

PROJECT SUMMARY
Somerset Operating Company, LLC
2018 PILOT Extension



Applicant:	Somerset Operating Company, LLC	
Project Location:	7725 Lake Road Town of Somerset	
Assistance:	Extension of PILOT agreement for two years Mortgage Recording Tax exemption	
Description:	<p>The Company was formed in 2012 as a result of the bankruptcy proceeding of the predecessor in interest. At that time, the Agency and the Company entered into a PILOT agreement which was amended and restated in 2016. The PILOT Agreement was necessary for the Company to operate the facility in an economical manner and retain employment within Niagara County.</p> <p>The PILOT agreement expires on December 31, 2018 and if the Company is forced to pay unknown, excessive taxes, it may be forced to reduce current employment levels or, worse, cease its operations. The Company reached an agreement with the three taxing jurisdictions wherein the Company would pay a total payment of \$3,000,000 each year for 2 years (2019 and 2020) to be divided among the three jurisdictions. This amount will include special district taxes.</p> <p>In 2016, the company obtained a loan in the amount of \$25,000,000 from MUFG Union Bank, N.A., which is secured by a Mortgage, Security Agreement, Assignment of Leases and Rents, and Fixture Filing dated September 1, 2016 (the "Mortgage"). Due to the Agency's leasehold interest in the Property, the Agency authorized the Executive Director to sign the Mortgage. The company is currently in discussions with the lender to increase the loan amount, which will be secured by one or more revised mortgages on the Property, which will be required to be executed by the Company and Agency. The increased mortgage amount does not exceed what was previously authorized by the Agency, therefore no additional benefits are being sought as part of this request.</p>	
Project Costs:	N/A	
Employment:	Jobs retained:	78
	Total payroll:	\$7,800,000

REGIONAL ECONOMIC IMPACT ANALYSIS
Somerset Operating Company, LLC

Estimated State & Regional Benefits / Estimated Project Incentives Analysis		
Total State and Regional Benefits	\$ 10,902,862	
Total Project Incentives	82,500	
Benefit to Cost Ratio	51:1	
Projected Employment	State	Region
Total Employment	204	204
Direct*	78	78
Indirect**	37	37
Induced***	89	89
Temporary Construction (Direct and Indirect)	0	0

Estimated State and Regional Benefits	
Total State and Regional Benefits	\$ 10,902,862
Income Tax Revenue	\$ 5,236,785
Property Tax/PILOT Revenue	\$ 3,000,000
Sales Tax Revenue	\$ 2,666,077

Estimated Project Incentives	
Total Project Incentives	82,500
Property Tax	N/A
Sales Tax	N/A
Mortgage Recording Tax	82,500

** Direct - The recipient of IDA assistance adds new jobs to the regional economy and/or retains jobs at risk of being lost to another region. Investments that result in displacing existing jobs (e.g., most retail and many service sector industries) do not fall under this definition.

** Indirect - The recipient of IDA assistance makes purchases from regional firms, which stimulates suppliers to add jobs and payroll that are new to the regional economy or are saved from being lost to competitors outside the region.

*** Induced - The recipient of IDA assistance by adding to and/or retaining payroll stimulates household spending that is new to the regional economy and/or saved from being lost to competitors outside the region.

Utilizing informANALYTICS modeling software, an economic impact analysis was conducted to measure new investment and employment for the project. This software is a widely accepted and an industry standard for economic impact modeling measuring employment and salary impacts and facility output on the community for a given project.