

# **NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **APPLICATION FOR FINANCIAL ASSISTANCE**

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(Applicant Name)

6311 Inducon Corporate Drive, Suite On  
Sanborn, New York 1413  
Phone: 716-278-8760 Fax: 716-278-876  
<http://niagaracountybusiness.com>

Updated March 201

- I. Each applicant seeking financial assistance through the Niagara County Industrial Development Agency must complete and return the accompanying Application and Environmental Assessment forms. This information is necessary to determine project and/or applicant eligibility.
- II. Subject to the applicable statute, information provided by applicant will be treated as confidential until such time as the Agency takes action on the request. However, in accordance with Article 6 of the Public Officers Law, all records in possession of the Agency are open to public inspection and copy.
- III. The Niagara County Industrial Development Agency has a one thousand dollar (\$1000.00) non-refundable application fee that must accompany the application submission.
- IV. At the time of the project closing, project applicant is required to pay certain costs associated with the project. The applicant shall be responsible for the payment of an Agency fee in the amount of one percent (1.00%) of the total value of the project, together with Agency counsel fees as set forth in the Agency fee policy schedule, together with various related costs, including but not limited to public hearing expenses. Upon request, a fee summary will be provided to each applicant.
- V. One (1) original signed copy of the Application and Environmental Assessment form should be submitted with the Application for Assistance.

*The Niagara County Industrial Development Agency does not discriminate on the basis of race, color, religion, sex, sexual orientation, marital status, age, national origin, disability or status as a disabled or Vietnam Veteran or any other characteristic*

6311 Inducon Corporate Drive ■ Sanborn, NY 14132-9099 ■ 716-278-8760  
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# NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## APPLICATION FOR FINANCIAL ASSISTANCE

### I. APPLICANT INFORMATION

Company Name: Hotel Niagara Development, LLC

Mailing Address: c/o Brine Wells Development LLC, 250 South Townsend Street,  
Syracuse, New York 13202

Phone No.: 315.424.6091

Fax No.: \_\_\_\_\_

Fed Id. No.: 82-2465196

Contact Person: Alfred R. Gough, Chief Financial Officer

Principal Owners/Officers/Directors (list owners with 15% or more in equity holdings with percentage ownership):

Edward M. Riley      100%

Corporate Structure (*attach schematic if applicant is a subsidiary or otherwise affiliated with another entity*)

Form of Entity

**Corporation**

Date of Incorporation: \_\_\_\_\_  
State of Incorporation: \_\_\_\_\_

**Partnership**

General \_\_\_\_\_ or Limited \_\_\_\_\_  
Number of general partners \_\_\_\_\_  
If applicable, number of limited partners \_\_\_\_\_  
  
Date of formation \_\_\_\_\_  
Jurisdiction of Formation \_\_\_\_\_

**Limited Liability Company/Partnership** (number of members one (1))

Date of organization: August 11, 2017  
State of Organization: New York

**Sole Proprietorship**

If a foreign organization, is the applicant authorized to do business in the State of New York? \_\_\_\_\_

If any of the above persons, or a group of them, owns more than a 50% interest in the company, list all other organizations which are related to the company by virtue of such persons having more than a 50% interest in such organizations.

MDS Group Holding company, LLC; Syracuse Community Hotel Inc.; Hotel Syracuse Restoration; and Brine Wells Development

Is the company related to any other organization by reason of more than 50% common ownership? If so, indicate name of related organization and relationship.

No \_\_\_\_\_

Has the company (or any related corporation or person) made a public offering or private placement of its stock within the last year? If so, please provide offering statement used.

No \_\_\_\_\_

**APPLICANT'S COUNSEL**

Name: Kevin R. McAuliffe, Esq., Barclay Damon, LLP

Address: Barclay Damon Tower, 125 East Jefferson Street, Syracuse, New York 13202

Phone No.: 315.425.2875

Fax No.: \_\_\_\_\_

**II. PROJECT INFORMATION**

A) Project Address: 201 Rainbow Boulevard, Niagara Falls, New York

Tax Map Number 159.09-1-13  
(Section/Block/Lot)

Located in City of City of Niagara Falls

Located in Town of \_\_\_\_\_

Located in Village of \_\_\_\_\_

School District of Niagara Falls

B) Are utilities on site?

Water Yes

Electric Yes

Gas Yes

Sanitary/Storm Sewer Yes

C) Present legal owner of the site USA Niagara Development Corporation, a subsidiary of New York Urban Development Corporation, d/b/a Empire State Development

If other than from applicant, by what means will the site be acquired for this project? Applicant will acquire the site by conveyance of fee title or other mutually agreed to property disposition with timing to be determined.

D) Zoning of Project Site: Current: D1-A Proposed: D1-A



<u>NYS CAP Grant</u>	<u>\$1,600,000.00</u>
<u>NG Grant</u>	<u>\$ 500,000.00</u>
<u>Historic Tax Credits</u>	<u>\$8,100,000.00</u>

Total Sources of Funds for Project Costs: \$34,075,020.00

J) Inter-Municipal Move Determination

Will the project result in the removal of a plant or facility of the applicant from one area of the State of New York to another?

Yes or  No

Will the project result in the removal of a plant or facility of another proposed occupant of the project from one area of the State of New York to another area of the State of New York?

Yes or  No

Will the project result in the abandonment of one or more plants or facilities located in the State of New York?

Yes or  No

If Yes to any of the questions above, 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:

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Project Data

1. Project site (land)

(a) Indicate approximate size (in acres or square feet) of project site.

0.53 acre

(b) Are there buildings now on the project site?  Yes  No

(c) Indicate the present use of the project site.

Hotel

(d) Indicate relationship to present user of project.

Arms' length

2. Does the project involve acquisition of an existing building or buildings? If yes, indicate number, size and approximate age of buildings:

Yes, the acquisition and redevelopment of the approximately 93-year old Hotel Niagara

3. Does the project consist of the construction of a new building or buildings? If yes, indicate number and size of new buildings:

No

4. Does the project consist of additions and/or renovations to existing buildings? If yes, indicate nature of expansion and/or renovation:

See attached for detailed project description

5. What will the building or buildings to be acquired, constructed or expanded be used for by the company? (Include description of products to be manufactured, assembled or processed, and services to be rendered. . .

See attached for detailed project description

. . . including the percentage of building(s) to be used for office space and an estimate of the percentage of the functions to be performed at such office not related to the day-to-day operations of the facilities being financed.)

See attached for detailed project description

6. If any space in the project is to be leased to third parties, indicate total square footage of the project amount to be leased to each tenant and proposed use by each tenant.

See attached for detailed project description

7. List principal items or categories of equipment to be acquired as part of the project.

Fixtures, furniture, and equipment

8. Has construction work on this project begun? No

Complete the following

(a) site clearance	_____ Yes	_____ No	_____ % complete
(b) foundation	_____ Yes	_____ No	_____ % complete
(c) footings	_____ Yes	_____ No	_____ % complete
(d) steel	_____ Yes	_____ No	_____ % complete
(e) masonry work	_____ Yes	_____ No	_____ % complete
(f) other (describe below)	_____ Yes	_____ No	_____ % complete

*[Remainder of this Page Intentionally Left Blank]*



III. FINANCIAL ASSISTANCE REQUESTED

A) Benefits Requested:

xx Sales Tax Exemption     IRB    xx MRT Exemption    xx Real Property Agreement

B.) Value of Incentives:

IDA PILOT Benefit: 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 as depicted under the heading "Real Property Tax Benefit (Detailed)" of the Application.

Estimated duration of Property Tax exemption: Twenty-Four (24)-months' of redevelopment; fourteen (14)-years' of exemption schedule from Certificate of Occupancy date

Sales and Use Tax:

Estimated value of Sales Tax exemption for facility construction: \$1,105,315.00

Estimated Sales Tax exemption for fixtures and equipment: \$432,000.00

Estimated duration of Sales Tax exemption: Twenty-Four (24)-months'

Mortgage Recording Tax Exemption Benefit:

Estimated value of Mortgage Recording Tax exemption: \$155,833.34

IRB Benefit:

IRB inducement amount, if requested: \$ \_\_\_\_\_

Is a purchaser for the Bonds in place?

Yes or  No

Percentage of Project Costs financed from Public Sector sources:

Agency staff will calculate the percentage of Project Costs financed from Public Sector sources based upon Sources of Funds for Project Costs as depicted above under the heading "Estimated Project Costs" (Section II(I)) of the Application.

C.) Likelihood of Undertaking Project without Receiving Financial Assistance

Please 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 **The Project will not proceed without the Financial Assistance provided by the Agency.**

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:

IV. **EMPLOYMENT PLAN**

	Current # of jobs at proposed project location or to be relocated to project location	IF FINANCIAL ASSISTANCE IS GRANTED – project the number of FTE and PTE jobs to be RETAINED	IF FINANCIAL ASSISTANCE IS GRANTED – project the number of FTE and PTE jobs to be CREATED upon THREE Years after Project completion	Estimate number of residents of the Labor Market Area in which the Project is located that will fill the FTE and PTE jobs to be created upon THREE Years after Project Completion **
Full time (FTE)	0	0	67	Applicant will use commercially reasonable efforts to fill all positions with residents of the Local Labor Marker Area
Part Time (PTE)	0	0	30-full time and 75-part time positions	Applicant will use commercially reasonable efforts to fill all positions with residents of the Local Labor Marker Area
Total Payroll	0	0	67-FTEs	Applicant will use commercially reasonable efforts to fill all positions with residents of the Local Labor Marker Area

\*\* For purposes of this question, please estimate the number of FTE and PTE jobs that will be filled, as indicated in the third column, by residents of the Local Labor Marker Area, in the fourth column. The Local Labor Marker Area includes Niagara County, Erie County, Chautauqua County, Cattaraugus County, Allegany County, Wyoming County, Genesee County, and Orleans County.

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

Category of Jobs to be Retained and Created	Number of Jobs Per Category	Average Salary or Range of Salary	Average Fringe Benefits or Range of Fringe Benefits
Management	10	\$45k - \$100k	35%
Professional	5	\$40k - \$75k	35%
Administrative	10	\$26k - \$32k	35%
Production	80	\$26k - \$40k	35%
Independent Contractor	N/A		
Other	N/A		

III. REPRESENTATIONS BY THE APPLICANT

The Applicant understands and agrees with the Agency as follows:

- A. Job Listings In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the proposed 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 proposed project must 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 Entitle") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JPTA") in which the project is located.
- B. First Consideration for Employment In accordance with Section 858-b(2) of the General Municipal Law, the applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant must first consider persons eligible to participate in JTPA programs who shall be referred by the JPTA Entities for new employment opportunities created as a result of the proposed project.
- C. A liability and contract liability policy for a minimum of three million dollars will be furnished by the Applicant insuring the Agency.
- D. Annual Sales Tax Fillings In accordance with Section 874(8) of the General Municipal Law, the Applicant understands and agrees that, if the proposed 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.
- E. Annual Employment Reports The applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site.

- F. Compliance with N.Y. GML Sec. 862(1): 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.


- G. Compliance with Applicable Laws: 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.
- H. False and Misleading Information: 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.
- I. Recapture: Should the Applicant not expend or hire as presented, the Agency may view such information/status as failing to meet the established standards of economic performance. In such events, some or all of the benefits taken by the Applicant will be subject to recapture.
- J. Absence of Conflicts of Interest The applicant has received from the Agency a list of the members, officers, and employees of the Agency. No member, officers or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as herein described.

The Applicant and the individual executing this Application on behalf of applicant acknowledge that the Agency and its counsel will rely on the representations 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.

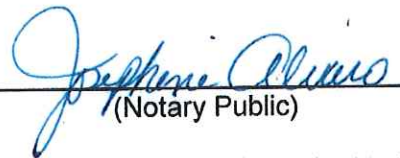
STATE OF NEW YORK )  
COUNTY OF ONONDAGA ) ss.:

ALFRED R. GOUGH, being first duly sworn, deposes and says:

1. That I am authorized signatory of Hotel Niagara Development, 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.

  
(Signature of Officer)

Subscribed and affirmed to me under penalties of perjury  
this 1<sup>st</sup> day of June 2018.

  
(Notary Public)



This Application should be submitted to the Niagara County Industrial Development Agency,  
6311 Inducon Corporate Drive, Suite One, Sanborn, New York 14132.

Attach copies of preliminary plans or sketches of proposed construction or rehabilitation or both.

Attach the following Financial Information of the Company

1. Financial statements for last two fiscal years (unless included in company's Annual Reports).
2. Company's annual reports (or Form 10-K's) for the two most recent fiscal years.
3. Quarterly reports (Form 10Q's) and current reports (Form 8-K's) since the most recent Annual Report, if any.
4. In addition, please attach the financial information described above in items 1, 2 and 3 of any expected Guarantor of the proposed bond issue, if different from the company.

**HOLD HARMLESS AGREEMENT**

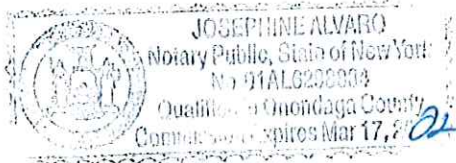
Applicant hereby releases the NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY and the members, officers, servants, agents and employees thereof (the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate 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 Agency or the Applicant are unable to reach final agreement with respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in processing of the Application, including attorneys' fees, if any.

HOTEL NIAGARA DEVELOPMENT, LLC

By:   
Name: Alfred R. Gough  
Title: Authorized Signatory  
[stamp]

Sworn to before me this 1<sup>st</sup> day  
of June 2018

  
(Notary Public)



**Section V: Estimate of Real Property Tax Abatement Benefits\*\*\* and Percentage of Project Costs financed from Public Sector sources**

**\*\* Section V of this Application will be: (i) completed by IDA 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 – Hotel Niagara**

Dollar Value of New Construction and Renovation Costs	Estimated New Assessed Value of Property Subject to IDA*	County Tax Rate/1000	School Tax Rate/1000	City Tax Rate/1000
27,632,832	5,000,000	9.234148	19.389575	36.060027

\*Apply equalization rate to value

PILOT Year	% Payment	County PILOT Amount	School PILOT Amount	City PILOT Amount	Total PILOT	Full Tax Payment w/o PILOT	Net Exemption
1	0	13,851	29,084	54,090	97,025	420,441	323,416
2	0	13,851	29,084	54,090	97,025	420,441	323,416
3	0	13,851	29,084	54,090	97,025	420,441	323,416
4	0	13,851	29,084	54,090	97,025	420,441	323,416
5	0	13,851	29,084	54,090	97,025	420,441	323,416
6	0	13,851	29,084	54,090	97,025	420,441	323,416
7	0	13,851	29,084	54,090	97,025	420,441	323,416
8	0	13,851	29,084	54,090	97,025	420,441	323,416
9	0	13,851	29,084	54,090	97,025	420,441	323,416
10	0	13,851	29,084	54,090	97,025	420,441	323,416
11	20	23,085	48,474	90,150	161,708	420,441	258,733
12	40	32,319	67,863	126,209	226,392	420,441	194,049
13	60	41,553	87,253	162,269	291,075	420,441	129,366
14	80	50,788	106,642	198,329	355,759	420,441	64,682
15	100	60,022	126,032	234,389	420,442	420,441	-1
TOTAL		346,279	727,105	1,352,243	2,425,627	6,306,615	3,880,988

**\*\*\* Estimates provided are based on current property tax rates and assessment value (current as of date of application submission) and have been calculated by IDA staff**

**Cost Benefit Analysis:**

**To be completed/calculated by AGENCY**

	<u>Costs =</u> <u>Financial Assistance</u>	<u>Benefits =</u> <u>Economic Development</u>
*Estimated Sales Tax Exemption	\$ <u>1,105,747</u>	New Jobs Created Permanent <u>67</u> Temporary _____ Existing Jobs Retained Permanent <u>0</u> Temporary _____
Estimated Mortgage Tax Exemption	\$ _____	Expected Yearly Payroll \$4,089,150
Estimated Property Tax Abatement	\$ <u>3,881,000</u>	Expected Gross Receipts \$ _____
		Additional Revenues to School Districts <u>\$727,105</u> _____ _____
		Additional Revenues to Municipalities <u>\$346,279</u> <u>\$1,352,243</u> _____ _____
		Other Benefits _____
Estimated Interest Savings IRB Issue	\$ <u>N/A</u>	Private Funds invested \$1,579,242
		Likelihood of accomplishing proposed project within three (3) years  <input checked="" type="checkbox"/> Likely or <input type="checkbox"/> Unlikely

\* Estimated Value of Goods and Services to be exempt from sales and use tax as a result of the Agency's involvement in the Project. PLEASE NOTE: These amounts will be verified and there is a potential for a recapture of sales tax exemptions (see "Recapture" on page 11).

\$ 1,105,747 (to be used on the NYS ST-60)



Attachment to Hotel Niagara Development, LLC  
Niagara County Industrial Development Agency  
Application for Financial Assistance

USA Niagara Development Corporation, a subsidiary of New York State Urban Development corporation, d/b/a Empire State Development ("**ESD**"), the current owner of the Niagara Hotel, sought proposals for the redevelopment of the Hotel Niagara (the "**Hotel**") in Niagara Falls, New York. After considering all responses to the request for proposals, ESD selected the proposal by the Hotel Niagara Development, LLC ("**HND**") development team. The HND team is the same team responsible for the recently completed renovation of the historic Hotel Syracuse.

Because of the poor physical condition of the Hotel, HND will acquire the Hotel and its property for One Dollar (\$1.00). HND will redevelop the Hotel into an upscale, full-service hotel while maintaining its historic characteristics. When complete, the redeveloped Hotel (the "**Project**") will include:

- 160-guest rooms with new finishes and furnishings, including the latest technology
- Restoration of the lobby and related spaces to a quality level consistent with the original, historic design
- Restoration of the main ballroom to its original quality level and historic design
- Conversion of existing areas to a second ballroom, more contemporary in appearance
- A full-service restaurant serving three (3)-meals per day, focused on local foods and New York State wines
- A full-service lounge with a "speak-easy" theme, opening to the sidewalk immediately adjacent to the front of the Hotel
- Exterior sidewalk patio for seasonally appropriate outside dining
- Roof-top lounge, accessible when seasonally appropriate, affording views of the Niagara River and Canadian side of the Niagara River
- Private meeting and dining facilities
- Restoration of the Hotel's façade, including entrance elements and signage
- Guest service and amenities, including gift shop and exercise facilities
- Redevelopment back of house support and heart of house areas, including all mechanical, electrical, and plumbing systems

The Project has a minimum redevelopment budget of \$34,075,020.00, and from pre-construction through re-opening and continuing during operations, the Project will have a major economic impact on the City of Niagara Falls. In addition to the redevelopment costs and expenses, the Project will result in approximately 150-construction jobs and 67-full-time equivalent permanent jobs. HND and its operations team will hire and train local individuals to fill the permanent positions and anticipates the Project's economic impact during the first 10-years' of operations will be approximately \$62-million.

Proposed PILOT Schedule  
Hotel Niagara Development, LLC

Hotel Niagara Development, LLC proposes the following PILOT schedule, which mirrors the schedule granted the historic Hotel Syracuse project by the Syracuse Industrial Development Agency. The current assessed value of the Niagara Hotel is \$1,500,000.

HOTEL NIAGARA DEVELOPMENT, LLC		
Year	Assessment	Payment
Acquisition to Certificate of Occupancy (24-months')	\$1,500,000 x tax rate	
1	\$1,500,000 x tax rate*	-
2	\$1,500,000 x tax rate*	-
3	\$1,500,000 x tax rate*	-
4	\$1,500,000 x tax rate*	-
5	\$1,500,000 x tax rate*	-
6	\$1,500,000 x tax rate*	-
7	\$1,500,000 x tax rate*	-
8	\$1,500,000 x tax rate*	-
9	\$1,500,000 x tax rate*	-
10	\$1,500,000 x tax rate*	-
11	(((full assessment - \$1,500,000) x .20) + 1,500,000) x tax rate*	-
12	(((full assessment - \$1,500,000) x .40) + 1,500,000) x tax rate*	-
13	(((full assessment - \$1,500,000) x .60) + 1,500,000) x tax rate*	-
14	(((full assessment - \$1,500,000) x .80) + 1,500,000) x tax rate*	-

\* "tax rate" means the combined Niagara Falls City, Niagara County, Niagara Falls School District, and Niagara County Refuse real property tax rate then in effect for each year, or portion thereof, covered by the PILOT Agreement