

TOWN OF LOCKPORT

6560 Dysinger Road
Lockport, NY 14094
(716) 439-9535

INDUSTRIAL DEVELOPMENT AGENCY PROJECT ELIGIBILITY QUESTIONNAIRE

Project Applicant: Varallo Vineyards, LLC
Spring Lake Winery, LLC
Project Title: Spring Lake Winery
Total Project Cost: Phase I - \$600,000-
Phase II - \$350,000-

Type of Project*:

- ^{Winery} Industrial/Producer Services Agricultural
 Multi-tenant Facility Tourism
 General Office
 Commercial (non-office)
 Acquisition of Existing Facility
 Civic Facility (Not For Profit)
 Life Care Community

Location of Project 1000 Rochester Rd, Lkpt
S. B.L. # ?
Bank: Charter One

*All projects will be reviewed and approved in accordance with the provisions of Article 18A of the New York State General Municipal Law and the Town of Lockport Zoning Laws, Regulations and Restrictions Applying to the Industrial Land Use. In certain instances, project applicants may be required to complete a retail questionnaire supplement based on the information contained within this application.

The information listed on this form is necessary to determine the eligibility of the project applicant. Please fill in all blanks, using "NONE" or "NOT APPLICABLE" where necessary. If an estimate is given, put "EST" after the figure. Attach additional sheets if necessary. To the extent permitted by law, and if requested by you, all proprietary information provided and identified as such will be treated confidentially, but may be subject to disclosure under the New York State Freedom of Information Act. Please note that the Company has no obligation to keep the information provided herein current. Therefore, please notify the Agency if there is any change made in the Company's plans. This application is ONLY for the purpose of determining whether the applicant is eligible for consideration by the Agency. In certain instances, additional information may be required. Return original copy of this application to the Town of Lockport Industrial Development Agency.

I. **PART I - PROJECT APPLICANT**

- A. Project Applicant: Varallo Vineyards, LLC
- B. Company Officer (Partner) completing this application:
1. Name: Nicholas Varallo
 2. Title: Member/Manager
 3. Address: 3 Kingston Circle
 - a. Lockport NY 14094
 4. Telephone: (716) 433-5454 (Day) 438-5773 (Eve)
- C. IRS Identification Number: 65-1206549
- D. Business Organization (check appropriate category):
1. Corporation
 2. Partnership
 3. Limited Liability
 4. Company
 5. Sole Proprietorship
 6. S Corporation
 7. Joint Venture
 8. Other (specify): _____
- E. State of Incorporation if applicable: N/A
- F. Business Description: Winery + Vineyard

Varallo Vineyards LLC - will own the property and buildings

Spring Lake Winery - will rent from Varallo Vineyards & sell the wine.

G. If Corporation, publicly or privately held? N/A

1. Public ()
2. Private ()

H. List all stockholders, members, or partners in the Company.*

Name	Percentage	Home Address
<u>Nicholas Varallo</u>	<u>50</u>	<u>3 Kingston Cir, Lkpt, NY</u>
<u>Tamre Varallo</u>	<u>50</u>	<u>3 Kingston Cir, Lkpt, NY</u>
_____	_____	_____
_____	_____	_____

I. Is the Company related, directly or indirectly, to any other entity by more than 50% common ownership? If so, indicate name of such entity and the relationship:

Spring Lakes Winery - also owned 100% by the Varallo's

J. If any of the persons or group of persons listed in the response to question number 4 above owns more than 50% of the Company, list all other entities which are related to the company by virtue of such person (or group of persons) having more than a 50% interest in such other entities:

See above

K. Is the Company affiliated with any other entity, directly or indirectly, other than as indicated in response to question 5 and 6 above? If yes, please indicate name and relationship of such other entity and the address thereof:

no

L. Has the Company (or any entity listed in 7 above) made a public offering or private placement of its stock within the last year? If so, please provide Offering Statement used.

1. Yes ()
2. No (X)

M. Complete the following information:

Officers and Directors

Nicholas Varallo
Tamre Varallo

Other Principal Business Affiliations

Physician - Self-employed
Healthcare Cons/office mgr.

If the Company is publicly owned, it can answer this and other succeeding questions by reference to an attached copy of the company's most recent Form 10-K. (Company means ultimate project occupant where known, otherwise the developer.)

N. Counsel to Company: Ottaviano + Sansone LLP

1. Name of Attorney: John Ottaviano
2. Name of Firm: Ottaviano + Sansone, LLP
3. Address: 172 East Ave, Lockport NY 14094
4. Telephone Number: 438-0488 Fax: _____

O. Company's Accountant:

1. Name of Accountant: Debra Porter
2. Name of Firm: Debra Porter, CPA
3. Address: 57 Haines St., Lkpt NY
4. Telephone Number: 434-4316 Fax: 438-7040

II. DESCRIPTION OF PROJECT OCCUPANT

A. COMPANY HISTORY

1. Location of current facility:
 - a. Address: 1000 Rochester Road
City: Lockport State: NY Zip: 14094
Telephone Number: 433-5454 (Dr. Varallo's Office)
2. SIC Code: ?
3. Size(square footage) of current facility: 0 Sq. Ft.
(new facility) 6200 Sq. Ft.

4. Is this facility currently receiving property tax abatement?
 a. Yes ()
 b. No (X)

If Yes, at what date does this abatement expire: _____

5. Project location: 1000 Rochester Rd, Lockport, NY

6. Does the project involve the relocation of a company(s) from another municipality within Niagara County?
 a. Yes ()
 b. No (X)

7. If Yes, has the Supervisor/Mayor been notified? N/A
 a. Yes ()
 b. No ()
 (Please provide additional information if necessary)

B. Principal product/service: Winery - Wine Sales
Vineyard - Grape Sales

C. Percentage of Gross Revenue (from products or services) derived from sales outside of Niagara County: n/a

D. Markets served: Lockport, Rochester Buffalo
(Niagara + Erie Counties)

III. ELIGIBILITY

A. What effect will this project have on your business (why is it necessary)?
It will allow for a state of the art winery that will promote tourism + the wine industry in the Town of Lockport and Western NY

B. Is Agency participation necessary for this project to proceed?
 Briefly explain: The participation of the agency would greatly ease the personal financial burden of the owners. They have currently funded the initial start up costs of the winery and are looking for other resources to complete the project.

C. Is the project occupant moving its entire operation to this proposed facility or a division thereof? Does the project involve the consolidation of existing facilities ?

N/A - new facility

D. Is this project necessary to prevent the company from moving out of Niagara County and/or New York State and/or to remain competitive within its industry? (Please explain)

See attached sheet behind this page

E. What are the current market conditions which necessitate the construction of this project?

See attached sheet

F. Describe any unique feature/effects that this project will have on the area:

See attached sheet

IV. FINANCIAL INFORMATION: (PLEASE ATTACH TO THE APPLICATION)

- A. Certified or reviewed Financial Statements for the last three fiscal years. *N/A - new business*
- B. Pro Forma Balance as of the state of operations at the project site.
- C. Projected Profit and Loss Statements for first two years of operation at project site. *5 years included (from business plan)*
- D. Projects' "cash flow" statement by quarters, for first year operation at project site.
- E. Submittal of the most recent tax bill for the subject property. This includes Town, County, School and special district charges. ✓

V. PROJECT INFORMATION

A. SUMMARY OF PROJECT

- 1. Identify each element of the project. - *See attached sheet*

D. Is the project necessary to prevent.....

The wine trail is just developing in the Niagara County area. It is a new industry for the area. With successful wineries in the Finger Lakes and across the border in Canada we now have an opportunity to become part of the market. In order to gain recognition in the market it is important to be competitive and build a state of the art facility. This would increase tourism and put the Town of Lockport on the map as a premier site for tourism on the wine trail and the assistance from the IDA is imperative. The facility needs to widen the road, bring in utilities and a water pipeline. These costs are over and above normal construction costs of such a facility. With creative financing and the assistance of the IDA the project can come to fruition.

E. What are the current Market conditions.....

The wine trail has just formed over the last several years. The wine industry is growing. Statistics are stated in the business plan. The market is ripe for this kind of industry and late Harvest Rieslings are especially popular. This will be the "estate wine" for Spring Lake Winery.

F. Describe any unique features.....

This project is unique for more than one reason. It will promote tourism, agriculture and commerce. The location of the property and the setting are unlike any Winery in the area. The winery will be situated on 78 acre wooded property with an 8-acre spring -fed lake.

The train running through with over 500 passengers will draw tourists to the town. The facility will create new jobs and the train depot will have rental space for local artists and vendors to sell their goods.

V. Summary of project

Varallo Vineyards:

Phase I;

• Prepare Land for Test Vineyard	complete
• Plant test vineyard	complete
• Construct utility building	complete
• Clear land for large vineyard	complete
• Plant late harvest Riesling	complete
• Construct Winery/Production plant	waiting approval

- a. Does the project consist of (check appropriate categories)
- (1) Acquisition of vacant land:
 - (a) Yes
 - (b) No (*already owned*)
 - (2) Land Lease:
 - (a) Yes
 - (b) No
 - (3) Construction of a new building:
 - (a) Yes
 - (b) No
 - (4) If yes, indicate the number and size:

 - (5) Renovations to an existing building:
 - (a) Yes
 - (b) No
 - (6) If yes, indicate nature of renovations:
move an existing building
 - (7) Construction of an addition to an existing building:
 - (a) Yes
 - (b) No
 - (8) If yes, indicate nature of expansion:

 - (9) Acquisition of an existing building:
 - (a) Yes
 - (b) No
 - (10) If yes, indicate number and size of buildings:

 - (11) Acquisition/Installation of machinery and/or equipment:
 - (a) Yes
 - (b) No

- (12) Equipment lease:
 (a) Yes
 (b) No
- (13) For purposes other than the acquisition, renovation or construction of real property:
 (a) Yes
 (b) No
- (14) If yes, explain under separate cover.
- (15) Have site plans been submitted to the Town Planning Department for approval?
 (a) Yes
 (b) No
- (16) If yes, state date of submittal and current status, also include one set of plans/renderings with this application. *awaiting final approval @ meeting on July 21st.*
- (17) Have plans been submitted to the US Army Corps of Engineers and the NYS Department of Environmental Conservation for approval?
 (a) Yes
 (b) No *n/a*
- (18) If yes, date of submittal and current status:

2. Project Site

a. Are there buildings now on the project site?

- (1) Yes
 (2) No

b. Indicate the present use of the project site: *vineyard / office / equip storage*

c. Indicate present owner(s) of project site: *Nicholas + Tamre Varallo (Varallo Vineyards, LLC)*

3. If the Company now owns the project site, indicate:

a. date of purchase: _____

b. purchase price: *\$150,000 + 75,000 in improvements to date*

4. Has the Company entered into a contract and/or option to purchase the site? *n/a*

- a. If yes, attach a copy.
 (1) Yes
 (2) No *n/a*

5. If the Company is not the owner of the project site, does the Company now lease the site or any buildings on the site? *n/a*
 a. Yes
 b. No

6. Is there a relationship legally or by virtue of common control or ownership between the Company and the Seller of the project:
 a. Yes
 b. No

7. If yes, describe this relationship:

n/a

8. If any space in the project is to be leased to third parties, indicate total gross square footage of the project, percent and square feet to be leased to each tenant, and proposed use by each tenant. (attach signed leases, if any.)

Phase II - (2) 40'x40' buildings for gift shops, etc.

9. List principal items or categories of equipment to be acquired as part of the project:

Wine production equipment - Phase I
Vineyard equipment - Phase I
Storage equipment/building -

10. Has any of the above equipment been ordered or purchased?
 a. Yes
 b. No

11. If yes, indicate: *Steel building*

12. Total Project Costs as estimated prior to Inducement

Description of Cost Allocation of Cost

	Bond Financing	Equity Participation	Totals
Land	\$ <u>0-</u>	\$ <u>225,000</u>	\$ <u>225,000</u>
Building(s)	\$ <u>600,000-</u>	\$ <u>20,000</u>	\$ <u>620,000</u>
Renovation	\$ <u>-</u>	\$ <u>-</u>	\$ <u>0</u>
Equipment	\$ <u>100,000-</u>	\$ <u>-</u>	\$ <u>100,000</u>

Installation	\$ _____	\$ _____	\$ _____
Engineering Fees	\$ _____	\$ _____	\$ _____
Architectural Fees	\$ _____	\$ _____	\$ _____
Interest During Construction	\$ _____	\$ 15,000-	\$ 15,000-
Agency Fee	\$ _____	\$ _____	\$ _____
Legal Fees*	\$ _____	\$ _____	\$ _____
Totals	\$ _____	\$ _____	\$ _____

* Agency General Counsel and Bond Counsel only

13. Have any of these expenditures already been made by the Company?
- a. Yes
- b. No

14. If yes, indicate Particulars: Grapes & land purchased in full.

15. Project Schedule - Indicate the estimated dates for:

- a. Commencement of construction: Aug/Sept 2004
- b. Completion of construction: Oct/Nov 2004
- c. Anticipated closing date of project: ?

16. Other Governmental Involvement:

- a. Have you contacted any other governmental agency in reference to this project?
- (1) Yes
- (2) No

17. If yes, please indicate the agency and nature of the inquiry below:

18. Job Creation/Retention

	Present # jobs in Niagara County	Present # jobs in Lockport	# of jobs in Town of Lockport at completion
Full Time	<u>0</u>	<u>0</u>	<u>2-3</u>
Part Time	<u>0</u>	<u>0</u>	<u>5-10</u>
Total	<u>0</u>	<u>0</u>	<u>7-13</u>

19. Estimated Annual Payroll (*Town of Lockport Facility)

At Present \$ 0

At Completion \$ 24,000 yr. 1-2
100,000 yr 3-5