County of Cattaraugus
Industrial Development Agency

BOARD OF DIRECTORS MEETING - AGENDA

Monday, July 31, 2023
CCIDA Office
9 E. Washington Street
Ellicottville, NY
11:15 a.m.

To access the Board meeting via Zoom/Conference Call, please see the applicable information at the end of the agenda to do so.

-Call the Meeting to Order-Time:

-Roll Call- Board of Directors of the CCIDA:

-Approval of June 20, 2023 CCIDA Board of Directors Meeting Minutes:

New Applications/Projects

1.) – Kinley Contractors LLC/Kinley Investments:

-Kinley Corp. has submitted an application to the CCIDA for renovations/relocation and additional new construction at their corporate headquarters in Allegany, NY. Renovations include 10,120 sq. ft. of office space, conference rooms, meeting areas as well as exterior improvements. A new 5,000 sq. ft. metal workshop for equipment storage, manufacturing and fabrication of modular of multi-use units. This project will allow the company to retain employment that has been in the County for over a century, and will also allow for growth in their employment base as well.
-The Total Project Investment: $2,356,000

2.) – North Delaware Holdings LLC d/b/a Steelbound Brewery & Distillery:

-North Delaware Holdings LLC has submitted an application to the CCIDA as they purchased 20 acres (including some commercial structures and tenants) adjacent to their current facility which will become their manufacturing campus. This will immediately include an existing 18,600 sq ft. space into a state of the art automated manufacturing facility; upgrading of an existing 1,860 sq. ft. building into a 8,000 - 10,000 sq. ft building to be utilized for barrel storage and aging of produced spirits; and a 5,000 sq. ft. building expansion to include adding a 55,000 lb. grain silo along with an automated delivery system to allow for bulk purchasing of grain for the brewing and distilling process. Yet another key manufacturing project in the County that will be for the preservation of the existing workforce, and a robust employment growth within the next five years.

-The Total Project Investment: $7,400,000

*CCIDA Financial Reports:

-Approval of Financial Reports – June 2023

-July 2023 the Agency had no income. (The Agency will be receiving $3,000 relating to the two applications that are on this agenda, however, that income will be booked in August.)

-General update on projects in process. The IDA currently has 10 Projects in the closing stage as well.

*Executive Directors Reports:

-Internal (IDA Meetings/Discussions):

- ✓ Meeting with Hamburg IDA Executive Director.
- ✓ Meeting regarding GLC upcoming events.
- ✓ Meeting regarding Can Am at Buffalo Niagara.
- ✓ Meeting with Village of Cattaraugus and Upper Edge Consulting et al. regarding Village of Cattaraugus Project.
- ✓ Meeting with Hamburg IDA.
- ✓ Attend EDA Team Meeting.

- ✓ Meeting with Peggy Root from Cattaraugus County regarding FoxRes LLC.
- ✓ Meeting with Greg Fitzpatrick.
- ✓ Meeting in Cattaraugus with Cullen, Burr et al.
- ✓ Attend Ralph Wilson Foundation Meeting in Olean.
- ✓ Meeting with Jacob Tierney of Business First to discuss current projects.
- ✓ Meeting with Buffalo Peace House in Hamburg regarding GLC workforce project.
- ✓ Meeting with ESD regarding Steelbound expansion project.
- ✓ Meeting with Diana Cihak and Lori Northrup on Northrup expansion.
- ✓ Meeting with ECIDA regarding Office Space Work Development Group.
- ✓ Attend Olean Business Development Meeting.
- ✓ Meeting regarding possible Warehouse project in Olean.
- ✓ Meeting with ESD group on Steelbound project.
- ✓ Meeting with Camoin Associates for Cattaraugus County Entrepreneurial System Strategic Plan Building
- ✓ Meeting with Ellicottville Chamber of Commerce Executive Director.
- ✓ Meeting with Jennifer Sloth regarding GLC.
- ✓ Speak at Leadership Cattaraugus in Olean regarding The Future of Manufacturing in Cattaraugus County.
- ✓ Conference with Crystal Abers and Jason Miller regarding Job Fair.
- ✓ Conference with EDS and Diana Cihak regarding Steelbound updates.
- ✓ Conference with Richard Zink regarding Ontario Knife.
- ✓ Meeting regarding GLC county outreach.
- ✓ Meeting in Ellicottville with Steelbound and Diana Cihak.
- ✓ Conference with Kinley Corp. on upcoming project.

-External (Points of Interest relating to the CCIDA):

- ✓ **Fire Sale:** Article: *"Hydrocarbon demand is booming but Mr. Market hates oil and gas stocks."*
- ✓ **Area Development:** Article: *"Power-Intensive Site Selection."*
- ✓ **McKinsey Global Institute:** Article: *"Empty spaces and hybrid places: The pandemic's lasting impact on real estate."*
- ✓ **City and State New York:** Article: "*How will New York's cap-and-invest program shape up?"*
- ✓ **City and State New York:** Article: "*New York's green revolution is almost here."*
- ✓ **Camoin Associates:** Article: *"Beyond Abandonment: 10 Realistic Ways to Breathe New Life Into Brownfields."*
- ✓ **The Trading Chief:** Article: *"Is Global Warming a Real Concern? Not as much as you are led to believe."*
- ✓ **Federal Reserve Bank of New York:** Article: *"Empire State Manufacturing Survey."*
- ✓ Article: Industrial Development Agencies work on behalf of New York taxpayers to lessen the tax burden and increase economic opportunity.
- ✓ **Buffalo Niagara Partnership:** *"Preliminary Comments on NYCI"*.

Adjournment:

Motion- :

:

Time:

*** Next CCIDA Board of Directors Meeting is scheduled for September 12, 2023 at 11:15 a.m. at the CCIDA Offices in Ellicottville, NY.**

Zoom Meeting access Information:

Topic: Cattaraugus County IDA Board Meeting
Time: July 31, 2023 11:15 AM Eastern Time (US and Canada)

Join Zoom Meeting
https://us02web.zoom.us/j/81976292374?pwd=UUh4enpwRjVBalAvMjFVeTVvbmtldz09

Meeting ID: 819 7629 2374
Passcode: 587263

One tap mobile
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+19292056099,,81976292374#,,,,*587263# US (New York)

COUNTY OF CATTARAUGUS
INDUSTRIAL DEVELOPMENT AGENCY

BOARD MEETING MINUTES

June 20, 2023
CCIDA Offices
9 East Washington Street
Ellicottville NY 14731
11:15 a.m. In Person or via Teleconference Call/Zoom

Roll Call: -Taken-

Members Present:

Mr. Joseph Higgins
Mr. Brent Driscoll
Ms. Ginger Schroder
Mr. Michael Wimer

Excused:

Mr. Thomas Buffamante-Chairman
Mr. Joseph Snyder
Mr. John Stahley

CCIDA Staff/Counsel:

Mr. Corey R. Wiktor, Executive Director CCIDA
Mr. Robert Murray, Harris Beach PLLC Legal Counsel

Presenters/Guests:

Rick Miller, Olean Times Herald

Mr. Higgins called the meeting to order at 11:18 a.m.

A roll call of the Board of Directors of the CCIDA was taken Mr. Higgins, Mr. Driscoll, Ms. Schroder and Mr. Wimer were present. Mr. Buffamante, Mr. Stahley and Mr. Snyder were excused.

A Motion was made by Ginger Schroeder seconded Brent Driscoll by to accept the Board Meeting Minutes from May 31, 2023 as presented to the Board. All in favor. **Motion Carried**. Mr. Buffamante, Mr. Stahley and Mr. Snyder were excused.

New Application/Project

1.) – HoliMont, Inc.:

-HoliMont Inc. has submitted an application to the CCIDA seeking NYS Sales Tax Abatement only with respect to their proposed project for their Resort. HoliMont is looking to make upgrades to their facilities including: **replacement the haul rope, buildout of member services ticket windows and desks, patio trench drain replacement, gas grill replacement, roof replacement, parking lot expansion, road paving, underground pipe replacement and phone system replacement.**

They plan to purchase one replacement UTV, one caterpillar backhoe replacement, purchase a wheel balancer for vehicle maintenance, purchase a lawn tractor with attachments, edge grinder replacement, purchase 11 more bike carriers and four snowmobile replacements.
-The Total Project Investment: $736,515.00

Resolution:

A Motion was made by Michael Wimer seconded by Brent Driscoll, RESOLUTION OF THE COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY: (i) ACCEPTING THE APPLICATION OF HOLIMONT INC., AND/OR INDIVIDUAL(S) OR AFFILIATE(S), SUBSIDIARY(IES), OR ENTITY(IES) FORMED OR TO BE FORMED ON ITS BEHALF (INDIVIDUALLY, AND/OR COLLECTIVELY, THE "COMPANY") IN CONNECTION WITH A CERTAIN PROJECT DESCRIBED BELOW; (ii) APPOINTING THE COMPANY, OR ITS DESIGNEE, AS ITS AGENT TO UNDERTAKE THE PROJECT; (iii) AUTHORIZING THE UNDERTAKING OF THE PROJECT TO PROVIDE FINANCIAL ASSISTANCE TO THE COMPANY IN THE FORM OF A SALES TAX EXEMPTION BENEFIT FOR PURCHASES AND RENTALS RELATED TO THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT; AND (iv) AUTHORIZING THE NEGOTIATION AND EXECUTION OF AN AGENT AND FINANCIAL ASSISTANCE PROJECT AGREEMENT, AND RELATED DOCUMENTS. A Roll Call vote was taken, Mr. Higgins, Mr. Wimer, Ms. Schroder and Mr. Driscoll vote yes. Mr. Buffamante, Mr. Stahley and Mr. Snyder were excused. **Motion Carried.** *(Mr. Buffamante previously stated that his firm does business with the Company, however he has no financial interest in the Company or this particular project.) (Mr. Wimer also stated that CCB does business with the Company, however, they also have no financial interest in the Company or this particular project.)*

Resolution from a Prior Application/Project in Process

1.) -FoxRes LLC.: Submitted an application to the CCIDA (on May 31st) for the purchase of fixtures, furnishing, machinery and equipment for Phase I of this project. This project will allow for testing and R & D. The Company has just secured a lease at the Cimolai-HY Facility in Olean, New York. This is great news as this project will give potential jobs to Cattaraugus County, FoxRES has already hired 10 people! *(Please see written Conflict of Interest letter included in your packet from Board Member John Stahley).*
-Total Project cost/investment of: $2,500,000.00 (+/-).

-A Public Hearing was held on Monday June 19th, 2023 at 10:00 a.m. at the City of Olean Municipal Building, Mayor's Conference Room, 101 East State Street, Olean, NY. The Mayor of Olean was in attendance. A copy of the minutes has been provided to each Board Member in their packets for review along with the Cost Benefits Analysis for their particular project.

Resolution:

A Motion was made by Brent Driscoll and seconded by Michael Wimer, RESOLUTION OF THE COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY: (i) ACCEPTING THE APPLICATION OF FOXRES LLC AND/OR INDIVIDUAL(S) OR AFFILIATE(S), SUBSIDIARY(IES), OR ENTITY(IES) FORMED OR TO BE FORMED ON ITS BEHALF (INDIVIDUALLY, AND/OR COLLECTIVELY, THE "COMPANY") IN CONNECTION WITH A CERTAIN PROJECT DESCRIBED BELOW; (ii) APPOINTING THE COMPANY, OR ITS DESIGNEE, AS ITS AGENT TO UNDERTAKE THE PROJECT; (iii) AUTHORIZING THE UNDERTAKING OF THE PROJECT TO PROVIDE FINANCIAL ASSISTANCE TO THE COMPANY IN THE FORM OF A SALES TAX EXEMPTION BENEFIT FOR PURCHASES AND RENTALS RELATED TO THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT; AND (iv) AUTHORIZING THE NEGOTIATION AND EXECUTION OF AN AGENT AND FINANCIAL ASSISTANCE PROJECT AGREEMENT, AND RELATED DOCUMENTS. A Roll Call vote was taken, Mr. Higgins, Mr. Wimer, Ms. Schroder and Mr. Driscoll vote yes. Mr. Buffamante, Mr. Stahley and Mr. Snyder were excused. **Motion Carried.**

*CCIDA Financial Reports:

-General Update on Certificates of Deposits and Savings Accounts. (Handout Provided)

*-June 2023 the Agency had income of **$3,073.50** for the Application Fee for HoliMont, Inc., Application Fee for FoxRes LLC. and an overpayment to Wells Fargo for copier/fax.*

-General update on projects in process. The IDA currently has 9 Projects in the closing stage as well.

*Executive Directors Reports:

-Internal (IDA Meetings/Discussions):

- ✓ Meeting with Andy Burr, Crystal Abers, Mike Brisky and Dave Fenske at Economic Development regarding Ontario Knife.
- ✓ Meeting regarding Franklinville Community engagement approach with GLC.
- ✓ Meeting with Ben from Kinley Corporation.
- ✓ Attend Buffalo Niagara Event regarding Cap and Invest Discussion with DEC.
- ✓ Conference with Upper Edge Consulting on Main Street Grant.
- ✓ Attend meeting regarding American Wire Grant and project introduction.
- ✓ Conference regarding Gowanda Rev Rail.
- ✓ Meeting regarding use and lease of Dayton and Cattaraugus properties.
- ✓ Meeting with Kathy Ellis of Department of Public Works.
- ✓ Attend Small Business Event in South Dayton.
- ✓ Meeting with Vince Leone regarding potential project.
- ✓ Meeting in Gowanda regarding railroad properties.
- ✓ Meeting with Lori Northrup regarding possible new projects.
- ✓ Attend Community Action Board of Directors Meeting in Salamanca.
- ✓ Meeting with Peter Kreinheder on possible new project.
- ✓ Meeting with Village of Cattaraugus on Rev Rail and Grant.
- ✓ Speaking event in Olean for First National Ribbon Cutting Ceremony by Savarino Companies.
- ✓ Attend Showcase Event at Jamestown Community College.
- ✓ Attended Public Hearing for FoxRes LLC in Olean.
- ✓ Attended the OBDC.
- ✓ Speaking Event at St. Bonaventure for Leadership Cattaraugus.

-External (Points of Interest relating to the CCIDA):

- ✓ **Buffalo Niagara Partnership Government Affairs Advocacy Alert:** Article: *"State Legislature Ends Session."*
- ✓ **New York State:** Article: *"Governor Hochul Announces Completion of $12.5 Million First National Bank Project in Olean as Part of Downtown Revitalization Initiative."*
- ✓ **Camoin Associates**: Article: *"Seasonal Help Wanted (Housing Not Included): What Communities are Doing to Solve Seasonal Housing Needs."*
- ✓ **Reason:** Article: *"Democrats' Gaslighting, Republicans' Temper Tantrum Endanger America's Gas Stoves."*
- ✓ **Olean Times Herald:** Article: *"RTW: NY's end run benefits renewable projects."*
- ✓ Article: *"Attacks on Industrial Development Agencies (IDAs) will Increase Taxes on New York Residents."*

Adjournment:

A Motion was made by Brent Driscoll seconded by Michael Wimer to adjourn the meeting at 12:15 p.m. All in Favor – **Motion Carried**. Mr. Buffamante, Mr. Stahley and Mr. Snyder were excused.

* Next CCIDA Board of Directors Meeting: Monday, July 31, 2023 at 11:15 a.m. at the CCIDA Offices, 9 E. Washington Street, Ellicottville, NY, and also via Zoom.

APPLICATION FOR FINANCIAL ASSISTANCE

COUNTY OF CATTARAUGUS IDA

County of Cattaraugus Industrial Development Agency
P. O. Box 1749
9 East Washington Street
Ellicottville, New York 14731
Phone (716) 699-2005
fax (716) 699-2942
e-mail info@cattcoida.com
web www.cattcoida.com

CCIDA FINANCIAL ASSISTANCE APPLICATION INSTRUCTIONS

I. Application Submission and Application Fees

The following directions will assist you (the "Applicant") in completing this application for Financial Assistance (the "Application"). Please note that all applications will be subject to approval of the County of Cattaraugus Industrial Development Agency (the "Agency") and that ***no*** Financial Assistance can be provided, including a sales tax exemption on purchases made prior to Agency approval, until your application has been so approved and *after* a Financial Assistance agreement with the Agency has been executed.

If your project involves the relocation of a facility within Cattaraugus County, the abandonment of an existing facility, involves a tenant that is abandoning an existing facility, or is retail in nature, additional documentation is required. Please contact an Agency business development specialist as soon as possible.

Upon review of the application, the Agency may find it necessary to request additional information. Should additional information be required, the Agency will not consider the request for assistance until all such additional information is received in its entirety.

All projects receiving a benefit greater than $100,000 are required to have a public hearing inclusive of a ten (10) day notice before any approval can be granted by the Agency. The Agency will charge an administrative fee of 1.0625% of the project amount. Upon project approval, an Administrative Fee Agreement must be entered into. The Agency's legal fees are in addition to the administrative fees noted.

A non-refundable $1,500.00 application processing and publication fee is due upon submission of your application.

As required by statute, applicants receiving Financial Assistance will be subject to the Agency's Policy Respecting Recapture of Agency Benefits (the "Recapture Policy"). The Recapture Policy provides for a partial or full recapture and/or termination or modification of state and local sales tax, mortgage recording tax, and/or real property tax abatement benefits upon a determination by the Agency that the Company has failed to meet and/or maintain the thresholds and requirements representing certain material terms and conditions required by the Agency. The Recapture Policy is located on the Agency's webpage.

II. Application Component Parts and Exhibits

The following items are included in the Application package. These are required documents that must be completed and submitted to the Agency in order for your Application to be considered. Please make every effort to provide all of the information as soon as possible. Failure to do so may result in your project not being considered at the next regularly scheduled meeting of the Agency.

1. Section I & II - Eligibility Questionnaire: This form must be completed in its entirety and submitted to the ECIDA prior to beginning the public hearing process.

2. Section III – Single -Multi Tenant Facility: Only complete if applicable.

3. Section IV- Retail Questionnaire: To ensure compliance with the provisions of Section 862 of the New York General Municipal Law, the Agency has prepared certain questions within

this section of the Application with respect to those projects where customers personally visit the Project site to make a retail sale transaction or obtain a service. Complete only if applicable.

4. Section V. Inter-Municipal Move Determination. Only complete if applicable.

5. Section VI. Estimate of Real Property Tax Abatements: This section of the Application will be completed by Agency staff, and inserted as a component part of the Application.

6. Attachment A. Representations, Certifications and Indemnification Form: This form requires an original signature, must be notarized, and must be submitted with the completed Application form.

7. Attachment B. Insurance Specifications. The Agency's insurance requirements, as amended from time to time, are contained herein. Note that insurance is to be provided after Agency approval and prior to the provision of Agency Financial Assistance, and shall be maintained during the term of any applicable Agent Agreement and/or Lease Agreement by and between the Agency and the Applicant. Please provide these requirements to your insurance agent to facilitate satisfaction of these requirements.

8. Attachment C. Agency Counsel Fee. The company will be required to pay for CCIDA general/transaction counsel fees and/or bond counsel fees also as a condition of providing Financial Assistance.

III. Submission and Acceptance of the Application for Financial Assistance

The Agency's acceptance of this Application for consideration does not constitute a commitment on the part of the Agency to undertake the proposed Project, to grant any Financial Assistance with respect to the proposed Project or to enter into any negotiations with respect to the proposed Project.

Information provided herein may be subject to disclosure under the New York Freedom of Information Law ("FOIL"). If the Applicant believes that a portion of the Application or materials submitted in support of the Application is protected from disclosure under FOIL, the Applicant should mark the applicable sections(s) or pages(s) as "confidential" and state the applicable exception to disclosure under FOIL.

I. Eligibility Questionnaire - Applicant Background Information

Answer all questions. Use "None" or "Not Applicable" where necessary.

A) Applicant Information-company receiving benefit:

Applicant Name: Kinley Contractors LLC/Kinley Investments
Applicant Address: 3295 Maple Ave
City/Town: Allegany State: NY Zip: 14706
Phone: 716-372-4534
E-mail: mgiardini@kinleycontractors.com

B) Business Organization (check appropriate category):

Corporation	☐	Partnership	☐
Public Corporation	☐	Joint Venture	☐
Sole Proprietorship	☐	Limited Liability Company	☑

Other (specify) ____
Year Established: 1895 State in which Organization is established: Delaware

C) Individual Completing Application:

Name: Mike Giardini
Title: Chief Operating Officer
Address: 3295 Maple Ave
City/Town: Allegany State: NY Zip: 14706
Phone: 716-372-4534 E-Mail: mgiardini@kinleycontractors.com

D) Company Contact (if different from individual completing application):

Name:
Title:
Address:
City/Town: State: Zip:
Phone: E-Mail:

E) Company Counsel:

Name of Attorney: Edgar McQueen
Firm Name: FrostBrown Todd LLP
Title: Attorney
Address: Rosewood Court 2102 Cedar Springs Road, Suite 900
City/Town: Dallas State: TX Zip: 75201
Phone: 214-580-8634 E-Mail: emcqueen@fbtlaw.com

F) Benefits Requested (select all that apply):

1. Exemption from Sales Tax ☑ Yes or ☐ No
2. Exemption from Mortgage Tax ☑ Yes or ☐ No
3. Exemption from Real Property Tax ☑ Yes or ☐ No
4. Tax Exempt Financing * ☐ Yes or ☑ No

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

G) **Applicant Business Description:**

Describe in detail company background, history, products and customers. Description is critical in determining eligibility: Please see the attached page

Estimated % of sales within Cattaraugus County: 73%
Estimated % of sales outside Cattaraugus County but within New York State: 22%
Estimated % of sales outside New York State but within the U.S.: 5%
Estimated % of sales outside the U.S.: 0%
(*Percentage to equal 100%)

For your operations, company, and proposed project, what percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Cattaraugus County 85% %

Identify vendors within Cattaraugus County for major purchases:
Home depot of Olean, Closes Lumber, Worth Smith, Hanson Aggregates

II. Eligibility Questionnaire - Project Description & Details

A) **Project Location**

Address of Proposed Project Facility: 2383 West 5 Mile Road
City/Town: Allegany School District: Allegany Limestone
SBL Number(s)for proposed Project 93.002-2-5

Current Address (if different): 3295 Maple Ave
City/Town: Allegany

What are the current real estate taxes on the proposed Project site? $10,271.70
If amount of current taxes is not available, provide assessed value for each
Land: $ $19,500.00 Buildings(s): $ $280,500.00 ***If available include a copy of current tax receipt.***

Are Real Property Taxes current at project location? ☑ Yes or ☐ No. If no, explain:

Does the Applicant or any related entity currently hold fee title have an option/contract to purchase the Project site? ☑ Yes or ☐ No If No, indicate name of present owner of the Project site:
Events Center

Describe the present use of the proposed Project site (vacant land, existing building, etc.):

B) <u>Project Description</u>

Provide a narrative of the purpose of the proposed Project (new build, renovations, expansion), square footage of existing buildings (if any) and new construction contemplated 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. Add an attachment if necessary.):
Please see attached page.

Will the completion of 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 OR in the abandonment of one or more plants or facilities of the project occupant located within the state? ☐ Yes or No ☑

If the Proposed Project is located in a different municipality within New York State 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? ☐ Yes or No ☑ If Yes, you will need to complete Section V, *The Inter-municipal Move Determination*

Is the project reasonably necessary to prevent the project occupant from moving out of New York State? ☑ Yes or ☐ No. If yes, explain and identify out-of-state locations investigated, type of assistance offered and what competitive factors led you to inquire about sites outside of New York State? Provide supporting documentation if available:
It helps us to keep jobs and business competitive in New York with ever increasing cost.

Have you contacted or been contacted by other Local, State and/or Federal Economic Development Agencies? ☐ Yes or ☑ No. If yes, indicate the Agency and nature of the inquiry below:

Describe the reasons why the Agency's financial assistance is necessary, and the effect the Project will have on the Applicant's business or operations. Focus on competitiveness issues, project shortfalls, etc... Your eligibility determination will be based in part on your answer (attach additional pages if necessary):
See attached page.

Confirm by checking the box, below, if there is likelihood that the Project would not be undertaken but for the financial assistance provided by the Agency? ☑ Yes or ☐ No

If the Project could be undertaken without financial assistance provided by the Agency, then provide a statement in the space provided below indicating why the Project should be undertaken by the Agency:
It helps us to keep jobs and business competitive in New York with ever increasing cost.

If the Applicant is unable to obtain financial assistance for the Project, what will be the impact on the Applicant and Cattaraugus County? Project would be scaled back significantly.

C) Site Characteristics

Will the Project meet zoning/land use requirements at the proposed location? ☑ Yes or ☐ No

Describe the present zoning/land use: COM 1

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

Has a project related site plan approval application been submitted to the appropriate planning department? ☐ Yes or ☑ No

If Yes, include the applicable municipality's and/or planning department's approval resolution, the related State Environmental Quality Review Act ("SEQR") "negative declaration" resolution, if applicable, and the related Environmental Assessment Form (EAF), if applicable.

If No, list the CCIDA as, or ensure that the CCIDA is listed as, an "Involved Agency" on the related EAF that will be submitted to the appropriate municipality and/or planning department for site plan approval and provide to the EAF to the lead agency and to the CCIDA.

If No, because site plan approval is not otherwise required, complete and submit the EAF along with this Application to the CCIDA.

Is the proposed project located on a site where the known or potential presence of contaminants is complicating the development/use of the property? ☐ Yes or ☑ No If yes, explain:

______

______

Has a Phase I Environmental Assessment been prepared or will one be prepared with respect to the proposed project site? ☐ Yes or ☑ No If yes, provide a copy.

D) Project Type

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

Acquisition of Existing Facility	☐	Life Care Facility (CCRC)	☐
Affordable/Workforce Housing	☐	Market Rate Housing	☐
Assisted Living	☐	Mixed Use	☐
Back Office	☐	Multi-Tenant	☐
Civic Facility (not for profit)	☐	Renewable Energy	☐
Commercial	☑	Research/Design	☐
Senior Housing	☐	Retail	☐
Facility for Aging	☐	Warehousing	☐
Industrial/Manufacturing	☐	Other ______	☐
Tourism Facility/Project	☐		

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

Retail Sales: ☐ Yes or ☑ No   Services: ☑ Yes or ☐ No

*For purposes of this question, the term "retail sales" means (i) sales by a registered vendor under Article 28 of the New York Tax Law (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.

For the proposed Project Facility, indicate the square footage for each of the uses outlined below:

**If applicant is paying for FFE for tenants, include in cost breakdown

	Square Footage	Cost	% of Total Cost of Project
Manufacturing/Processing			
Warehouse	5,000	$820,000	36%
Research & Development			
Commercial			
Retail (see retail questionnaire)			
Office	10,120	$1,486,000	64%
Renewable Energy			
Specify Other			

What is the estimated project timetable (provide dates):

1. Start date: acquisition of equipment or construction of facilities: September 2023
2. Estimated completion date of project: September 2025
3. Project occupancy – estimated starting date of occupancy: January 1st, 2024

E) **Overall Project Costs**

Estimated costs in connection with Project:

1. Land and/or Building Acquisition — $ $725,000.00
   9.36 acres 10,120 square feet
2. New Building Construction 5,000 square feet — $ $750,000.00
3. New Building Addition(s) ____ square feet — $ N/A
4. Infrastructure Work — $ $200,000.0
5. Reconstruction/Renovation 10,120 square feet — $506,000.00
6. Manufacturing Equipment — $ $50,000.00
7. Non-Manufacturing Equipment (furniture, fixtures, etc.) — $ $100,000.00
8. Soft Costs: (Legal, architect, engineering, etc.) — $ $25,000.00
9. Other, Specify: ____ — $____

TOTAL Costs: $ $2,356,000.00

Construction Cost Breakdown:

Total Cost of Construction $ $1,256,000.00 (sum of 2,3,4 and 5 above)
Cost of materials: $ $565,000.00
% sourced in Cattaraugus County 80% %

Have any of the above costs been paid or incurred as of the date of this application? ☑ Yes or ☐ No
If yes, describe: Purchased land and building.

Sources of Funds for Project:

Bank Financing	$ TBD
Equity (excluding equity that is attributed to grants/tax credits)	$ ______
Public Sources (Include sum total of all state and federal grants and tax credits)	$ ______

Identify each state and federal grant/credit: (i.e. Historic Tax Credit, New Market Tax Credit, Brownfield Cleanup Program, ESD, other public sources)

______	$ ______
______	$ ______
______	$ ______
Total Sources of Funds for Project Costs:	$ ______

Have you secured financing for the project? ☐ Yes ☐ No. If yes, provide a copy of the loan commitment to the Agency.

Project refinancing estimated amount, if applicable (for refinancing of existing debt only): $______

Sales and Use Tax Benefit: 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: $______

Estimated State and Local Sales and Use Tax Benefit (multiply 8.0% by the figure, above): $______

*** Note that the estimate provided above will be provided to the New York State Department of Taxation and Finance. The Applicant acknowledges that the transaction documents include a covenant by the Applicant to undertake the total amount of investment as proposed within this Application, and that the estimate above represents the maximum amount of sales and use tax benefit that the Agency may authorize with respect to this Application, unless otherwise amended and approved by the Agency. The Agency may utilize the estimate above as well as the proposed total Project Costs as contained within this Application, to determine the Financial Assistance that will be offered.*

Mortgage Recording Tax Exemption Benefit: Amount of mortgage, if any that would be subject to mortgage recording tax:

Mortgage Amount (include sum total of construction/permanent/bridge financing): $ $2,356,000.00

Estimated Mortgage Recording Tax Exemption Benefit (multiply the mortgage amount as indicated above by 1.25 %): $ 29,450.00

Real Property Tax Benefit:

Identify and describe if the Project will utilize a real property tax exemption benefit OTHER THAN the Agency's PILOT benefit (487, 485-b, other): ______

IDA PILOT Benefit: **See Section VI of this Application.** Agency staff will indicate the amount of PILOT Benefit based on estimated Project Costs as contained herein and anticipated tax rates and assessed valuation, including the annual PILOT Benefit abatement amount for each year of the PILOT benefit year and the sum total of PILOT Benefit abatement amount for the term of the PILOT.

F) **Job Retention and Job Creation**

Is the project necessary to expand project employment? ☑ Yes or ☐ No

Is project necessary to retain existing employment? ☑ Yes or ☐ No

Employment Plan (Specific to the proposed project location):

	Current # of jobs at proposed project location or to be relocated at project location	If financial assistance is granted – project the number of FT and PT jobs to be retained	If financial assistance is granted – project the number of FT and PT jobs to be created upon 24 months (2 years) after Project completion	Estimate number of residents of the Labor Market Area in which the project is located that will fill the FT and PT jobs to be created upon 24 months (2 years) after project completion **
Full time (FT)	41	41	15	15
Part Time (PT)	3	3	3	3
Total ***	44	44	18	18

** The Labor Market Area includes the Counties of Cattaraugus, Erie, Allegany, Chautauqua and Wyoming. For purposes of this question, estimate the number of FT and PT jobs that will be filled, as indicated in the third column, by residents of the Labor Market Area, in the fourth column.

*** By statute, Agency staff must project the number of FT jobs that would be retained and created if the request for Financial Assistance is granted. Agency staff will project such jobs over the two-year time period following Project completion. Agency staff converts PT jobs into FT jobs by dividing the number of PT jobs by two (2).

Salary and Fringe Benefits for Jobs to be Retained and Created:

Category of jobs to be retained and/or created	# of employees retained and/or created	Average salary for Full Time	Average fringe benefits for full time	Average salary for part time, if applicable	Average fringe benefits for part time, if applicable
Management	6	110k	40k		
Professional	15	85k	30k		
Administrative	5	40k	15k		
Production	17	55k	15k		
Independent Contractor					
Other					

** Note that the Agency may utilize the foregoing employment projections, among other items, to determine the financial assistance that will be offered by the Agency to the Applicant. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to retain the number of jobs and create the number of jobs with respect to the Project as set forth in this Application.

Payroll Information:

Annual Payroll at proposed project site upon project completion	$ 633,600.00
Estimated average annual salary of jobs to be retained (full time)	$ 60,000.00
Estimated average annual salary of jobs to be retained (part time)	$ 0
Estimated average annual salary of jobs to be created (full time)	$ 63,000.00
Estimated average annual salary of jobs to be created (part time)	$ 0

Estimated salary range of jobs to be created

From (full time)	$ 41,600.00	To (full time) $	93,600.00
From (part time)	$ 0	To (part time) $	0

III. Part A: Facility Type - Multi-Tenant Determination

If this is a Single-Use facility fill in section A. If this is a Multi-Tenant fill in section B.

A) **For Single Use Facility (to be filled out by developer):**

Occupant Name: __________________________________
Address: __________________________________
City/Town: ________________ State: __________ Zip: ________
Contact Person: __________________________________
Phone: ________________ Fax: ________________
E-Mail: __________________________________
Federal ID #: ________________ NAICS Code: ____________

B) **Multi-Tenant Facility (to be filled out by developer):**

Have any tenant leases been entered into for this project ☐ Yes or ☐ No.

If yes, list below and provide square footage to be leased to tenant and NAICS Code for tenant and nature of business.

Tenant Name	Current Address (city, state, zip)	# of sq. ft. and % of total to be occupied at new project site	Briefly describe type of business, products services

Part B: Tenant Form

**** This section must be completed for each proposed tenant ****

A Retail Questionnaire will need to be prepared for each proposed tenant if customers will personally visit the tenant to either participate in a retail sale transaction or pay for a service.

An Inter-Municipal Move Determination will need to be completed for each proposed tenant that is relocating from another municipality or abandoning an existing facility.

Property Address: ______________________________
City/Town: ______________________________

Tenant Name: ______________________________

Amount of space to be leased: ______SF. What percentage of the building does this represent? __________%

Are terms of the lease: GROSS ☐ or NET ☐

If GROSS lease, explain how Agency benefits are passed to the tenant: ______________________________

____

Estimated date of occupancy: __________________, 20________

Company Name: ______________________________
Current Address: ______________________________
City/Town: ______________________ State: __________ Zip: __________
Local Contact Person: ______________________ Title: ______________
Phone: ______________ E-mail: ______________________
Company President/General Manager: ______________________________
Number of employees to be relocated to new project location:
Full-Time: __________ Part-Time: __________ Total: __________

List the square footage which the proposed tenant will lease at the Project location: __________SF

List the square footage which the proposed tenant leases at its present location(s): __________SF

Will the project result in relocation from one municipality to another and/or abandonment from other tenant/user(s) facilities in New York State?

☐Yes or ☐ No.

If Yes, fill out Inter-Municipal-Move Determination form.

What will happen to the existing facility once vacated? ______________________________

____

If leased, when does lease expire? ______________________, 20__________

Are any of the proposed tenant's current operations located in facilities which have received an Industrial Development Agency benefit? ☐ Yes or ☐ No. If yes, provide details as to location, and amount of leased space, how long leased? ______________________________

____

IV. Retail Questionnaire

To ensure compliance with Section 862 of the New York General Municipal Law, the Agency requires additional information if the proposed Project is one where customers personally visit the Project site to undertake either a retail sale transaction or to purchase services.

Answer the following:

A. Will any portion of the project (including that portion of the cost 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?

☐ Yes or ☐ No. If the answer is yes, continue below. If no, proceed to next section

For purposes of Question A, 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. 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? ______________%. **If the answer is less than 33% do not complete the remainder of the retail determination and proceed to Inter-Municipal Move Determination.**

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

1. Will the project be operated by a not-for-profit corporation ☐ Yes or ☐ No.

2. Is the Project location or facility likely to attract a significant number of visitors from outside the economic development region (Cattaraugus, Erie, Allegany, Chautauqua and Wyoming counties) in which the project will be located? ☐ Yes or ☐ No

3. 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 within which the proposed project would be located because of a lack of reasonably accessible retail trade facilities offering such goods or services? ☐ Yes or ☐ No

4. 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 or ☐ No.

If yes, explain ____

____

____

____

5. Is the project located in a Highly Distressed Area? ☐ Yes or ☐ No

V. Inter-Municipal Move Determination

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, then it must be shown that 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.

Current Address: ______________________________
City/Town: ______________________ State: __________ Zip: ______________

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? ☐ Yes or ☐ No

Will the Project result in the abandonment of one or more plants or facilities of the Project occupant located within the state? ☐ Yes or ☐ 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: ______________

Does the Project involve relocation or consolidation of a project occupant from another municipality?

Within New York State ☐ Yes or ☐ No
Within Cattaraugus County ☐ Yes or ☐ No

If Yes to either question, explain: ______________________________

What are some of the key requirements the project occupant is looking for in a new site (for example minimum of number of sq. ft., 12 foot ceilings, truck loading docks, thruway accessibility. etc.)

If the project occupant is currently located in Cattaraugus County and will be moving to a different municipality within Cattaraugus County, has the project occupant attempted to find a suitable location within the municipality in which it is currently located? ☐ Yes or ☐ No

What factors have led the project occupant to consider remaining or locating in Cattaraugus County? __________

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

VI. Estimate of Real Property Tax Abatement Benefits*** and Percentage of Project Costs financed from Public Sector sources

** This Section of the Application will be: (i) completed by CCIDA Staff based upon information contained within the Application, and (ii) provided to the Applicant for ultimate inclusion as part of this completed Application.

PILOT Estimate Table Worksheet

CCIDA Staff will insert and/or prepare appropriate PILOT Benefit information.

Percentage of Project Costs financed from Public Sector Table Worksheet:

Total Project Cost	Estimated Value of PILOT	Estimated Value of Sales Tax Incentive	Estimated Value of Mortgage Tax Incentive	Total of Other Public Incentives (Tax Credits, Grants, ESD Incentives, etc.)

Calculate % (Est. PILOT + Est. Sales Tax+ Est. Mortgage Tax+ Other)/Total Project Costs: ________%

Attachment A: Representations, Certifications and Indemnification

Michael W. Giardini (name of CEO or other authorized representative of Applicant) confirms and says that he/she is the Chief Operating Officer (title) of Kinley Contractors, LLC (name of corporation or other entity) named in the attached Application (the "Applicant"), that he/she has read the foregoing Application and knows the contents thereof, and hereby represents, understands, and otherwise agrees with the Agency and 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. Copies of all filings shall be provided to the Agency.

D. 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, at least annually or as otherwise required by the Agency, reports regarding the number of people employed at the project site, salary levels, contractor utilization and such other information (collectively, "Employment Reports") that may be required from time to time on such appropriate forms as designated by the Agency. Failure to provide Employment Reports within 30 days of an Agency request shall be an Event of Default under the PILOT Agreement between the Agency and Applicant and, if applicable, an Event of Default under the Agent Agreement between the Agency and Applicant. In addition, a Notice of Failure to provide the Agency with an Employment Report may be reported to Agency board members, said report being an agenda item subject to the Open Meetings Law.

E. The Applicant acknowledges that certain environmental representations will be required at closing. The Applicant shall provide with this Representation, Certification and Indemnification Form copies of any known environmental reports, including any existing Phase I Environmental Site Assessment Report(s) and/or Phase II Environmental Investigations. The Agency may require the Company and/or owner of the premises to prepare and submit an environmental assessment and audit report, including but not necessarily limited to, a Phase I Environmental Site Assessment Report and a Phase II Environmental Investigation, with respect to the Premises at the sole cost and expense of the owner and/or the Applicant. All environmental assessment and audit reports shall be completed in accordance with ASTM Standard Practice E1527-05 and shall be conformed over to the Agency so that the Agency is authorized to use and rely on the reports. The Agency, however, does not adopt, ratify, confirm or assume any representation made within reports required herein.

F. The Applicant and/or the owner, and their successors and assigns, hereby release, defend and indemnify the Agency from any and all suits, causes of action, litigations, damages, losses, liabilities, obligations, penalties, claims, demands, judgments, costs, disbursements, fees or expenses of any kind or nature whatsoever (including, without limitation, attorneys', consultants' and experts' fees) which may at any time be imposed upon, incurred by or asserted or awarded against the Agency, resulting from or arising out of any inquiries and/or environmental assessments, investigations and audits performed on behalf of the Applicant and/or the owner pursuant hereto, including the scope, level of detail, contents or accuracy of any environmental assessment, audit, inspection or investigation report completed hereunder and/or the selection of the environmental consultant, engineer or other qualified person to perform such assessments, investigations, and audits.

G. Hold Harmless Provision: The Applicant acknowledges and agrees that the Applicant shall be and is responsible for all costs of the Agency incurred in connection with any actions required to be taken by the Agency in furtherance of the Application including the Agency's costs of general counsel and/or the Agency's bond/transaction counsel whether or not the Application, the proposed Project it describes, the attendant negotiations, or the issue of bonds or other transaction or agreement are ultimately ever carried to successful conclusion and agrees that the Agency shall not be liable for and agrees to indemnify, defend, and hold the Agency harmless from and against any and all liability arising from or expense incurred by: (i) the Agency's examination and processing of, and action pursuant to or upon, the Application, regardless of whether or not the Application or the proposed Project described herein or the tax exemptions and other assistance requested herein are favorably acted upon by the Agency; (ii) the Agency's acquisition, construction and/or installation of the proposed Project described herein; and (iii) any further action taken by the Agency with respect to the proposed Project including, without limiting the generality of the foregoing, all causes of action and attorney's fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. Applicant hereby understands and agrees, in accordance with Section 875(3) of the New York General Municipal Law and the policies of the Agency that any New York State and local sales and use tax exemption claimed by the Applicant and approved by the Agency, any mortgage recording tax exemption claimed by the Applicant and approved by the Agency, and/or any real property tax abatement claimed by the Applicant and approved by the Agency, in connection with the Project, may be subject to recapture and/or termination by the Agency under such terms and conditions as will be established by the Agency and set forth in transaction documents to be entered into by and between the Agency and the Applicant. The Applicant further represents and warrants that the information contained in this Application, including without limitation information regarding the amount of the New York State and local sales and use tax exemption benefit, the amount of the mortgage recording tax exemption benefit, and the amount of the real property tax abatement, if and as applicable, to the best of the Applicant's knowledge, is true, accurate and complete.

H. This obligation includes an obligation to submit an Agency Fee Payment to the Agency in accordance with the Agency Fee policy effective as of the date of this Application

I. By executing and submitting this Application, the Applicant covenants and agrees to pay the following fees to the Agency:

(i) a non-refundable $1,500.00 application processing and publication fee (the "Application Fee") <u>at time of application submission</u> payable CCIDA;

(ii) Unless otherwise agreed to by the Agency, an amount equal to one and one quarter percent (1.0625%) of the total project costs, at the time of issuance of Financial Assistance/closing;

(iii) All fees, costs and expenses incurred by the Agency for (1) legal services, including but not limited to those provided by the Agency's general counsel and/or the Agency's bond/transaction counsel, thus note that the Applicant is entitled to receive a written estimate of fees and costs of the Agency's general counsel and the Agency's bond/transaction counsel; and (2) other consultants retained by the Agency in connection with the proposed project, with all such charges to be paid by the Applicant at the closing.

J. If the Applicant fails to conclude or consummate the necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable proper or requested action, or withdraws, abandons, cancels, or neglects the Application, or if the Applicant is unable to find buyers willing to purchase the bond issue requested, or if the Applicant is unable to facilitate the sale/leaseback or lease/leaseback transaction, then, upon the presentation of an invoice, Applicant shall pay to the Agency, its agents, or assigns all actual costs incurred by the Agency in furtherance of the Application, up to that date and time, including but not necessarily limited to, fees of the Agency's general counsel and/or the Agency's bond/transaction counsel.

K. The Applicant acknowledges and agrees that all payment liabilities to the Agency and the Agency's general counsel and/or the Agency's bond and/or transaction counsel as expressed in Sections H and I are obligations that are not dependent on final documentation of the transaction contemplated by this Application.

L. The cost incurred by the Agency and paid by the Applicant, the Agency's general counsel and/or bond/transaction counsel fees and the processing fees, may be considered as a cost of the Project and included in the financing of costs of the proposed Project, except as limited by the applicable provisions of the Internal Revenue Code with respect to tax-exempt bond financing.

M. The Applicant acknowledges that the Agency is subject to New York State's Freedom of Information Law (FOIL). **Applicant understands that all Project information and records related to this application are potentially subject to disclosure under FOIL subject to limited statutory exclusions.**

N. The Applicant has read and understands the Agency's Policy Respecting Recapture of Agency Benefits (the "Recapture Policy"). The Applicant covenants and agrees that it fully understands that the Recapture Policy is applicable to the Project that is the subject of this Application, and that the Agency will implement the Recapture Policy if and when it is so required to do so. The Applicant further covenants and agrees that its Project is potentially subject to termination of Agency financial assistance and/or recapture or modification of Agency financial assistance so provided and/or previously granted.

O. The Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if Financial Assistance is provided for the proposed Project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would 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 or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

P. The Applicant confirms and acknowledges that the owner, occupant, or operator receiving Financial Assistance for the proposed Project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.

Q. The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any Financial Assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.

R. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.

S. The Applicant and the individual executing this Application on behalf of Applicant acknowledge that the Agency and its counsel will rely on the representations and covenants made in this Application when acting hereon and hereby represents that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

STATE OF NEW YORK)
COUNTY OF CATTARAUGUS) ss.:

Michael W. Giardini, being first duly sworn, deposes and says:

1. That I am the COO (Corporate Office) of Kinley Contractors, LLC (Applicant) and that I am duly authorized on behalf of the Applicant to bind the Applicant.

2. That I have read the attached Application, I know the contents thereof, and that to the best of my knowledge and belief, this Application and the contents of this Application are true, accurate and complete.

Michael W. Giardini
(Signature of Officer)

Subscribed and affirmed to me under penalties of perjury
this 25th day of July, 2023

Charlene M Rhodes
(Notary Public)

CHARLENE M. RHODES
Notary Public, State of New York
No. 01RH6247778
Qualified in Cattaraugus County
Commission Expires 9/6/2023

Attachment B: CCIDA Insurance Requirements

COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY
(Insurance Specifications as of June 8, 2021)

A summary of CCIDA insurance requirements follows. Please note that insurance is to be provided by the Company and/or Project owner <u>after</u> Board approval and prior to utilization of CCIDA financial assistance, and shall be maintained during the term of any applicable Agent Agreement and/or Lease Agreement by and between the CCIDA and the Company.

During the term of an Agent Agreement and/or a Lease Agreement entered into with the County of Cattaraugus Industrial Agency an **ACORD 25-Certificate of Liability Insurance and ACORD 855 NY-New York Construction Certificate of Liability Addendum** shall be provided evidencing the following insurance is currently maintained and in force with an insurance carrier approved to do business in the State of New York and maintaining an A.M. Best Rating of A- or better showing County of Cattaraugus Industrial Development Agency as Certificate Holder. It is our suggestion that you share these requirements with your current insurance agent, broker or insurance company.

Acceptable Certificates of Insurance shall indicate the following minimal coverage, limits of insurance, policy numbers and policy effective and expiration dates.

Commercial General Liability: Agent and subcontractors shall provide such coverage on an occurrence basis for the named insured's premises & operations and products-completed operations. Blanket Contractual Liability provided within the "insured contract" definition may not be excluded or restricted in any way. Property damage to work performed by subcontractors may not be excluded or restricted nor shall the Additional Insured's coverage for claims involving injury to employees of the Named Insured or their subcontractors be excluded or restricted. The "insured contract" exception to the Employers Liability exclusion also may not be removed or restricted in any way.

These coverages are to be properly evidenced by checking the appropriate box(es) on the **ACORD 855-NY Construction Certificate of Liability Addendum's** Information Section, Items G, H, I and L. Policy shall have attached **Designated Location(s) General Aggregate Limit CG 25 04** endorsement.

Limits expressed shall be <u>no less than</u>:

General Aggregate	$2,000,000
Products-Completed Operations Aggregate	$2,000,000
Per Occurrence	$1,000,000
Personal & Advertising Injury	$1,000,000
Fire Damage Liability	$ 100,000
Medical Payments (per person)	$ 5,000

County of Cattaraugus Industrial Development Agency shall be named as Additional Insured per **ISO Form CG 20 26-Additional Insured Designated Person or Organization** to provide coverage for the Additional Insured. Coverage shall apply on a Primary & Non-Contributory basis. All insurance required of the Company shall waive any right of subrogation of the insurer against any person insured under such policy, and waive any right of the insurer to any off-set or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any person insured under such policy.

ACORD 855 NY-New York Construction Certificate of Liability Insurance: It is not uncommon for insurers to modify the standard ISO policy language with endorsements that result in modifications to language preferred by the insurer. This addendum is required to supplement the **ACORD 25-Certificate of Liability Insurance** with additional information that provides a more detailed expression of the types of coverage required. Specifically required coverages may be excluded or limited by the attachment of exclusionary or limitation endorsements. This addendum provides the insurer the ability to certify coverage provided by the absence of such exclusionary or limiting modifications.

Blanket Additional Insured endorsement to include — Owner, Lessees or Contractors - Automatic Status For Other Parties When Required in Written Construction Agreement — Wording should include any other person or organization you are required to add as an additional insured under the contract or agreement **(Paragraph 2 of CG 20 38 04 13 or equivalent).**

Any scheduled person or organization section of the additional insured endorsement containing wording other than designated names shall not be accepted.

Umbrella/Excess Liability: Commercial Umbrella or excess liability for a limit of at least $5,000,000 per occurrence with a $5,000,000 Aggregate. Coverage should respond on a follow-form basis and excess over the aforementioned underlying policy limits. County of Cattaraugus Industrial Development Agency shall be named as Additional Insured. Coverage shall apply on a Primary & Non-Contributory basis.

Workers Compensation/Disability Insurance:

i) The Company and/or Project Owner shall provide evidence of insurance and maintain Workers Compensation/Disability insurance as required by statute. County of Cattaraugus Industrial Development Agency shall be named as the Certificate Holder.

ii) **Accepted Forms:**

Workers Compensation Forms			DBL (Disability Benefits Law) Forms	
CE-200	Exemption		CE-200	Exemption
C-105.2	Commercial Insurer		DB-120.1	Insurers
S1-12	Self-Insurer		DB-155	Self-Insured
GS1-105.2	Group Self-Insured			
U-26.3	New York State Insurance Fund			

If the Company and/or Project owner have no employees, the Company and/or Project owner shall provide a completed and signed Form CE-200 or later revision, which is found on the New York State Workers Compensation Board website: www.wcb.ny.gov/. This form is to be completed on-line, printed, and signed.

CCIDA Address: All evidence of insurance shall be sent to:

County of Cattaraugus Industrial Development Agency
9 East Washington Street
Ellicottville, NY 14731

Attachment C: CCIDA Attorney Fee Schedule

CCIDA Attorney Fees:

Project Amount	Standard Agency Counsel Fee
<=$499,000	$5,000
<=$500,000 - < $999,999	$7,500
>$1M - <$1,999,999	$9,000
>$2M - <$3,999,999	$15,000
>$4M - < $5,799,000	$20,000
>$5,800,00	1/3 of Agency Administrative Fee (currently 1.0625% of the Project Amount

If a project application is withdrawn or does not close, the applicant is responsible for any costs incurred by the agency on behalf of the project.

G) Applicant Business Description:

Describe in detail the company's background, history, products, and customers. The description is critical in determining eligibility:

- Kinley Contractors has deep roots in Cattaraugus County, dating back six generations to 1895. Kinley started in tanneries and timber, transitioning to gas and oil in the early 1900s. In the 1980s, Kinley expanded oil and gas operations outside of NYS (Nebraska, Oklahoma, and Texas), leading to the acquisition and fuel terminal management in Texas and the establishment of Kinley Construction Group (KCG). KCG is a nationally recognized general contractor serving the industrial and mechanical fueling industries. In the late 1990's Kinley Contractors, a general contracting company serving Western NY and Northwestern Pennsylvania was established and based in Allegany, NY. Since the early 1990's Kinley Contractors has been on a growing trajectory with expanded service areas and increased employment opportunities. Kinley Contractors' goal is to be the premium General Contractor in the country. It has recently expanded by adding a KATS (Kinley Applied Service Technologies) and a General Contracting division that travels nationwide. We intend to increase our annual sales by 250% by 2028 and 500% by 2033. Our current growth trajectory requires more space. Locally, we specialize in Preconstruction Consulting, Design-Build Construction, Pre-Engineered Metal Buildings, and General Contracting Services with plans to expand into renewable energy, service and maintenance, and construction management. In the Cattaraugus County area, we service and support multiple clients, subcontractors, and vendors, helping to support local jobs and commerce in the area. Some of our partners include Iroquois Insurance, Napolean Engineering Services, Universal Primary Care, YMCA of the Twin Tiers, ACME Business Solutions, and Allegany Crossings LLC. , Olean BOCES, Allegany-Limestone Central Schools, Olean Schools, Intandem, Jamestown Community College Olean, Mazza, Kel Kur Electric, Paint Medics, Close's Lumber, Home Depot of Olean, Worth Smith, and many more.

b) Project Description

1.) We will make approximately 10,120 sq feet of renovations for new office space, with exterior improvements and roughly a 5,000 sq foot new metal building for a shop. Possible future fabrication of multi-use units.

- 2.) Agency's Financial Assistance: Kinley Contractors is requesting assistance to help offset the extensive cost of the expansion/relocation, required renovations, and new construction for our new Corporate Headquarters in Allegany, NY. Kinley has outgrown our current location, and our communication and collaboration, internal and external, are limited due to a prohibitive layout and existing design. Additionally, we require more offices and meeting space for our growing business. We need to add several offices, two conference rooms, and other meeting areas for our company to function proficiently. We intend to renovate the existing open floor plan and renovate the existing facility into a modern and more efficient office space. Additionally, we plan to construct a 5,000-square-foot workshop for equipment storage and manufacturing and fabrication of modular multi-use buildings. This will allow our current and future employees more accessible access to their Team leaders and supervisors and will enable us to organize our internal teams (Project Management, Operations, Accounting, and Administration) in closer proximity. This will permit more effective and timely communication, helping us to provide our services more competently to our clients and increase production. Assisting Kinley in relocating and expanding our headquarters will allow us to continue and accelerate our growth, allowing for additional opportunities for employment and additional revenue being infused into the local economy through expanded and more efficient service being provided to our clients and partners. By financially assisting us, it will allow us to invest additional money into our company sooner rather than later and accelerate our growth potential.

MRB Cost Benefit Calculator

Cattaraugus County Industrial Development Agency

Date	July 26, 2023
Project Title	Kinley Contractors LLC
Project Location	2383 West 5 Mile Road, Allegany NY

Construction Phase - Project Assumptions

Project Costs

	Value
Project Costs	
Enter total project costs:	$2,356,000
Local Construction Spending*	
% of locally sourced materials and labor	80%
In-region construction spending	$1,884,800

Construction Economic Impacts

Industry	NAICS	% of Total Investment	Investment by Type
Industrial Building Construction	236210	100%	$1,884,800
[Not Applicable]	0		$0
[Not Applicable]	0		$0
Most projects will only have one line related to construction type.		100%	$1,884,800

Operation Phase - Project Assumptions

Jobs and Earnings from Operations

NAICS Lookup

Year 1 - Enter NAICS	NAICS	Count	Per Job Annual Earnings	Total Earnings
Industrial Building Construction	236210	6	$110,000	$660,000
Industrial Building Construction	236210	15	$85,000	$1,275,000
Industrial Building Construction	236210	5	$40,000	$200,000
Industrial Building Construction	236210	17	$55,000	$935,000
0				$0
0				$0
	Total	43		$3,070,000

Year 2	NAICS	Count	Per Job Annual Earnings	Total Earnings
Industrial Building Construction	236210	7	$110,000	$770,000
Industrial Building Construction	236210	16	$85,000	$1,360,000
Industrial Building Construction	236210	6	$40,000	$240,000
Industrial Building Construction	236210	33	$55,000	$1,815,000
0	0			$0
0	0			$0
	Total	62		$4,185,000

Year 3+ (Full Employment)	NAICS	Count	Per Job Annual Earnings	Total Earnings
Industrial Building Construction	236210	7	$110,000	$770,000
Industrial Building Construction	236210	16	$85,000	$1,360,000
Industrial Building Construction	236210	6	$40,000	$240,000
Industrial Building Construction	236210	33	$55,000	$1,815,000
0	0			$0
0	0			$0
	Total	62		$4,185,000

Fiscal Impact Assumptions

Estimated Costs of Incentives

	%	Value
Sales Tax Exemption		$565,000
Local Sales Tax Rate	4.00%	$282,500
State Sales Tax Rate	4.00%	$282,500
Mortgage Recording Tax Exemption		$29,450
Local	0.75%	$17,670
State	0.50%	$11,780
Total Costs	$801,006	

PILOT Term (Years)	15
Escalation Factor	2%
Discount Factor	2%

Property Tax Exemption						
Year #	Year	Property Tax WITHOUT Project	Estimated PILOT	Property Tax on Full Assessment	Difference in Current vs. PILOT	Difference PILOT vs Full Taxes
1	2022	$10,272	$10,272	$22,216	$0	-$11,944
2	2023	$10,477	$10,477	$22,660	$0	-$12,183
3	2024	$10,687	$10,687	$23,113	$0	-$12,427
4	2025	$10,900	$10,900	$23,576	$0	-$12,675
5	2026	$11,118	$11,118	$24,047	$0	-$12,929
6	2027	$11,341	$11,341	$24,528	$0	-$13,187
7	2028	$11,568	$11,568	$25,019	$0	-$13,451
8	2029	$11,799	$11,799	$25,519	$0	-$13,720
9	2030	$12,035	$12,035	$26,029	$0	-$13,995
10	2031	$12,276	$12,276	$26,550	$0	-$14,274
11	2032	$12,521	$12,521	$27,081	$0	-$14,560
12	2033	$12,772	$12,772	$27,623	$0	-$14,851
13	2034	$13,027	$13,027	$28,175	$0	-$15,148
14	2035	$13,288	$13,288	$28,739	$0	-$15,451
15	2036	$13,553	$13,553	$29,313	$0	-$15,760
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	Total	$177,633	$177,633	$384,189	$0	-$206,556
				Discounted->	$0	-$175,650

Other Benefits to Public and Private Individuals - If Applicable			
Year #	Year	Other Local Municipal Revenue	Other Payments to Private Individuals
1	2022	$1,290	$0
2	2023	$1,316	$0
3	2024	$1,342	$0
4	2025	$1,369	$0
5	2026	$1,396	$0
6	2027	$1,424	$0
7	2028	$1,453	$0
8	2029	$1,482	$0
9	2030	$1,511	$0
10	2031	$1,542	$0
11	2032	$1,572	$0
12	2033	$1,604	$0
13	2034	$1,636	$0
14	2035	$1,669	$0
15	2036	$1,702	$0
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	Total	$22,307	$0

Notes

Other Local Municipal Revenue - Fire Distrcit Tax
15 year Manufacturing PILOT Schedule

Does the IDA believe the project can be accomplished in a timely fashion? Yes

APPLICATION FOR FINANCIAL ASSISTANCE

COUNTY OF CATTARAUGUS IDA

County of Cattaraugus Industrial Development Agency
P. O. Box 1749
9 East Washington Street
Ellicottville, New York 14731
Phone (716) 699-2005
fax (716) 699-2942
e-mail info@cattcoida.com
web www.cattcoida.com

CCIDA FINANCIAL ASSISTANCE APPLICATION INSTRUCTIONS

I. Application Submission and Application Fees

The following directions will assist you (the "Applicant") in completing this application for Financial Assistance (the "Application"). Please note that all applications will be subject to approval of the County of Cattaraugus Industrial Development Agency (the "Agency") and that ***no*** Financial Assistance can be provided, including a sales tax exemption on purchases made prior to Agency approval, until your application has been so approved and *after* a Financial Assistance agreement with the Agency has been executed.

If your project involves the relocation of a facility within Cattaraugus County, the abandonment of an existing facility, involves a tenant that is abandoning an existing facility, or is retail in nature, additional documentation is required. Please contact an Agency business development specialist as soon as possible.

Upon review of the application, the Agency may find it necessary to request additional information. Should additional information be required, the Agency will not consider the request for assistance until all such additional information is received in its entirety.

All projects receiving a benefit greater than $100,000 are required to have a public hearing inclusive of a ten (10) day notice before any approval can be granted by the Agency. The Agency will charge an administrative fee of 1.0625% of the project amount. Upon project approval, an Administrative Fee Agreement must be entered into. The Agency's legal fees are in addition to the administrative fees noted.

A non-refundable $1,500.00 application processing and publication fee is due upon submission of your application.

As required by statute, applicants receiving Financial Assistance will be subject to the Agency's Policy Respecting Recapture of Agency Benefits (the "Recapture Policy"). The Recapture Policy provides for a partial or full recapture and/or termination or modification of state and local sales tax, mortgage recording tax, and/or real property tax abatement benefits upon a determination by the Agency that the Company has failed to meet and/or maintain the thresholds and requirements representing certain material terms and conditions required by the Agency. The Recapture Policy is located on the Agency's webpage.

II. Application Component Parts and Exhibits

The following items are included in the Application package. These are required documents that must be completed and submitted to the Agency in order for your Application to be considered. Please make every effort to provide all of the information as soon as possible. Failure to do so may result in your project not being considered at the next regularly scheduled meeting of the Agency.

1. Section I & II - Eligibility Questionnaire: This form must be completed in its entirety and submitted to the ECIDA prior to beginning the public hearing process.

2. Section III – Single -Multi Tenant Facility: Only complete if applicable.

3. Section IV- Retail Questionnaire: To ensure compliance with the provisions of Section 862 of the New York General Municipal Law, the Agency has prepared certain questions within

this section of the Application with respect to those projects where customers personally visit the Project site to make a retail sale transaction or obtain a service. Complete only if applicable.

4. Section V. Inter-Municipal Move Determination. Only complete if applicable.

5. Section VI. Estimate of Real Property Tax Abatements: This section of the Application will be completed by Agency staff, and inserted as a component part of the Application.

6. Attachment A. Representations, Certifications and Indemnification Form: This form requires an original signature, must be notarized, and must be submitted with the completed Application form.

7. Attachment B. Insurance Specifications. The Agency's insurance requirements, as amended from time to time, are contained herein. Note that insurance is to be provided after Agency approval and prior to the provision of Agency Financial Assistance, and shall be maintained during the term of any applicable Agent Agreement and/or Lease Agreement by and between the Agency and the Applicant. Please provide these requirements to your insurance agent to facilitate satisfaction of these requirements.

8. Attachment C. Agency Counsel Fee. The company will be required to pay for CCIDA general/transaction counsel fees and/or bond counsel fees also as a condition of providing Financial Assistance.

III. Submission and Acceptance of the Application for Financial Assistance

The Agency's acceptance of this Application for consideration does not constitute a commitment on the part of the Agency to undertake the proposed Project, to grant any Financial Assistance with respect to the proposed Project or to enter into any negotiations with respect to the proposed Project.

Information provided herein may be subject to disclosure under the New York Freedom of Information Law ("FOIL"). If the Applicant believes that a portion of the Application or materials submitted in support of the Application is protected from disclosure under FOIL, the Applicant should mark the applicable sections(s) or pages(s) as "confidential" and state the applicable exception to disclosure under FOIL.

I. Eligibility Questionnaire - Applicant Background Information

Answer all questions. Use "None" or "Not Applicable" where necessary.

A) Applicant Information-company receiving benefit:

Applicant Name: Steel bund Brewery + Distillery
Applicant Address: 6606 Route 219
City/Town: Ellicottville State: New york Zip: 14731
Phone: 716-997-1444
E-mail: wbursee@gmail.com

B) Business Organization (check appropriate category):

Corporation	☒	Partnership	☐
Public Corporation	☐	Joint Venture	☐
Sole Proprietorship	☐	Limited Liability Company	☐

Other (specify) ______
Year Established: ______ State in which Organization is established: ______

C) Individual Completing Application:

Name: Steel Band Brewery + Distillery
Title: - Same as above
Address: 6606 Route 219
City/Town: Ellicottville State: New york Zip: 14731
Phone: ______ E-Mail: ______

D) Company Contact (if different from individual completing application):

Name: Bill Bursee, Jr.
Title: President/owner.
Address: Same as above
City/Town: ______ State: ______ Zip: ______
Phone: ______ E-Mail: ______

E) Company Counsel:

Name of Attorney: ______
Firm Name: ______
Title: ______
Address: ______
City/Town: ______ State: ______ Zip: ______
Phone: ______ E-Mail: ______

F) Benefits Requested (select all that apply):

1. Exemption from Sales Tax ☒ Yes or ☐ No
2. Exemption from Mortgage Tax ☒ Yes or ☐ No
3. Exemption from Real Property Tax ☒ Yes or ☐ No
4. Tax Exempt Financing * ☐ Yes or ☒ No

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

G) **Applicant Business Description:**

Describe in detail company background, history, products and customers. Description is critical in determining eligibility: - See Attachment.

Estimated % of sales within Cattaraugus County: 40%
Estimated % of sales outside Cattaraugus County but within New York State: 40%
Estimated % of sales outside New York State but within the U.S.: 20%
Estimated % of sales outside the U.S.: TBD
(*Percentage to equal 100%)

For your operations, company, and proposed project, what percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Cattaraugus County 20 %

Identify vendors within Cattaraugus County for major purchases: Will provide

II. Eligibility Questionnaire - Project Description & Details

A) **Project Location**

Address of Proposed Project Facility: 6600 Route 219
City/Town: Ellicottville School District: Ellicottville Central School District
SBL Number(s)for proposed Project

Current Address (if different): N/A
City/Town: N/A

What are the current real estate taxes on the proposed Project site? $5,270
If amount of current taxes is not available, provide assessed value for each
Land: $ 15,300 Buildings(s): $ 220,000 *If available include a copy of current tax receipt.*

Are Real Property Taxes current at project location? ☒ Yes or ☐ No. If no, explain:

Does the Applicant or any related entity currently hold fee title have an option/contract to purchase the Project site? ☒ Yes or ☐ No If No, indicate name of present owner of the Project site:

Describe the present use of the proposed Project site (vacant land, existing building, etc.):
Vacant

B) Project Description

Provide a narrative of the purpose of the proposed Project (new build, renovations, expansion), square footage of existing buildings (if any) and new construction contemplated 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. Add an attachment if necessary.): - Please see Attachment A for complete description of project.

Will the completion of 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 OR in the abandonment of one or more plants or facilities of the project occupant located within the state? ☐ Yes or No ☒

If the Proposed Project is located in a different municipality within New York State 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? ☐ Yes or No ☐ If Yes, you will need to complete Section V, *The Inter-municipal Move Determination*

Is the project reasonably necessary to prevent the project occupant from moving out of New York State? ☒ Yes or ☐ No. If yes, explain and identify out-of-state locations investigated, type of assistance offered and what competitive factors led you to inquire about sites outside of New York State? Provide supporting documentation if available: Erie, Pennsylvania.

Have you contacted or been contacted by other Local, State and/or Federal Economic Development Agencies? ☒ Yes or ☐ No. If yes, indicate the Agency and nature of the inquiry below: Empire State Development + Cattaraugus County ED P&T Dept.

Describe the reasons why the Agency's financial assistance is necessary, and the effect the Project will have on the Applicant's business or operations. Focus on competitiveness issues, project shortfalls, etc.,. Your eligibility determination will be based in part on your answer (attach additional pages if necessary): Increasing the overall manufacturing space of the Brewing + Distillery for continued growth in sales, distribution & employment.

Confirm by checking the box, below, if there is likelihood that the Project would not be undertaken but for the financial assistance provided by the Agency? ☒ Yes or ☐ No

If the Project could be undertaken without financial assistance provided by the Agency, then provide a statement in the space provided below indicating why the Project should be undertaken by the Agency:

NA

If the Applicant is unable to obtain financial assistance for the Project, what will be the impact on the Applicant and Cattaraugus County? Project wouldn't occur + jobs created wouldn't happen.

C) Site Characteristics

Will the Project meet zoning/land use requirements at the proposed location? ☒ Yes or ☐ No

Describe the present zoning/land use: Commercial

If a change in zoning/land use is required, provide details/status of any request for change of zoning/land use requirements: N/A

Has a project related site plan approval application been submitted to the appropriate planning department? ☒ Yes or ☐ No

If Yes, include the applicable municipality's and/or planning department's approval resolution, the related State Environmental Quality Review Act ("SEQR") "negative declaration" resolution, if applicable, and the related Environmental Assessment Form (EAF), if applicable.

If No, list the CCIDA as, or ensure that the CCIDA is listed as, an "Involved Agency" on the related EAF that will be submitted to the appropriate municipality and/or planning department for site plan approval and provide to the EAF to the lead agency and to the CCIDA.

If No, because site plan approval is not otherwise required, complete and submit the EAF along with this Application to the CCIDA.

Is the proposed project located on a site where the known or potential presence of contaminants is complicating the development/use of the property? ☐ Yes or ☒ No If yes, explain:

Has a Phase I Environmental Assessment been prepared or will one be prepared with respect to the proposed project site? ☐ Yes or ☒ No If yes, provide a copy.

D) Project Type

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

Acquisition of Existing Facility	☐	Life Care Facility (CCRC)	☐
Affordable/Workforce Housing	☐	Market Rate Housing	☐
Assisted Living	☐	Mixed Use	☐
Back Office	☐	Multi-Tenant	☐
Civic Facility (not for profit)	☐	Renewable Energy	☐
Commercial	☒	Research/Design	☐
Senior Housing	☐	Retail	☐
Facility for Aging	☐	Warehousing	☒
Industrial/Manufacturing	☒	Other ______	☐
Tourism Facility/Project	☒		

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

Store

Retail Sales: ☒ Yes or ☐ No   Services: ☐ Yes or ☒ No

*For purposes of this question, the term "retail sales" means (i) sales by a registered vendor under Article 28 of the New York Tax Law (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.

For the proposed Project Facility, indicate the square footage for each of the uses outlined below:

**If applicant is paying for FFE for tenants, include in cost breakdown

	Square Footage	Cost	% of Total Cost of Project
Manufacturing/Processing	18,600±	$4,000,000	55%
Warehouse	1,890	$1,000,000	5%
Research & Development			
~~Commercial~~ / Storage	$2,500,000	5,000	40%
Retail (see retail questionnaire)			
Office			
Renewable Energy			
Specify Other			

What is the estimated project timetable (provide dates):

1. Start date: acquisition of equipment or construction of facilities: August 2023
2. Estimated completion date of project: March 2024 +/-
3. Project occupancy – estimated starting date of occupancy: March 2024

E) Overall Project Costs

Estimated costs in connection with Project:

1. Land and/or Building Acquisition ______ acres ______ square feet $ 204 x 225.3 - lot size paid for.
2. New Building Construction 7,000 square feet $ 3,300,000
3. New Building Addition(s) ______ square feet $______
4. Infrastructure Work $______
5. Reconstruction/Renovation 18,600 square feet $ 4,500,000
6. Manufacturing Equipment $______
7. Non-Manufacturing Equipment (furniture, fixtures, etc.) $______
8. Soft Costs: (Legal, architect, engineering, etc.) $______
9. Other, Specify: ______ $______

TOTAL Costs: $ 7,800,000

Construction Cost Breakdown:

Total Cost of Construction $ 4,000,000 (sum of 2,3,4 and 5 above)
Cost of materials: $ 3,500,000
% sourced in Cattaraugus County 85 %

Have any of the above costs been paid or incurred as of the date of this application? ☒ Yes or ☐ No
If yes, describe: Just the land . Purchased in 2021.

Sources of Funds for Project:

Bank Financing $ 3,260,000
Equity (excluding equity that is attributed to grants/tax credits) $ 4,578,735
Public Sources (Include sum total of all state and federal grants and tax credits) $ 1,619,467

Identify each state and federal grant/credit: (i.e. Historic Tax Credit, New Market Tax Credit, Brownfield Cleanup Program, ESD, other public sources)

ESD $ TBD - Tax credits.
BOA $ TBD - Abatement
$ ____
Total Sources of Funds for Project Costs: $ ____

Have you secured financing for the project? ☒ Yes ☐ No. If yes, provide a copy of the loan commitment to the Agency.

Project refinancing estimated amount, if applicable (for refinancing of existing debt only): $ N/A

Sales and Use Tax Benefit: 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: $ 6,500,000 ±

Estimated State and Local Sales and Use Tax Benefit (multiply 8.0% by the figure, above): $ 520,000

*** Note that the estimate provided above will be provided to the New York State Department of Taxation and Finance. The Applicant acknowledges that the transaction documents include a covenant by the Applicant to undertake the total amount of investment as proposed within this Application, and that the estimate above represents the maximum amount of sales and use tax benefit that the Agency may authorize with respect to this Application, unless otherwise amended and approved by the Agency. The Agency may utilize the estimate above as well as the proposed total Project Costs as contained within this Application, to determine the Financial Assistance that will be offered.*

Mortgage Recording Tax Exemption Benefit: Amount of mortgage, if any that would be subject to mortgage recording tax:

Mortgage Amount (include sum total of construction/permanent/bridge financing): $ 40,750 - $ 3,260,000

Estimated Mortgage Recording Tax Exemption Benefit (multiply the mortgage amount as indicated above by 1.25 %): $ 40,750

Real Property Tax Benefit:

Identify and describe if the Project will utilize a real property tax exemption benefit OTHER THAN the Agency's PILOT benefit (487, 485-b, other): 15 Year Manufacturing PILOT

IDA PILOT Benefit: See Section VI of this Application. Agency staff will indicate the amount of PILOT Benefit based on estimated Project Costs as contained herein and anticipated tax rates and assessed valuation, including the annual PILOT Benefit abatement amount for each year of the PILOT benefit year and the sum total of PILOT Benefit abatement amount for the term of the PILOT.

- Will provide Cost Benefit Analysis.

F) Job Retention and Job Creation

Is the project necessary to expand project employment? ☒ Yes or ☐ No

Is project necessary to retain existing employment? ☒ Yes or ☐ No

Employment Plan (Specific to the proposed project location):

	Current # of jobs at proposed project location or to be relocated at project location	If financial assistance is granted – project the number of FT and PT jobs to be retained	If financial assistance is granted – project the number of FT and PT jobs to be created upon 24 months (2 years) after Project completion	Estimate number of residents of the Labor Market Area in which the project is located that will fill the FT and PT jobs to be created upon 24 months (2 years) after project completion **
Full time (FT)	30	30	15	ALL
Part Time (PT)	–	–	–	–
Total ***	30	30	15	ALL

** The Labor Market Area includes the Counties of Cattaraugus, Erie, Allegany, Chautauqua and Wyoming. For purposes of this question, estimate the number of FT and PT jobs that will be filled, as indicated in the third column, by residents of the Labor Market Area, in the fourth column.

*** By statute, Agency staff must project the number of FT jobs that would be retained and created if the request for Financial Assistance is granted. Agency staff will project such jobs over the two-year time period following Project completion. Agency staff converts PT jobs into FT jobs by dividing the number of PT jobs by two (2).

Salary and Fringe Benefits for Jobs to be Retained and Created:

Category of jobs to be retained and/or created	# of employees retained and/or created	Average salary for Full Time	Average fringe benefits for full time	Average salary for part time, if applicable	Average fringe benefits for part time, if applicable
Management					
Professional					
Administrative					
Production					
Independent Contractor					
Other					

** Note that the Agency may utilize the foregoing employment projections, among other items, to determine the financial assistance that will be offered by the Agency to the Applicant. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to retain the number of jobs and create the number of jobs with respect to the Project as set forth in this Application.

→ Average Gross Salary reported = $75,000

Payroll Information:

Annual Payroll at proposed project site upon project completion	$ 75,000
Estimated average annual salary of jobs to be retained (full time)	$
Estimated average annual salary of jobs to be retained (part time)	$
Estimated average annual salary of jobs to be created (full time)	$
Estimated average annual salary of jobs to be created (part time)	$

Estimated salary range of jobs to be created

From (full time)	$	To (full time)	$
From (part time)	$	To (part time)	$

III. Part A: Facility Type - Multi-Tenant Determination

If this is a Single-Use facility fill in section A. If this is a Multi-Tenant fill in section B.

A) For Single Use Facility (to be filled out by developer):

Occupant Name: ______________________
Address: ______________________
City/Town: ______________ State: ______________ Zip: ______________
Contact Person: ______________________
Phone: ______________ Fax: ______________
E-Mail: ______________________
Federal ID #: ______________ NAICS Code: ______________

B) Multi-Tenant Facility (to be filled out by developer):

Have any tenant leases been entered into for this project ☐ Yes or ☐ No.

If yes, list below and provide square footage to be leased to tenant and NAICS Code for tenant and nature of business.

Tenant Name	Current Address (city, state, zip)	# of sq. ft. and % of total to be occupied at new project site	Briefly describe type of business, products services

N/A

Part B: Tenant Form

**** This section must be completed for each proposed tenant ****

A Retail Questionnaire will need to be prepared for each proposed tenant if customers will personally visit the tenant to either participate in a retail sale transaction or pay for a service.

An Inter-Municipal Move Determination will need to be completed for each proposed tenant that is relocating from another municipality or abandoning an existing facility.

Property Address:____
City/Town: ____

Tenant Name: ____

Amount of space to be leased: ______SF. What percentage of the building does this represent? ___________%

Are terms of the lease: GROSS ☐ or NET ☐

If GROSS lease, explain how Agency benefits are passed to the tenant: ____________________________

Estimated date of occupancy: ____________________, 20__________

Company Name: ____
Current Address: ____
City/Town: __________________________ State: ____________ Zip: ________________
Local Contact Person: __________________________ Title:____________________
Phone: ____________________ E-mail: ________________________________
Company President/General Manager: ________________________________
Number of employees to be relocated to new project location:
Full-Time: __________ Part-Time: __________ Total: ____________

List the square footage which the proposed tenant will lease at the Project location: ______________SF

List the square footage which the proposed tenant leases at its present location(s): __________________SF

Will the project result in relocation from one municipality to another and/or abandonment from other tenant/user(s) facilities in New York State?

☐Yes or ☐ No.

If Yes, fill out Inter-Municipal-Move Determination form.

What will happen to the existing facility once vacated? ________________________________

If leased, when does lease expire? ______________________________, 20__________

Are any of the proposed tenant's current operations located in facilities which have received an Industrial Development Agency benefit? ☐ Yes or ☐ No. If yes, provide details as to location, and amount of leased space, how long leased?____

N/A

IV. Retail Questionnaire

To ensure compliance with Section 862 of the New York General Municipal Law, the Agency requires additional information if the proposed Project is one where customers personally visit the Project site to undertake either a retail sale transaction or to purchase services.

Answer the following:

A. Will any portion of the project (including that portion of the cost 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?

☒ Yes or ☐ No. If the answer is yes, continue below. If no, proceed to next section

For purposes of Question A, 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. 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? 25% %. **If the answer is less than 33% do not complete the remainder of the retail determination and proceed to Inter-Municipal Move Determination.**

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

1. Will the project be operated by a not-for-profit corporation ☐ Yes or ☒ No.

2. Is the Project location or facility likely to attract a significant number of visitors from outside the economic development region (Cattaraugus, Erie, Allegany, Chautauqua and Wyoming counties) in which the project will be located? ☒ Yes or ☐ No

3. 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 within which the proposed project would be located because of a lack of reasonably accessible retail trade facilities offering such goods or services? ☒ Yes or ☐ No

4. 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 or ☐ No.

If yes, explain Craft Brewing trades and skilled Labor.

5. Is the project located in a Highly Distressed Area? ☐ Yes or ☒ No

V. Inter-Municipal Move Determination

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, then it must be shown that 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.

Current Address: ______________________________
City/Town: ______________________ State: __________ Zip: ____________

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? ☐ Yes or ☐ No

Will the Project result in the abandonment of one or more plants or facilities of the Project occupant located within the state? ☐ Yes or ☐ 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: ______________________________

Does the Project involve relocation or consolidation of a project occupant from another municipality?

Within New York State	☐ Yes or ☒ No
Within Cattaraugus County	☐ Yes or ☒ No

If Yes to either question, explain: ______________________________

What are some of the key requirements the project occupant is looking for in a new site (for example minimum of number of sq. ft., 12 foot ceilings, truck loading docks, thruway accessibility. etc.)

____

If the project occupant is currently located in Cattaraugus County and will be moving to a different municipality within Cattaraugus County, has the project occupant attempted to find a suitable location within the municipality in which it is currently located? ☐ Yes or ☒ No

What factors have led the project occupant to consider remaining or locating in Cattaraugus County? ______________________________

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

Provide a list of properties considered, and reason they were not adequate. (Some examples include: site not large enough, layout was not appropriate, did not have adequate utility service, etc.)

Property (Address)	Reason
____________________	____________________
____________________	____________________
____________________	____________________
____________________	____________________

VI. Estimate of Real Property Tax Abatement Benefits*** and Percentage of Project Costs financed from Public Sector sources

**** This Section of the Application will be: (i) completed by CCIDA Staff based upon information contained within the Application, and (ii) provided to the Applicant for ultimate inclusion as part of this completed Application.**

PILOT Estimate Table Worksheet

CCIDA Staff will insert and/or prepare appropriate PILOT Benefit information.

Percentage of Project Costs financed from Public Sector Table Worksheet:

Total Project Cost	Estimated Value of PILOT	Estimated Value of Sales Tax Incentive	Estimated Value of Mortgage Tax Incentive	Total of Other Public Incentives (Tax Credits, Grants, ESD Incentives, etc.)
		~~$ [illegible]~~ $ 520,600	$40,750	TBD - ESD

Calculate % (Est. PILOT + Est. Sales Tax+ Est. Mortgage Tax+ Other)/Total Project Costs: __________%

Attachment A: Representations, Certifications and Indemnification

William Dursee (name of CEO or other authorized representative of Applicant) confirms and says that he/she is the Managing Member (title) of Shillhouse of Buffalo → (name of corporation or other entity) named in the attached Application (the "Applicant"), that he/she has read the foregoing Application and knows the contents thereof, and hereby represents, understands, and otherwise agrees with the Agency and as follows: North Delaware Hol

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. Copies of all filings shall be provided to the Agency.

D. 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, at least annually or as otherwise required by the Agency, reports regarding the number of people employed at the project site, salary levels, contractor utilization and such other information (collectively, "Employment Reports") that may be required from time to time on such appropriate forms as designated by the Agency. Failure to provide Employment Reports within 30 days of an Agency request shall be an Event of Default under the PILOT Agreement between the Agency and Applicant and, if applicable, an Event of Default under the Agent Agreement between the Agency and Applicant. In addition, a Notice of Failure to provide the Agency with an Employment Report may be reported to Agency board members, said report being an agenda item subject to the Open Meetings Law.

E. The Applicant acknowledges that certain environmental representations will be required at closing. The Applicant shall provide with this Representation, Certification and Indemnification Form copies of any known environmental reports, including any existing Phase I Environmental Site Assessment Report(s) and/or Phase II Environmental Investigations. The Agency may require the Company and/or owner of the premises to prepare and submit an environmental assessment and audit report, including but not necessarily limited to, a Phase I Environmental Site Assessment Report and a Phase II Environmental Investigation, with respect to the Premises at the sole cost and expense of the owner and/or the Applicant. All environmental assessment and audit reports shall be completed in accordance with ASTM Standard Practice E1527-05 and shall be conformed over to the Agency so that the Agency is authorized to use and rely on the reports. The Agency, however, does not adopt, ratify, confirm or assume any representation made within reports required herein.

F. The Applicant and/or the owner, and their successors and assigns, hereby release, defend and indemnify the Agency from any and all suits, causes of action, litigations, damages, losses, liabilities, obligations, penalties, claims, demands, judgments, costs, disbursements, fees or expenses of any kind or nature whatsoever (including, without limitation, attorneys', consultants' and experts' fees) which may at any time be imposed upon, incurred by or asserted or awarded against the Agency, resulting from or arising out of any inquiries and/or environmental assessments, investigations and audits performed on behalf of the Applicant and/or the owner pursuant hereto, including the scope, level of detail, contents or accuracy of any environmental assessment, audit, inspection or investigation report completed hereunder and/or the selection of the environmental consultant, engineer or other qualified person to perform such assessments, investigations, and audits.

G. Hold Harmless Provision: The Applicant acknowledges and agrees that the Applicant shall be and is responsible for all costs of the Agency incurred in connection with any actions required to be taken by the Agency in furtherance of the Application including the Agency's costs of general counsel and/or the Agency's bond/transaction counsel whether or not the Application, the proposed Project it describes, the attendant negotiations, or the issue of bonds or other transaction or agreement are ultimately ever carried to successful conclusion and agrees that the Agency shall not be liable for and agrees to indemnify, defend, and hold the Agency harmless from and against any and all liability arising from or expense incurred by: (i) the Agency's examination and processing of, and action pursuant to or upon, the Application, regardless of whether or not the Application or the proposed Project described herein or the tax exemptions and other assistance requested herein are favorably acted upon by the Agency; (ii) the Agency's acquisition, construction and/or installation of the proposed Project described herein; and (iii) any further action taken by the Agency with respect to the proposed Project including, without limiting the generality of the foregoing, all causes of action and attorney's fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. Applicant hereby understands and agrees, in accordance with Section 875(3) of the New York General Municipal Law and the policies of the Agency that any New York State and local sales and use tax exemption claimed by the Applicant and approved by the Agency, any mortgage recording tax exemption claimed by the Applicant and approved by the Agency, and/or any real property tax abatement claimed by the Applicant and approved by the Agency, in connection with the Project, may be subject to recapture and/or termination by the Agency under such terms and conditions as will be established by the Agency and set forth in transaction documents to be entered into by and between the Agency and the Applicant. The Applicant further represents and warrants that the information contained in this Application, including without limitation information regarding the amount of the New York State and local sales and use tax exemption benefit, the amount of the mortgage recording tax exemption benefit, and the amount of the real property tax abatement, if and as applicable, to the best of the Applicant's knowledge, is true, accurate and complete.

H. This obligation includes an obligation to submit an Agency Fee Payment to the Agency in accordance with the Agency Fee policy effective as of the date of this Application

I. By executing and submitting this Application, the Applicant covenants and agrees to pay the following fees to the Agency:

(i) a non-refundable $1,500.00 application processing and publication fee (the "Application Fee") <u>at time of application submission</u> payable CCIDA;

(ii) Unless otherwise agreed to by the Agency, an amount equal to one and one quarter percent (1.0625%) of the total project costs, at the time of issuance of Financial Assistance/closing;

(iii) All fees, costs and expenses incurred by the Agency for (1) legal services, including but not limited to those provided by the Agency's general counsel and/or the Agency's bond/transaction counsel, thus note that the Applicant is entitled to receive a written estimate of fees and costs of the Agency's general counsel and the Agency's bond/transaction counsel; and (2) other consultants retained by the Agency in connection with the proposed project, with all such charges to be paid by the Applicant at the closing.

J. If the Applicant fails to conclude or consummate the necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable proper or requested action, or withdraws, abandons, cancels, or neglects the Application, or if the Applicant is unable to find buyers willing to purchase the bond issue requested, or if the Applicant is unable to facilitate the sale/leaseback or lease/leaseback transaction, then, upon the presentation of an invoice, Applicant shall pay to the Agency, its agents, or assigns all actual costs incurred by the Agency in furtherance of the Application, up to that date and time, including but not necessarily limited to, fees of the Agency's general counsel and/or the Agency's bond/transaction counsel.

K. The Applicant acknowledges and agrees that all payment liabilities to the Agency and the Agency's general counsel and/or the Agency's bond and/or transaction counsel as expressed in Sections H and I are obligations that are not dependent on final documentation of the transaction contemplated by this Application.

L. The cost incurred by the Agency and paid by the Applicant, the Agency's general counsel and/or bond/transaction counsel fees and the processing fees, may be considered as a cost of the Project and included in the financing of costs of the proposed Project, except as limited by the applicable provisions of the Internal Revenue Code with respect to tax-exempt bond financing.

M. The Applicant acknowledges that the Agency is subject to New York State's Freedom of Information Law (FOIL). **Applicant understands that all Project information and records related to this application are potentially subject to disclosure under FOIL subject to limited statutory exclusions**.

N. The Applicant has read and understands the Agency's Policy Respecting Recapture of Agency Benefits (the "Recapture Policy"). The Applicant covenants and agrees that it fully understands that the Recapture Policy is applicable to the Project that is the subject of this Application, and that the Agency will implement the Recapture Policy if and when it is so required to do so. The Applicant further covenants and agrees that its Project is potentially subject to termination of Agency financial assistance and/or recapture or modification of Agency financial assistance so provided and/or previously granted.

O. The Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if Financial Assistance is provided for the proposed Project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would 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 or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

P. The Applicant confirms and acknowledges that the owner, occupant, or operator receiving Financial Assistance for the proposed Project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.

Q. The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any Financial Assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.

R. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.

S. The Applicant and the individual executing this Application on behalf of Applicant acknowledge that the Agency and its counsel will rely on the representations and covenants made in this Application when acting hereon and hereby represents that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

STATE OF NEW YORK)
COUNTY OF CATTARAUGUS) ss.:

William Bursee, being first duly sworn, deposes and says:

1. That I am the Member (Corporate Office) of Steelbound / N. Del M (Applicant) and that I am duly authorized on behalf of the Applicant to bind the Applicant.

2. That I have read the attached Application, I know the contents thereof, and that to the best of my knowledge and belief, this Application and the contents of this Application are true, accurate and complete.

(Signature of Officer)

Subscribed and affirmed to me under penalties of perjury this 27 day of July, 2023

(Notary Public)

KATHLEEN BARRY KANE
01KA4866586
Notary Public, State of New York
Qualified in Erie County
My commission expires AUGUST 4th, 2026

Attachment B: CCIDA Insurance Requirements

COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY
(Insurance Specifications as of June 8, 2021)

A summary of CCIDA insurance requirements follows. Please note that insurance is to be provided by the Company and/or Project owner <u>after</u> Board approval and prior to utilization of CCIDA financial assistance, and shall be maintained during the term of any applicable Agent Agreement and/or Lease Agreement by and between the CCIDA and the Company.

During the term of an Agent Agreement and/or a Lease Agreement entered into with the County of Cattaraugus Industrial Agency an **ACORD 25-Certificate of Liability Insurance and ACORD 855 NY-New York Construction Certificate of Liability Addendum** shall be provided evidencing the following insurance is currently maintained and in force with an insurance carrier approved to do business in the State of New York and maintaining an A.M. Best Rating of A- or better showing County of Cattaraugus Industrial Development Agency as Certificate Holder. It is our suggestion that you share these requirements with your current insurance agent, broker or insurance company.

Acceptable Certificates of Insurance shall indicate the following minimal coverage, limits of insurance, policy numbers and policy effective and expiration dates.

Commercial General Liability: Agent and subcontractors shall provide such coverage on an occurrence basis for the named insured's premises & operations and products-completed operations. Blanket Contractual Liability provided within the "insured contract" definition may not be excluded or restricted in any way. Property damage to work performed by subcontractors may not be excluded or restricted nor shall the Additional Insured's coverage for claims involving injury to employees of the Named Insured or their subcontractors be excluded or restricted. The "insured contract" exception to the Employers Liability exclusion also may not be removed or restricted in any way.

These coverages are to be properly evidenced by checking the appropriate box(es) on the **ACORD 855-NY Construction Certificate of Liability Addendum's** Information Section, Items G, H, I and L. Policy shall have attached **Designated Location(s) General Aggregate Limit CG 25 04** endorsement.

Limits expressed shall be <u>no less than</u>:

General Aggregate	$2,000,000
Products-Completed Operations Aggregate	$2,000,000
Per Occurrence	$1,000,000
Personal & Advertising Injury	$1,000,000
Fire Damage Liability	$ 100,000
Medical Payments (per person)	$ 5,000

County of Cattaraugus Industrial Development Agency shall be named as Additional Insured per **ISO Form CG 20 26-Additional Insured Designated Person or Organization** to provide coverage for the Additional Insured. Coverage shall apply on a Primary & Non-Contributory basis. All insurance required of the Company shall waive any right of subrogation of the insurer against any person insured under such policy, and waive any right of the insurer to any off-set or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any person insured under such policy.

ACORD 855 NY-New York Construction Certificate of Liability Insurance: It is not uncommon for insurers to modify the standard ISO policy language with endorsements that result in modifications to language preferred by the insurer. This addendum is required to supplement the **ACORD 25-Certificate of Liability Insurance** with additional information that provides a more detailed expression of the types of coverage required. Specifically required coverages may be excluded or limited by the attachment of exclusionary or limitation endorsements. This addendum provides the insurer the ability to certify coverage provided by the absence of such exclusionary or limiting modifications.

Blanket Additional Insured endorsement to include — Owner, Lessees or Contractors - Automatic Status For Other Parties When Required in Written Construction Agreement — Wording should include any other person or organization you are required to add as an additional insured under the contract or agreement **(Paragraph 2 of CG 20 38 04 13 or equivalent)**.

Any scheduled person or organization section of the additional insured endorsement containing wording other than designated names shall not be accepted.

Umbrella/Excess Liability: Commercial Umbrella or excess liability for a limit of at least $5,000,000 per occurrence with a $5,000,000 Aggregate. Coverage should respond on a follow-form basis and excess over the aforementioned underlying policy limits. County of Cattaraugus Industrial Development Agency shall be named as Additional Insured. Coverage shall apply on a Primary & Non-Contributory basis.

Workers Compensation/Disability Insurance:

i) The Company and/or Project Owner shall provide evidence of insurance and maintain Workers Compensation/Disability insurance as required by statute. County of Cattaraugus Industrial Development Agency shall be named as the Certificate Holder.

ii) **Accepted Forms:**

Workers Compensation Forms			**DBL (Disability Benefits Law) Forms**	
CE-200	**Exemption**		**CE-200**	**Exemption**
C-105.2	**Commercial Insurer**		**DB-120.1**	**Insurers**
S1-12	**Self-Insurer**		**DB-155**	**Self-Insured**
GS1-105.2	**Group Self-Insured**			
U-26.3	**New York State Insurance Fund**			

If the Company and/or Project owner have no employees, the Company and/or Project owner shall provide a completed and signed Form CE-200 or later revision, which is found on the New York State Workers Compensation Board website: <u>www.wcb.nv.gov/</u>. This form is to be completed on-line, printed, and signed.

<u>CCIDA Address:</u> All evidence of insurance shall be sent to:

County of Cattaraugus Industrial Development Agency
9 East Washington Street
Ellicottville, NY 14731

Attachment C: CCIDA Attorney Fee Schedule

CCIDA Attorney Fees:

Project Amount	Standard Agency Counsel Fee
<=$499,000	$5,000
<=$500,000 - < $999,999	$7,500
>$1M - <$1,999,999	$9,000
>$2M - <$3,999,999	$15,000
>$4M - < $5,799,000	$20,000
>$5,800,00	1/3 of Agency Administrative Fee (currently 1.0625% of the Project Amount

If a project application is withdrawn or does not close, the applicant is responsible for any costs incurred by the agency on behalf of the project.

Attachment A:

Demand and popularity of Steelbound products continues to grow. In order to keep up with this demand and growth projections we have purchased 20 acres (including some commercial structures) adjacent to our current facility in Ellicottville, NY which will become our manufacturing campus. This will include: 1. Upgrading of an existing 18,600 sq. ft. space into a state of the art, automated manufacturing facility. of an existing 1,890 sq. ft. building will be expanded to 8 ,000 to 10,000 sq. and utilized for barrel storage and aging of produced spirits.

Brewery and Grain Storage: 5 000 sq. ft. expansion project will include adding a 55 000 lb grain silo along with a automated delivery system to allow for bulk purchasing of grain for the brewing and distilling process.

Project Name Steelbound Expansion II

Project Description Manufacturing Facility: Location: 6606 Route 219, Ellicottville, NY 14731

Min. 18,600 sq. ft. Including: • Bottle recycling including grading, cleaning and sanitizing. • Canning Line capable of filling 60 cans/min. (8oz to 16oz.) Steelbound products as well as contract production and canning of other brands. • Bottling Line capable of filling 60 bottles/min. (50ml to 1.75L) Steelbound products as well as contract production and bottling of other brands. • Packaging and robotic palletizing. • Warehousing and Shipping • Building and manufacturing methods will utilize energy saving practices including LED lighting and heating via hot water generated during the production process. Barrel Storage: Location: 6606 Route 219, Ellicottville, NY 14731 This existing 1,890 sq. ft. building will be expanded to 8 ,000 to 10,000 sq. and utilized for barrel storage and aging of produced spirits. Brewery & Grain Storage Expansion: Location: 6600 Route 219, Ellicottville, NY 14731 This 5,000 sq. ft. expansion project will include a dding a 55,000 lb. grain silo along with a automated delivery system to allow for bulk purchasing of grain for the brewing and distilling process. This allocation of bulk grain will allow us to be competitive in the marketplace taking our current grain cost from $0.81 to $0.90 per lb to $0.31 to $0.40 per lb based on 2022 grain costs) The Ellicottville Steelbound currently produces beer with a 15 bbl system. (1 bbl = 31 US Gal.) The annual production on the 15bbl system is approximately 2,700 bbl (83,700 gal). This expansion will include ad ding 75 bbl brewing tanks increasing the annual production to over 10,000 bbl (310,000 gal). The addition of this brewing and bulk grain facility will be crucial for Steelbounds growth and ability to stay competitive in the marketplace.

Project Budget

Name	Projected Investment	Is Capital?	Year 1	Year 2	Year 3	Year 4	Year 5
Building Renovation	Building Renovation	Yes	$3,105,000.00				
Design & Planning	Design & Planning	No	$370,000.00				
Furniture / Fixtures / Equipment	Furniture / Fixtures / Equipment	Yes	$225,000.00				
Production Machinery & Equipment	Production Machinery & Equipment	Yes	$3,700,000.00				
_Total		No	$7,400,000.00				

Application Completion

Company Official	
Title	Managing Partner
Application Date	3/28/2023 7:18 PM

	A	B	C	D	E	F
2	**CCIDA June, 2023**		**OPERATING STATEMENT**			
3						
4		2023	2023	2023	2023	2022
5		APPROVED	M-T-D	Y-T-D	BALANCE	Y-T-D
6		BUDGET	ACTUAL	ACTUAL	REMAINING	COMPARISON
7						
8	INCOME:					
9	Interest on Accounts	$20,000	$26	$316	$19,684	$23
10	**Apps & Fees**	$450,000	$3,875	$904,777	-$454,777	$307,666
11	CCCRC/Other Misc. Income	$0	$2,200	$4,600	$1,778	$1,778
12	Total	$470,000	$6,101	$909,693	-$433,315	$309,467
13						
14						
15	EXPENSES:					
16	Wages	$200,000	$14,646	$79,531	$120,469	$72,139
17	Fringe Benefits	$95,000	$3,988	$24,316	$70,684	$26,895
18	Performance Bonus*	$15,000	$0	$22,230	-$7,230	$0
19	Board Meeting/Operations	$2,000	$0	$341	$1,659	$968
20	Business Development	$20,000	$5,548	$9,934	$10,066	$7,394
21	Office Supplies/Service Contracts	$1,800	$247	$1,284	$516	$639
22	Office Maint./Repairs/Equip	$6,000	$880	$5,200	$800	$9,530
23	Office Phones/Cell/fax/internet service	$6,000	$1,257	$4,756	$1,244	$3,089
24	Postage	$1,700	$80	$600	$1,100	$1,049
25	Public Hearings	$2,000	$64	$484	$1,516	$1,534
26	Travel/Mileage	$3,500	$0	$37	$3,463	$818
27	Service Charges		$35	$315		
28	Rent	$17,100	$1,425	$11,400	$5,700	$6,750
29	Real Estate Taxes	$100	$0	$91	$9	$90
30	Utilities	$3,000	$185	$2,921	$79	$1,862
31	Property/Fire/Liability Insurance	$5,000	$68	$4,977	$23	$4,702
32						
33	Professional Associations	$12,500	$0	$2,845	$9,655	$2,212
34	Professional Services ****	$20,000	$9,150	$89,679	-$69,679	$17,161
35	Publications	$200	$0	$0	$200	$0
36		$0	$0			
37	Railroad Services	$25	$0	$0	$25	$0
38	Miscellaneous	$100	$0	$0	$100	$36
39	Project Expenses	$5,000	$1,500	$2,780	$2,220	$19,800
40	Consulting Expense**	$36,000	$5,500	$57,865	-$21,865	$12,500
41	Great Lakes Cheese Expenses***	$0	$0	$93,725	-$93,725	-$4,982
42	Total Expenses	**$452,025**	**$44,573**	**$415,311**	**$37,029**	**$184,186**
43						
44	Net Difference	**$17,975**	**-$38,472**	**$494,382**	**-$470,344**	**$125,281**
45						
46	*Yearly payment					
47	**Includes Yearly payment					
48	***Yearly payment due Harris Beach					
49	****Includes payments made to Harris Beach					
50						
51						
52						
53						

COUNTY OF CATTARAUGUS IDA
Balance Sheet
June 30, 2023

ASSETS

Current Assets		
CATT CO. BANK	$ 494,799.67	
SAVINGS CCB	5,209.49	
SAVINGS FT	8,295.72	
CATT. CO. CAPITAL RES. CORP.	443,248.05	
Five Star CD	450,000.00	
CD's	631,419.00	
KeyBank Investment	107,621.82	
PETTY CASH	120.40	
SECURITY DEPOSIT - RENT	1,350.00	
Accounts Receivable	10,000.00	
lease asset	73,708.92	
Deferred Outflows	87,556.00	
lease liability	(69,451.29)	
ACCTS RECEIVABLE	346.86	
lease amortization expense	4,257.63	
Total Current Assets		2,248,482.27
Property and Equipment		
EQUIPMENT	38,350.45	
LEASEHOLD IMPROVEMENTS	22,173.08	
LAND	149,298.92	
RAILROAD/IMPROVEMENTS	907,199.96	
ACCUM DEPRECIATION	(870,546.17)	
Total Property and Equipment		246,476.24
Other Assets		
net pension asset	50,186.00	
Total Other Assets		50,186.00
Total Assets		$ 2,545,144.51

LIABILITIES AND CAPITAL

Current Liabilities		
NYS RETIREMENT LOAN ACCT.	$ 107.31	
Employee Health Ins Payable	3.00	
Federal Payroll Taxes	2,909.96	
NYS WITHHOLDING	3,363.06	
Social Security Tax Payable	1,199.82	
Medicare Withholding Tax Pay	280.88	
NYS PENSION-EMPLOYEE PORTION	(107.31)	
NYS Retirement Employer Portio	9,180.00	
Deferred Inflows	179,281.00	
accumulated amort lease asset	4,257.63	
ACCOUNTS PAYABLE	39,930.00	
interest expenses	(1,442.37)	
Total Current Liabilities		238,962.98
Long-Term Liabilities		
Total Long-Term Liabilities		0.00

COUNTY OF CATTARAUGUS IDA
Balance Sheet
June 30, 2023

Total Liabilities			238,962.98
Capital			
Retained Earnings	1,501,726.87		
CONTRIBUTED CAPITAL	310,072.06		
Net Income	494,382.60		
Total Capital			2,306,181.53
Total Liabilities & Capital		$	2,545,144.51

COUNTY OF CATTARAUGUS IDA
Balance Sheet
June 30, 2022

ASSETS

Current Assets		
CATT CO. BANK	$ 447,453.50	
SAVINGS CCB	5,219.25	
SAVINGS FT	8,291.92	
CATT. CO. CAPITAL RES. CORP.	437,205.49	
CD's	625,077.00	
KeyBank Investment	103,031.63	
PETTY CASH	120.40	
SECURITY DEPOSIT - RENT	1,350.00	
Deferred Outflows	127,554.00	
ACCTS RECEIVABLE	267.53	
PREPAID EXPENSES	3,000.00	
Total Current Assets		1,758,570.72
Property and Equipment		
EQUIPMENT	38,423.95	
LEASEHOLD IMPROVEMENTS	22,173.08	
LAND	149,298.92	
RAILROAD/IMPROVEMENTS	907,199.96	
ACCUM DEPRECIATION	(869,286.65)	
Total Property and Equipment		247,809.26
Other Assets		
Total Other Assets		0.00
Total Assets		$ 2,006,379.98

LIABILITIES AND CAPITAL

Current Liabilities		
Employee Health Ins Payable	$ (2,365.88)	
Federal Payroll Taxes	(13,008.40)	
NYS WITHHOLDING	9,977.74	
NYS Retirement Employer Portio	31,620.00	
Deferred Inflows	14,768.00	
ACCOUNTS PAYABLE	740.00	
ACCRUED PAYROLL	3,504.81	
Total Current Liabilities		45,236.27
Long-Term Liabilities		
Pension Liability	175,874.00	
Total Long-Term Liabilities		175,874.00
Total Liabilities		221,110.27
Capital		
Retained Earnings	1,078,570.59	
CONTRIBUTED CAPITAL	310,072.06	
Net Income	396,627.06	
Total Capital		1,785,269.71

Total Liabilities & Capital	$	2,006,379.98

Robert Bryce

Fire Sale

Hydrocarbon demand is booming but Mr. Market hates oil and gas stocks.

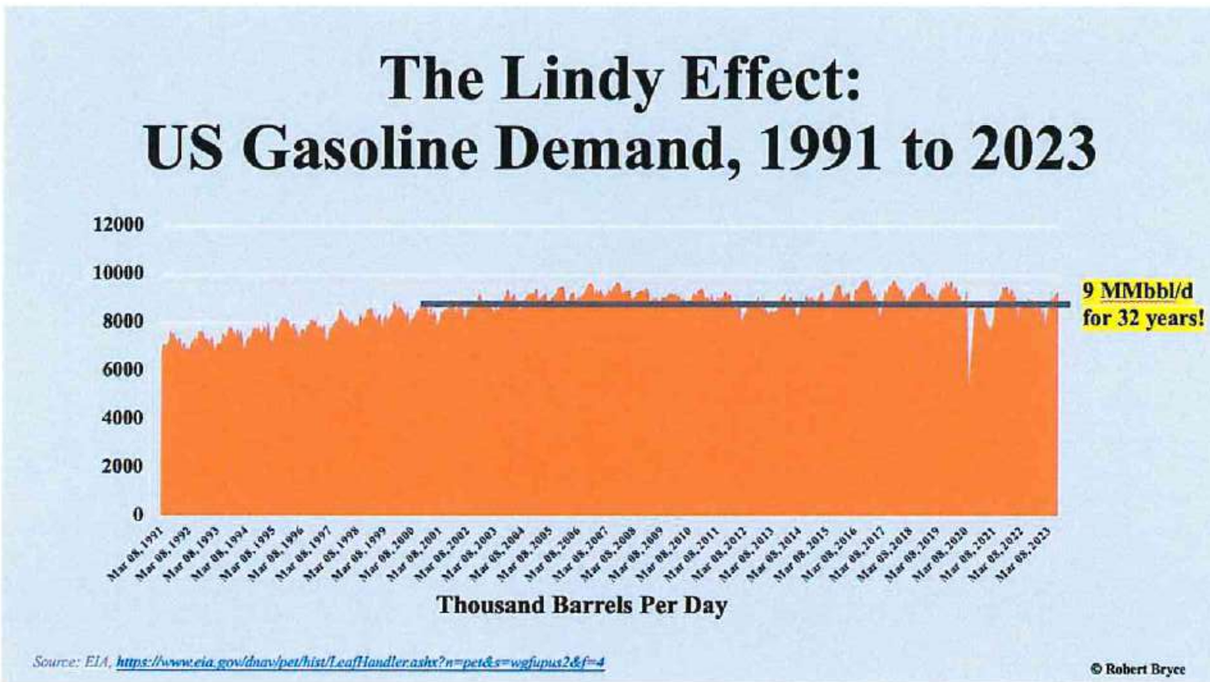
JUL 24, 2023

145

Cars filling up at a Buc-ee's in Melissa, Texas, April 30, 2023. Photo by author.

Last month, in Sevierville, Tennessee, Buc-ee's opened the world's largest gas station. The new retail store has 120 fuel pumps and employs about 350 people. The interior space of the new store covers 74,000 square feet. (A football field covers about 57,600 square feet.) It also has a 250-foot-long car wash that will be one of the longest in the country.

Buc-ee's, which is based in Texas and has about four dozen locations, doesn't allow 18-wheel trucks at its locations. As a company spokesman explained: "We are set up for the family traveler…we don't have the space or the capacity to hold 18-wheelers in the lot." All those family travelers who will be stopping at Buc-ee's to get a refill on brisket, beef jerky, and 20 gallons of dino-juice show why gasoline will stay around for years to come.



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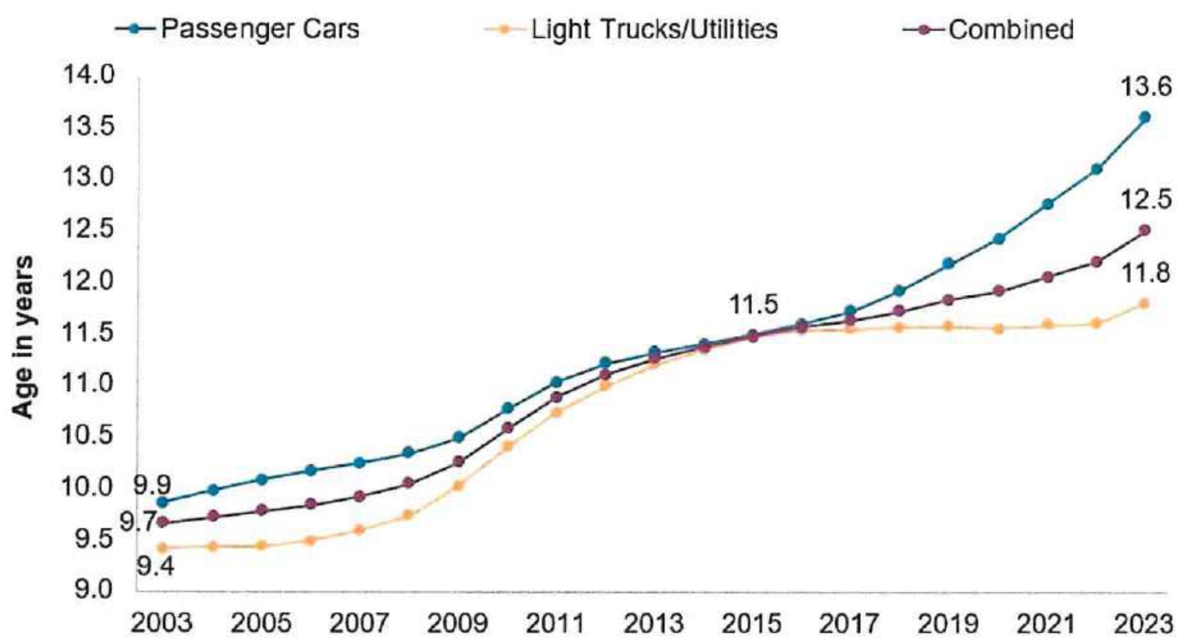
Indeed, wagering on gasoline's staying power looks like a safe bet. As can be seen in the graphic above, U.S. gasoline demand has been at 9 million barrels per day for more than 30 years. Demand will stay strong because America has a vast fleet of cars and trucks that burn gasoline and they aren't going away anytime soon. Yes, EV sales are growing. But new cars (EVs included) are expensive. It's usually cheaper to maintain an older car than to buy a new one.

And the longer motorists keep their cars, the longer they are likely to keep them because vehicles built by brands like Toyota, Honda, and Nissan, were designed to last for many years.

In May, S&P Global Mobility reported: "With more than 284 million vehicles in operation on US roads, the average age of cars and light trucks in the US has risen again this year to a new record of 12.5 years," adding this was "the sixth straight year of increase in the average vehicle age of the US fleet." S&P continued, noting "the volumes of vehicles ages 6-14 will grow by another 10 million units by 2028, adding to an already favorable volume of vehicles in the aftermarket target range." (My driveway provides proof of the aging fleet. Our youngest vehicle is a 2012 Acura. The oldest: a 2005 4Runner. We'll be keeping that vehicle for another decade. Why? We just put a new engine in it.)

Average age by vehicle type

Combined average age rises for the sixth consecutive year



Source: S&P Global Mobility, U.S. average age of light vehicles as of January 1 for each year shown.

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The continued demand for gasoline reflects the Lindy Effect, which says that the older something is, the more likely it is to stick around. Author Nassim Nicholas Taleb explained the Lindy Effect in his 2012 book, *Antifragile: Things That Gain From Disorder*. He wrote, "If a book has been in print for 40 years, I can expect it to be in print for another 40 years." Put another way, the older something is, the more likely it is to be around in the future. Given the growing age of the U.S. auto fleet, as well as the 32-year history of gasoline demand, it's logical to assume the Lindy Effect will apply to gasoline.

Jet fuel demand is also booming. A report published this month by India-based Fortune Business Insights projected the global aviation fuel market will grow from $352 million in 2022 to about $656 million by 2029. Like jet fuel, diesel fuel remains an irreplaceable transportation fuel. That's particularly true in developing countries. In May, diesel fuel demand in India hit a new record of 2 million barrels per day.

A few days ago, the International Energy Agency projected that global oil demand will climb by about 2% this year, and reach a new record of 102.1 million barrels per day. The Paris-based agency expects demand to grow by another 1.1 million barrels per day in 2024.

What about natural gas? Demand for that fuel continues to be robust, both here in the U.S. and around the world, and according to McKinsey, it will continue to grow for at least another decade. As I reported here on July 1, in The Energy Transition Isn't, domestic use of natural gas is booming:

Domestic gas use in 2022 jumped by a whopping 5.4% and hit a record 85.3 billion cubic feet per day. In March, the Energy Information Administration reported that gas consumption set monthly records in 9 of 12 months in 2022. Not only did annual use hit a new record, but the U.S. also set a new record for daily high demand. On December 23, U.S. gas use hit 141 billion cubic feet. The previous record was 137 billion cubic feet per day.

Share

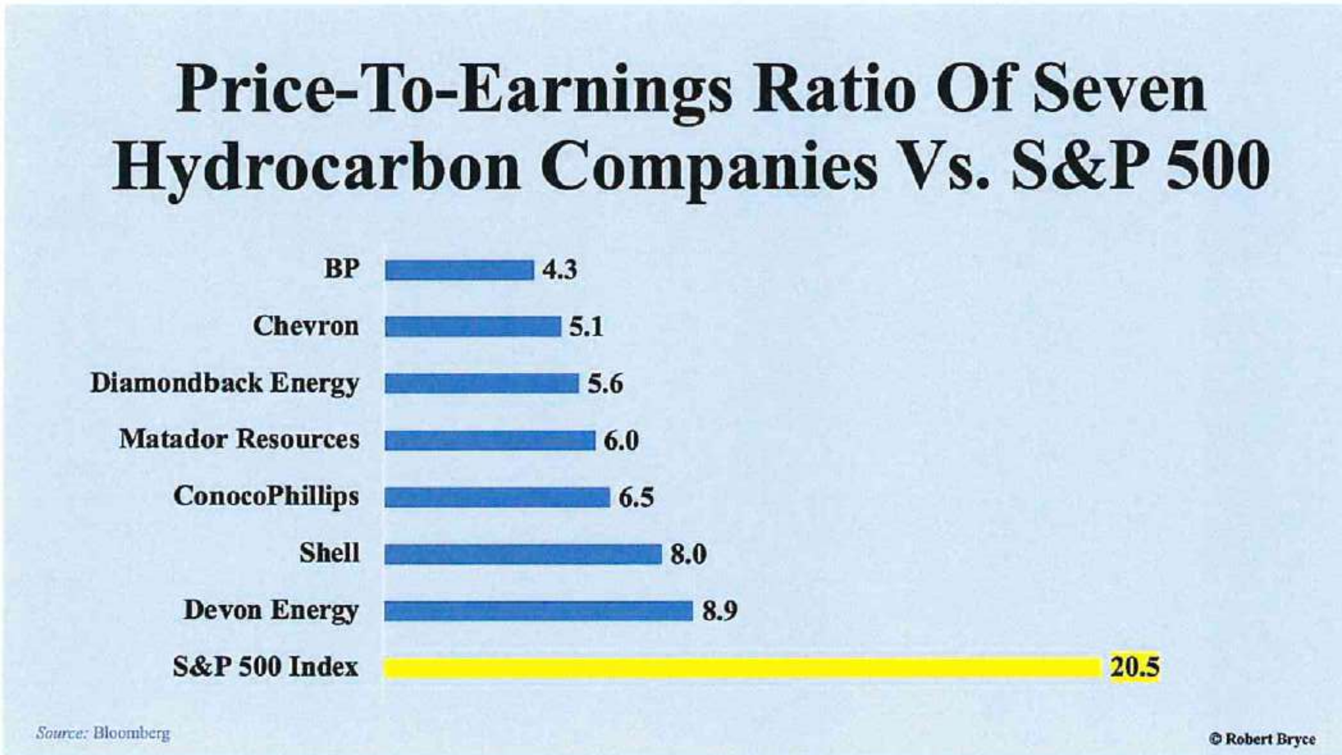
Given all of these facts, why don't investors like the companies that produce oil and natural gas? And why am I writing about the stock market?

Before going further, let me be clear: I don't own any of the stocks that are mentioned here. I am not a financial analyst and I am not offering investment advice. The vast majority of my investments are in ETFs. As I have mentioned many times on the Power Hungry Podcast, my biggest holding is the Schwab Dividend ETF.

I'm writing about the stock market because the discounts on oil and gas stocks reflect a belief that oil and gas are going away. But there's scant evidence to support that claim. As I have said many times, if oil didn't exist, we'd have to invent it. It's a miracle substance. Commerce requires transportation. Transportation requires oil. If there's no oil, there's no commerce. Put short, as Art Berman has said, oil is the economy.

Given these facts, why are oil and gas stocks selling at such a discount to the broader market? I've been discussing this with my brother, Wally Bryce, for months. Wally is an above-average brother. He's also a CPA, a savvy number cruncher, a longtime insurance executive, and an avid stock market observer. His analysis: "Mr. Market is saying this stuff is going away." (Mr. Market is an allegory invented by Benjamin Graham to describe the workings of the stock market and as Wikipedia explains, "the danger of following groupthink.")

The discounts are also occurring because some institutional investors are divesting from hydrocarbons. To cite just one example, in 2021, Harvard University announced it would quit investing in fossil fuels. As Wally explained it, "A lot of investors are saying 'I won't buy these stocks at any price.' They are refusing to buy them. A lot of the big endowments, pensions, and foundations are saying 'we won't touch it.' There are fewer buyers in the market. And the buyers aren't buying even though by most financial metrics, these stocks are incredible bargains."



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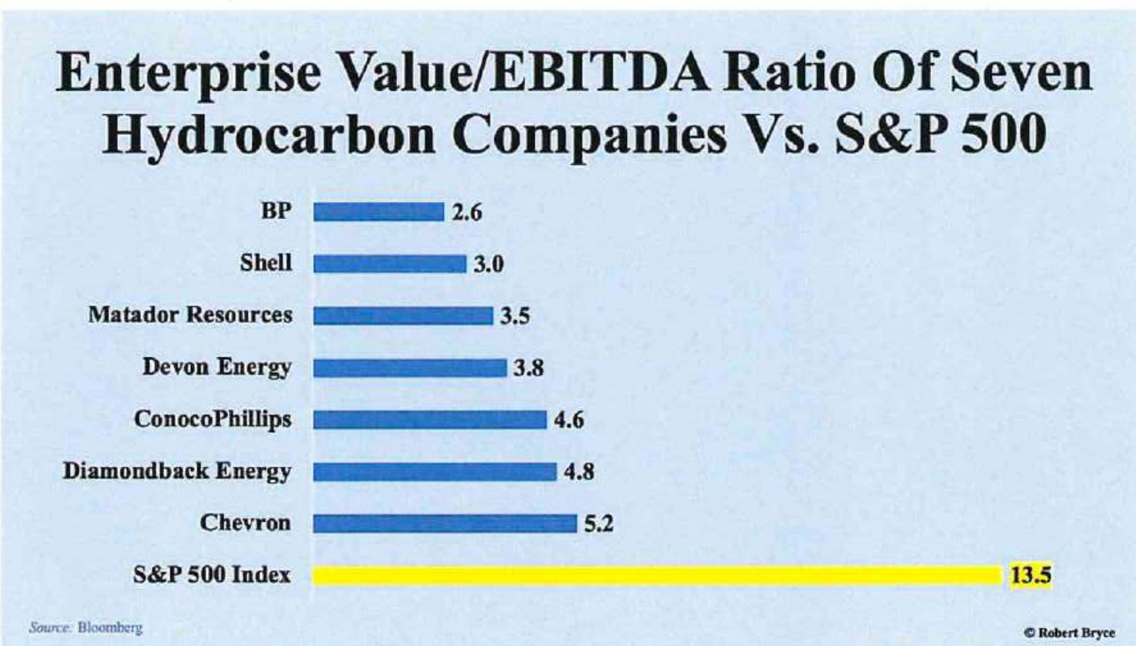
To get a snapshot of the discounts, I asked my favorite investment analyst to do a quick analysis of the companies that are trading with the biggest discounts relative to the broader stock market. My analyst (who's based in Fort Worth and asked that I not use his name) used his Bloomberg terminal to screen oil and gas companies and find the ones selling at the steepest discounts to the broader market. He included supermajors and independents. He did two screens, one for the price-to-earnings ratio (P/E), and another for enterprise value divided by earnings before interest, taxes, depreciation, and amortization, (EV/EBITDA).

The P/E is the ratio of a company's current stock price to its earnings per share. It is often used for valuing companies and to find out whether they are overvalued or undervalued. In theory, the lower the P/E, the more undervalued the company. EV/EBITDA is another widely used valuation metric. A company's enterprise value is the sum of its market capitalization, plus its total debt, minus its cash on hand. EBITDA is a measure of a business's ability to generate cash. In short, EV/EBITDA shows the likely payback period of an investment in a given company. If a company has an EV/EBITDA of 5, it will take about 5 years for you to recover the cost of acquiring it through its EBITDA.

My analyst's screens, which used numbers from the last 12 months, turned up seven companies. As can be seen in the graphic above, British supermajor BP is selling at a huge discount to the S&P 500. BP has a P/E of 4.3, which is a major discount to the S&P Index average of 20.5. Oklahoma City-based Devon Energy has a P/E of 8.9, which is less than half the average of the S&P 500. Need another comparison? EV maker *Tesla Inc. has a P/E of 84!*

Now to EV/EBITDA. The lower the EV/EBITDA figure, the more undervalued the company. Investopedia says a company with "[an EV/EBITDA value below 10 is seen as healthy]." As can be seen in the graphic below, the supermajors are all selling at big discounts to the S&P 500. So are the independents, including Devon and Diamondback.



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Is this the time to buy energy stocks? Maybe. Oil and gas companies are returning big chunks of their profits to shareholders and many analysts see them as value stocks. The companies are aggressively buying back their stock and boosting dividends. But they are also being challenged by fears of an economic slowdown. Furthermore, the industry faces significant political risk from the Biden Administration. I don't say that as a partisan. I'm not a Republican or a Democrat. I am disgusted.

But this fact is simply true: the Biden Administration is the most anti-hydrocarbon administration in American history. I could cite numerous examples to prove that point. I'll give you just two: On his first day in office, Biden canceled the Keystone XL Pipeline. In May, his EPA issued a proposed rule that could hamstring nearly all of the coal-fired, and gas-fired power plants in the country. As I noted in my piece, EPA v. The Grid, the agency:

announced a proposed rule that could force the closure of every coal-fired power plant in America as well as most of the natural gas plants if they cannot cut their emissions by 90%. Here's how Politico reported on it: The new rule will require, "most fossil fuel power plants to slash their greenhouse gas pollution 90% between 2035 and 2040 — or shut down."

While the political risk from Biden and the ESG crowd is real, the bigger problem may be the industry's remarkable ability to find and produce hydrocarbons. The oil and gas sector has a century-long history of boom and bust in which it has repeatedly been victimized by its success. While it's true that the global supply of hydrocarbons is finite, it's also a truism that the more oil and gas we find, the more oil and gas we find. And the more oil and gas that gets produced, the more efficient drillers get at pulling it out of the ground. The decades-long problem for the oil industry hasn't been too little oil, it's been too much. That fact gave us prorationing under the Texas Railroad Commission for 40 years, until 1973, when that job was seized by OPEC. (Which, by the way, copied the TRC's prorationing model.)

Ten years ago, the average oil production from a new oil well in the Permian Basin was about 200 barrels per day. Today, according to the Energy Information Administration, the average new well in the Permian is producing about 1,000 barrels per day. That increase in efficiency means the industry needs fewer drilling rigs and fewer roughnecks, which means lower costs. That's great for consumers, but it can be hell on investors. In short, there are many wildcards at play including the global economy (and therefore energy demand), the future of the ESG movement, and maybe most important, the sector's ability to cut costs and boost output.

A final note: Buc-ee's recently broke ground on a new location outside of Luling, Texas. When it opens later this year, it will seize the crown of the world's largest gas station from the Sevierville location. The Luling store will have 75,000 square feet of shopping space.

AREA DEVELOPMENT

Power-Intensive Site Selection

Manufacturers should prioritize accuracy in their load schedule, as there's a downside to both underestimating and overestimating load requirements.

Courtland Robinson, Manager, Business Recruitment, Duke Energy (Q3 2023)
An ongoing industrial revolution fueled by digitalization, decarbonization, and electrification has changed the conversation on energy and prompted a race to the grid in many parts of the country. Fast-tracked industrial projects are now the norm as project teams navigate increased construction costs, inflationary financing, supply chain challenges, and increased competition. Speed is currency. Yet, hastily engineered timelines and ravenous electricity specifications can come at a cost, including the elimination of good sites and project delays.

{{RELATEDLINKS}} **"Fast is fine, but accuracy is everything." — Wyatt Earp**
When siting a new manufacturing facility, best-guessing load requirements can often lead to delayed schedules and potential production setbacks. Electrical equipment lead time, engineering backlogs, as well as transmission and capacity constraints make underestimating load requirements in today's environment particularly unforgiving.

Less obvious, however, are the opportunity costs associated with overestimating your load schedule. Inflated power demands have the potential to pull the reigns on your speed-to-market strategy by discounting infrastructure and locations that can scale with your needs. Similarly, overly aggressive load schedules and service delivery timelines eliminate otherwise viable locations prematurely in the site selection process.

Hastily engineered timelines and ravenous electricity specifications can come at a cost. One other, perhaps less considered, impact of overestimating electric loads is the potentially conflicting effect that such practices can have on the host utility's decarbonization efforts. New generation goes through a multi-year load forecasting process. If that process is front-end loaded with artificially large loads, generation investments can be skewed, resulting in potentially escalated costs and higher carbon content.

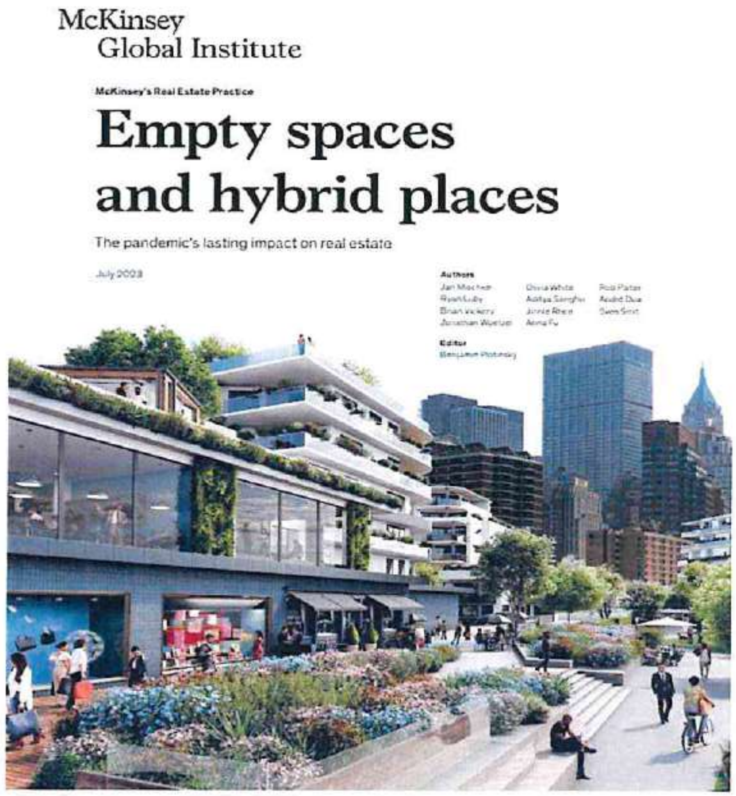
Accuracy, not conservative estimates, should be prioritized at the outset of the project by first collecting a list of the expected electrical loads of the facility including mechanical equipment involved in production, as well as secondary loads such as HVAC and other utility systems. For many industries, this may require project teams to build load schedules for different investment and operating scenarios. These schedules will serve as the basis for sizing the transformers that will ultimately need to be secured by your power company, along with the switchgear the end user will need for the facility.

While it's common for electric utilities to be asked to confirm an 18-month service delivery in the early stages of site selection, the reality is that only carefully design-engineered electrical loads will stand the chance of traversing today's headwinds to meet these timeframes. Just a few years ago, this might not have been the case. A great site combined with a not yet blindsided supply chain stood a real chance. Today, however, lead times for equipment are broadsiding the development community.

Inflated power demands have the potential to pull the reigns on your speed-to-market strategy. Transformers across most voltage classes are still up more than 300 percent from their 2020 lead times, some taking 36 months or more from order to delivery. Switchgear is being quoted up to 75 weeks, with lead times getting longer. Wire and cable, panel boards, circuit breakers, and other electrical supplies are still experiencing record demand as growth industries such as data centers and energy storage manufacturers double down on long-term procurement strategies to meet customer obligations. For much of this equipment, it will be years before supply chains begin to stabilize.

Wyatt Earp, a gunslinger, lawman and gambler of the American West was quoted as saying, "Fast is fine, but accuracy is everything". When it comes to electric service delivery, early, transparent, and frequent project communication with utility providers wins the day. Do not let overly eager electricity demands and construction schedules slow the draw on your next site.

Real estate in the world's superstar cities has not kept up with shifts in behavior caused by the pandemic. The cities' vibrancy is at risk, and they will have to adapt.



Special Report

Empty spaces and hybrid places: The pandemic's lasting impact on real estate

Full Report (88 pages)

At a glance

- **Hybrid work is here to stay**. As a result, office attendance has stabilized at 30 percent below prepandemic norms.
- **The ripple effects of hybrid work are substantial.** Untethered from their offices, residents have left urban cores and shifted their shopping elsewhere. For example, New York City's urban core lost 5 percent of its population from mid-2020 to mid-2022, and San Francisco's lost 6 percent. Urban vacancy rates have shot up. Foot traffic near stores in metropolitan areas remains 10 to 20 percent below prepandemic levels.
- **Demand for office and retail space in superstar cities will remain below prepandemic levels.** In a moderate scenario that we modeled, demand for office space is 13 percent lower in 2030 than it was in 2019 for the median

city in our study. In a severe scenario, demand falls by 38 percent in the most heavily affected city.

- **Real estate is local, and demand will vary substantially by neighborhood and city.** Demand may be lower in neighborhoods and cities characterized by dense office space, expensive housing, and large employers in the knowledge economy.
- **Cities and buildings can adapt and thrive by taking hybrid approaches themselves.** Priorities might include developing mixed-use neighborhoods, constructing more adaptable buildings, and designing multiuse office and retail space.

When the COVID-19 pandemic began, it dramatically changed the way people worked, lived, and shopped in cities around the world. The starkest change was where and how they worked. Obeying lockdowns and office closures, tired of uncomfortable masks, and enabled by remote-work technology, many employees abruptly retreated from traditional offices to home offices. Many of those employees, newly freed from their daily commutes, chose to move out of urban cores. And now that fewer of them were working and living near urban stores, fewer of them shopped there. In recent months, some of those behavioral shifts have slowed. Others persist, particularly among office employees continuing to engage in hybrid work (that is, a combination of remote and in-office work).

The behavioral shifts have already had major effects on real estate in "superstar" cities—roughly speaking, cities with a disproportionate share of the world's urban GDP and GDP growth. In superstar cities' urban cores, the percentage of office and retail space that is vacant has grown sharply since 2019, and home prices have increased more slowly than in the suburbs and other cities.

To what extent could real estate in superstar cities continue to suffer? In this research, the McKinsey Global Institute has modeled future demand for office, residential, and retail space in several scenarios.[1] In those scenarios, demand for office and retail space is generally lower in 2030 than it was in 2019, though the anticipated reductions in our moderate scenario are smaller than those projected by many other researchers. Our analysis also shows that the ripple effects will be complex—for example, that certain kinds of cities and neighborhoods will be more heavily affected than others. We considered a wide variety of factors, including long-term population trends; employment trends, such as the ongoing effects of automation; office attendance patterns by industry; employee coordination, defined as the maximum share of workers in the office at a given time; workers' ages and incomes; the share of a city's population that commutes from elsewhere; housing price variation among neighborhoods; and shopping trends, such as the ongoing increase in online shopping. In addition to many secondary sources, our modeling includes information from a large global survey that we conducted to understand the behavioral shifts caused by the pandemic.

We performed this research during a time of exceptional macroeconomic uncertainty. Inflation and interest rates are high; fears of recession are mounting; stress in the financial system has been making headlines. Actual outcomes, of course, will depend on how those variables and others play out.

What is certain is that urban real estate in superstar cities around the world faces substantial challenges. And those challenges could imperil the fiscal health of cities, many of which are already straining to address homelessness, transit needs, and other pressing issues. But the challenges also provide an opportunity to spur a historic transformation of urban spaces. By becoming more flexible and adaptable in everything from the makeup of neighborhoods to the design of buildings—in essence, becoming more "hybrid" themselves—superstar cities can not only adapt but thrive.

How hybrid work has changed the way people work, live, and shop

During the pandemic, workers' office attendance plummeted. Untethered from their daily commutes, urbanites moved away from urban cores in greater numbers than they had before the pandemic (and fewer people moved in), and people spent less in urban stores (see sidebar, "How we define cities"). The rate of out-migration has now returned to its prepandemic trend, but our research suggests that few of the people who left will return and that urban shopping will not fully recover.

How we define cities

Continue to next section
Share

This report is about real estate in superstar cities—roughly speaking, cities with a disproportionate share of the world's urban GDP and GDP growth. We have borrowed the term and the concept from the 2018 MGI report *Superstars: The* *dynamics of firms, sectors, and cities leading the global economy.* The report does not examine real estate outside superstar cities.

By *city*, we usually mean a large metropolitan area. Our analysis often separates such a metropolitan area into two parts: the *urban core*, which refers to the densest part of the area, and the *suburbs*, which refers to everything outside the urban core. For example, when we discuss San Francisco's urban core, we mean San Francisco County, Alameda County, and San Mateo County. And when we discuss San Francisco's suburbs, we mean the rest of the San Francisco metropolitan area (that is, Marin County and Contra Costa County).

We focus most closely on nine superstar cities: Beijing, Houston, London, New York City, Paris, Munich, San Francisco, Shanghai, and Tokyo. However, in the survey that underlies much of this report, we collected data from a larger set of 17 superstar cities in six countries in order to better understand behavior. At one point in our research, we were able to extend our analysis to a still larger set of 24 superstar cities to help us identify patterns in suburbanization.

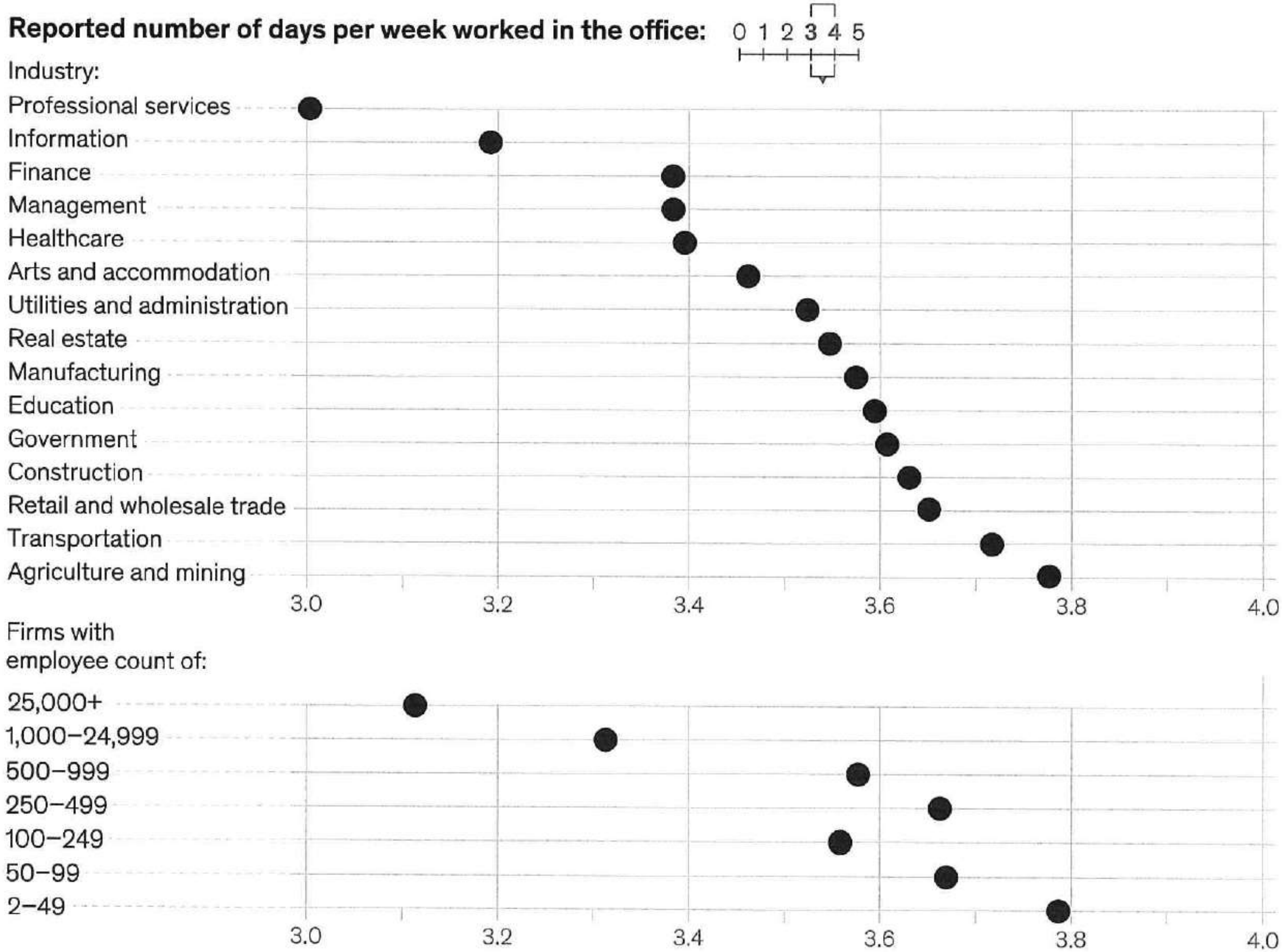
Hybrid work is here to stay, and office attendance is down by 30 percent

Employees still spend far less time working at the office than they did before the pandemic, according to our survey. In early 2020, as they adopted remote work and hybrid work in response to lockdowns and health concerns, office attendance in the metropolitan areas we studied dropped by up to 90 percent. It has since recovered substantially but remains down by about 30 percent, on average. As of October 2022, office workers were visiting the office about 3.5 days per week. That number varied among cities, from 3.1 days in London to 3.9 in Beijing. (For more information about the survey, see the technical appendix.)

Office attendance also varies by industry and neighborhood. In large firms in the knowledge economy—which we define as the professional services, information, and finance industries—employees tend to go to the office fewer days per week (Exhibit E1). Characteristics of areas with lower office attendance include expensive housing, a higher ratio of inbound commuters to residents, and a small share of retail, according to our research on US counties. Local culture also plays a role.

Exhibit E1

Office attendance is lower in large firms in the knowledge economy.



Note: Survey respondents were asked, "On average, how many days of the week do you work in the office currently?" These results exclude respondents who said that they were not "currently employed and in the office workforce." They also exclude respondents who said that they were not currently working full time.
Source: McKinsey Global Institute analysis

McKinsey & Company

Image description: A dot plot shows workers' the reported number of days per week worked in the office across 15 industries. Professional services and information are the lowest at 3.2 to 3.3 days, while agriculture and mining and transportation are the highest at 3.8 to 4 days. A second dot plot shows the same information for all industries broken down by firm size. Large firms with 1,000 or more employees were the lowest at 3 to 3.3 days, and small firms with less than 100 employees were the highest at 3.6 to 3.8 days. End of image description.

There are several reasons to believe that the current rate of office attendance could persist. First, the rate has remained fairly stable since mid-2022. Second, three key numbers—the number of days per week that survey respondents go to the office (3.5), the number of days they expect to go to the office after the pandemic ends (3.7), and their preferred number (3.2)—are not far apart. Third, 10 percent of the people we surveyed said that they were both likely to quit their jobs if required to work at the office every day and willing to take a substantial pay cut if doing so let them work from home when they wanted. That group contains many senior, high-income employees, suggesting that they may wield influence over companies' decisions. Nevertheless, it is not certain that the current rate of office attendance will persist; it could change, for example, if labor market dynamics shift or if research conclusively indicates either a negative or a positive relationship between hybrid work and productivity.

Up to 7 percent of the people in urban cores left for good

During the pandemic, a wave of households left the urban cores of superstar cities, and fewer households moved in. For example, New York City's urban core lost 5 percent of its population from mid-2020 to mid-2022, San Francisco's lost 6 percent during the same period, and London's lost 7 percent from mid-2020 to mid-2021.[2] The main reason was out-migration. In the suburbs, by contrast, populations grew, or they shrank less dramatically than populations in the urban cores did. In the United States, suburbanization had already been happening before the pandemic, and the shock accelerated an existing trend; by contrast, in most of the European and Japanese cities we studied, urbanization gave way to suburbanization (Exhibit E2).

Exhibit E2

During the pandemic, most suburbs grew more quickly than their urban cores.

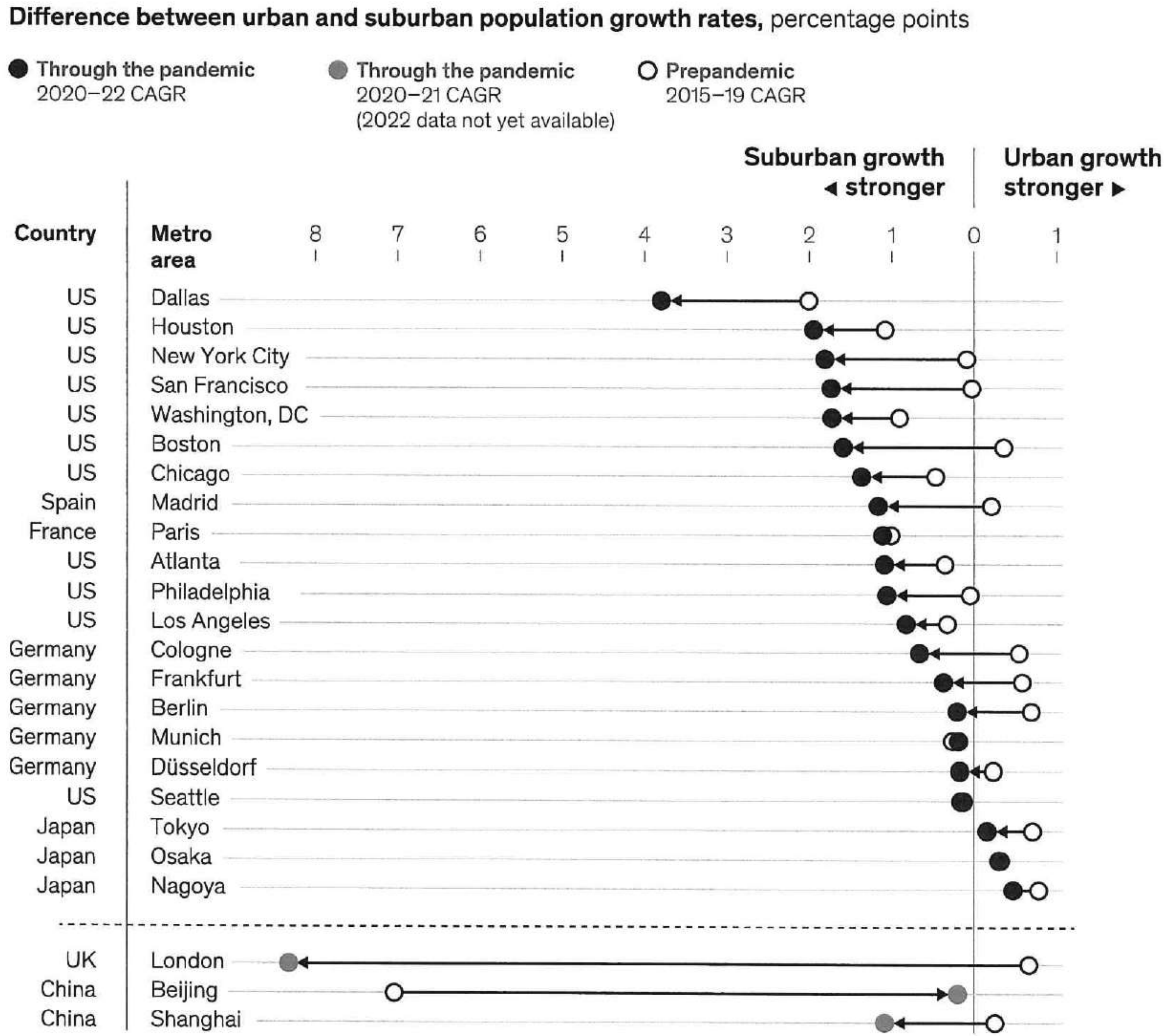


Image description: A dot plot shows growth rates in urban and suburban areas around 24 cities across North America, Europe, and Asia. Comparing growth in the pandemic years of 2020 to 2020 versus the five prior years, nearly all of the metro areas saw greater growth rates in their suburbs, especially in U.S. cities. End of image description.

The urban cores where population growth was smallest in relation to their suburbs tended to be those with expensive homes, high office density, a high share of workers in the knowledge economy, and limited retail presence—some of the same characteristics that shaped office attendance. London, Dallas, New York, San Francisco, and Boston were the most affected. In general, US urban cores were more affected than European and Japanese ones, which tend to have more mixed-use development, in which office, residential, and retail space exist alongside one another. The migration trends in Beijing were primarily shaped by prepandemic efforts to control the population size in urban cores by encouraging out-migration, efforts that were paused during the pandemic.

Out-migration from urban cores of superstar cities seems to have slowed, but it is still above prepandemic levels.

Hybrid work seems to have contributed significantly to out-migration. In our survey, among respondents who moved after March 2020, 20 percent said that their move was possible only because they could now work from home more frequently. In the United Kingdom and the United States, people who had moved from urban cores to suburbs, and who said that their move was possible only because they could now work from home, said that they were drawn by housing conditions: better neighborhoods, the prospect of homeownership, and outdoor space. In Japan and China, wanting to own a home was far and away the strongest factor motivating people's moves to the suburbs.

Out-migration from urban cores of superstar cities seems to have slowed, but it is still above prepandemic levels. From 2019 to 2021, net out-migration from US superstar city cores doubled; then it fell in 2022, although it remained above 2019 rates. In other words, the people who moved out during the pandemic are not moving back, and others keep leaving.

Shopping remains depressed, especially in urban cores

As people stayed home during the pandemic, they radically shifted the way they shopped. Foot traffic plummeted near stores in the cities we studied, and online spending as a share of retail spending spiked.

More recently, foot traffic near stores in metropolitan areas has risen again, but it is still 10 to 20 percent lower than it was before the pandemic. A major reason for the decline is that online spending as a share of retail spending, which admittedly grew more slowly after the initial spike, nevertheless remains higher than it was in 2019.

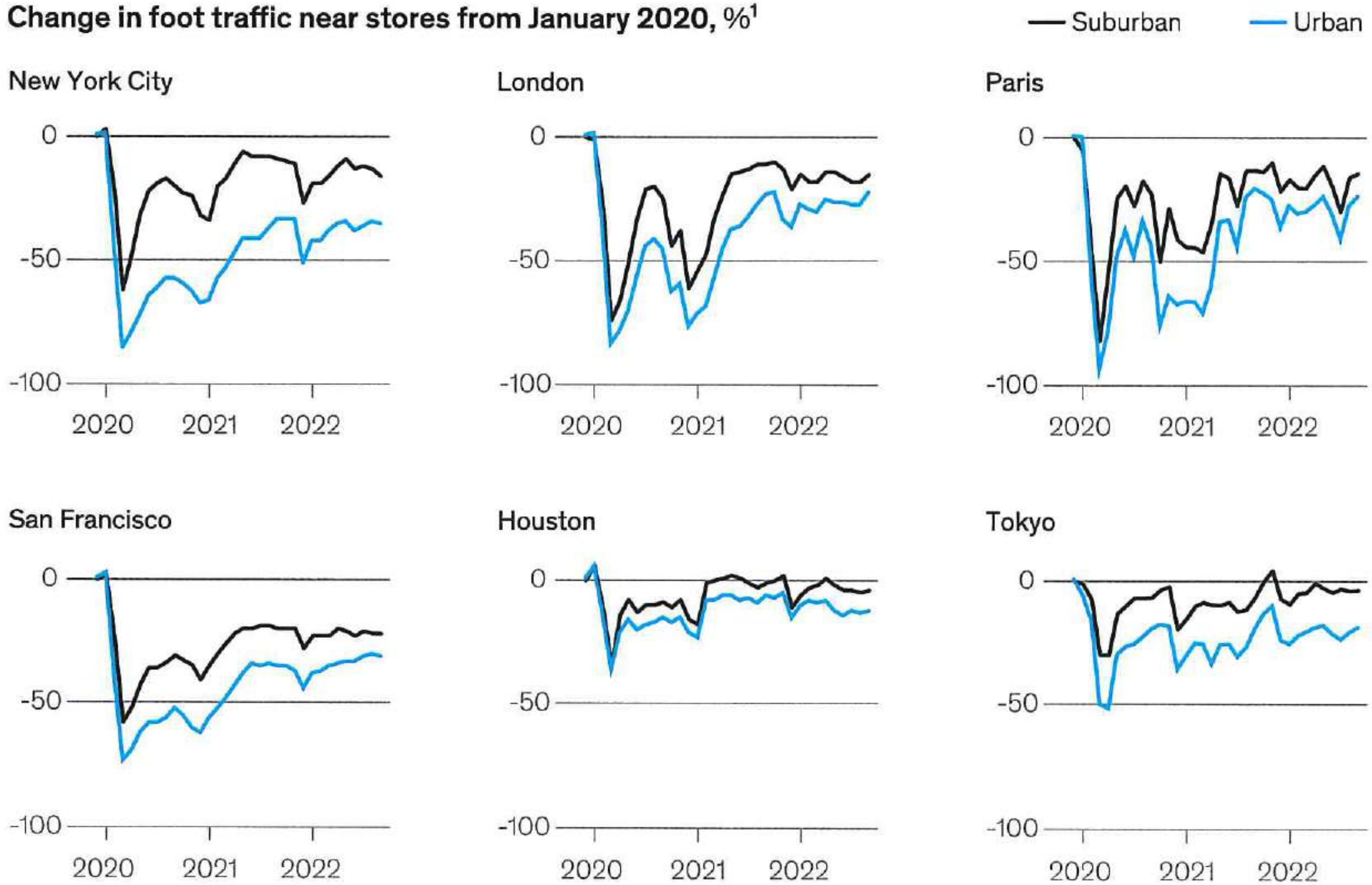
Retailers in urban cores face particularly acute challenges in attracting customers. As of October 2022, foot traffic had recovered noticeably less near those stores than near suburban ones (Exhibit E3). In New York, for example, foot traffic near suburban stores was 16 percent lower than it had been in January 2020, but foot traffic near urban stores was 36 percent lower. And office-dense neighborhoods in urban cores are facing even more challenges. The reason seems to be that when people come to the office less often, they shop less often near the office. In our survey, respondents in the United States who worked at the office no more than one day per week reported doing much less of their total retail spending near the office than did those who worked in the office two to five days a week.

Exhibit E3

Image description: A package of line charts compare foot traffic near stores during the pandemic years of 2020 to 2022 in urban and suburban areas around six cities. All traffic plunged initially and then gradually climbed back near 2020 levels, with suburban areas outperforming urban areas across each metro. End of image description.

Foot traffic near stores is recovering more quickly in the suburbs than in urban cores.

Change in foot traffic near stores from January 2020, %[1]



Note: Cities are defined as follows: the New York–Newark–Jersey City metropolitan statistical area (MSA); the Greater London area; Île-de-France; the San Francisco–Oakland–Hayward MSA; the Houston–The Woodlands–Sugar Land MSA; and the Kanto Region (Tokyo).
[1] Stores include retail and recreation locations but not grocery stores or pharmacies.
Source: Google's Community Mobility Reports; McKinsey Global Institute analysis

During the pandemic, vacancy rates increased in all the superstar urban cores we studied.
Empty and boarded-up storefronts with apartments above them.

The impact on real estate

The behavioral changes caused by the pandemic—lower office attendance, accelerated out-migration from cities, and less shopping in office-heavy neighborhoods—will push down demand for real estate in most superstar cities. By 2030, in the scenarios we modeled, demand for office and retail space is generally lower than it was in 2019 (Exhibit E4). Residential space is less affected, though the price differences between urban cores and suburbs are narrower than they used to be. (Note that our model does not consider price elasticity; that is, it does not account for the fact that when demand decreases, prices fall, pushing demand partway back up. For more information about the model, see the technical appendix.)

Exhibit E4

In a moderate scenario, demand for office and retail space falls sharply between 2019 and 2030.

Change in demand for real estate before prices adjust, 2019–30, %

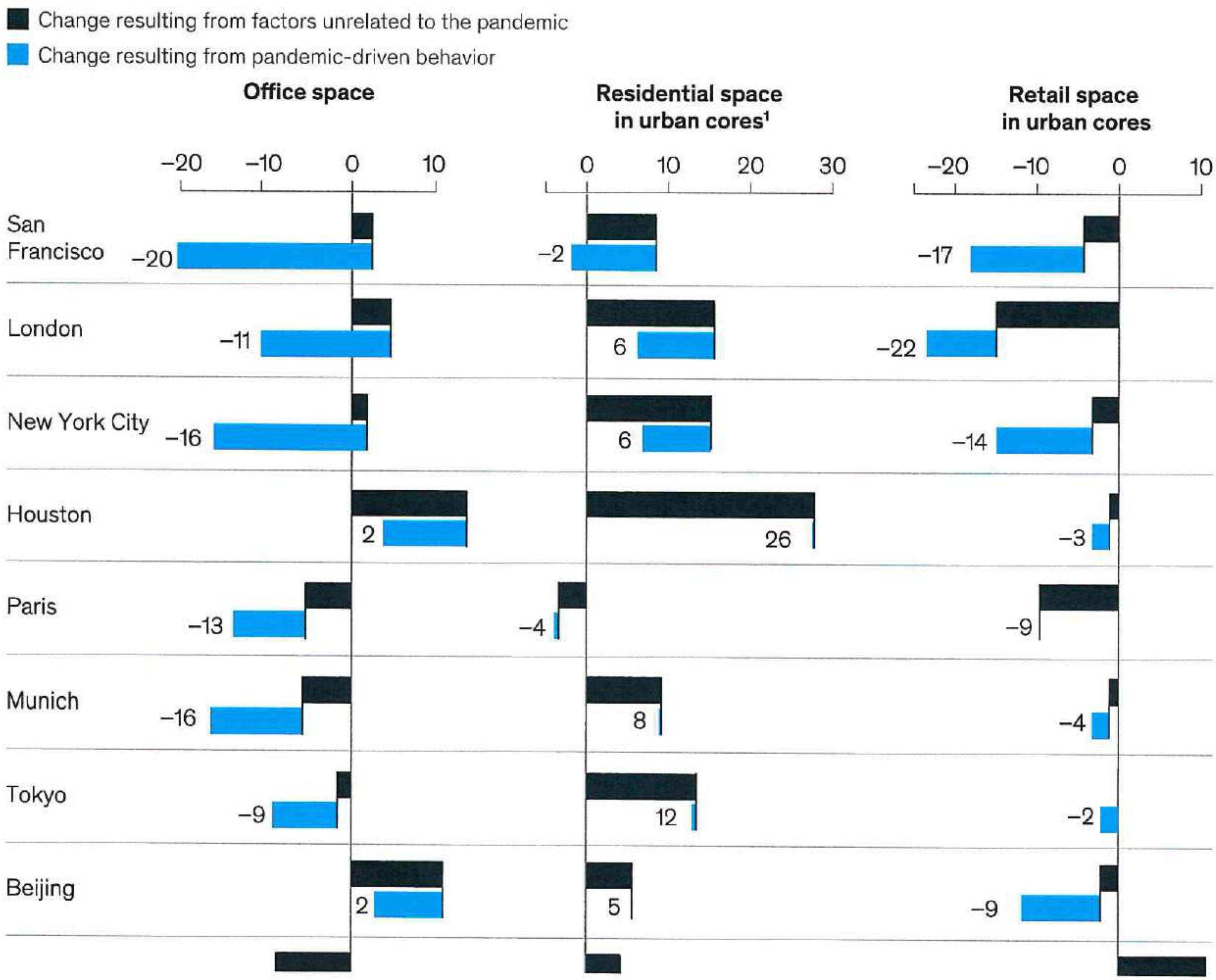


Image description: A repeat of the first exhibit above, waterfall-style bar charts plot the projected change in demand for real estate from 2019 to 2030 across nine cities across North America, Europe, and Asia. End of image description.

There will be 13 percent less demand for office space in the median city we studied

Demand for office space has already declined, partly because of the increase in remote work and partly because of a challenging macroeconomic environment. Vacancy rates have increased in all the cities we studied. In the US cities, transaction volume (the total dollar value of all sales) fell by 57 percent, average sale price per square foot fell by 20 percent, and asking rents fell by nearly 22 percent (all in real terms) from 2019 to 2022. In San Francisco, the most strongly affected city in the United States, the share of office space that was vacant was ten percentage points higher in 2022 than it was in 2019, transaction volume was 79 percent lower, sale prices per square foot were 24 percent lower, and asking rents were 28 percent lower (also in real terms). The decline in demand has prompted tenants—wary about current macroeconomic conditions, uncertain about how much their workers will come to the office, and therefore uncertain about how much space they will need—to negotiate shorter leases from owners. Shorter leases, in turn, may make it more difficult for owners to obtain financing or may cause banks to adjust valuation models, which rely in part on the duration of existing leases.

In the scenarios we modeled, the amount of office space demanded in most cities does not return to prepandemic levels for decades. By 2030, demand is as much as 20 percent lower than it was in 2019, depending on the city.[3] That estimate is what our model yields in a moderate scenario—one in which, by 2025, office attendance is higher than it is now but still lower than it was before the pandemic, and that partial recovery continues indefinitely.[4] In a more severe scenario, in which attendance for all office workers in 2030 falls to the rate already seen in large firms in the knowledge economy, demand is as much as 38 percent lower than it was in 2019, again depending on the city.

Falling demand will drive down value. In the nine cities we studied, a total of $800 billion (in real terms) in value is at stake by 2030 in the moderate scenario. On average, the total value of office space declines by 26 percent from 2019 to 2030 in the moderate scenario and by 42 percent in the severe one. The impact on value could be even stronger if rising interest rates compound it. Similarly, the impact could be stronger if troubled financial institutions decide to more quickly reduce the price of property they finance or own.

Falling demand will also result in a surplus of office space, particularly in the lower-quality and older buildings that the real estate industry calls Class B and Class C. From 2020 to 2022, rents, demand, and sometimes prices generally grew more quickly (or fell less sharply) for Class A buildings than for Class B buildings in US superstar cities. For example, in New York City during that period, the average sale price per square foot rose 3 percent for Class A buildings but fell by 8 percent for Class B buildings.[5] There are a number of reasons for this "flight to quality." One is that many employers see high-quality space as a way to encourage office attendance among their employees. Another is that Class B and Class C office space is often not suited to hybrid work; for example, it may have less sophisticated audiovisual equipment. Also, now that hybrid work has reduced the total amount of space that employers need, they can spend their budgets on smaller amounts of higher-quality space rather than larger amounts of lower-quality space.

Demand growth for residences will be muted, especially in urban cores

During the pandemic, partly because of out-migration, demand for residences grew less quickly in superstar urban cores than it did in suburbs and other cities. Residential vacancy rates increased from 2019 to 2022 in every superstar urban core that we studied, from a 0.8-percentage-point increase in Tokyo to a 9.9-percentage-point increase in London; meanwhile, in the suburbs, vacancy rates grew much less or even declined.[6] Prices followed suit, rising eight percentage points more slowly in US superstar urban cores than in their suburbs and 13 percentage points more slowly than in non-superstar urban cores. In San Francisco, nominal prices in some neighborhoods fell by 12 percent from the end of 2019 to 2022. Residences in San Francisco's urban core are now worth $750 billion less than they would have been if prices there had risen at the national average rate. The effect seems to be a global phenomenon.

Before price adjustments are accounted for, the demand for residences in superstar urban cores that we modeled is up to 10 percent lower by 2030 than it would have been if not for the pandemic. It is nevertheless higher than it was in 2019 in every city we studied except San Francisco and Paris. That estimate rests on the assumption that the wave of residents who left urban cores will not return but that population growth in each city will return to its prepandemic rate by 2024. Should population growth remain depressed for longer, the impact on demand would be even bigger.

However, prices will probably adjust, and so will rents. Again, our model does not account for such price adjustments, so we could not create demand scenarios that incorporated them. But we can say that homes in urban cores are unlikely to stay empty. Residential space differs from office space in that regard: once prices and rents fall, any available floor space is usually taken up quickly. Indeed, vacancy rates in urban cores have already increased less sharply than urban out-migration would suggest. Unfortunately, the downward pressure on prices and rents is unlikely to make residences in superstar cities—many of which suffer from expensive housing and homelessness—much more affordable.

There will be 9 percent less demand for retail space in the median city we studied

Because of reduced foot traffic near urban stores during the pandemic, vacancy in retail space has increased and rents have declined, particularly in office-dense locations. As with office and residential space, vacancy rates increased from 2019 to 2022 in all the superstar urban cores we studied, ranging from a 1.8-percentage-point increase in San Francisco to a 6.2-percentage-point increase in London. From 2019 to 2022, asking retail rents declined an average of 5.4 percent (in real terms) in the cities we studied. The rents that were actually paid may have fallen even more.

Before price adjustments are accounted for, the demand for retail space in superstar urban cores that we modeled is lower in 2030 than it was in 2019, putting downward pressure on rents.[7] In San Francisco's urban core, for example, demand will be 17 percent lower. That estimate is what our model yields in a scenario in which there is a partial return to office (and therefore a partial recovery of retail spending near the office), people's adoption of online shopping returns to its prepandemic rate of growth by 2025, and people who moved during the pandemic do not move back. In a more severe scenario, the decline in demand in San Francisco's urban core would be as high as 42 percent. In most superstar urban cores, demand would be projected to decline even if the pandemic had not happened; the reasons are population trends and the increasing move to online shopping. As with residential real estate, however, prices are likely to adjust.

What strongly affected neighborhoods and cities have in common

A review of various components of this research—regression analyses, survey responses, and literature reviews—suggests that cities where the pandemic has strongly affected real estate demand tend to have certain characteristics. (We were unable to determine which of those characteristics correlated most strongly with the impact on demand.)

Some of the characteristics are related to the business mix in a city. Specifically, cities with a larger share of workers in the knowledge economy, a higher number of large firms, a higher ratio of commuters to residents, and more cultural acceptance of remote work have tended to experience a greater impact on demand. Those factors lead to lower rates of office attendance, which reduce demand for office space directly, reduce demand for retail space by diminishing the number of office workers shopping at urban stores, and reduce demand for residential space by prompting people to move out of cities' urban cores.

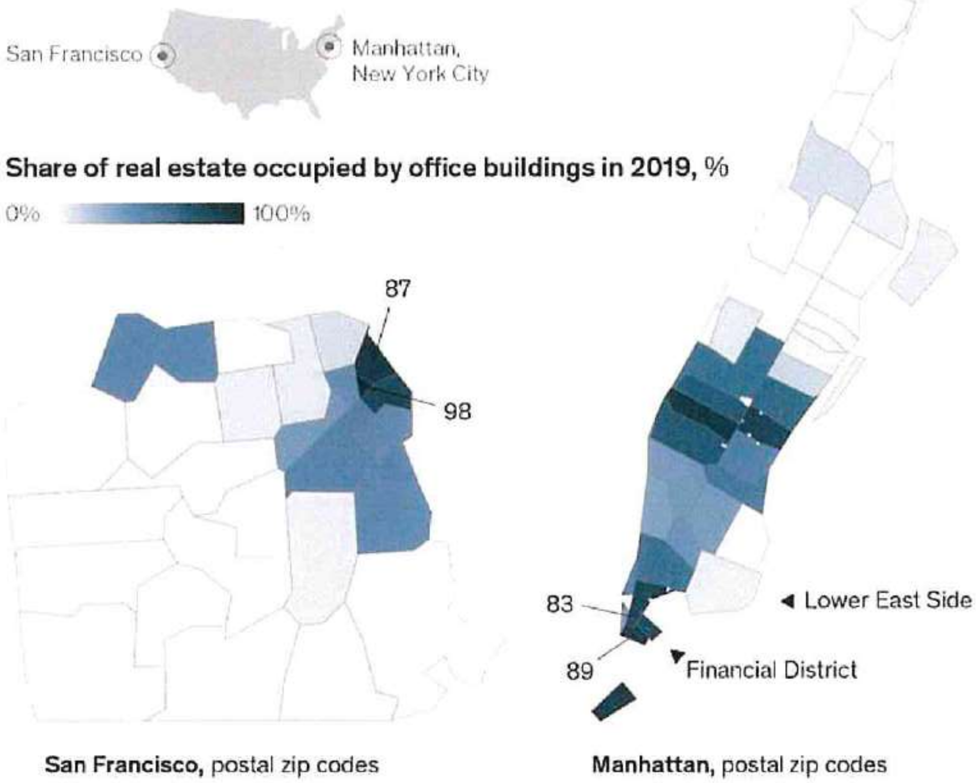
The larger the share of real estate in a neighborhood that was occupied by offices, the more out-migration from that neighborhood.

Other characteristics that correlate with the impact on demand are related to the urban structure of a city. Specifically, cities with office-dense real estate and little mixed-use development, as well as expensive housing and little green space, have tended to experience a greater impact on demand. Such characteristics make places less desirable for working, living, and shopping.

Two of those characteristics seem to correlate with the impact on demand at the neighborhood level as well. We examined neighborhoods defined by zip codes in Manhattan and San Francisco County (Exhibit E5). According to our analysis, the larger the share of real estate in a neighborhood that was occupied by offices, the more out-migration from that neighborhood. Similarly, home prices correlated with out-migration: pricier neighborhoods experienced more out-migration. (Data limitations prevented us from finding out whether the other characteristics also correlated with demand at the neighborhood level.)

Exhibit E5

Expensive, office-dense neighborhoods have tended to suffer more out-migration.



Note: Estimates of out-migration are based on permanent and temporary change-of-address requests to the US Postal Service—not on data from the US Census Bureau, as in some other exhibits in this report—because the postal data are more up-to-date and describe smaller geographical areas.
Source: US Census Bureau; US Postal Service; Zillow Home Value Index; McKinsey Global Institute analysis

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Business mix and urban structure make a difference at the neighborhood level

Two very different Manhattan neighborhoods show that business mix and urban structure correlate with demand at the neighborhood level. The business mix of the first neighborhood, the Financial District, is heavily skewed toward the knowledge economy; 50 percent of all office space there is occupied by knowledge-economy tenants. The Financial District's urban structure is office dense: 80 percent of real estate is dedicated to offices. And the average price of a home is roughly $1.5 million. Now consider the nearby Lower East Side, where just 22 percent of office space is dedicated to the knowledge economy, 7 percent of all space is dedicated to offices, and the average home price is about $1.0 million.

Those factors help us understand why the pandemic has driven such different outcomes in the two neighborhoods. The domestic out-migration rate from the start of 2020 to the start of 2022 was 2.2 times higher in the Financial District than in the Lower East Side, for example. It stands to reason that residents of the Financial District could easily work from home, as the prevalence of the knowledge economy there suggests, and were therefore likelier to move to bigger homes far from their offices; meanwhile, expensive housing may have given them another reason to leave.

At the city level too, business mix and urban structure drive differences

San Francisco's business mix helps explain the pandemic's heavy impact there. The city has long cultivated a technology-focused economy with a large population of office workers, especially knowledge-economy workers. It has many inbound commuters, as the employment-to-population ratio shows: that ratio, a proxy for the prevalence of commuters, is 0.87 in San Francisco, starkly higher than the national average of 0.48. And the city's employers, many of which are in the technology industry, may have been more likely to be aware of and adopt remote work technology when the pandemic began. San Francisco's urban structure also helps explain why the pandemic affected demand so strongly there. Home prices in

San Francisco County are five times higher than the national average and almost twice as high as prices in the suburbs. Furthermore, San Francisco has limited mixed-use development: offices represent 30 percent or more of all real estate in nine of San Francisco's 26 neighborhoods.

The pandemic has affected demand less strongly in Paris than in San Francisco. Paris's business mix helps show why: unlike San Francisco, which is heavily dependent on tech firms and the knowledge economy, Paris is home to companies that are global leaders in a wide variety of industries, such as beauty, hospitality, and consumer retail. But the city's urban structure has features that push residents away as well as those that pull them in. On the one hand, home prices are twice as high in Paris's urban core as in its suburbs and four times higher than the national average. On the other hand, Paris has a great deal of mixed-use development.

Finally, consider Tokyo, where real estate demand has been affected less than in most cities we studied. Most of Tokyo's workers are in wholesale and retail trade, in contrast with technology-dependent San Francisco. Like Paris, Japan has a culture that values being present in the office, in particular among employees of small and medium-size businesses; in our survey, respondents in Tokyo said that they expected to be required to be in the office 3.7 days per week, a response noticeably higher than Paris's 3.3. Loyalty to employers is also common in Japan, as are lower rates of technology adoption than in San Francisco. Furthermore, online spending as a share of retail spending was lower in Japan than in any other country we studied; that may have contributed to higher office attendance and continued in-person retail shopping. And in Tokyo, home prices in the urban core are 2.1 times higher than the national average—a starkly smaller number than Paris's 4.1 and San Francisco's 5.0.

Thriving in hybrid places

Superstar cities are facing a new reality in which hybrid work worsens vacancy rates, threatens the vibrancy of neighborhoods, and thus makes urban cores less attractive to employers, employees, and residents. To adapt to that new reality, urban stakeholders could consider adopting more hybrid approaches themselves. At the neighborhood and building levels, and even in the design of the floors of buildings, choosing diversity, adaptability, and flexibility rather than homogeneity can help cities thrive.

At the neighborhood level, consider mixed-use development

One way cities could adapt is through mixed-use neighborhoods—that is, neighborhoods that are not dominated by a single type of real estate (especially offices) but instead incorporate a diverse mix of office, residential, and retail space. Such hybrid neighborhoods were becoming more popular even before the pandemic. And now that the pandemic has reduced demand for offices, cities have been left with vacant space that could be converted to other uses. Furthermore, our research shows that mixed-use neighborhoods have suffered less during the pandemic than office-dense neighborhoods have. That resilience gives investors, developers, and cities still more reason to engage in placemaking.

Redeveloping neighborhoods is an enormous undertaking, of course, so mobilizing the many stakeholders is important. Governments may be particularly helpful in reforming restrictive zoning policies. Investors would be needed to finance redevelopment. And developers would be the ones to turn mixed-use visions into realities.

Suburbs can benefit from hybridity as well. City dwellers, untethered from their daily commutes and thus less concerned about living far from urban cores, are increasingly seeking larger homes in greener areas. More housing and retail in the suburbs could help satisfy their preferences. More multifamily housing could be particularly beneficial because it would accommodate more people than single-family homes do. So long as the apartments are larger and more comfortable than apartments in urban cores, they could attract urbanites seeking space. Suburban policy makers could consider encouraging multifamily development by adjusting zoning, offering incentives to developers, and reexamining regulations that prevent housing from being built, such as those governing minimum dwelling sizes and window requirements.

Furthermore, multifamily housing is more energy-efficient than single-family homes, so it could help push down carbon emissions. And because it accommodates many people, it could help alleviate the shortage of housing that many metropolitan areas suffer from, making living in those areas more affordable.

At the building level, construct space that is adaptable and flexible

To adapt to declining demand for traditional office and retail space, developers could create hybrid buildings. The most ambitious vision is a universal, "neutral-use" building whose design, infrastructure, and technology could be easily modified to serve different uses. Imagine a medical building that could be easily converted into, say, a hotel or an apartment building if customers' preferences changed. More modestly, buildings could be designed to accommodate different degrees of collaborative and individual work or different arrangements of open and closed offices. They could also include technology that promotes flexibility, such as sensors to track patterns of usage that could inform an employer's approach to hybrid work.

Hybrid buildings would bring at least two advantages. One is that they would protect owners from shifts in preferences that are impossible to predict now. The second relates to a current trend toward shorter leases in the office sector. Because tenants will now be moving in and out more frequently, buildings might become more valuable if they grow more adaptable.

Developers could also try to convert offices into the kinds of space for which there is more demand, such as apartments, hotels, and schools. Conversions are very hard, however. Obstacles include rezoning, renegotiating existing lease commitments to allow for renovations, and dealing with physical limitations. Furthermore, in the cities we studied, even if all excess office space were converted into housing, the amount of residential space in each city would grow by less than 3 percent.[8] Still, for owners facing the prospect of lower occupancy and lower rents in their office buildings, the opportunity cost of conversion has fallen, and the number of successful conversions may grow.

Developers of retail space too could keep adaptability in mind. Of late, retail tenants have been evaluating their footprints with a stricter eye, shutting down stores or moving into smaller spaces. If developers built more adaptable spaces, they would be likelier to remain relevant to tenants' shifting needs. Developers might also offer new store formats, such as spaces intended for delivery and fulfillment or for logistics rather than traditional retail. Or they might design buildings that are more integrated with their environments—for example, with dining spaces that extend onto sidewalks.

At the floor level, design space that is modular and multiuse

Tenants in urban cores—both the employers who rent office space and the merchants who rent retail space—may have to start "earning the commute" from office workers and shoppers who would otherwise visit less often. Here too, thinking flexibly and adaptably can help. For example, the office does not have to be just a place to work; it can also be a place where employees genuinely enjoy spending time or where they can take part in compelling events and activities. Office tenants might try to attract them by building magnetic, hospitality-oriented workplaces. Office tenants might also design more modular spaces that can adapt to changes in work patterns from week to week. And the most forward-thinking tenants will provide an efficient, digital way to organize hybrid work patterns and preferences.

Turning empty spaces into hybrid places could be a way to transform superstar cities and prepare them for a dynamic, prosperous future.

Retailers too may have to "earn the commute" by designing spaces that cater to many different uses. A prime example is stores that easily accommodate omnichannel retail—a single, seamless experience for customers, whether they shop online or in person. Similarly, stores can provide experiential retail. For example, one department store brand is launching smaller stores where customers can pick up products bought online, get clothes altered, find style advice, and patronize a beauty salon.

Indeed, it is not hard to imagine more "hybrid floors" in which offices, residences, and stores exist side by side. For floors—as for buildings and neighborhoods—turning empty spaces into hybrid places may not simply be a way to counter the damage wrought by the pandemic. It could be a way to transform superstar cities and prepare them for a dynamic, prosperous future.

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SPECIAL REPORT

Special Report: Clean Energy

NYPD

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ASYLUM-SEEKERS

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&

NEW YORK

How will New York's cap-and-invest program shape up?

Environmentalists push to protect disadvantaged communities.

Astoria's Ravenswood Generating Station LOKMAN VURAL ELIBOL/ANADOLU AGENCY VIA GETTY IMAGES

By **REBECCA C. LEWIS** | JULY 5, 2023

In early May, New York joined the likes of California and Washington when lawmakers approved a measure in the state budget to create a cap-and-trade program. Recommended by the state Climate Action Council as a measure to help New York meet its ambitious climate goals, the move by legislative leaders and the governor was praised by environment advocates.

But the legislation was sparse on details about the program – and two months later, New Yorkers still don't know much more about what it will actually look like or how much it will cost companies.

"To be honest with you, our team is really looking at that now," Tim Cawley, the president, chair and CEO of Con Edison, told City & State in a recent interview. "The early intake based on the team that's looking to pull that together from the regulatory side of the house is really open ended there. They're getting input from a wide variety of stakeholders before they zero in on any particular course of action. And we think that's a really healthy and robust way to pull together rulemaking in such an important area."

Called cap and invest in New York, the idea of the program was to place caps on how much companies can pollute, which will decrease year-over-year, and it required them to purchase emissions allowances if they expect to exceed the cap that will also gradually decrease. Companies that overestimate their emissions and have leftover allowances could also trade their surplus to companies that have exceeded their own limit. The money raised from the program would go toward climate initiatives. While not a direct comparison, one can think of it a little like congestion pricing: It serves to both raise money and discourage specific behavior. Only instead of targeting driving, it takes aim at carbon emissions. It's all to help hit the state's goal of reducing emissions 40% by 2030 and 85% of 1990 levels by 2050.

The language signed into law by Gov. Kathy Hochul focused mainly on how the money from the program will be spent. Specifically, 30% of the profits will be set aside for a rebate the governor proposed that would aid New Yorkers in their decarbonization efforts. Of that, 30% would go toward assisting small businesses phase out their use of fossil fuels, while the rest would go toward other climate change mitigation efforts.
What's unclear, however, is the accounting methodology that will be used and, as a result, how much polluters will have to pay. Earlier this year, there were reports that the Hochul administration worked with lawmakers to overhaul emissions accounting in a way that would have put New York in line with other states on calculating methane emissions. The change, which critics said would have benefited utility companies, was ultimately shelved.

When asked whether the governor might pursue similar accounting changes in the future, John O'Leary, the governor's deputy secretary for energy, noted that New York's standards differ from other states and countries, and he emphasized the need to prioritize affordability but declined to predict how the regulations would shape up.

"As we go through this process, I think the governor's view is that we need to design a program that's affordable, and we're going to look at the various options and tools that we have to ensure that we meet our climate goals while also promoting affordability," O'Leary told City & State. "So the specific question that you're raising, we don't have an answer for it at the moment other than to say the state law is what it is, but we're interested in developing a program that delivers the benefits to New Yorkers of swift climate action, invests in communities, creates jobs and protects affordability for everyone."

Assembly Member Didi Barrett, who chairs the Assembly Energy Committee and introduced a measure earlier this year that would have revised the state's emissions accounting methodology, also highlighted the cost issue and the impact on customers.

"I think it's important to understand the costs and data right now, as we continue to move forward," Barrett said in an email in which she compared costs under current state law to projections using the Intergovernmental Panel on Climate Change system. "For example, according to the Division of the Budget, the average added cost for natural gas bills under the current CLCPA accounting method would be an additional $595 annually, compared to $330 under the IPCC-based method. For heating oil, average costs under the current CLCPA accounting method would be an additional $605 annually versus $410 annually under the IPCC-based method."

The cap-and-invest legislation leaves the regulatory framework up to the state Department of Environmental Conservation and the New York State Energy Research and Development Authority to develop. And the state agencies are still in the fact-finding portion of the pre-proposal phase, having just closed out the first round of public comments on July 1. The two agencies, whose heads co-chair the state's Climate Action Council, began holding a series of information sessions on June 1 for people interested in learning more about the ideas behind the program.

"These webinars are a really important part of the expansive stakeholder outreach that we plan to do, because we do understand how this program is for the state, and to ensure that we achieve our requirements under the Climate Leadership and Community Protection Act," said Jon Binder, chief of the Bureau of Climate, Air and Energy in the Office of General Counsel at the DEC, at the start of the first overview info session in June. "We really are eager to receive your input as we design the details of this program."

With scant regulatory details included in the legislation, environmental advocates hope that concerns unaddressed in the law – particularly around safeguarding communities disproportionately harmed by polluters – will be included in the finalized program. "We want to make sure the program is designed in a way that not just protects disadvantaged communities, but benefits disadvantaged communities," Liz Moran, New York policy advocate for the environmental group Earthjustice, told City & State. "Cap and trade programs we've seen in other regions of the country and other places have actually resulted in much slower progress in disadvantaged communities, and we don't want to see those mistakes replicated in New York." Moran's group recommended that the New York ban allowance trading to companies that operate in those communities, as well as for the state to consider implementing specific caps on companies in those communities.

Statutorily, the state has until the end of the year to have the full program up and running, but climate advocates don't expect state officials to hit those goals. According to the New York League of Conservation Voters' Julie Tighe, state Department of Environmental Conservation Commissioner Basil Seggos signaled that his agency and NYSERDA would be more likely to have a proposal by the end of the year, with actual final regulations and implementation early next year.

"Thousands of New Yorkers participated in the seven recent webinars, representing a diverse range of stakeholders, including the public and regulated communities, to learn more about the considerations going into developing New York's Cap-and-Invest Program regulations and provide initial feedback," NYSERDA and the DEC said in a joint statement to City & State. Spokespeople said the two agencies are reviewing the comments they have received so far and plan to hold a second round of public engagement focused specifically around affordability and equity later this year.

In the meantime, climate advocates continue to say it's vital to pass accompanying legislation to supplement the cap-and-invest program. "(It's) a very important tool, but we need other policies that will guarantee to ratchet down emissions," Moran said. "Especially because the implementation of the program may take a little bit of time." She pointed to the Build Public Renewables Act, which will require the New York Power Authority to shift to clean energy production, and the All-Electric Building Act, which will soon ban gas hookups in new construction, as important legislative victories in the past year to help reach the state's climate goals. Both passed as part of the budget as well.

State Sen. Kevin Parker, who chairs the Senate Energy and Telecommunications Committee, said the cap-and-invest measure is more detailed than two related measures he had proposed in past years, the Climate and Community Investment Act and carbon pricing legislation. "And so cap and invest is kind of the stepchild of carbon pricing and the Climate and Community Investment Act," Parker said. "And so, this iteration really is a lot more detailed than both my bills. What we settled on was providing some authorizing legislation, and now I'm talking about cap and invest, to the executive with the provisions that they can't essentially spend a dime without coming back to the Legislature."

Back to Special Report: Clean Energy

Update: This story has been updated to reflect comments from NYSERDA and the DEC.

– with reporting by Kyle Chouinard

NEXT STORY: New York City's uphill battle to save manufacturing

NYPD

Edward Caban named NYPD's first Latino commissioner

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New York's green revolution is almost here

With rising costs and an aging electrical grid, can the state hit its ambitious climate goals by 2030?

From solar to wind and more, New York state is investing in its clean energy future. FERNANDOAH/GETTY IMAGES

By **KYLE CHOUINARD** | JULY 17, 2023 04:00 AM ET

Northern wildfires blanket the five boroughs with dense plumes of acrid smoke. Flash flooding inundates the Hudson Valley and the Finger Lakes, shutting down roads and railways. Scientists warn that heat waves will scorch communities across the state – and around the world – with increasing frequency in the years ahead.

It's all part of a cycle of extreme weather events upending daily life with growing regularity, and it's broadly linked to the worsening effects of human-made climate change. New York, for its part, has embarked on an ambitious effort to slow the state's contribution to climate change, passing a landmark law in 2019 that mandated a 40% reduction in greenhouse gas emissions by 2030 and then, by 2050, an 85% reduction in emissions relative to 1990. The law also required the state to generate 70% of its electricity from renewables by 2030.

But four years after the passage of the Climate Leadership and Community Protection Act and with the initial 2030 deadline fast approaching, is New York actually on track to meet the goals lauded as "one of the world's most ambitious climate plans?"

When the Climate Leadership and Community Protection Act, or CLCPA, was signed into law in New York, the state was much different from what it is today.

Kathy Hochul was a little-known lieutenant governor, inflation was something you learned about in history class and COVID-19, which would eventually lead to the death of 80,000 New Yorkers, hadn't yet reached the state.

Both the short- and long-term impacts of the coronavirus pandemic have disrupted efforts to implement the CLCPA and reduce greenhouse gas emissions by increasing the state's share of renewable energy. However, key players involved in New York's clean energy transition, from climate activists to state agency officials, remain cautiously optimistic that the targets set out in the CLCPA are possible despite ongoing economic challenges as well as an aging electrical grid and a relative dearth of renewable energy production.

"That is not something that's unique to New York coming out of COVID, supply chain issues, geopolitical disruption and other market shocks that have happened over the past years have led to inflation on a global scale," John O'Leary, the governor's deputy secretary for energy, told City & State.
Even the state's impressive effort to invest in offshore wind development has hit economic headwinds. Sunrise Wind, a joint venture between Eversource Energy and Ørsted to construct a 924-megawatt wind farm, filed a petition in June to the state Public Service Commission asking to amend their agreement with the state to adjust for inflation.

"A combination of unprecedented and unforeseen public health, geopolitical, and macroeconomic events that began only months after NYSERDA and Sunrise Wind executed the OREC Agreement in October 2019 have severely impacted the Project," the company wrote in its petition.

> "Moving the goalposts only serves to perpetuate investments in the gas industry."
>
> ENVIRONMENTAL ADVOCATES NY POLICY DIRECTOR CONOR BAMBRICK

Skyrocketing construction costs have been among the challenges, although the pressure has eased somewhat. Comparing its highest price in 2019 to May 2023, the producer price index for building materials rose by 32% according to the Federal Reserve Bank of St. Louis. However, since peak inflation in April 2022, the price has fallen by 26%.

"Disruptions in the supply chain, inflation and the increased cost of construction material has certainly led to energy projects – like many other construction projects – taking longer and (becoming) more expensive to build," Assembly Member Didi Barrett, who chairs the Energy Committee, wrote in an email to City & State. "These increased costs must be part of the conversation."

Doreen Harris, the head of the New York State Energy Research and Development Authority who also co-chairs the state Climate Action Council that's overseeing implementation of the CLCPA, agreed that inflation has been a hurdle for the state, along with related challenges like rising interest rates and overall supply chain issues.

What environmentalists and activists now fear is that ongoing struggles with inflation may result in New York backtracking on its nation-leading climate goals.

These concerns came to a head when Hochul, Barrett and state Sen. Kevin Parker teamed up on legislation earlier this year that would have changed the state's accounting system for methane gas emissions within the CLCPA. The new system would have revised the calculation for methane emissions from 20 to 100 years, reducing energy transition costs passed on to consumers but also, environmentalists argued, allowing more emissions by easing up on the state's stringent goals.

Parker, who chairs the state Senate Energy and Telecommunications Committee, argued that the legislation introduced during the budget process was much less about the accounting mechanism, but trying to keep in check the costs of the state's plans. Parker said he wasn't committed to changing the accounting methods set out in the CLCPA, but that he was going to ensure that the clean energy transmission would be affordable for New Yorkers.

Conor Bambrick, the director of policy for Environmental Advocates NY, acknowledged that rising costs and inflation have been a major bottleneck for the state to reach goals set out by the CLCPA. But Bambrick said that altering the methane gas formula dilutes the real impact of emissions.

"Moving the goalposts only serves to perpetuate investments in the gas industry," said Bambrick, who also serves on the steering committee of NY Renews, a coalition of justice, labor and faith groups pushing for progressive climate legislation.

Bob Cohen, the policy director of Citizen Action New York, a grassroots group that advocates for climate justice, echoed Bambrick. "It makes us concerned that they're not being as aggressive as they need to be in insisting that the CLCPA mandates be enforced," Cohen said. "(The CLCPA's goals are) feasible if New York state demonstrates the political will to do that."

O'Leary declined to say whether Hochul would pursue a similar adjustment down the road. The emissions accounting debate was tied to the state's cap-and-invest program, a market-based strategy that Hochul first unveiled in January and that has elicited cautious optimism from some environmentalists.

The program would put a cap on how much greenhouse gases can be emitted while also reducing that cap over time. The state would also charge large-scale emitters to obtain allowances for emissions. New York would then put that money toward projects that reduce emissions, equitably, according to the governor's website.

> "It makes us concerned that they're not being as aggressive as they need to be in insisting that the CLCPA mandates be enforced."
>
> **CITIZEN ACTION NEW YORK POLICY DIRECTOR BOB COHEN**

Parker touted the law as one of his chief accomplishments this past session, while Harris billed the cap-and-invest program one of the state's centerpieces when it comes to near-term action. Yet, others worry about how the final regulations will shape up.

"Done right, a cap-and-invest system could be a key tool in securing climate justice in New York," NY Renews wrote in February. "Done wrong, a cap-and-invest system would only widen the gap between the haves and have-nots in our state."

Meanwhile, some major renewable energy projects have been advancing. The South Fork Wind project off the shore of Long Island, which itself would generate 132 megawatts of power, has completed its on-land portion of the site. In late June, the project put its first piece of foundation in the water. Its developers, Ørsted and Eversource Energy, are also behind the 924-megawatt Sunrise Wind project and have proposed a third offshore wind project as well. Equinor and BP have also teamed up on major offshore wind developments, including the 2-gigawatt Empire Wind project. These are just a portion of the 9,000 MW the CLCPA's scoping plan lays out in offshore wind.

"You think about 9,000 megawatts of offshore wind? Currently, we have none," noted Tim Cawley, the president, chair and CEO of Con Edison. "We've never sort of taken in our generation from that direction into what is a really complex and very reliable grid in New York City and the surrounding area. The grid is really going to reinvent itself. We are excited about the challenge."

Indeed, the scoping plan specifies that the state should pursue system upgrades on Long Island and in New York City to facilitate the new source of energy and the increased energy load needed to support a further electrified state.

"It may even be doubling the capacity of New York's electric grid to really provide the level of supply necessary to run your electric vehicle, to run your heat pump, your induction cooktop or whatever may be the solutions that are brought to bear," Harris said.

Bambrick said the current grid was designed to deliver electricity from fossil fuel-based facilities. "It's not a system that's equipped for some larger-scale renewables like offshore wind, in particular," he said.

The grid will not only have to take on a higher load of energy, but also will have to withstand more extreme weather presented by climate change. Harris said many of the wires above and below ground that make up the grid haven't been updated in decades.

In the 1980s, the U.S. had 33 weather events where damages and costs reached at least $1 billion. From 2018 to 2022, the U.S. had 90, according to the National Oceanic and Atmospheric Administration. To hit the CLCPA's 2030 goals, Harris said the state will need a "significant" transformation of the grid.

Some major transmission projects, however, are underway. The 174-mile Clean Path NY transmission line will help deliver energy from upstate to New York City while a series of projects, such as Smart Path and Smart Path Connect, will strengthen transmission in the North Country.

Parker, along with co-sponsor state Sen. Brad Hoylman-Sigal, introduced legislation to create the New York state grid modernization commission, which would conduct "research, development and demonstrations of electric grid modernizations." The bill is currently in the senate's Finance Committee. "There's a lot that needs to be done for us to get to where we need to get to," Parker said.

The grid's age is already causing problems. In New York Independent System Operators' 2023 Power Trends report, the group noted that potential delays in construction of new supply and transmission, among other reasons, could threaten reliability.

In 2021, Harris and Seggos attended COP26, a climate change conference in Glasgow, Scotland. While the focus of the conference for the general public was on the many world leaders in attendance, from President Joe Biden to then-German Chancellor Angela Merkel, Seggos recalled in an interview that specific provinces and states represented at the gathering were still "well ahead" of most countries. He believes that, in some respects, that's still true today.

Building on the 2019 CLCPA, the state Legislature this year passed a few more major laws aimed at bolstering the state's green energy. The state budget included a version of the Build Public Renewables Act, which will require the New York Power Authority to provide only clean energy and paves the way for the public power organization to build its own renewables.

> "We know what the targets are, we know that they're ambitious and we're working every day to make progress towards them."

JOHN O'LEARY, THE GOVERNOR'S DEPUTY SECRETARY FOR ENERGY

"I'm very satisfied with the fact that we're going to do a study out of NYPA and tee them up so that if and when we need them, and I think we're going to need them unfortunately, they'll be prepared and poised to take the steps in order to build some sustainable energy projects," Parker said.

Justin Driscoll, NYPA's acting president and CEO, said that outside of being able to own and develop renewable generation, the new law allocates money to workforce training and projects dedicated to serving disadvantaged communities. If the state is behind in its goals, Driscoll said it would be NYPA's role to identify sites where renewable projects could be built. NYPA is also able to now work with developers to get projects built.

In June, the state Senate declined to hold a vote on the nomination of Driscoll, who has some environmentalist detractors, to remove the acting part of his title. However, Driscoll can continue to serve as acting president indefinitely, and he said the nomination process has not impacted his work at NYPA.

"There's still so much great work to be done and so I'm looking forward to continuing to serve here at the power authority," Driscoll said. "I'm really excited about the work we have in front of us."

Is New York on pace to hit its climate goals that the state enacted in 2019? The only thing that everyone seems to agree on is that it won't be easy.

"If you took every project that organizations like the Independent Power Producers (of New York) have and (the Alliance for Clean Energy New York), and you took the possibility under what we passed in Build Public Renewables, we still would not have enough energy in the ground in order to reach our CLCPA goals," Parker said.

O'Leary noted that the state is doing well in some areas, while more efforts are needed in other areas. "In the power sector, we are on track to achieve the CLCPA target of 70% renewable power generation by 2030," he said. "When we look at the transportation sector and the building sector, those have ambitious targets as well that we would need to achieve to reach the emissions targets. The governor has been very clear that she wants to really lean into those sectors to accelerate decarbonization. So we know what the targets are, we know that they're ambitious and we're working every day to make progress towards them."

Harris and Seggos, who are at the forefront of that effort, argued that the state's goals were attainable, but acknowledged that the obstacles that have already hindered the CLCPA's implementation could continue to slow it down.

"There's reason for concern there, political fluctuations, cost implications, inflation, geopolitics, that's putting a real challenge on microissues that we deal with here in New York on a regular basis," Seggos said. "We are both clear-sighted about the challenges ahead of us and we can do everything that we can here in New York."

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Beyond Abandonment: 10 Realistic Ways to Breathe New Life Into Brownfield Sites

July 12, 2023Connor Allen

Abandoned brownfield sites, often seen as symbols of neglect, hold untapped opportunities for transformation.

While grand visions may capture our imagination, it is crucial to delve into practical ideas that can genuinely revitalize these spaces, making them vibrant and functional once again.

This article explores 10 practical ideas for breathing new life into neglected brownfield sites that offer tangible benefits to both communities and the environment and transform them into vibrant and functional spaces. From mixed-use developments and adaptive reuse to green spaces and affordable housing, these concepts offer viable solutions to unlock the potential of these forgotten sites.

By embracing these ideas, communities can rejuvenate forgotten landscapes, foster economic growth, promote sustainability, and create lasting positive impacts.

1. Mixed-Use Developments

Revitalizing brownfield sites through mixed-use developments offers a pragmatic avenue for transformation. By integrating residential, commercial, and recreational spaces within a cohesive plan, community integration is fostered, convenience is enhanced, and land utilization is maximized.

Examples:

- In **Pittsburgh, PA**, where a former steel foundry was converted into mixed-use residential and community space.
- In **Minot, ND**, where a site destroyed by flooding has been revived as a mixed-use space featuring a day care, movie theatre, and restaurant.

2. Adaptive Reuse

Embracing adaptive reuse presents a sustainable and thoughtful approach to brownfield redevelopment. Repurposing existing structures, such as converting old factories into modern office spaces or warehouses into creative lofts, not only preserves historical value but also reduces demolition waste, breathing new life into the site while maintaining its character.

Examples:

- In **Roanoke, VA,** where adaptive reuse has transformed a contaminated restaurant into a much needed credit union.
- In **Hickory, NC,** where adaptive reuse has refashioned the town's historic vacant textile mills into a restaurant, event venue, fitness center, and office space.

3. Greenspaces and Parks

Integrating greenspaces and parks into brownfield sites provides much-needed recreational areas for communities. By transforming vacant lots or contaminated areas into beautifully landscaped parks, residents can enjoy nature, exercise, and socialize. This idea enhances quality of life, improves mental well-being, and fosters a sense of community pride. These spaces can also catalyze private investment and revitalization of surrounding properties.

Examples:

- In **Yorklyn, DE,** where a site once contaminated with zinc and lead has become Auburn Valley State Park.
- In **Hillsboro, OR**, where a once contaminated site has now become a new boat launch and public park along the Tualatin River.

4. Affordable Housing

Addressing the pressing need for affordable housing, redeveloping brownfield sites for this purpose has a tangible impact on communities. Designing affordable housing complexes or mixed-income developments not only provides safe and affordable homes but also promotes diversity, social equity, and economic stability within the neighborhood.

Examples:

- Veteran housing development in **Indianapolis, IN**
- Senior housing development in **Silver City, NM**

5. Community Gardens and Urban Agriculture

Establishing community gardens and urban agriculture initiatives on brownfield sites contributes to food security and sustainability. By converting unused land into plots for residents to grow their own produce, communities can engage in healthier eating habits, promote local food production, and foster a sense of community through shared gardening spaces.

Example:

In **Austin, TX**, brownfield redevelopment has led to the creation of a Public Food Forest that brings the community together to tend the land, learn how to harvest, and eat straight from the ground.

6. Light Industrial and Manufacturing Zones

Repurposing brownfield sites as light industrial and manufacturing zones supports local economies and job creation. By providing spaces for small-scale manufacturing, workshops, and start-up incubators, these sites attract entrepreneurs, foster innovation, and stimulate economic growth while utilizing existing infrastructure.

Examples:

- In **Richmond, VA**, a vacant site has been transformed into brewery, distribution facility, and tasting room.
- In **Norristown, PA**, an abandoned firehouse was transformed into a distillery specializing in the production four different liquors.

7. Renewable Energy Installations

Harnessing the potential of renewable energy, brownfield sites can be transformed into solar or wind energy installations. By repurposing these areas for clean energy generation, we can contribute to a sustainable future while utilizing often unproductive or contaminated land for a positive environmental impact.

Example:

Woodbridge, NJ, used this development strategy to transform an abandoned chemical manufacturing plant along the waterfront into a natural gas power plant.

8. Transit-Oriented Developments

Strategically redeveloping brownfield sites into transit-oriented developments promotes sustainable transportation options. Situating these developments near public transportation hubs enables residents to enjoy easy access to buses, trains, or light rail systems. By encouraging walkability and reducing reliance on private vehicles, this concept supports greener and more efficient commuting.

Examples:

Transit-oriented development can be found in **Brea, CA**, and **Atlanta, GA**, where abandoned railroads have been turned into multi-use trails.

9. Educational Facilities and Training Centers

Transforming brownfield sites into educational facilities or vocational training centers benefits communities by providing access to quality education and skills development. These sites can be transformed into schools, colleges, or vocational training institutes, empowering individuals, and fostering economic growth through knowledge and training.

Examples:

- In **Council Bluffs, IA**, a former farming equipment distribution center was reborn as an arts and culture center.
- In **Ranson, WV**, a metal salvage yard was transformed into an American Public University System facility.

10. Historic Preservation

Preserving and restoring historical buildings on brownfield sites not only pays homage to the past but also contributes to cultural heritage and tourism. By rehabilitating these structures while complying with modern building codes, we can retain architectural beauty and historical significance, attracting new residents, visitors, and businesses, and supporting local economies.

Examples:

- In **Missoula, MT**, where historic sawmill structures and equipment were preserved.
- At **Old Fort Lowell in Tucson, AZ**, where an old army supply base has been preserved as a museum.

Ambitious visions may capture our imagination, but it is the more realistic ideas for brownfield site redevelopment that have the power to transform communities in practical and tangible ways. While the path from brownfield to reuse can be complex, by embracing realistic ideas and working with knowledgeable experts, it is possible revitalize these sites, creating lasting positive impacts for the surrounding communities.

If you are considering brownfield redevelopment and require assistance with market feasibility studies, reuse scenario visioning and evaluation, revitalization planning, or site disposition strategies, look no further. Camoin Associates' Real Estate Development Team is renowned for its expertise in brownfield redevelopment.

Our staff has produced award-winning plans and possesses a deep understanding of the complex challenges associated with brownfield properties. We excel at crafting unique redevelopment strategies tailored to each individual project. Learn more about our Brownfield Redevelopment Services.

Is Global Warming a Real Concern? Not as much as you are led to believe

TheTradingChief 1 day ago

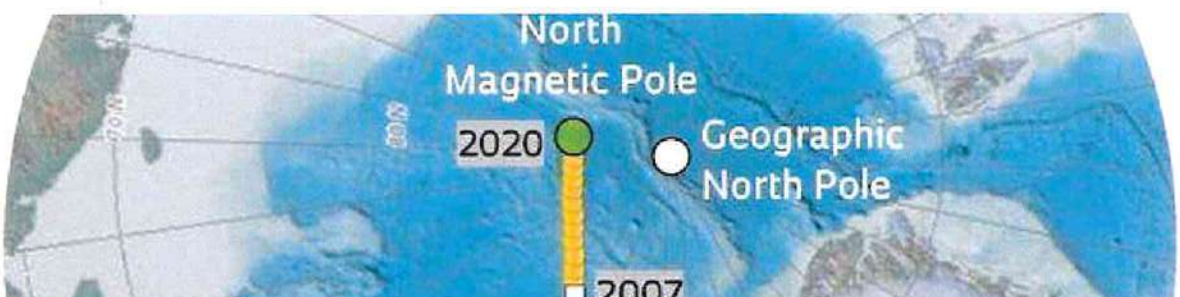
Global warming, also known as climate change, refers to the long-term increase in Earth's average temperature due to human activities, primarily the burning of fossil fuels and deforestation. It is one of the most pressing challenges facing our planet today and has far-reaching effects on various aspects of the Earth's systems.

One of the most notable effects of global warming is the rise in global temperatures. Over the past century, the Earth's average temperature has increased by approximately 1 degree Celsius (1.8 degrees Fahrenheit). While this may seem like a small change, it has significant consequences for the environment and ecosystems.

Melting ice caps and glaciers are one of the most visible effects of global warming. As temperatures rise, ice in polar regions and mountainous areas is melting at an accelerated rate. This leads to rising sea levels, which pose a threat to coastal communities and low-lying areas. This is where I have to flip the script. While the Ice caps are melting in some areas they are growing in other areas. This will all make sense as we get further into the article.

Polar Ice Cap Maximum for 2023 Photo by Trent L. Schindler

This is technically low to previous years. However, you need to understand why that is. The Magnetic poles are moving.



Magnetic North Pole moving 40 Miles per Year Towards Russia Photo by Simon Wakefield

Magnetic South pole Traveling Towards Australia Photo bycourtesy of NOAA

That explains why the Ice is melting one side and growing on the other. This affect can be better explained if we understand the cycles. These Cycles are called Milankovitch Cycles.

Milankovitch cycles, named after the Serbian geophysicist Milutin Milankovitch, refer to long-term variations in the Earth's orbital parameters and axial tilt, which are believed to influence climate patterns on our planet over timescales of tens of thousands to hundreds of thousands of years. These cycles are considered one of the factors that contribute to long-term climate change.

There are three main Milankovitch cycles: eccentricity, obliquity, and precession.

1. Eccentricity: This cycle describes changes in the shape of the Earth's orbit around the Sun. The Earth's orbit is not perfectly circular but rather elliptical, and the eccentricity cycle refers to variations in the degree of ellipticity. It occurs over a period of approximately 100,000 years. When the eccentricity is high, the orbit becomes more elongated, leading to greater seasonal temperature contrasts. When the eccentricity is low, the orbit is more circular, resulting in milder seasons.
2. Obliquity: Also known as axial tilt, obliquity refers to the inclination of the Earth's axis in relation to its orbital plane. The tilt currently stands at about 23.5 degrees, but it varies between 22.1 and 24.5 degrees over a cycle that lasts approximately 41,000 years. Changes in axial tilt affect the distribution of solar energy received by different latitudes, leading to changes in the intensity of seasons. A higher tilt results in more extreme seasons, while a lower tilt leads to milder seasons.
3. Precession: Precession refers to the wobbling motion of the Earth's axis. Like a spinning top, the Earth's axis experiences a gradual shift in its orientation over time. The precession cycle has a duration of about 26,000 years. This motion influences the timing of the Earth's seasons by changing the alignment of the axis relative to its elliptical orbit. As a result, the seasons that occur during the closest and farthest points in the orbit vary in intensity over the precession cycle.

These three cycles interact with each other, producing complex and combined effects on the climate system. When certain combinations of these cycles align, they can lead to enhanced or reduced seasonal contrast, affecting the distribution of solar energy and influencing climate patterns on Earth.

Milankovitch cycles have been a subject of interest when discussing the potential occurrence of future ice ages. These cycles, as mentioned earlier, involve variations in the Earth's orbit and axial tilt over long periods of time. While Milankovitch cycles do play a role in shaping Earth's climate, they alone cannot predict the timing or occurrence of ice ages.

The last ice age, known as the Pleistocene glaciation, occurred approximately 2.6 million to 11,700 years ago. During this period, large ice sheets covered significant portions of the Earth's surface, including parts of North America, Europe, and Asia. The retreat of these ice sheets marked the beginning of the current interglacial period, known as the Holocene, in which we currently reside.

Milankovitch cycles were used to explain the periodicity of ice ages observed in the geological record. The theory suggests that the combined effects of eccentricity, obliquity, and precession can influence the distribution of solar radiation received by Earth, which in turn can impact climate patterns. However, it's important to note that the relationship between Milankovitch cycles and ice ages is complex and involves other factors as well.

Empire State Manufacturing Survey

Note: Survey responses were collected between June 2 and June 9.

Business activity increased modestly in New York State, according to firms responding to the June 2023 *Empire State Manufacturing Survey*. The headline general business conditions index climbed thirty-eight points to 6.6. New orders inched up, while shipments grew strongly. Delivery times held steady, and inventories moved lower. Both employment and hours worked continued to contract, and input and selling price increases slowed considerably. Planned increases in capital spending remained weak. Looking ahead, firms became more optimistic about the six-month outlook.

Activity Moves Somewhat Higher

After falling sharply last month, manufacturing activity increased modestly in New York State, according to the June survey. The general business conditions index rose thirty-eight points to 6.6. Thirty-one percent of respondents reported that conditions had improved over the month, while twenty-four percent reported that conditions had worsened. The new orders index climbed thirty-one points to 3.1, indicating that orders edged higher, and the shipments index shot up thirty-eight points to 22.0, pointing to a substantial increase in shipments. The unfilled orders index remained negative at -8.0, a sign that unfilled orders continued to decline. The inventories index also remained negative at -6.0, indicating that inventories moved lower. The delivery times index came in at -1.0, suggesting delivery times were little changed.

Price Increases Slow

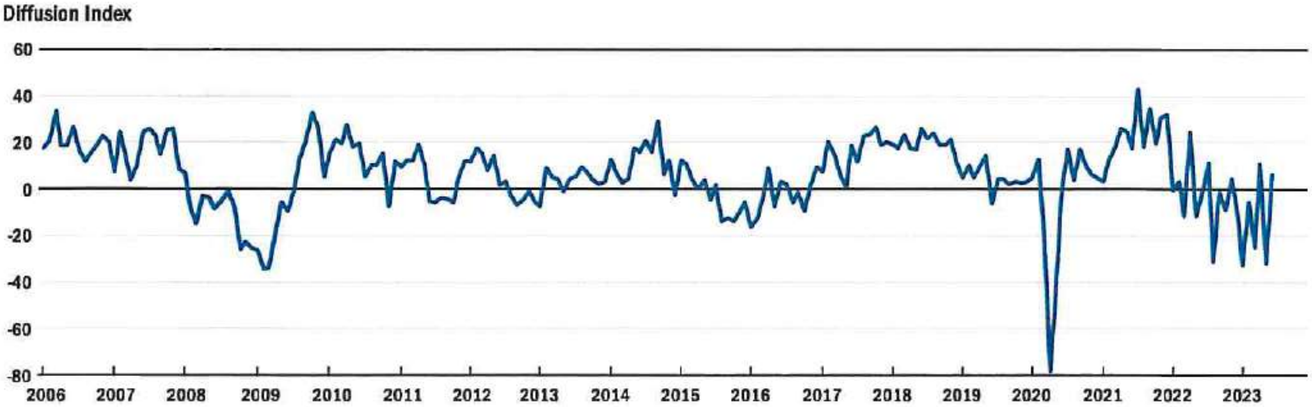
At -3.6, the index for number of employees remained negative for a fifth consecutive month, and the average workweek index also held below zero at -5.8, pointing to another monthly decline in employment and hours worked. Price increases moderated significantly: the prices paid index fell thirteen points to 22.0, and the prices received index fell fifteen points to 9.0. Both price indexes are now at levels not materially different than what prevailed just before the pandemic.

Optimism Improves

The index for future business conditions increased nine points to 18.9, its second consecutive monthly increase, suggesting firms have become more optimistic that conditions will improve over the next six months. New orders and shipments are expected to increase modestly, and employment is expected to expand. After falling close to zero last month, the capital spending index increased only seven points to 8.0, suggesting that capital spending plans remained soft. ■

General Business Conditions

Seasonally Adjusted

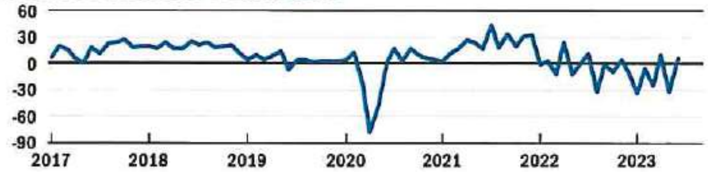


Note: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research.

Current Indicators

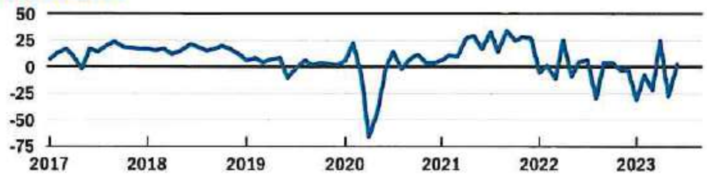
Change from Preceding Month

General Business Conditions



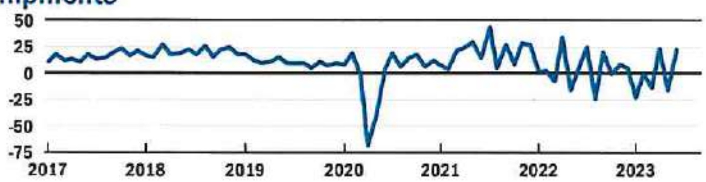
	Percent Reporting		
	Higher	Lower	Index
May	16.8	48.5	-31.8
Jun	30.6	24.0	6.6
Change			38.4

New Orders



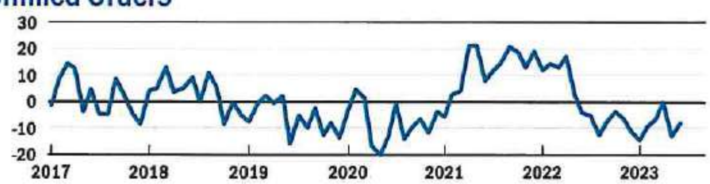
	Percent Reporting		
	Higher	Lower	Index
May	20.0	48.0	-28.0
Jun	31.0	27.9	3.1
Change			31.1

Shipments



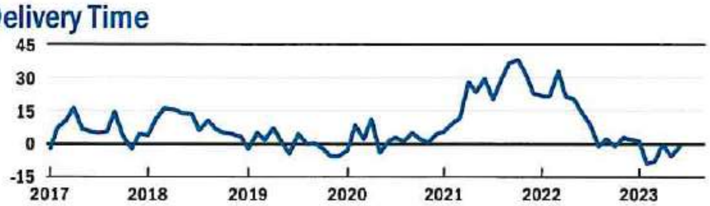
	Percent Reporting		
	Higher	Lower	Index
May	24.6	40.9	-16.4
Jun	42.0	19.9	22.0
Change			38.4

Unfilled Orders



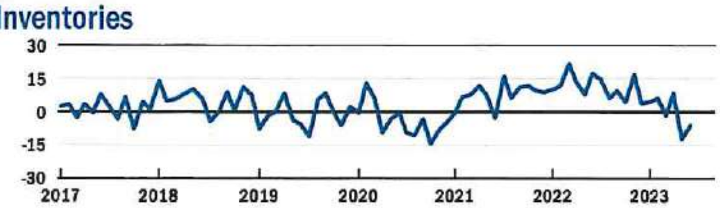
	Percent Reporting		
	Higher	Lower	Index
May	16.0	29.2	-13.2
Jun	17.0	25.0	-8.0
Change			5.2

Delivery Time



	Percent Reporting		
	Higher	Lower	Index
May	13.2	18.9	-5.7
Jun	15.0	16.0	-1.0
Change			4.7

Inventories

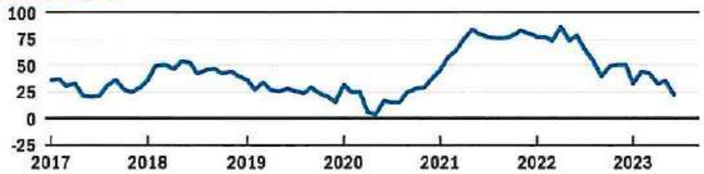


	Percent Reporting		
	Higher	Lower	Index
May	19.8	32.1	-12.3
Jun	20.0	26.0	-6.0
Change			6.3

Current Indicators, *continued*

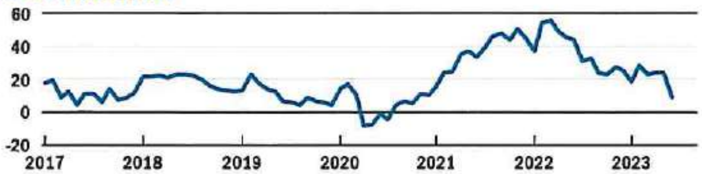
Change from Preceding Month

Prices Paid



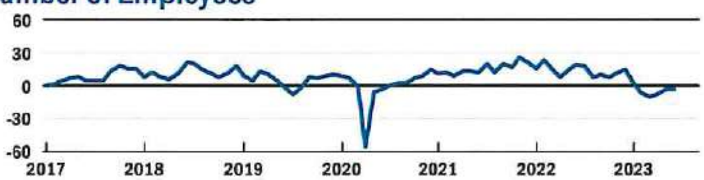
	Percent Reporting		
	Higher	Lower	Index
May	44.3	9.4	34.9
Jun	32.0	10.0	22.0
Change			-12.9

Prices Received



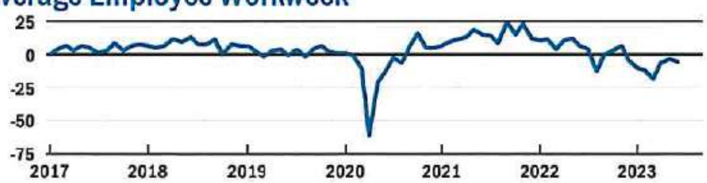
	Percent Reporting		
	Higher	Lower	Index
May	28.3	4.7	23.6
Jun	16.0	7.0	9.0
Change			-14.6

Number of Employees



	Percent Reporting		
	Higher	Lower	Index
May	13.4	16.7	-3.3
Jun	16.5	20.2	-3.6
Change			-0.3

Average Employee Workweek



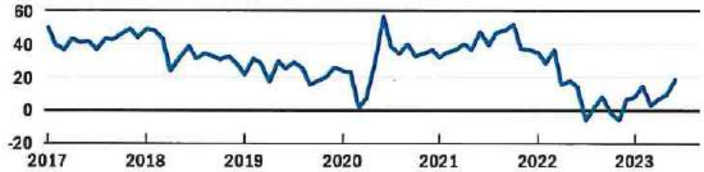
	Percent Reporting		
	Higher	Lower	Index
May	11.9	15.5	-3.5
Jun	11.5	17.2	-5.8
Change			-2.3

Note: Data are seasonally adjusted.

Forward-Looking Indicators

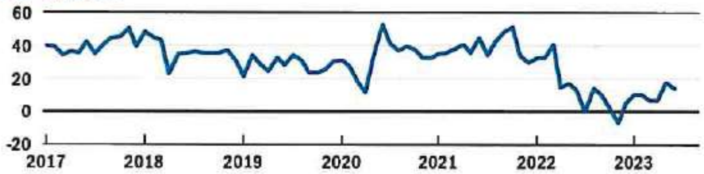
Expectations Six Months Ahead

General Business Conditions



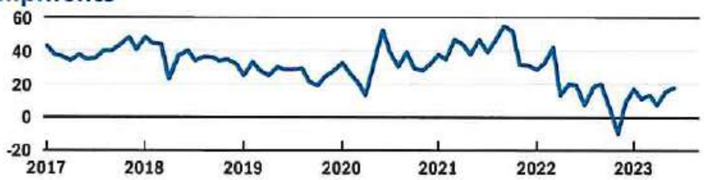
	Percent Reporting		
	Higher	Lower	Index
May	38.4	28.6	9.8
Jun	43.1	24.2	18.9
Change			9.1

New Orders



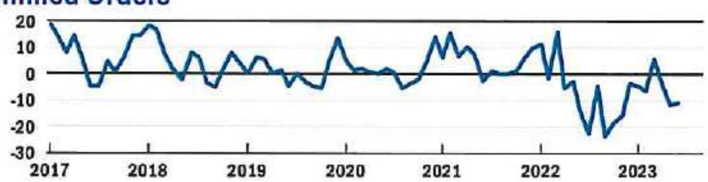
	Percent Reporting		
	Higher	Lower	Index
May	42.5	24.5	18.0
Jun	38.1	24.3	13.8
Change			-4.2

Shipments



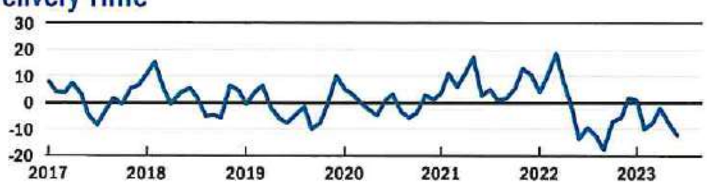
	Percent Reporting		
	Higher	Lower	Index
May	41.7	25.8	15.8
Jun	40.3	22.4	17.9
Change			2.1

Unfilled Orders



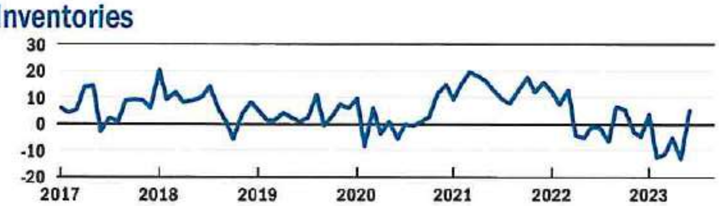
	Percent Reporting		
	Higher	Lower	Index
May	11.3	22.6	-11.3
Jun	11.0	22.0	-11.0
Change			0.3

Delivery Time



	Percent Reporting		
	Higher	Lower	Index
May	12.3	19.8	-7.5
Jun	10.0	22.0	-12.0
Change			-4.5

Inventories

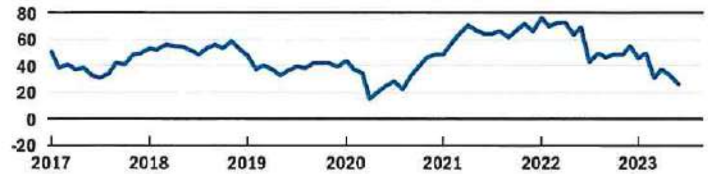


	Percent Reporting		
	Higher	Lower	Index
May	16.0	29.2	-13.2
Jun	29.0	24.0	5.0
Change			18.2

Forward-Looking Indicators, *continued*

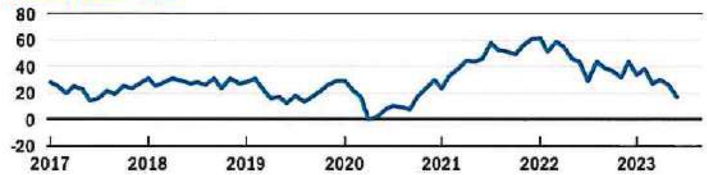
Expectations Six Months Ahead

Prices Paid



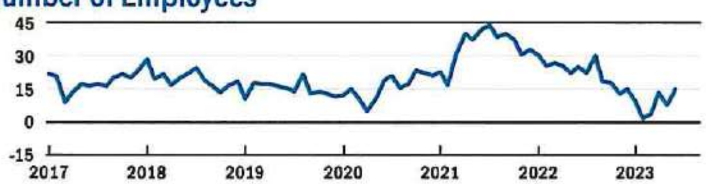
	Percent Reporting		
	Higher	Lower	Index
May	42.5	9.4	33.0
Jun	39.0	13.0	26.0
Change			-7.0

Prices Received



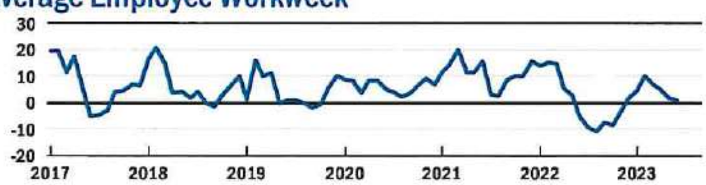
	Percent Reporting		
	Higher	Lower	Index
May	36.8	10.4	26.4
Jun	29.0	12.0	17.0
Change			-9.4

Number of Employees



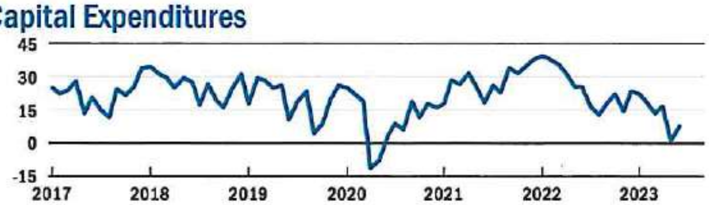
	Percent Reporting		
	Higher	Lower	Index
May	22.6	15.1	7.5
Jun	25.6	10.5	15.1
Change			7.6

Average Employee Workweek



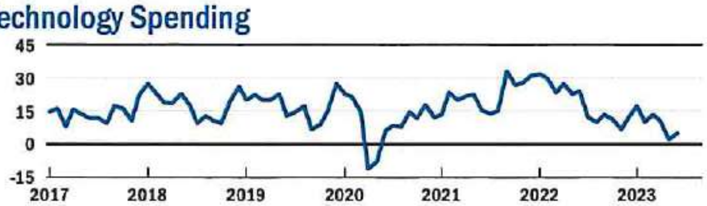
	Percent Reporting		
	Higher	Lower	Index
May	17.0	15.1	1.9
Jun	14.0	13.0	1.0
Change			-0.9

Capital Expenditures



	Percent Reporting		
	Higher	Lower	Index
May	19.8	18.9	0.9
Jun	25.0	17.0	8.0
Change			7.1

Technology Spending



	Percent Reporting		
	Higher	Lower	Index
May	18.9	17.0	1.9
Jun	19.0	14.0	5.0
Change			3.1

Note: Data are seasonally adjusted.

Industrial development agencies work on behalf of New York taxpayers to lessen the tax burden and increase economic opportunity. A recent spin on how IDAs are costing school districts money has created a false narrative. Incentives are leveraged against new investment and new jobs. Under the IDA, some property taxes are temporarily abated. During the abatement period, payments in lieu of taxes (also known as PILOT payments) are made to the schools and taxing jurisdictions. These payments provide a new source of revenue. The temporary property tax discount creates permanent new investment and new job opportunities in your community. In the Town of Hamburg, IDA generated projects garnered over $1.2 million dollars for town school districts in 2023.

A recent study commissioned by the New York State Economic Development Council identified that for every dollar of taxes discounted; $6.57 is created in New York tax revenue. In addition, $339 million in

Comptroller Thomas DiNapoli speaks to the impact of IDAs. In 2022 there were 4,324 projects statewide with a total of $126 billion in value. These projects were awarded $1.1 billion in exemptions and created 221,305 new jobs.

Tax incentives create new investment and bring jobs to your community. New York needs IDAs to prevent future businesses from leaving to operate in a lower-taxed state. The hubris that companies will come here anyway is false. We are competing for business against the entire country. Without IDAs, taxpayers will carry the burden of the costs.

Sean Doyle
Executive Director
Hamburg IDA
Corey Wiktor
Executive Director
Cattaraugus County IDA

City tree replantation comes up woefully short

June 30, 2023

Preliminary Comments on NYCI

Dottie Gallagher, President and CEO, Buffalo Niagara Partnership

The Buffalo Niagara Partnership was very concerned about the creation of New York Cap-and-Invest (NYCI) due to its inflationary effects and its impacts on energy affordability and reliability. However, the BNP has been pleased with the state's efforts to engage all stakeholders, including those in the business community, in crafting the details of NYCI.

The BNP, on behalf of its members who employ over a quarter million people in the region, offers the following preliminary comments on NYCI:

1. **Include off ramps for affordability and reliability.**

As the state acts to reduce carbon emissions, it must do so at a pace that maintains energy affordability and reliability. Failing to do so would be catastrophic for our state economy.

The cost of living in New York is indelibly linked to the cost of energy. Even modest energy cost increases will have an inflationary effect on all New Yorkers. This problem will be magnified with larger energy cost increases: companies may find New York cost prohibitive, leading to job losses and reductions in goods and services.

During periods of sharp cost increases or economic downturn, the state must retain the ability to pause administration of the program in order to not deepen economic pain. Possible triggers include:

- Periods of economic recession, such as consecutive quarters of negative GDP growth.
- Periods of high unemployment.
- Periods of rapid inflation, either in the overall consumer price index or in the household energy index.

In addition to cost concerns, preserving energy reliability is of paramount importance. In a climate where extreme winter weather is commonplace, New Yorkers' ability to heat their homes cannot be compromised. Additionally, businesses should have full confidence that they will be able to power their operations. Possible triggers include:

- Extreme weather events, such as blizzards or floods.
- Service disruptions, such as power outages.
- Periods of thin reliability margins, as advised by the New York Independent System Operator.

After one of these triggers, the state could suspend NYCI by allowing certain providers to exceed emissions allowances without penalty. The nature and length of such a suspension would depend on the circumstance. By building such off ramps into NYCI, the state can maintain energy affordability and reliability while on the path to its emissions goals.

2. **Set caps with affordability and reliability in mind.**

The most important detail in NYCI's design is how emissions caps will be determined: all relevant cost analyses are downstream from this question. Emissions thresholds must be lowered at a practical pace and should be done manually, not formulaically. In the event that the aforementioned economic disruptions take place, emissions caps should be lowered in more conservative intervals.

Parties that are already subject to emissions caps under the Regional Greenhouse Gas Initiative should not be penalized via double-counting of their emissions.

Appropriate accounting techniques must also be considered. In addition to advancing NYCI at a more sustainable pace, New York's GHG accounting rules should be modified to align with other states and the federal government, facilitating NYCI's ability to link with other jurisdictions and making NYCI compliance easier for businesses that operate in multiple jurisdictions.

3. **Include abatements or assistance for new employers.**

A major concern with the NYCI program is the chilling effect it will have on business attraction and creation efforts. The program's costs will make New York unattractive to business site selectors. Additionally, businesses moving to New York may face hostility from existing businesses who do not want additional competitors in emission allowance auctions. For these reasons, NYCI has the potential to stunt New York's economic growth.

The state should consider abatements or other assistance for new businesses. Similar to the carve-out for Energy-Intensive and Trade-Exposed businesses, the state could offer temporary free allowances to new businesses, in an effort to retain the ability to attract employers to our state.

4. **Appropriate funds effectively.**

Implementing the CLCPA will add monumental costs onto our state economy. An effective NYCI program would acknowledge that fact by dedicating as much auction revenue as possible toward relieving those costs.

Currently, 66% of auction revenue will be allocated to "support the transition to a less carbon-intensive economy." These allocations should be technology neutral and should include initiatives to decarbonize the natural gas system, mitigating the enormous costs associated with electric system build-out that will be borne by consumers and businesses. Only 30% of auction revenues will be directly dedicated to mitigating consumer costs. As statewide emissions become subject to a declining cap, New York will already be successful in becoming a less-carbon intensive economy without investing in mitigation projects.

NYCI revenue would be better spent if additional amounts were allocated to cost relief for consumers and businesses. The biggest threat to a successful NYCI program is runaway costs that jeopardize our state economy.

Possible consumer relief investments include:

- Cash assistance for consumer and business energy bills, which will rise.
- Cash assistance or tax credits for emission-reducing building upgrades such as energy efficiency, hybrid heating systems, geothermal heat pumps, or electric vehicle chargers, especially when mandated by state regulation.

5. **Apply Mandatory Reporting rule narrowly.**

Although the state will rightfully require only large-scale emitters to obtain emissions allowances, the potential of a reporting mandate for smaller "non-obligated" sources is concerning. The vast majority of small businesses lack the staff, budget, and technology needed to accurately track and report their emissions. The rule should be tailored so that a major administrative burden is not placed on smaller businesses that have low emissions, such as restaurants, marketing firms, or mechanics.

Thank you, again, for your efforts to engage all stakeholders in creating this policy. The BNP hopes you will heed these recommendations, and looks forward to reviewing your first proposed rule.

Sincerely,

Dottie Gallagher
President and CEO
Buffalo Niagara Partnership