

**PILOT DEVIATION APPROVAL RESOLUTION
RUNNING SUPPLY, INC. PROJECT**

A regular meeting of Allegany County Industrial Development Agency (the “Agency”) was convened in public session at the office of the Agency located at Crossroads Commerce & Conference Center located at 6087 State Route 19 North in the Town of Angelica, Allegany County, New York on September 8, 2022 at 10:00 o’clock a.m., local time.

The meeting was called to order by the (Vice) Chair of the Agency and, upon roll being called, the following members of the Agency were:

PRESENT:

Richard Ewell	Chairman
Judy Hopkins	Vice Chairperson
Randy Shayler	Secretary
Douglas Frank	Treasurer
John Ricci	Member

ABSENT:

AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:

Craig R. Clark, P.E., Ph.D.	Executive Director
Pam Common	Chief Finance Officer

The following resolution was offered by J. Ricci, seconded by D. Frank, to wit:

Resolution No. 0922-01

RESOLUTION AUTHORIZING A DEVIATION FROM THE AGENCY’S UNIFORM TAX EXEMPTION POLICY IN CONNECTION WITH THE PROPOSED PAYMENT IN LIEU OF TAX AGREEMENT TO BE ENTERED INTO BY THE AGENCY IN CONNECTION WITH THE PROPOSED RUNNING SUPPLY, INC. PROJECT.

WHEREAS, Allegany County Industrial Development Agency (the “Agency”) is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the “Enabling Act”) and Chapter 99 of the 1973 Laws of New York, as amended, constituting Section 906-a of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the “Act”) to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of manufacturing, warehousing, research, commercial and industrial facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct, reconstruct and install one or more “projects” (as defined in the Act) or to cause said

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct, reconstruct and install one or more “projects” (as defined in the Act) or to cause said projects to be acquired, constructed, reconstructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, Running Supply, Inc., a State of Minnesota business corporation (the “Company”), submitted an application (the “Application”) to the Agency, a copy of which Application is on file at the office of the Agency, requesting that the Agency consider undertaking a project (the “Project”) for the benefit of the Company, said Project consisting of the following: (A) (1) the acquisition of an interest in an approximately 7.20 acre parcel of land located at 121 Bolivar Road (tax map number 238.7-3-14.2) in the Town of Wellsville, Village of Wellsville, Allegany County, New York (the “Land”), together with an existing approximately 94,077 square foot building located thereon (the “Facility”), (2) the renovation and reconstruction of the Facility and other required improvements and (3) the acquisition and installation therein and thereon of related fixtures, machinery, equipment and other personal property (the “Equipment”) (the Land, Facility and the Equipment being collectively referred to as the “Project Facility”) all of the foregoing to be owned and operated by the Company as a retail/commercial space and other directly and indirectly related activities; (B) the granting of certain “financial assistance” (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes (collectively, the “Financial Assistance”); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, by resolution adopted by the members of the Agency on July 14, 2022 (the “Public Hearing Resolution”), the Agency authorized a public hearing to be held pursuant to Section 859-a of the Act with respect to the Project; and

WHEREAS, pursuant to the authorization contained in the Public Hearing Resolution, the Executive Director of the Agency (A) caused notice of a public hearing of the Agency (the “Public Hearing”) pursuant to Section 859-a of the Act, to hear all persons interested in the Project and the financial assistance being contemplated by the Agency with respect to the Project, to be mailed on July 19, 2022 to the chief executive officers of the county and of each city, town, village and school district in which the Project is or is to be located, (B) caused notice of the Public Hearing to be posted on July 19, 2022 on the Agency’s website, (C) caused notice of the Public Hearing to be published on July 22, 2022 in the Spectator, a newspaper of general circulation available to the residents of the Town of Wellsville, Village of Wellsville, Allegany County, New York, (D) conducted the Public Hearing on August 8, 2022 at 6:00 p.m., local time at the David A. Howe Library located at 155 N. Main Street. in the Town of Wellsville, Village of Wellsville, Allegany County, New York, and (E) prepared a report of the Public Hearing (the “Hearing Report”) fairly summarizing the views presented at such Public Hearing and caused copies of said Hearing Report to be made available to the members of the Agency; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the “SEQR Act”) and the regulations (the “Regulations”) adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, “SEQRA”), by resolution adopted by the members of the Agency on July 14, 2022 (the “SEQR Resolution”), the Agency determined that the Project constitutes a “Type II Action” (as such quoted term is defined under SEQRA), and therefore that no further action with respect to the Project was required under SEQRA); and

WHEREAS, by further resolution adopted by the members of the Agency on August 11, 2022 (the “Retail Finding Resolution”), the Agency (A) found that although the Project Facility appears to constitute a

project where facilities or properties that are primarily used in making the retail sales of goods or services to customers who personally visit such facilities may constitute more than one-third of the costs of the Project, the Agency is authorized to provide financial assistance in respect of the Project pursuant to Section 862(2)(a) of the Act because the Project Facility is located in a highly distressed area, (B) determined, following a review of the Public Hearing Report, that the Project would serve the public purposes of the Act by preserving permanent private sector jobs in the State of New York and (C) determined that the Agency would proceed with the Project and the granting of the Financial Assistance; provided however, that no financial assistance would be provided to the Project by the Agency unless and until the Chairman of Allegany County Board of Legislators, as chief executive officer of Allegany County, New York, pursuant to Section 862(2)(c) of the Act, confirmed the proposed action of the Agency with respect to the Project; and

WHEREAS, by further resolution adopted by the members of the Agency on August 11, 2022 (the "Approving Resolution"), the Agency determined to grant the Financial Assistance and entity into a lease agreement (the "Lease Agreement") by and between the Agency and the Company; and

WHEREAS, by certificate dated August 17, 2022 (the "Public Approval"), the Chairman of Allegany County Board of Legislators, as chief executive officer of the Allegany County, New York, confirmed the proposed action to be taken by the Agency with respect to the Project for purposes of Section 862(2)(c) of the Act; and

WHEREAS, in connection with the Project, the Company has requested that the Agency deviate from its uniform tax exemption policy (the "Policy") with respect to the terms of the proposed payment in lieu of tax agreement to be entered into by the Agency with respect to the Project Facility, which proposed deviation is outlined in the letter dated August 5, 2022 (the "Pilot Deviation Letter"), a copy of which Pilot Deviation Letter is attached hereto as Exhibit A; and

WHEREAS, pursuant to Section 874(4) of the Act, prior to taking final action on such request for a deviation from the Agency's uniform tax exemption policy, the Agency must give the chief executive officers of the Allegany County and each city, town, village and school district in which the Project Facility is located (collectively, the "Affected Tax Jurisdictions") written notice of the proposed deviation from the Policy and the reasons therefore prior to the meeting of the Agency at which the members of the Agency shall consider whether to approve such proposed deviation; and

WHEREAS, on July 14, 2022, the members of the Agency adopted a resolution (the "Resolution Authorizing the Pilot Deviation Letter") which authorized the Executive Director to notify the Affected Tax Jurisdictions of the proposed deviation from the Policy in connection with the Project; and

WHEREAS, by the Pilot Deviation Letter the Executive Director notified the chief executive officers of the Affected Tax Jurisdictions of the proposed deviation from the Policy and further notified said chief executive officers that the members of the Agency would consider whether to approve such proposed deviation at this meeting;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY, AS FOLLOWS:

Section 1. The Agency hereby finds and determines as follows:

(A) The Agency has considered any and all responses from the Affected Tax Jurisdictions to the Pilot Deviation Letter.

(C) The Agency has given all representatives from an Affected Tax Jurisdictions in attendance at this meeting the opportunity to address the members of the Agency regarding the proposed deviation.

Section 2. Based upon (A) the findings and determinations in Section 1 above, (B) any comments received at the Public Hearing, (C) input received at this meeting from the Affected Tax Jurisdictions with respect to the proposed deviation, (D) the Agency's knowledge of the Project, (E) the recommendations of Agency staff, and (F) such further investigation of the Project and the effect of the proposed deviation as the Agency has deemed appropriate, the Agency hereby determines to deviate from the Policy with respect to the terms of the proposed payment in lieu of tax agreement to be entered into by the Agency with respect to the Project Facility for the reasons set forth in the Pilot Deviation Letter. Based upon the aforementioned, the Agency hereby approves a deviation from the Policy, the terms of the approved deviation to be as described in the Pilot Deviation Letter.

Section 3. Upon preparation by counsel to the Agency of a payment in lieu of tax agreement with respect to the Project Facility reflecting the terms of this resolution (the "Payment in Lieu of Tax Agreement") and approval of same by the Chairman (or Vice Chairperson) of the Agency, the Chairman (or Vice Chairperson) of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Payment in Lieu of Tax Agreement, and, where appropriate, the Secretary of the Agency is hereby authorized to affix the seal of the Agency thereto and to attest the same, all in such form as is approved by the Chairman (or Vice Chairperson) the execution thereof by the Chairman (or Vice Chairperson) to constitute conclusive evidence of such approval.

Section 4. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Payment in Lieu of Tax Agreement, and to execute and deliver all such additional certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Payment in Lieu of Tax Agreement binding upon the Agency.

Section 5. This Resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

Richard Ewell	VOTING	AYE
Judy Hopkins	VOTING	AYE
Randy Shayler	VOTING	ABSTAIN
Douglas Frank	VOTING	AYE
John Ricci	VOTING	AYE

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
) SS.:
COUNTY OF ALLEGANY)

I, the undersigned Secretary of Allegany County Industrial Development Agency (the “Agency”), DO HEREBY CERTIFY that I have compared the foregoing annexed extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on September 8, 2022 with the original thereof on file in my office, and that the same is a true and correct copy of said original and of such Resolution contained therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Agency had due notice of said meeting; (B) said meeting was in all respects duly held; (C) pursuant to Article 7 of the Public Officers Law (the “Open Meetings Law”), said meeting was open to the general public, and due notice of the time and place of said meeting was duly given in accordance with such Open Meetings Law; and (D) there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 8th day of September, 2022.



Secretary

(SEAL)

EXHIBIT A
PILOT DEVIATION LETTER

-SEE ATTACHED-

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Crossroads Commerce & Conference Center
6087 State Route 19 North – Suite 100
Belmont, New York 14813
Phone: (585) 268-7445
Fax: (585) 268-7473

August 5, 2022

Philip G. Stockin, Chairman
Allegany County Board of Legislators
County Office Building
7 Court Street
Belmont, New York 14813

David Foster, Superintendent
Wellsville Central School District
126 West State Street
Wellsville, New York 14895

Shad Alsworth, Supervisor
Town of Wellsville
2600 Tarantine Boulevard
Wellsville, New York 14895

Alan Mosher, Board President
Wellsville Central School District
126 West State Street
Wellsville, New York 14895

Randy Shayler, Mayor
Village of Wellsville
23 North Main Street
Wellsville, New York 14895

RE: Proposed Deviation from Uniform Tax Exemption Policy by
Allegany County Industrial Development Agency in connection with its Proposed
Running Supply, Inc. Project

Dear Ladies and Gentlemen:

This letter is delivered to you pursuant to Section 874(4)(c) of the General Municipal Law. Allegany County Industrial Development Agency (the "Agency") received an application (the "Application") from Running Supply, Inc., a Minnesota State business corporation (the "Company"), submitted an application (the "Application") to the Agency, a copy of which Application is on file at the office of the Agency, requesting that the Agency consider undertaking a project (the "Project") for the benefit of the Company, said Project consisting of the following: (A) (1) the acquisition of an interest in an approximately 7.20 acre parcel of land located at 121 Bolivar Road (tax map number 238.7-3-14.2) in the Town of Wellsville, Village of Wellsville, Allegany County, New York (the "Land"), together with an existing approximately 94,077 square foot building located thereon (the "Facility"), (2) the renovation and reconstruction of the Facility and other required improvements and (3) the acquisition and installation therein and thereon of related fixtures, machinery, equipment and other personal property (the "Equipment") (the Land, Facility and the Equipment being collectively referred to as the "Project Facility") all of the foregoing to be owned and operated by the Company as a retail/commercial space and other directly and indirectly related activities; (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes

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(collectively, the “Financial Assistance”); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency.

In connection with the Application, the Company has made a request to the Agency (the “PILOT Request”) to enter into a payment in lieu of tax agreement (the “Proposed PILOT Agreement”) which terms would deviate from the Agency’s Uniform Tax Exemption Policy (the “Policy”). Capitalized terms not otherwise defined herein are defined in the Policy.

The Proposed PILOT Agreement would be for a term of ten (10) years with the following abatement schedule: The current total assessment of \$1,000,000 will be held constant. The property will be tax exempt for ten years. The payments made pursuant to the Proposed PILOT Agreement will be \$1,000,000 times the tax rate each year.

The Policy provides that, for a facility similar to the Project Facility, payments in lieu of taxes will normally be determined as follows: the Company would have the benefit of a 100% abatement in real property taxes on the Facility and any portion of the Equipment assessable as real property pursuant to the New York Real Property Tax Law (collectively with the Facility, the “Improvements”) in years 1 to 5 of the payment in lieu of tax agreement with a twenty percent per year increase over the remaining term of the ten year payment in lieu of tax agreement.

The purpose of this letter is to inform you of such PILOT Request and that the Agency is considering whether to grant the PILOT Request and to approve the Proposed PILOT Agreement conforming to the terms of the PILOT Request. The Agency expects to consider whether to approve the terms of the Proposed PILOT Agreement at its meeting scheduled for August 11, 2022 at 10 a.m., local time at the offices of the Agency located at Crossroads Commerce & Conference Center, 6087 State Route 19 North – Suite 100, Belmont, New York 14813 (the “Meeting”). As described in this letter, during the Meeting the Agency will review the terms of the PILOT Request and, based on the discussions during such Meeting, the terms of the PILOT Request may be modified.

The Agency considered the following factors in considering the proposed deviation:

1. **The nature of the Project:** Rehab of K-Mart into new retail facility including the acquisition and installation therein and thereon of related fixtures, machinery, equipment and other tangible personal property.
2. **The present use of the property:** The property is currently a former K-Mart.
3. **The economic condition of the area at the time of the request of the Company and the economic multiplying effect that the Project will have on the area:** The Project is located in the Town of Wellsville, It will create retail jobs and provide goods and services not otherwise available in the community. Additional benefits created by the Project are described in the Application.
4. **The extent to which the Project will create or retain permanent, private sector jobs and the number of jobs to be created or retained and the salary range of such jobs:** Up

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to 10 full-time construction jobs are expected to be created in connection with the Project. After completion of the Project, it is expected that full-time and part-time jobs will be created.

5. The estimated value of new tax exemptions to be provided: Sales tax exemption of \$100,000, real property tax exemption of approximately \$1,298,490.01, and exemption from mortgage recording tax of \$12,000.

6. The economic impact of the Proposed Pilot Agreement on affected tax jurisdictions: The development of the Project Facility will have an overall positive affect on the tax jurisdictions. The Proposed PILOT Agreement will provide definitive tax revenue for budgeting purposes for the affected tax jurisdictions in the form of ten years of PILOT payments, but the main benefit will be 20 full-time and 18 part-time jobs created, and associated economic benefits.

7. The impact of the Proposed Pilot Agreement on existing and proposed businesses and economic development projects in the vicinity: The Project will have a positive effect on existing and proposed businesses and economic development projects in the vicinity of the Project, as the Project will rely on local services and procure construction materials locally.

8. The amount of private sector investment generated or likely to be generated by the Proposed Pilot Agreement: \$3,440,000.

9. The effect of the Proposed Pilot Agreement on the environment: There will no impact on the environment as this is a re-use of an existing facility.

10. Project Timing: Completion anticipated by December 31, 2022.

11. The extent to which the Proposed Pilot Agreement will require the provision of additional services including, but not limited to, additional educational, transportation, police, emergency medical or fire services: It is not anticipated that any additional educational, transportation, police, emergency medical or fire services will be required as a result of the Project.

12. Anticipated tax Revenues: PILOT payments are expected to be \$581,684.32 over 10 years.

13. The extent to which the Proposed PILOT Agreement will provide a benefit (economic or otherwise) not otherwise available within the municipality in which the Project Facility is located: The benefit is a positive one economically, in that the Project will provide high paying manufacturing jobs.

The Agency will consider the Proposed Pilot Agreement (and the proposed deviation from the Agency's Uniform Tax Exemption Policy) at the Meeting. The Agency would welcome any written comments that you might have on this proposed deviation from the Agency's Uniform Tax Exemption Policy. In accordance with Section 874(4)(c) of the General Municipal Law, prior to taking final action at the Meeting, the Agency will review and respond to any written comments received from any affected tax jurisdiction with respect to the proposed deviation. The Agency will also allow any representative of any affected tax jurisdiction present at the Meeting to address the Agency regarding the proposed deviation.

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If you have any questions or comments regarding the foregoing, please do not hesitate to contact me at the above telephone number.

Sincerely yours,



Craig R. Clark, P.E., Ph.D.
Executive Director