City of Utica Industrial Development Agency Application

The information required by this form is necessary to determine the eligibility of your project for IDA benefits. Please answer all questions; insert "NONE", or "NOT APPLICABLE", where necessary. If an estimate is given, put "EST." after the figure. Attach additional sheets if more space is needed for a response than is provided. Return three copies of this application to the City of Utica Industrial Development Agency.

All information contained in this form will be treated confidentially, to the extent permitted by law.

A project financed through this Agency involves the preparation and execution of significant legal documents. Please consult with an attorney before signing any documents in connection with the proposed project.

PART I

	174(1)
Applica	<u>ant</u>
Applica	ant's legal Name: Hemstrought's, Inc.
Princip	al Address: 900 Oswego Street
	Utica, NY 13502
Project	Address: 900 Oswego Street
	Utica, NY 13502
Teleph	one Number(s): 315-735-3311
Federa	I Identification Number: 82-4414326
Compa	ny IRS Filing Office Location: Kansas City, MO
Compa	ny Officer completing this application:
Name:	Daniel W. Dowe
Title:	President
Phone:	914-441-3591 cell office
Email:	ddowe@hemstroughts.com

1.	Λ.	is the application	aiit a.			
		(x) Corporation	on: If YES, Public() Private(x C Corporation, on which exchar	() nge is it listed?		
		() Sole Prop () Partnershi () Subchapte () DISC () Other (spe	р			
	B.	State of incorp	ooration/organization, if applicat	ole: NY State		
2.		Stockholders	s, Directors, Officers, Partners	or Members		
	A.	Provide the fo	llowing information in regard to	principal stockh	olders or parties:	
		<u>Name</u>	Home Address		Percentage of Ownership	
	Art	tisanal Caves, Ll	LC 900 Oswego St,	Utica NY	100%	
	B.	Provide the fol	lowing information in regard to o	officers and dire	ectors:	
		ompany <u>Officer</u>			Other Principal <u>Business Affiliation</u>	
Exe	cutive	Chair, Pres,	Daniel W. Dowe	Artisanal	Caves, Dowe Partners	
Treasurer, Director		, Director	42 Forest Lane, Bronxville NY			
Secretary, Director		Director	Frank Du Ross	MVCC		
**************************************			1206 Pleasant Street, Utica,	NY		
Dire	ctor		Enessa Carbone			
			5194 Commercial Dr, Yorkvil	le N Carbone	Auto Group	

	C.	Is the applicant or any of the persons listed in 2(A) above related, directly or indirectly, to any other entity by more than 50% common ownership? If also, indicate name of such entity and the relationship.
		No
	D.	Is the applicant affiliated with any other entity, directly or indirectly, other than as indicated in response to paragraph C above? If YES, please indicate name and relationship of such other entity and the address thereof: N/A
3.		Applicant's accountant
		Name and Title: Daniel T. Driemiller, CPA
		Name of Firm: Daniel T. Driemiller, CPA, P.C.
		Address: 23 Campion Road
		New Hartford, NY 13413
		Telephone Number: 315-749-7076 Email: dan@driemillercpa.com
4.		Applicant's attorney
		Name and Title: Janet L. Dowe, Esq.
		Name of Firm: Dowe Partners, LLC
		Address: 42 Forest Lane
		Bronxville, NY 10708
		Telephone: 914-325-4315 Email: jdowe@dowepartners.com

References (Individuals and institutions in this section may be contacted) A. Banking/Financial Institution: Name of Address and Account Officer/ Institution Phone Number Contact Person Berkshire Bank 8491 Seneca Trpk Matthew Nicholl New Hartford NY 13413 315-219-7482 B. Business suppliers (list three largest accounts) Name of Address and Account Officer/ Supplier Phone Number Contact Person **Munot Plastics** 2935 W17th, Erie PA 16505 Darcy Rees - 814-250-7709 Twin Bakery 647 E. Eagle St, Buffalo NY 142' Mr. Valente - 716-855-2408 Bakemark 1400 Williams St, Buffalo NY 142 Ms. Keller - 716-842-1200 C. Major customers (list three largest) Name of Address and Account Officer/ Customer Phone Number Contact Person 100 Matthews Ave, Syracuse, NY Tom Parrotta 315-488-4411 Deli-Boy Walmart Bentonville, AR 800-925-6278 Hannaford 145 Pleasant St. Scarborough ME Ms. Palumbo 207-885-3632 **Business Description** Describe nature of business and principal products and/or services: A. Hemstroughts - full-service commercial bakery with a retail bakery shop and website www.hemstroughts.com Artisanal Premium Cheese - online purveyor of artisan cheeses sold through www.artisanalcheese.com

5.

6.

	D.	Describe the geographical market(s) served: Hemstrought's Wholesale - Upstate NY (retail and wholesale) and nationally online					
		Artisanal - Upstate NY (retail) and nationally for wholesale					
7.		Present location(s) of business operations					
	A.	List present location(s):					
		1. 900 Oswego Street, Utica NY					
		2.					
		3.					
	В.	For what purpose is each of these used?					
		1. To produce and fulfill orders for all channels of business					
		2.					
		3.					
	C.	For each of your present locations which are RENTED, provide	de the following information:				
	D.	Name of Landlord Landlord's Address	<u>Landlord's</u>				
		1. N/A	Telephone Number				
		2					
		3					
		Amount of Space Annual Rental	Lease Termination Date				
		1					
		2					
		3.					

For each of your present location	ns which you <u>OWN</u> , provide th	e following information:
Location	Annual Mortgage Payment	Termination Date
1. 900 Oswego Street, Utica N	None - accrues until ma	August 26, 2022
2		
3		
List which of your present location given: None	ns, if any, will be vacated if IDA	approval for your project i
If any of these locations will be subdo so:	olet or sold, provide informatior	n concerning your ability to

PART II

Reasons for Project

Please explain in detail why you want to undertake this project and define scope of project: To ensure we have a permanent home for the business versus a lease.

We will expand the bakery to add a unique Cookie & Milk Bar and add new products once sold by Hemstroughts, along with a breakfast and lunch offering. We may have the Cookie & Milk bar open into mid-evening to allow local customers to enjoy products after hockey games, Stanley Theatre and local sporting events. We will add a 700' sf Cheese Aging Cave as a unique shopping experience by shopping for 200+ cheeses in an actual cheese aging cave.

We will complement the retail with a wine & spirits shop, with all 3 retail spaces creating a specialty food retail destination.

Why are you requesting the involvement of the IDA in your project?

To help the company fund expensive tax and filing costs that would be a burden on the business and cause us to use working capital on expenses that won't grow the business, such as, equipment, payroll and marketing plans we have to broaden awarenss for our business.

	e will move forward but				r on our		
	expansion which will delay the expected new employment						
	e plan to make.						
-							
Plea but f	ase confirm by checking the box, below, i for the Financial Assistance provided by	if there i	is likelihood jency?	that the Project w	ould not be undertaken		
	☐ Yes or ■ No		,				
If the	e Project could be undertaken without F	inancia	l Assistance	provided by the	Agency, then provide a		
To	ement in the space provided below indic help the business expand	ating w and	ny the Proje add ne\	oct should be unde W iobs in We	ertaken by the Agency: est Utica and		
	eate a long-term sustainabl						
will	be recycled in the community	у.		·			
					5		
Ident	tify the assistance being requested of th	ne Ager	ncy (select a	ıll that apply):			
1.	Exemption from Sales Tax	X	_Yes or _	No			
2.	Exemption from Mortgage Tax	X	_Yes or _	No			
3.	Exemption from Real Property Tax	X	_Yes or _	No			
4.	Tax Exempt Financing *		_Yes or _	No			
	* (typically for not-for-profits & small of	qualified	d manufactu	rers)			

A. Type of Project

Check category or categories best describing your project (O - Owner) and all end-users (T - Tenant(s)) and the square footage of each:

x	Manufacturing	10,500	sf
	Industrial (Assembly or Service)		sf
	Research and Development		sf
х	Warehousing	3,000	sf
	Commercial		sf
	Pollution Control	,	sf
	Housing		sf
Х	Back Office	2,500	sf
	Facility for Aging		sf
	Multi-Tenant		sf
Х	Retail	2,000	sf
	Recreational		sf
	Other (specify)		sf
	Т	otal 18,000	sf

B. <u>Description of Proposed Project</u>

Check all appropriate categories which apply to the proposed project:

1. Acquisition of land	YES(x)	NO()
2. Acquisition of existing building	YES(x)	NO()
3. Renovations to existing building	YES(x)	NO()
4. Construction of addition to existing building	YES()	NO(x)
5. Demolition	YES()	NO(x)
6. Construction of a new building	YES()	NO(x)
7. Acquisition of machinery and/or equipment	YES(x)	NO(X)
8. Installation of machinery and/or equipment	YES(x)	NO()
9. Other (specify)	YES()	NO()
()	i LO()	140()

C.	What is the zoning	classification	of the	proposed	site?
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Industrial (I)

D.	For what purpose was the site most recently used (e.g. light manufacturing, heavy manufacturing, assembly, etc.)?						
		light manufacturing					
E.		Lo	cation(s)	Street Address	Number of Floors/ SF/floor		
	1			900 Oswego St, Utica, NY 1	1 - 18,000 sf		
F.	Is th	e site	in an Empire Z	one? (x) Yes () No			
	Is th	e busi	ness Empire Zo	one certified at this location: ()	Yes (x) No		
	Atta	ch a co	opy of the last E	Business Annual Report filed.			
	Is th	e prop	posed project I	ocated within the boundary of a	Central New York Regional		
			ition (Centro) D				
G.	1.	Plea	ase describe ir	detail the facility to be acquire	d, constructed or renovated		
		(incl	luding number o	of buildings and other existing stru	ctures or facilities) and attach		
		plot	plans, photos o	or renderings, if available.			
	900-6	900 Oswego Street, Utica, NY 13502					
		Local Architect David Bonacci was hired on 8/26/21 to design the new					
		exterior and new retail sections. We will improve the bakery retail space, add a new 700 sf Cheese Aging Cave					
		that will serve as our 'store' and add a 200 sf wine & spirits shop to add traffic.					
	2.	2. If construction or renovation work on this project has already begun, please describe the work in detail.					
	Has n	Has not started, but the bakery will have a 10+ seat bar/counter for enjoyment of Hemstroughts					
	products. The Cheese Cave will offer 200+ cheese, cured meats and hand-kneaded breads.						
	The win	The wine & spirits shop will be boutique and add to the consumer shopping experience. (see attached Exhibit G1)					
	3.	Wha	t is the estimate	ed useful life of the:			
		a.	Facility:	50			
		b.		10			

nandising units, thermal control panels his equipment has already been purchased or ordered, please attach all inverses orders and list amounts paid and dates of expected delivery as well as a chickens.
nase orders and list amounts paid and dates of expected delivery as well as a n:
unabaaad saat
urchased yet
struction or operation of the proposed project will require any local ordinan to be obtained or requires a permit or prior approval of any state or federal agosther than normal occupancy/construction permits), please specify: Tutica building permit
roject have a significant effect on the environment, YES()NO(x). If se describe the effect. Important: please attach Environmental Assessme is Application
ted real estate holding company, partnership or other entity be involved in
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M.	1.	With regard to the present owner of the project site, please give:
	Name	Hemstroughts, Inc.
	Addre	ss: 900 Oswego Street
		Utica, NY 13502
	Telepl	none Number: Daniel Dowe - 914-441-3591
	2.	If the applicant already owns the project site, indicate:
		a. date of purchase: August 26, 2021
		b. purchase price: \$775,000
	3.	If the project site is mortgaged, please indicate:
		a. balance of mortgage: \$975,000
		b. holder of mortgage: Frederick G. Perkins, III
N.	directly	e a relationship, legally, by virtue of common control, or through related persons, or indirectly, between the applicant and the present owner of the project site?
	_	ne owner
Ο.	Is the	company currently a tenant in the building to be occupied?
	YES	() NO(x)
Р.	Are yo	u planning to use/develop the entire proposed facility?
		x) NO()
	1.	

If NO, give the following information with respect to present tenants:

1. <u>P</u>	resent Tenant Information	1		
a.	Name of <u>Business</u>	Floors Occupied	Square Feet <u>Occupied</u>	Nature of Tenant's <u>Business</u>
Spa	no's Bakery	1	3,000	Bread baking
NY	Dough	1	3,500	Frozen dough balls
b.	Which of the above tena	ants will be vaca	ating upon your initial (use of the facility? How man
	Name of Firm	<u>Jobs</u>	Square Footage N	ow Occupied
Nor	ne			
C.	For those tenants who following transaction:	will remain aft	ter your initial occupa	ancy of the site, provide the
	Name of	Term of	Renewal	Square Footage
	Tenant	<u>Lease</u>	<u>Options</u>	Now Occupied
Spa	no's Bread	1 year	6 months	3,000
NY	Dough	1 year	6 months	3,500
	Are any of the above te	nants related to	the owner of the faci	lity? YES () NO (x)
d.	lease expires, please lis	it.		enants listed in (c) when their
	Hemstrought's	s, Inc. and	d Artisanal Ca	aves, LLC
•	Diago movidoi	6 . II		
Э.	Please provide copies o	τ all present lea	se(s) at the proposed	project site.

Will financing by the Agency for the Project result in the removal or abandonment of a
or other facility of the applicant or any related entity presently located in another area
State of New York? YES() NO (_X)
f the answer is YES, please explain briefly the reasons for the move.
s the proposed project recomply passes to discuss the discussion of
is the proposed project reasonably necessary to discourage the project occupant emoving such other plant or facility to a location outside the State of New York? (ES () NO ($_{\rm X}$)
is the proposed project reasonably necessary to preserve the competitive position or roject occupant in its respective industry? YES () NO ($_{ m X}$)
any of the parties who will be tenants in this project are related to or affiliated with pplicant, please identify them:
The owner of Spanos and NY Dough owns units o
Artisanal Cheese, LLC the parent of Hemstrought's
nc.

2. Employment *

a. List your present employment in the City of Utica, if any, and an estimate of the employment at the <u>proposed facility</u> at the end of two years. NOTE: New York State considers Full Time employment as 35 hours or more. Full-time jobs, plus the combination of two or more part-time jobs that, when combined together, constitute the equivalent hours of a full-time position (35 or more hours).

Employment	Current # of applicant's jobs at/or to be located at proposed project location	Number of FTE jobs to be RETAINED	Number of FTE jobs to be CREATED two years after project completion	Estimate number of residents in Labor Market Area that will fill projected jobs two years after project completion
Full-Time (FTE)	26	26	22	22

The Labor Market Area consists of the following counties: Oneida, Lewis, Herkimer, Otsego, Madison and Oswego

b. Characterize the labor force to be associated with this project location according to the following categories:

Category	Current/ Anticipated	Avg Salary or Salary Range	Avg Fringe Benefits or Range
Officers	1	N/A owner	N/A
Sales/Supervisory	3	\$40,000	N/A
Clerical			
Plant/Production	20	\$32,000	N/A
Other (specify)	2		

Notes: Drivers that deliver Hemstrought's products are in Other.

c. Estimate the Annual Payroll for the employees associated with the project location.

Currently	End of Year One	End of Year Two
\$ \$600,000	\$ 700,000	\$\$1,100,000

^{*} Company/Applicant will be required to submit Annual Project Monitoring Reports (attached) along with a copy of the NYS 45 (four quarters) for a minimum of five (5) years for any commercial project and ten (10) years for any industrial/manufacturing project, or for the length of UIDA involvement in the project. Annual Project Monitoring Reports will be compared to employment counts as stated above and companies whose reported counts fall below those levels above will be subject to the Agency's Recapture Provisions Policy.

Sources of Funds for Project Costs:		% of Total project costs
Bank Financing:	_{\$} 875,000	72.9%
Equity (excluding equity attributed to grants/tax credits)	\$\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	27.1%
Tax Exempt Bond Issuance (if applicable)	\$	
Taxable Bond Issuance (if applicable)	\$	
Public Sources (Include sum total of all state and federal grants and tax credits)	\$	
Identify each state and federal grant/credit:		
\$	·	
\$		
 \$	·	
\$		
Total Sources of Funds for Project Costs:	\$1,200,000	100%
Have any of the above costs been paid or incurred as of t	he date of this Applica	tion?
Yes No. If Yes, describe particulars:		
Mortgage Recording Tax Exemption Benefit: Amount or mortgage recording tax:	f mortgage that would	be subject to
Mortgage Amount (include sum total of construction/perma	nent/bridge financing):	\$1,075,000
Estimated Mortgage Recording Tax Exemption Benefit (pro	oduct of mortgage	\$ 8,063

Please Note: The New York State General Municipal Law was recently amended to reflect that industrial development agencies are not exempt from the additional mortgage recording tax of .25% that is assessed to properties that are located within a regional transportation district. Oneida County is located within the Central New York Regional Transportation District; as such, all UIDA projects will be exempt from .75% of mortgage recording tax, but must pay .25% of mortgage recording tax, which will be directed to the Transportation District.

3. Estimated Project Cost

Listed the costs necessary for the construction, acquisition or renovation of the project (this should \underline{NOT} include working capital needs, moving expenses, work in progress, stock in trade, applicant's debt repayment, real estate broker fees or your legal fees):

Acquisition of Land	_{\$} 50,000			
Acquisition of Building(s)	\$50,000 \$725,000			
Renovation Costs	_{\$} 325,000			
New Construction of Buildings	\$			
Machinery and Equipment (other than furniture costs)	\$80,000			
Furniture and Fixtures	\$			
Installation Costs	\$			
Architectural/Engineering Fees	\$ <u>8,000</u>			
Fees (other than your own counsel and brokerage fees)	\$12,000			
Interest on Interim Financings	\$			
Other (specify)	\$			
Total Project Cost	\$_1,200,000			
Sales and Use Tax: Gross amount of colocal Sales and Use tax - said amount to benefit:	osts for goods and services that are subject to State and benefit from the Agency's Sales and Use Tax exemption \$_175,000			
Estimated State and local Sales and Us above):	e Tax Benefit (product of 8.75% multiplied by the figure,			

4. Real Estate Taxes

List separately the proposed project's Real Estate Taxes and/or Assessed Value as it applies to land and building:

Project's	Real Estate Taxes	Assessed Value
Land(s)	\$2,077	\$31,000
Building(s)	_{\$} 16,685	\$249,000
Total	\$18,762	\$280,000

Calculate the value of the PILOT exemption anticipated for the project described:

\$ 94,089

5. Project Schedule

Indicate the estimated dates for the following:	Indicate	the	estimated	dates	for	the	following:	
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- a. Construction commencement: October 15, 2021
- b. Construction completion: December 3, 2021
- c. Project financing: List the dates and in what amounts the estimated funds will be required:

October 15, 2021

d. Indicate the name of the incorporated municipality in which the facility will be located and the applicant's (or any related entity's) estimated capital expenditures in such municipality during the past three years:

Utica - \$550,000

e. What do you expect the applicant's (or any related entities) capital expenditures to be in the above municipality during the next three years (including this project):

\$1,500,000

t.	If the applicant or any related entity has previously secured the benefit of tax exempt financing in the City of Utica, whether through IDA, the New York Job Development Authority or any other entity, please explain (indicate date, location of financed facility, and outstanding balance):
	N/A
g.	Has the applicant or any related entity received the benefit of tax exempt financing anywhere within the United States within the past 90 days or is the applicant or any related entity contemplating the receipt of such financing assistance within the next 90 days? YES () NO () if YES, please explain.
	N/A
i. <u>Project Financir</u>	ng Efforts
<u>BOND</u>	THE APPLICANT'S RESPONSIBILITY TO SECURE A PURCHASER FOR IDAS ISSUED IN CONJUNCTION WITH THIS PROJECT. Below are a series of ons relating to your efforts to secure financing for your project if IDA approval is d.
A. Has the ap	plicant contacted any bank, financial/lending institution or private investor in regard ng for this project? YES(X) NO() If YES, please give details:
N/A. Our morto	gage is held by Frederick G. Perkins, III, the largest shareholder and lender to
our company.	Messrs. Perkins and Dowe are the largest shareholders and have done business
since 1995.	Mr. Perkins is a seasoned business operator and investor having
	companies in his career. His holdings are significant and he envisions a fruitful outcome on this investment.

	Another shareholder will be doing the renovations and working with the company on a financing plan.
	The company is re-starting a \$2mm equity offering to supplement working capital.
	2. If NO, please explain how you will be able to finance this project:
Are	there any other governmental agencies that you have contacted concerning fin
	there any other governmental agencies that you have contacted concerning fin stance in regard to your proposed project? YES () NO (χ) If YES, please
assi	stance in regard to your proposed project? YES () NO ($_{ m X}$) If YES, please

- E. Financial Information (Attach the Following).
 - Financial Statements for the last three fiscal years.
 - Pro forma Balance Sheet as at start of operations at project site.
 - 3. Projected Profit and Loss Statements for first two years of operation at project site.
 - 4. Projected "Cash Flow" Statement, by quarters, for first year of operation at project site.

REPRESENTATIONS AND CERTIFICATION BY APPLICANT

The undersigned requests that this Application be submitted for review to the City of Utica Industrial Development Agency (the "Agency") and its Board of Directors.

Approval of the Application can be granted solely by this Agency's Board of Directors. The undersigned acknowledges that Applicant shall be responsible for all costs incurred by the Agency and its counsel in connection with the attendant negotiations whether or not the transaction is carried to a successful conclusion.

The Applicant further understands and agrees with the Agency as follows:

- 1. **Annual Sales Tax Filings**. 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 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.
- 2. Annual Employment Reports. The Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the Applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site as well as tax benefits received with the action of the Agency. Failure to provide such reports as provided in the transaction documents will be an Event of Default under the Lease (or Leaseback) 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.
- 3. **Absence of Conflict of Interest**. The Applicant has consulted the Agency website of the list of the Agency members, officers and employees of the Agency. No member, officer, or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as herein after described (if none, state "none"):
- 4. Hold Harmless. Applicant hereby releases the Agency and its members, officers, servants, agents and employees 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

- 11. 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.
- 12. The Applicant and the individual executing this Application on behalf of the Applicant acknowledge that the Agency will rely on the representations made herein when acting on this Application and hereby represent 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 ONEIDA) ss.:
Daniel w. Dowe, being first duly sworn, deposes and says:
1. That I am the <u>President</u> (Corporate Office) of <u>Homstrought's Fric.</u> (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 25 day of
If the application has been completed by or in part by other than the person signing this application for the applicant please indicate who and in what capacity:
Ву:
Name:
Title:
Date:

Return the original application and six copies with a check in the amount of \$250.00 made payable to: Utica Industrial Development Agency, 1 Kennedy Plaza, Utica, New York, Attn.: Jack N. Spaeth, Executive Director.