

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY

Agenda – 491st Meeting

April 21, 2017-8:30 am

Agency Offices – 4287 Main Street, Amherst, NY 14226

1. Roll Call of Members
2. Reading and Approval of Minutes
3. Bills & Communications
 - I. Town of Amherst PILOT Examination Report
4. Treasurer's Report
5. Public Comment
-Speakers limited to three minutes
6. Executive Director's Report
7. Committee Reports
8. Unfinished Business
 - I. AIDA Policy Amendments
9. New Business
 - I. Authorization Resolution
– 2500 Kensington, LLC/Shatkin First Project
10. Adjournment

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY
Minutes of the 490th Meeting
March 17, 2017– 8:30 am
Agency Offices, 4287 Main Street

PRESENT: Michele F. Marconi
E. Marshall Wood, Jr.
Steven Sanders
Edward F. Stachura
Michael R. Szukala
William M. Tuyn
David S. Mingoia, Interim Executive Director
Kevin J. Zanner, Hurwitz & Fine PC
Diane K. Church, Hurwitz & Fine PC

ABSENT: Carlton N. Brock, Jr.

GUESTS: AIDA Staff
Stephen Watson, Buffalo News
Justin Reid, Bonadio & Co., LLP
Edward McKee, Amherst resident
Jim Fink, Business First
Larry Rubin, Esq., Kavinoky & Cook

Vice Chairperson Michele Marconi called the meeting to order and reminded everyone that the meeting was being audio recorded.

Mrs. Marconi requested a motion to change the order of the Agenda to begin with Unfinished Business. The request was made to accommodate board member Mr. Wood's early departure from the meeting.

Mr. Szukala made the motion to change the order of the Agency agenda to begin with Unfinished Business. Mr. Wood seconded the motion. Votes of aye were made by Marconi, Sanders, Wood, Stachura, Szukala, Tuyn. Motion to approve passed 6-0.

UNFINISHED BUSINESS

Board Member Wood cited Article II of the draft Governance Committee Charter. He expressed concern that the Charter allows for the Committee to secure legal or financial counsel. Mr. Wood felt that it would be best that only the Board of Directors be allowed this capability. He suggested that the Charter be amended to reflect that.

Mr. Wood then requested the AIDA by-laws be amended to state that no Executive Committee member should be able to serve on a sub-committee.

A discussion took place regarding Mr. Wood's two concerns. It was determined that the by-laws be reviewed and compared with the draft amendments of the Audit and Governance committee charters.

Mr. Sanders made a motion to amend the AIDA by-laws to require only one member of the Executive Committee to sit on a sub-committee of the Agency and to give the Chairman of the AIDA the ability to appoint his/her substitute when necessary. Mr. Wood seconded the motion. Votes of aye were made by Marconi, Sanders, Wood and Stachura. Votes of no were cast by Szukala and Tuyn. Motion passed 4-2.

Mortgage Recording Tax Exemption (MTRE) Policy – The board discussed a draft revised Agency policy and board resolution for Agency inducements on all future projects. It allows for MRTE at inducement, but limits the amount of exemption to the original approved amount and must be used within two (2) years of project inducement date.

There was a brief discussion on the proposed policy.

Mr. Sanders made a motion to approve the draft Mortgage Recording Tax Exemption Policy. Mr. Stachura seconded the motion. Vote of aye were made by Marconi, Sanders, Wood, Stachura, Szukala and Tuyn. Motion to approve passed 6-0.

2016 Mission Statement and Measurement Report – Annually, Public Authorities are required to review and approve its mission statement and performance and report these items to the Authority Budget Office (ABO). The 2016 AIDA and ADC reports reflect Board of Directors approved evaluation goals and lists projects and activities undertaken by both authorities in 2016.

After a brief discussion noting that next year's report would include other metrics, Mr. Sanders made a motion to approve and accept the 2016 Mission Statement and Measurement report. Mr. Stachura seconded the motion. Votes of aye were made by Marconi, Sanders, Wood, Stachura, Szukala and Tuyn. Motion passed 6-0.

9:02 am – Mr. Wood left the meeting.

MINUTES

The minutes of February 2017 meeting were approved as presented.

BILLS & COMMUNICATIONS

There were no Bills & Communications presented at this meeting.

TREASURER'S REPORT

The February 2017 Treasurer's Report was approved as presented.

PUBLIC COMMENT

There was no Public Comment at this meeting.

EXECUTIVE DIRECTOR REPORT

Attached to these minutes is the March Executive Director's Report.

Following his report, Executive Director Mingoia, then brought a letter from AIDA legal counsel, Hurwitz & Fine to the board's attention. The letter requested the Agency authorize and execute a Conflict of Interest Waiver for the Shatkin F.I.R.S.T., 2500 Kensington, LLC project. The letter indicated that a member of the Hurwitz & Fine firm has occasion to represent the interests of the members of Shatkin F.I.R.S.T and 2500 Kensington, LLC.

After a discussion, the board agreed that there was no conflict and that the waiver could be executed. Mr. Szukala made a motion to approve the execution of the Conflict of Interest Waiver pertaining to the Shatkin F.I.R.S.T, 2500 Kensington, LLC project and to authorize the Executive Director to execute it. Edward Stachura seconded the motion. Votes of way were made by Marconi, Sanders, Stachura, Szukala and Tuyn. Motion passed 5-0.

COMMITTEE REPORTS

Finance & Audit Committee – the committee met on 2/7 to review the Draft Audits for the AIDA and ADC, and the Management Letter.

Justin Reid, Partner, Bonadio & Co., LLP, presented an overview of the results of their audit and noted that the Agency is in a strong financial position with a healthy balance sheet. Two items were noted in the Management Letter, neither of which constitute a significant deficiency nor material weakness, but rather suggested changes to strengthen internal controls. Staff met with the Treasurer in January and were already implementing suggested changes.

Mr. Stachura made a motion to accept the Town of Amherst Industrial Development Agency 2016 Audited Financial Statements. Mr. Szukala seconded the motion. Votes of aye were cast by Marconi, Sanders, Stachura, Szukala and Tuyn. Motion passed 5-0.

NEW BUSINESS

There was no New Business presented at this meeting.

9:28 am – meeting adjourned.



TOWN OF AMHERST

COMPTROLLER'S OFFICE

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EXAMINATION REPORT *Town of Amherst Industrial Development Agency* *Payment In Lieu of Taxes*

04/03/2017

Background:

On February 4th, 2008, the Town Board adopted Resolution 2008-193, "Full Accounting of Amherst IDA PILOT Program Payments".

The Town of Amherst Industrial Development Agency (AIDA) is a full service economic development organization formed under Article 18-A of New York State's Municipal Law. The AIDA enters into contractual arrangements with client companies that have outstanding industrial development revenue bonds. The client companies make payments to the AIDA in lieu of taxes. Special District taxes are billed separately by the Town Clerk. The AIDA then collects and remits these payments to the various taxing jurisdictions.

PILOT payments for properties located in the Town of Amherst include the tax rates from the General Fund, Central Alarm, and Highway Fund. For properties located within the Village of Williamsville, the tax rates include the General Fund (Village's Share) and Central Alarm.

Scope:

The scope of our exam was to review that the Town of Amherst is receiving in full the PILOTS that are due, the accuracy of such payment calculations, including contractual agreements, and that such PILOT's assessed value agrees with the Town Assessor's records. We reviewed the 2017 AIDA PILOT payments.

The Office of the Town Comptroller in the scope of the work performed did not audit and does not express an opinion on the assessed values of properties in the Town of Amherst.

The Office of the Town Comptroller in the scope of the work performed does not express an opinion on the contractual agreements entered into with client companies and the AIDA.

Steps and Procedures Performed:

1. We read the 2016 Audited Financial Statements of the AIDA.
2. Obtain the PILOT listing for the current year from the AIDA.
3. Obtain the RPS Assessor Data Base listing of exemption code 18020 from the Assessor's Department.
4. We selected a sample of PILOT properties for 2017 and performed the following:
 - a. Re-calculated the PILOT and compared the results with the AIDA calculations.
 - b. Compared the assessed value used by the AIDA to the Assessors RPS listing.
 - c. Traced the PILOTS payments to the cash receipts received by the Town of Amherst.
 - d. Reviewed the contracts/property file of AIDA properties in our sample and compared the tax abatement percentage used in the calculation of taxes to the contract/property file.
5. Compared the PILOT listing from the AIDA with the Assessor's RPS listing for completeness.
6. Reviewed and reconciled all cash receipts with the AIDA listing.

Findings:

There were no reportable findings for 2017.

98.99% or \$841,445.30 of the \$850,000.15 total PILOTS due were collected by the February 15th due date. The balance of \$8,554.85 was collected past the due date with interest. (97.73% or \$953,693.74 of the \$975,841.69 for 2016).

Conclusion:

It appears that Amherst Industrial Development Agency is calculating the PILOTS correctly based on the contractual requirements and assessed values of record with the Town of Amherst, and are remitting the proper amounts to the Comptroller's Department, except as noted above.

Recommendation:

The Office of the Town Comptroller, on an annual basis, will perform the steps and procedures (as per above) of all new PILOTS added in the current year and a random sample of ten (10) existing PILOTS.

Other:

The workpapers of this examination are open for review in the Office of the Town Comptroller.

AGENDA SUMMARY
April 21, 2017

3. BILLS & COMMUNICATIONS

The Agency received the Annual Examination Report from the Town of Amherst Comptroller's Office. The Report states that AIDA 2017 PILOTs have been calculated correctly based on the contractual requirements and assessed value of record with the Town of Amherst and are remitting the proper amounts to the Comptroller's Department.

8. UNFINISHED BUSINESS

AIDA POLICY AMENDMENTS – Revised Agency policies are available for review on our website: <http://www.amherstida.com/proposed-charter-and-policy-revised-documents>

We are recommending approval of only the Policies. The Executive Committee requested that staff review the By-laws, and the Governance and Finance and Audit Committee Charters and recommend any further revisions.

**PROJECT PROFILE:
SHATKIN FIRST**

\$5,512,633

April 20, 2017



ELIGIBILITY

- NAICS Code—339116 (Dental Laboratories)

COMPANY INCENTIVES (EST.)

- Sales Tax = \$410,477
- Mortgage Tax = \$50,000
- Property Tax = \$532,125

PROJECT BENEFITS (EST.)

- PILOT Revenue = \$148,566
- Income Taxes \$947,074
- Sales Taxes = \$605,353

EMPLOYMENT

- 18 Full-Time and 8 Part-Time Jobs Retained
- 5 New Full Time and 2 New Part-Time Jobs 2-Years After Project Completion
- Salary of Positions Range from \$30—\$60,000 Annually Plus Benefits

PROJECT SCHEDULE

- May 1, 2017 Construction Begins
- March 2018 Project Expected To Be Complete

Project Address:

2495 & 2500 Kensington Avenue
Amherst, New York 14226
(Amherst Central School District)

Investment:

New Construction: \$3,691,164
Equipment: \$1,600,000
Soft Costs: \$221,469

Company Description:

2500 Kensington LLC is a real estate holding company which owns 2500 Kensington Avenue, the proposed project site. Shatkin First LLC, an affiliate of 2500 Kensington, is full service dental implant company which manufactures and distributes surgical stents, dental implants and related products and mini dental implant restorations, crowns, dentures, bridges and provides consultations and professional development training for dental health professionals. 95% of the company’s products are shipped to customers outside of New York State.

Project Description:

The Applicant is seeking Agency assistance to construct an approximately 15,000 square foot addition to an existing facility located at 2500 Kensington Avenue. This addition will be used to train medical professionals from around the world on Shatkin First’s products plus additional space for office and management functions. In addition, Shatkin First is planning to increase its research and development, advanced manufacturing and product distribution facilities at 2495 Kensington over the next three years.

Shatkin First's business focuses on developing, manufacturing and selling its proprietary dental technology. The assistance provided by the Agency is critical to making this significant investment feasible. Assistance from the Agency will allow Shatkin First to expand its professional development facility, maintain its competitive position through the purchase of state of the art manufacturing equipment, retain/create jobs, including jobs for highly skilled dental professionals, administrative support jobs, and sales/distribution positions, and grow its commitment to innovation in the dental science field. It is estimated that the expanded training space will generate over \$440,000 in new annual direct spending from out of town attendees in addition to project benefits from new property, income and sales tax revenues.



PROJECT PROFILE:

SHATKIN FIRST

\$5,512,633

AIDA COMPANY HISTORY:

None

MATERIAL TERMS:

1. Achievement of 27 total full-time equivalent jobs at the project location two years after project completion, and retention of such jobs for the duration of the PILOT.
2. Investment of not less than \$4,685,738 at the project location as noted in the application.
3. Compliance with the Agency's Local Labor Policy in connection with the construction of the Project



Board Report

Table 1: Basic Information

Project Name	Shatkin First
Project Applicant	Shatkin First
Project Description	Construction of a 15,000 SF addition to an existing building, renovations to existing space and the purchase of new equipment.
Project Industry	Miscellaneous Manufacturing
Municipality	Amherst Town
School District	Amherst
Type of Transaction	Lease
Project Cost	\$5,512,164
Mortgage Amount	\$4,000,000
Direct Employment Expected to Result from Project (Annual FTEs)	28 (6 created and 22 retained)

Figure 1: Estimated State & Regional Benefits / Estimated Project Incentives (Discounted Present Value*)

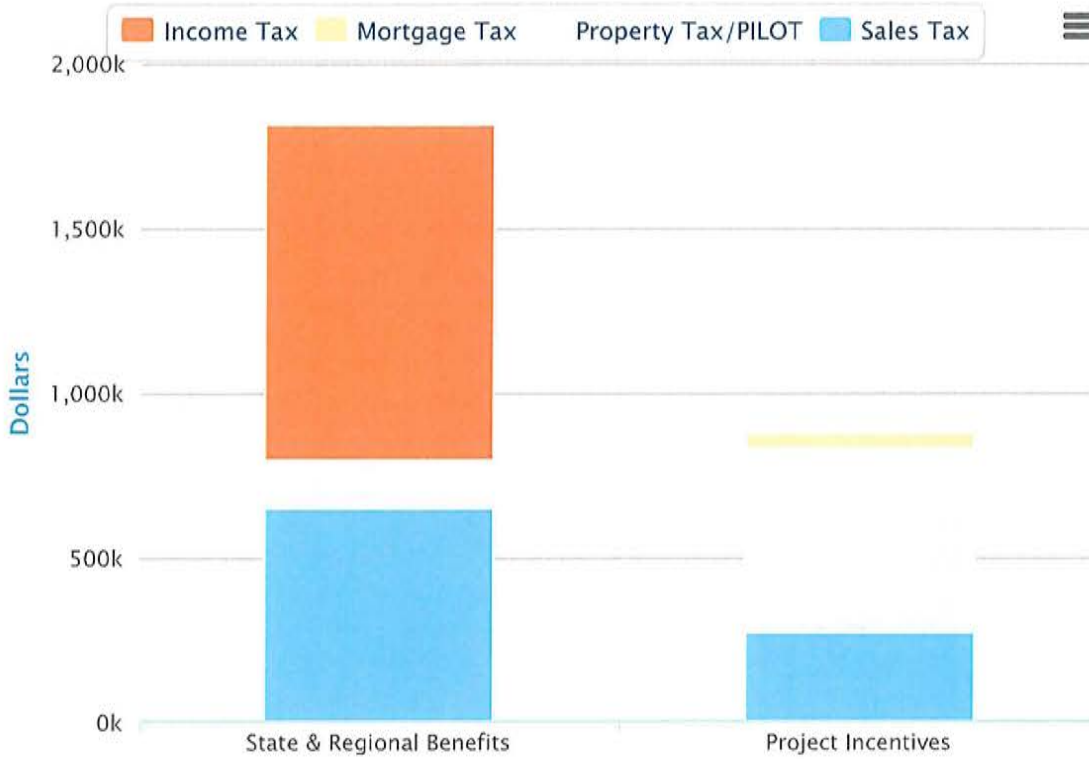


Table 2: Estimated State & Regional Benefits / Estimated Project Incentives Analysis (Discounted Present Value*)

Total State and Regional Benefits	\$1,811,370	
Total Project Incentives	\$871,891	
Projected Employment	State	Region
Total Employment	98	98
Direct**	28 (6 created and 22 retained)	28 (6 created and 22 retained)
Indirect***	12	12
Induced****	21	21
Temporary Construction (Direct and Indirect)	37	37

Table 3: Estimated State & Regional Benefits (Discounted Present Value*)

Total State and Regional Benefits	\$1,811,370
Income Tax Revenue	\$1,014,487
Property Tax/PILOT Revenue	\$148,566
Sales Tax Revenue	\$648,317

Table 4: Estimated Project Incentives (Discounted Present Value*)

Total Project Incentives	\$871,891
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Mortgage Tax	\$40,000
Property Tax	\$562,701
Sales Tax	\$269,191

* Figures over 7 years and discounted by 3.49%

** 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.

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RESOLUTION OF THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZING THE CONSTRUCTION AND EQUIPPING OF AN APPROXIMATELY 15,000 SQUARE FOOT BUILDING ADDITION AND BUILDING RENOVATIONS TO BE LOCATED AT 2500 KENSINGTON AVENUE, AMHERST, NEW YORK FOR SALE OR LEASE TO THE AGENCY AND SUBSEQUENT LEASE OR RECONVEYANCE PURSUANT TO AN INSTALLMENT SALE CONTRACT TO 2500 KENSINGTON LLC FOR SUBLEASE TO SHATKIN F.I.R.S.T., LLC, AND THE ACQUISITION AND INSTALLATION OF MACHINERY AND EQUIPMENT TO BE LOCATED AT 2495 KENSINGTON AVENUE, AMHERST, NEW YORK FOR USE BY SHATKIN F.I.R.S.T.,LLC, AND THE EXECUTION OF A MORTGAGE AGREEMENT, LEASE AGREEMENT AND/OR INSTALLMENT SALE CONTRACT AND PILOT AGREEMENT AND THE TAKING OF OTHER ACTIONS.

WHEREAS, the Town of Amherst Industrial Development Agency (the "Agency"), is authorized under the laws of the State of New York, and in particular the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Section 914-a of the General Municipal Law, as amended (collectively, the "Act"), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, Shatkin F.I.R.S.T., LLC, for itself or for related individuals or entities (the "Company"), has entered into negotiations with officials of the Agency with respect to the construction and equipping by the Agency without the proceeds of a bond issue of an approximately 15,000 square foot building addition and building renovations to be used for research and development and back-office purposes, all to be located at 2500 Kensington Avenue, Amherst, New York (the "Premises") and to be conveyed pursuant to an Installment Sale Contract or leased to 2500 Kensington LLC (the "Lessee") for sublease to the Company, and the acquisition and installation of machinery and equipment to be used for research and development, manufacturing and distribution purposes, all to be located at 2495 Kensington Avenue, Amherst, New York and to be conveyed pursuant to an Installment Sale Contract or leased for use by the Lessee and/or the Company (with all of the foregoing being referred to collectively as the "Project"); and

WHEREAS, the Company has submitted an application and other materials and information (collectively, the "Application") to the Agency to initiate the accomplishment of the above; and

WHEREAS, the Application sets forth certain information with respect to the Company and the Project, including the following: that the Company desires Agency financing for the construction and equipping of an approximately 15,000 square foot building addition and building renovations to be constructed at the Company's present facility located at 2500 Kensington Avenue, Amherst, New York, to be used for back-office and research and development purposes, and the

acquisition and installation of machinery and equipment to be located at 2495 Kensington Avenue, Amherst, New York, to be used for research and development, manufacturing and distribution purposes, all at a cost of approximately \$5,513,000.00; that the Company anticipates that eighteen (18) full-time employees and eight (8) part-time employees will be retained and five (5) new full-time and two (2) part-time jobs will be created as a result of the Project at the end of two (2) years of operation thereof; that (i) there will be no substantial adverse disruption of existing employment of facilities of a similar nature in the Town of Amherst, (ii) the Project will retain present employment, provide substantial employment and substantial capital investment; (iii) that if Agency financing is disapproved, the Company would likely not proceed with the Project; and that, therefore, Agency financing is necessary to encourage the Company to proceed with the Project in the Town of Amherst; and

WHEREAS, after the giving of all required notices (including published notice), the Agency held a public hearing on the Project on March 17, 2017, and has considered all oral and written presentations made at or in connection with said public hearing; and

WHEREAS, based upon the Application, the Agency has determined that the Project includes facilities or property which will be used in making retail sales of services (as defined in Section 862(2) of the New York General Municipal Law) to customers who personally visit such facilities, but that the Agency is permitted to provide financial assistance with respect to the Project because the facilities used to provide these sales of services do not constitute more than one-third of the Project costs; and

WHEREAS, the Agency further finds, based on the Application, that the Project will serve the public purpose of Article 18-A of the General Municipal Law by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in New York State; and

WHEREAS, the Agency has reviewed the Application and a cost-benefit analysis with respect to the Project, including the extent to which the Project will create and retain permanent, private-sector jobs, the value of tax exemptions to be provided, the amount of private sector investment generated or likely to be generated by the Project, the likelihood of accomplishing the proposed Project in a timely fashion, the extent to which the proposed Project will provide additional sources of revenue for the municipalities and school district and other public benefits that might occur as a result of the Project; and

WHEREAS, the Agency desires to encourage the Company and the Lessee with respect to the consummation of the Project, if by doing so it is able to induce the Company to proceed with the Project in the Town of Amherst; and

WHEREAS, the Company has not yet determined whether it will provide the funds necessary to complete the Project by using its own funds or by obtaining a conventional loan from a third party, and if the Company will finance the Project with funding from a third party the Company has requested that the Agency execute any and all documents required by the parties, including any collateral mortgages on the Project given to secure a loan(s) obtained by the Company to finance the cost of the Project; and

WHEREAS, the Company has completed and submitted to the Agency Part 1 of an Environmental Assessment Form ("EAF") in accordance with the provisions of the State Environmental Quality Review Act and regulations adopted pursuant thereto (collectively, "SEQRA"); and

WHEREAS, the Agency has completed Part 2 of the EAF and has considered the proposed Project and reviewed the EAF and the criteria set forth in SEQRA in order to determine whether the Project will have a significant effect on the environment and wishes to make the findings required of an agency under SEQRA.

NOW, THEREFORE, THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY HEREBY RESOLVES AS FOLLOWS:

Section 1. The Agency hereby resolves that the proposed Project will not have a significant impact on the environment for the reasons more particularly set forth in the negative declaration prepared by the Agency and, in accordance with SEQRA, hereby adopts such negative declaration with regard to the Project.

Section 2. The Project is described in the recitals to this Resolution. The financial assistance to be provided in connection therewith include: an exemption from sales and use taxes for building materials and machinery, equipment, fixtures and furnishings purchased for incorporation into or use at the Project location having a total cost not to exceed \$5,000,000.00, an exemption from mortgage recording taxes for a mortgage having a principal amount not to exceed \$5,000,000.00 and an abatement from real property taxes in accordance with the Agency's standard 7-year payment in lieu of tax schedule (collectively, the "Financial Assistance"). In addition to any other covenants, obligations and agreements which may be contained in the Project Documents (as hereinafter defined), the provision by the Agency of the Financial Assistance is made subject to the agreement by the Company throughout the period during which the Company is receiving Financial Assistance from the Agency (the "Compliance Period") (as defined below) to comply with the following covenants and agreements, each of which shall constitute a "Material Factor":

(a) compliance with the Agency's Local Labor Policy in connection with the construction of the Project;

(b) Achievement within two (2) years of Project completion of twenty-seven (27) full-time equivalent jobs at the Project location and retention of such jobs throughout the Compliance Period; and

(c) investment of not less than 85% of the total Project cost of \$5,513,000.00 in the renovation and equipping of the Project prior to Project completion.

The "Compliance Period" shall mean the period during which the Company and/or Lessee is receiving Financial Assistance, including any assistance under the Payment in Lieu of Tax Agreement (as hereinafter defined).

Section 3. The Agency hereby determines that the Project and the financing thereof by the Agency pursuant to the New York State Industrial Development Agency Act will promote and is authorized by and will be in furtherance of the policy of the State as set forth in said Act.

Section 4. The Agency hereby authorizes the Company and the Lessee, as agents for the Agency, to proceed with the Project as herein authorized. The Agency is hereby authorized to acquire an interest in the Project site and the buildings thereon, if any, and to make renovations or additions thereto. The Lessee and the Company are authorized to proceed with the acquisition and construction of the Project as set forth in any Project Agreement, the Agency Lease Agreement or Installment Sale Contract (as hereinafter defined).

Section 5. The Chairman, Vice Chairman, Executive Director, Secretary, Treasurer, and any Assistant Secretary of the Agency, and other appropriate officials of the Agency and its agents and employees, are hereby authorized and directed to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution and to complete the Project in cooperation with the Company and the Lessee.

Section 6. The Company and Lessee are authorized, as agents of the Agency, to initiate the construction of a building or building addition constituting the Project, and the acquisition of machinery and equipment which will be a part thereof or will be used in connection therewith, and to advance such funds as may be necessary to accomplish such purposes. The designation of the Company and Lessee as agent hereunder is limited to purchases of sales-taxable tangible personal property and services in connection with the Project which do not exceed a total cost of \$5,000,000.00 and shall not apply to any other purchase by the Company or Lessee or any operating expenses of the Company or Lessee. The Company and Lessee shall report to the Agency, at such times as the Agency shall require, or as may otherwise be prescribed by the Commissioner of the New York State Department of Taxation and Finance (the "Commissioner"), the value of all sales and use tax exemptions claimed by the Company or Lessee or agents of the Company or Lessee or any operators of the Project, including, but not limited to, consultants or subcontractors of such agents or Project operators under the authority granted pursuant to this Resolution. A failure to report may result in the revocation of the designation of the Company and Lessee as agent and repayment of any sales and use tax exemptions claimed.

Section 7. The Agency is hereby authorized to enter into a Project Agreement with respect to the provision of the Financial Assistance authorized herein (the "Project Agreement") and to acquire an interest in the Project site and construct a facility thereon, and the execution and delivery of a lease by the Lessee to the Agency (the "Company Lease"), an Agency Lease Agreement (the "Agency Lease Agreement") or Installment Sale Contract (the "Installment Contract") between the Agency and the Lessee and/or the Company, a Payment in Lieu of Tax Agreement between the Agency and the Lessee (the "Payment in Lieu of Tax Agreement"), and such other documents as may be necessary to fulfill the intent of the parties to the transaction (collectively, the "Project Documents"), in form satisfactory to Agency counsel, are hereby authorized. The Payment in Lieu of Tax Agreement shall provide for payments in accordance with the Agency's standard 7-year payment in lieu of tax schedule. The Chairman, Vice Chairman, Executive Director, Secretary, Treasurer, or any Assistant Secretary are each authorized to execute such documents and to make or approve such amendments or modifications to the Project Agreement, Company Lease, the Agency Lease Agreement, Installment Sale Contract, the Payment in Lieu of Tax Agreement and such other documents executed and delivered in connection therewith as they deem necessary under the

circumstances provided, however, that such modifications do not materially alter the risk to the Agency.

Section 8. In the event the Company obtains one or more conventional loans to finance the cost of the Project or which will otherwise be secured by a lien on the Project, the Agency is hereby authorized to execute and deliver to the lender(s) one or more collateral mortgages on the Project given to secure such loans, and such other documents as may be necessary to fulfill the intent of the parties to the transaction in form satisfactory to Agency counsel provided that the aggregate amount of such mortgages shall not exceed \$5,000,000.00 and provided further that the mortgages authorized hereunder shall be eligible for an exemption from mortgage recording tax (in accordance with applicable law) only to the extent that such mortgages are executed and delivered within two (2) years of the date of this Resolution. The Chairman, Vice Chairman, Executive Director, Secretary, Treasurer, and any Assistant Secretary are each authorized to execute such collateral mortgages and to make or approve such amendment(s) or modifications to such collateral mortgages and other documents executed and delivered in connection therewith as they may deem necessary under the circumstances, provided, however, that such modifications do not materially alter the risk to the Agency.

Section 9. Any such action heretofore taken by the Company or Lessee initiating the acquisition, installation and construction of the Project is hereby ratified, confirmed and approved.

Section 10. Any expenses incurred by the Agency with respect to the Project and the financing thereof shall be paid by the Company and Lessee. By acceptance hereof, the Company and Lessee each agree to pay such expenses and further agrees to indemnify the Agency, its members, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency with respect to the Project and the financing thereof.

Section 11. In the event a lease is not executed between the Lessee and the Agency by the expiration date of this Resolution (as such date may be extended as provided herein) or the termination of this Resolution, the Company and Lessee shall then be required to pay all sales taxes which would have been levied in connection with the acquisition, construction and installation of all improvements of the real property and the machinery and equipment which constitute the Project, as if the Agency did not have an interest in the Project from the date the Company or Lessee commenced its acquisition, construction and installation. In addition, in the event, because of the involvement of the Agency, the Company or Lessee claims an exemption from state sales or use tax in connection with the Project, and such exemption is claimed with respect to property or services not authorized hereunder, or which exemption is in excess of the amounts authorized hereunder, or is otherwise not permitted under this Resolution, or if the Company or Lessee shall fail to comply with a material term or condition regarding the use of property or services acquired by the Company or Lessee as agent for the Agency as set forth in this Resolution or in any document authorized hereunder, then the Company and Lessee shall each be required to remit to the Agency an amount equal to the amount of state sales and use taxes for which such exemption was improperly claimed. A failure to remit such amounts may result in an assessment against the Company and Lessee by the Commissioner of state sales and use taxes, together with any relevant penalties and interest. In addition to the foregoing, in the event the Agency determines that Company and/or Lessee as

applicable is in violation of a Material Factor, or in the event that the Company closes the Project or relocates its operations to a location outside of the Town of Amherst within the time period during which the Company is receiving Financial Assistance from the Agency or in the event the Agency determines, in its judgment, that the Company and/or Lessee knowingly and intentionally submitted false or intentionally misleading information in its application to the Agency or in any report or certification submitted to the Agency for the purpose of obtaining or maintaining any Financial Assistance from the Agency (each referred to herein as a “Recapture Event”), the Agency may, in accordance with its policies and procedures then in effect, (i) revoke the designation of the Company and the Lessee and any agents of the Company and Lessee (including, but not limited to, consultants, sub-contractors or equipment lessors of the Company and Lessee) as agents for the Agency in connection with the Project and terminate the exemption from New York State and local sales and use taxes conferred with respect to the Project and/or (ii) require that the Lessee, commencing with the tax fiscal year next following such Recapture Event make payments in lieu of taxes on the Project with respect to all applicable taxing authorities in such amounts as would be payable as real estate taxes levied on the Project if the Agency did not have an interest in the Project or otherwise modify the amount or terms of any Financial Assistance being provided by the Agency in connection with the Project and/or (iii) require that the Company and Lessee pay to the Agency an amount equal to all or a portion (as determined by the Agency in its discretion) of the total value of (x) all sales tax exemptions claimed by the Company and Lessee and any agents of the Company and Lessee, including, but not limited to, consultants, sub-contractors, or any equipment lessors of the Company and Lessee under the authority granted under this Resolution and the Project Agreement, (y) any exemption from real estate taxes received by reason of the Agency’s leasehold interest in the Project and/or (z) any exemption from mortgage recording tax received by reason of the Agency’s involvement with the Project. If the Agency makes any of the foregoing determinations and requires a repayment of all or a portion of the Financial Assistance received by the Company and/or Lessee, the Company and Lessee shall (i) cooperate with the Agency in its efforts to recover or recapture any or all Financial Assistance obtained by the Company and Lessee and (ii) promptly pay over any or all such amounts to the Agency that the Agency demands in connection therewith. Upon receipt of such amounts, the Agency shall then redistribute such amounts to the appropriate affected tax jurisdiction(s) unless otherwise agreed to by any affected tax jurisdiction.

Section 12. The Agency has made and makes no representation or warranty whatsoever, either express or implied, with respect to the merchantability, condition, environmental status, fitness, design, operation or workmanship of any part of the Project, its fitness for any particular purpose, the quality or capacity of the materials in the Project, or the suitability of the Project for the Company's or Lessee’s purposes or needs. The Company and Lessee each are satisfied that the Project is suitable and fit for its purposes. The Agency shall not be liable in any manner whatsoever to anyone for any loss, damage or expense of any kind or nature caused, directly or indirectly, by the Project property or the use or maintenance thereof or the failure of operation thereof, or the repair, service or adjustment thereof, or by any delay or failure to provide any such maintenance, repairs, service or adjustment, or by any interruption of service or loss of use thereof or for any loss of business howsoever caused, and the Company and Lessee each hereby indemnifies and holds the Agency harmless from any such loss, damage or expense.

Section 13. Should the appropriate officers of the Agency determine, in their absolute discretion, that there is reason to believe that the activities of any past or present owner or operator of the Premises have resulted in the generation of any "hazardous substance" (as the term has been defined from time to time in any applicable federal or state law, rule or regulation), or that any party has stored, disposed or released any such substance on the Premises or within a one (1) mile radius thereof, the Agency shall be under no obligation to enter into a lease as contemplated by this Resolution.

Section 14. No covenant, stipulation, obligation or agreement herein contained or contained in the Project Agreement, Company Lease, the Mortgage Agreement, the Agency Lease Agreement, Installment Sale Contract, the PILOT Agreement or other documents, nor the breach thereof, shall constitute or give rise to or impose upon the Agency a pecuniary liability or a charge upon its general credit, nor shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Agency in his or her individual capacity.

Section 15. Should the Agency's participation in the Project be challenged by any party, in the courts or otherwise, the Company and Lessee shall defend, indemnify and hold harmless the Agency and its members, officers and employees from any and all losses arising from any such challenge including, but not limited to, the fees and disbursements of the Agency's counsel. Should any court of competent jurisdiction determine that the Agency is not authorized under Article 18-A of the General Municipal Law to participate in the Project, this Resolution shall automatically become null, void and of no further force and effect, and the Agency shall have no liability to the Company or Lessee hereunder or otherwise.

Section 16. This Resolution shall take effect immediately and shall continue in full force and effect for one (1) year from the date hereof and on or after such one (1) year anniversary, the Agency may, at its option (a) terminate the effectiveness of this Resolution (except with respect to the obligations of the Company and Lessee pursuant to Sections 10 and 11 of this Resolution which shall survive any expiration or termination) or (b) allow the Company and Lessee additional time in which to close the transactions contemplated by this Resolution based upon affirmative actions taken by the Company and Lessee to complete such transactions. Upon any allowance of additional time to close, the Agency may charge the Company an extension fee in accordance with the Agency's fee schedule.

Section 17. This Resolution is subject to compliance with all local building and zoning requirements.

ADOPTED: April 21, 2017

ACCEPTED AND AGREED TO: _____, 2017

Company:
SHATKIN F.I.R.S.T., LLC

By: _____

Lessee:
2500 KENSINGTON, LLC

By: _____