



October 31, 2022

Amherst IDA
Attn: Mr. Dave Mingoia,
Executive Director
4287 Main Street
Buffalo, NY 14226

Dear Mr. Mingoia:

On October 13, 2021, Stark Real Estate Holdings, LLC, Stark Technologies Group, LLC and the Town of Amherst Industrial Development Agency entered into an Amended and Restated Project Agreement with respect to the project at 2100 Wehrle Drive, Williamsville, New York (the "Project Agreement"). All defined terms used in this correspondence shall, unless the context otherwise requires, have the respective meanings, contained in the Project Agreement. The purpose of this correspondence is to advise the Agency of numerous changes relating to the scope, budget and schedule of the Project as it relates to the Wehrle Drive Premises and to obtain Agency approval with respect to the same. Please note that the project for the Lawrence Bell Drive premises, which was also subject to an Inducement Resolution by the Agency will not move forward at this time.

Due to well documented Covid and supply chain issues (some recently ordered items require 42-week lead time), we request an extension of the Company's authority under the Project Agreement to 9/30/23 in order to coincide with the revised completion date. Also, the preliminary estimates to construct this Project are low due to changes in the Project scope. The redesign of the Project will result in a Lead Silver, Well building project (1st in WNY) and total electrification of this building. These issues have driven our actual project Budget much higher. Please see attachment to view comparison of the current budget prior budget approved by the Agency.

The change of our original design to incorporate a LEED Silver and a WELL Building status was an executive decision because we saw a large shift in our market trends and in the Federal and NYS policies. Stark needs to lead in this market that we sell into, as well as show that this building will reduce our carbon footprint as our national innovation center and headquarters. Changing the building to all electric was done when the Governor mandated all electrification of any building of the future in NYS. Stark has also applied for a NYSERDA grant in connection with the electrification. Additionally, once again, Stark wanted to be in the lead on this building requirement. Although the Wehrle Drive building will be a showcase facility,

Amherst IDA
Page 2
October 31, 2022

Stark will continue to own and operate other properties in Western New York, including Amherst and Tonawanda.

In addition, Stark Real Estate Holdings, LLC has received a commitment for a construction loan in an amount not to exceed \$5,420,000 for construction of the improvement from Bank on Buffalo. The construction loan will become a permanent loan with a term of ten (10) years following the completion of the construction. As a result, Stark is also requesting an increase in the mortgage tax assistance. The prior Inducement Resolution did not contain approval for a PILOT Agreement for the Project. Due to the significant increase in the scope of the Project, Stark is also requesting that Agency approve a PILOT Agreement for the Project.

The company had projected the achievement of 88.5 FTE jobs as result of the Projects. As result of the foregoing , we anticipate that the total job achievement will be 98.5 FTE jobs. The increase in projected employment is due to sales/customer base expansion resulting from the renovation project and increased sales resulting from resent and projected acquisitions.

Any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Urschel". The signature is fluid and cursive, written in a professional style.

Randy Urschel

3. Project occupancy – estimated starting date of occupancy: December 2021

<u>Estimated costs in connection with Project:</u>	<u>Estimated</u>	<u>Revised</u>
1. Land and/or Building Acquisition _____ acres _____ square feet	\$ _____	\$ _____
2. New Building Construction _____ square feet	\$ _____	\$ _____
3. New Building Addition(s) _____ square feet	\$ _____	\$ _____
4. Infrastructure Work	\$ _____	\$ _____
5. Reconstruction/Renovation 50,000 square feet	\$ <u>2,500,000</u>	\$ <u>7,000,000</u>
6. Manufacturing Equipment	\$ _____	\$ _____
7. Non-Manufacturing Equipment (furniture, fixtures, etc)	\$ <u>500,000</u>	\$ <u>600,000</u>
8. Soft Costs: (Legal, architect, engineering, etc)	\$ <u>150,000</u>	\$ <u>350,000</u>
9. Other, Specify _____	\$ _____	\$ _____
Total Costs	\$ <u>3,150,000</u>	\$ <u>7,950,000</u>

Construction Cost Breakdown:

Total Cost of Construction	\$7,950,000 (sum 2,3,4 and 5 above)
Cost of materials	\$3,000,000
% of sourced in Erie County	<u>75%</u>

Sales and Use Tax: Gross amount of costs for goods and services that are subject to State and Local Sales and Use Tax – said amount to benefit from the Agency’s sales and use tax exemption benefit: \$5,250,000

Estimated State and Local Sales and Use Tax Benefit (product of 8.75% multiplied by figure above) \$459,375

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