (3) years and the purposes of such expenditures:

Phase Studies \$ 13056.00 Engineering for Bldg. \$19900.00

III. INFORMATION CONCERNING LEASES OR SUBLEASES OF THE PROJECT.
(PLEASE COMPLETE THE FOLLOWING SECTION IF THE COMPANY INTENDS TO LEASE OR SUBLEASE ANY PORTION OF THE PROJECT).

- A. Does the Company intend to lease or sublease more than 10% (by area or fair market value) of the Project? Yes ☒; No ☐. If yes, please complete the following for each existing or proposed tenant or subtenant:

1. Sublessee name: DSTI, INC. dba Scott Rotary Seals
Present Address: 4775 Route 16
City: Hinsdale State: NY Zip: 14743
Employer's ID No.:
Sublessee is: ☒ Corporation: ☐ Partnership: ☐ Sole Proprietorship
Relationship to Company:
Percentage of Project to be leased or subleased: 100%
Use of Project intended by Sublessee: Manufacturing
Date of lease or sublease to Sublessee: 1/1/2012
Term of lease or sublease to Sublessee: 5 years
Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes ☐; No ☒. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sublessee.
2. Sublessee name:
Present Address:
City: State: Zip:
Employer's ID No.:
Sublessee is: ☐ Corporation: ☐ Partnership: ☐ Sole Proprietorship
Relationship to Company:
Percentage of Project to be leased or subleased:
Use of Project intended by Sublessee:
Date of lease or sublease to Sublessee:
Term of lease or sublease to Sublessee:
Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes ☐; No ☐. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sublessee.
3. Sublessee name:
Present Address:
City: State: Zip:
Employer's ID No.:
Sublessee is: ☐ Corporation: ☐ Partnership: ☐ Sole Proprietorship
Relationship to Company:
Percentage of Project to be leased or subleased:
Use of Project intended by Sublessee:
Date of lease or sublease to Sublessee:
Term of lease or sublease to Sublessee:

Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes ☐; No ☒. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sublessee.

B. What percentage of the space intended to be leased or subleased is now subject to a binding written lease or sublease? 100%

IV. EMPLOYMENT IMPACT. Indicate below the number of people presently employed at the Project site and the number that will be employed at the Project site at end of the first and second years after the Project has been completed (Do not include construction workers). Also indicate below the number of workers employed at the Project site representing newly created positions as opposed to positions relocated from other project sites of the applicant.

	TYPE OF EMPLOYMENT			TOTALS
	PROFESSIONAL OR MANAGERIAL	UNSKILLED OR SKILLED	SEMI- SKILLED	
Present Full Time	0	0	0	0
Present Part Time	0	0	0	0
Present Seasonal	0	0	0	0
First Year Full Time	4	4	1	9
First Year Part Time	0	0	0	0
First Year Seasonal	0	0	0	0
Second Year Full Time	5	5	1	11
Second Year Part Time	0	1	0	1
Second Year Seasonal	0	0	0	0

V. PROJECT COST:

- A. Anticipated Project Costs. State the costs reasonably necessary for the acquisition of the Project site, the construction of the proposed buildings and the acquisition and installation of any machinery and equipment necessary or convenient in connection therewith, and including any utilities, access roads or appurtenant facilities, using the following categories:

<u>Description of Cost</u>	<u>Amount</u>
Land	\$ 50000.00
Buildings	\$ 666380.00
Machinery and equipment costs	\$ 123663.00
Utilities, roads and appurtenant costs	\$ 27817.00
Architects and engineering fees	\$ 19900.00
Costs of Financing	\$
Construction loan fees and interest	\$ 800000.00
Other (specify)	
Moving Expenses	\$ 15400.00
	\$
	\$

- B. Have any of the above expenditures already been made by the applicant? Yes ☒; No ☐. If yes, indicate particulars. *Land + Architect Fees*

VI. FINANCIAL ASSISTANCE EXPECTED FROM THE AGENCY.

A. Tax Benefits.

1. Is the applicant requesting any real property tax exemption in connection with the Project that would not be available to a project that did not involve the Agency? Yes ☒; No ☐.

If yes, is the real property tax exemption being sought consistent with the Agency's Uniform Tax Exemption Policy? Yes ☒; No ☐.

2. Is the applicant expecting that the financing of the Project will be secured by one or more mortgages? Yes ☒; No ☐. If yes, what is the approximate amount of financing to be secured by mortgages? \$ 800000.00.
3. Is the applicant expecting to be appointed agent of the Agency for purposes of avoiding payment of N.Y.S. Sales Tax or Compensating Use Tax? Yes ☐; No ☒. If yes, what is the approximate amount of purchases which the applicant expects to be exempt from the N.Y.S. Sales and Compensating Use Taxes? \$ _____.
4. What is the estimated value of each type of tax-exemption being sought in connection with the Project? Please detail the type of tax-exemption and value of each exemption.
 - a. N.Y.S. Sales and Compensating Use Taxes: \$ _____
 - b. Mortgage Recording Taxes: \$ _____
 - c. Real Property Tax Exemptions: \$ 1800.00
 - d. Other (please specify): \$ _____
5. Are any of the tax-exemptions being sought in connection with the Project inconsistent with the Agency's Uniform Tax-exemption Policy? Yes ☐; No ☒. If yes, please explain how the request of the applicant differs from the Agency's Uniform Tax-Exemption Policy:

VII. REPRESENTATIONS BY THE APPLICANT. The applicant understands and agrees with the Agency as follows:

- A. Job Listings. In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the Project will be listed with the New York State Department of Labor Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entities") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JTPA") in which the Project is located.
- B. First Consideration for Employment: In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant will first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the Project.

- C. Annual Sales Tax Filings: In accordance with Section 874(8) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the applicant.
- D. Annual Employment Reports: The applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site.
- E. Absence of Conflicts of Interest: The applicant has received from the Agency a list of the members, officers and employees of the Agency. No member, officer or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:

DST Properties NY, LLC

(Applicant)

BY: Crystal Weed

NOTE: APPLICANT MUST COMPLETE THE APPROPRIATE VERIFICATION
APPEARING ON PAGES 16 THROUGH 18 HEREOF BEFORE A NOTARY PUBLIC AND
MUST SIGN AND ACKNOWLEDGE THE HOLD HARMLESS AGREEMENT APPEARING
ON PAGE 19.
