

RECEIVED  
TOWN OF LOCKPORT

MAR 21 2013

INDUSTRIAL DEVELOPMENT AGENCY

# TOWN OF LOCKPORT INDUSTRIAL DEVELOPMENT AGENCY

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

## APPLICATION FOR INCENTIVES

**Project Applicant:** Yahoo! Inc.

**Project Title:** BF2 Datacenter and Call Center Expansion in Lockport, NY

**Total Project Cost:** \$170M est. (CONFIDENTIAL)

**Date of Application:** March 20, 2013

Type of Project\*:

- Acquisition of Existing Facility
- Civic Facility (Not for Profit)
- Commercial
- General Office
- Industrial/ Producer Services
- Life Care Community
- Multi-tenant Facility
- Research & Development
- Retail
- Other \_\_\_\_\_

**Location of Project:** Lockport, New York

**Bank:** Citibank

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

*For Office Use Only*

Date Application Received: RECEIVED MAR 21 2013 Project #: 29011401

Date of approval by IDA Board: 4/25/2013

Date copy was forwarded to IDA Counsel: \_\_\_\_\_

Check Amount: \_\_\_\_\_ Received on: \_\_\_\_\_ Date remitted to IDA CFO: \_\_\_\_\_

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. This application may be used to determine the Applicant's eligibility for any of the benefit programs of the Town of Lockport IDA, an extension of the current benefits and/or an expansion of the Applicant's current project. In certain instances, additional information may be required.

**I. PROJECT APPLICANT**

A. Project Applicant: **Yahoo! Inc.**

**701 First Ave.  
Sunnyvale CA 94089**

B. Company Officer (Partner) completing this application:

Name: **Richard Kropfl**

Title: **Sr. Director, Datacenter Operations**

Business Address: **701 First Avenue  
Sunnyvale, CA 94089**

Telephone: **(408) 336-1098**

Email: **rkropfl@yahoo-inc.com**

Website: **www.yahoo.com**

C. IRS Identification Number: **EIN 77-0398689**

D. Is Applicant currently receiving assistance from the Town of Lockport IDA?

Yes  No

E. Business Organization:

Company

Corporation

Joint Venture

Limited Liability

Partnership

Sole Proprietorship

Other (specify) \_\_\_\_\_

F. State of Incorporation or Organization: **Delaware**

G. Business Description:

**Yahoo! Inc., together with its consolidated subsidiaries ("Yahoo!," the "Company," "we," or "us"), is a global technology company focused on making the world's daily habits inspiring and entertaining. We provide a variety of products and services, many of them personalized, including search, content, and communications tools—all daily habits for hundreds of millions of users, on the Web and on mobile devices. The majority of our product offerings are available in more than 45 languages and in 60 countries, regions, and territories.**

We create value for advertisers and their brands by connecting them with targeted audiences of users through their daily habits. Advertisers can build their businesses through advertising to these targeted audiences on our online properties and services ("Yahoo! Properties"), or through our distribution network of third-party entities ("Affiliates") who integrate our advertising offerings into their Websites or other offerings (those Websites and other offerings, "Affiliate sites").

We generate revenue principally from display advertising on Yahoo! Properties and some Affiliate sites and from search advertising on Yahoo! Properties and Affiliate sites. Additionally, we generate revenue from other sources including listings-based services, facilitating commercial transactions, royalties, and consumer and business fee-based services.

Yahoo! has a storied history that has evolved with the Internet, beginning in 1994 when our founders, Jerry Yang and David Filo, then graduate students at Stanford University, created Jerry and Dave's Guide to the World Wide Web, a simple directory of websites to help people navigate the Internet. Yahoo! was incorporated in 1995 and is a Delaware corporation. We completed our initial public offering on April 12, 1996, and our stock is listed on the Nasdaq Global Select Market under the symbol "YHOO." Yahoo! is headquartered in Sunnyvale, California, and is a global company—with offices in more than 30 countries, regions and territories.

H. If Applicant is a corporation, is it publicly or privately held?

Public  
 Private

I. List officers, stockholders, members or partners in the Company \*\*

\*\* 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).

**Please see Yahoo!'s recent public filings with the US Securities and Exchange Commission (SEC).**

J. Is the Applicant/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:

No

K. If any of the persons or group of persons listed in the response to question J 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:

No

L. Is the Applicant/Company affiliated with any other entity, directly or indirectly, other than as indicated in response to questions J & K above? If yes, indicate name and relationships of such other entity and the address thereof:

**Please see Yahoo!'s recent public filings with the US Securities and Exchange Commission (SEC).**

- M. Has the Applicant/Company (or any entity listed above) made a public offering or private placement of its stock within the last year? If so, please provide Offering Statement used. \*\*\* Yes  No

**\*\*\*Please see Yahoo!'s recent public filings with the US Securities and Exchange Commission (SEC).**

- N. Complete the following information:

Officers and Directors

Phone

**Please see Yahoo!'s recent public filings with the US Securities and Exchange Commission (SEC).**

- O. Applicant Counsel:

1. Name of Attorney: **Stephen Berkman**
2. Name of Firm: **Paul Hastings**
3. Address: **55 Second Street, 24<sup>th</sup> Floor, San Francisco, CA 94105**
4. Telephone Number: **(415) 856-7215** Fax: \_\_\_\_\_
5. Email: [steveberkman@paulhastings.com](mailto:steveberkman@paulhastings.com)

- P. Applicant Accountant:

1. Name of Accountant: **PricewaterhouseCoopers, LLP**
2. Name of Firm: **PricewaterhouseCoopers, LLP**
3. Address: **The information will be provided upon request**
4. Telephone Number: **Please see #3**
5. Email: **Please see #3**
6. Principal Bank: **Please see #3**

- Q. Is the Applicant and/or any person listed in item I:

1. Now a plaintiff or a defendant in any civil or criminal litigation?  
\*\*\* Yes  No

**\*\*\*Please see Yahoo!'s recent public filings with the US Securities and Exchange Commission (SEC).**

2. Ever been convicted of a crime (other than a minor traffic violation)?  
 Yes  No
3. Been declared bankrupt within the last 10 years?  Yes  No

4. Delinquent in the payment of any state or municipal property taxes?  
 Yes  No
5. Delinquent in the payment of any income tax obligation?  Yes  No
6. Delinquent in the payment of any loans?  Yes  No
7. Currently in default on any of its loans?  Yes  No
8. The subject of any unsatisfied judgment?  Yes \*\* No

**\*\*Please see Yahoo!'s recent public filings with the US Securities and Exchange Commission (SEC).**

*If the answer to any of the questions in Section Q is Yes, please furnish details in a separate attachment.*

## II. DESCRIPTION OF PROJECT OCCUPANT

### A. Applicant/Company History

1. Location of current facility:

Address: **5319 Enterprise Drive**

City: **Lockport** State: **NY** Zip: **14094**

Telephone: **will be provided upon request** Fax: **will be provided upon request**

2. NAICS Code: **will be provided upon request**

3. Description of current facility: **Datacenter and technical support call center**

Number of buildings: **Complex of buildings**

Square footage of facilities: **190,000 square feet est.**

Own or  Rent present facilities

4. Is the facility currently receiving property tax abatement?  Yes  No

If Yes, at what date does this abatement expire: **various- through year 2029**

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

6. If Yes, has the Supervisor / Mayor been notified? **N/A**

Yes  No (Please provide additional information if necessary)

**B. Principal product / service: Please see business description above.**

**C. Percentage of Gross Revenue (from products & services) derived from sales outside of Niagara County: Majority**

**D. Market served: Global**

**III. ELIGIBILITY**

- A.** What effect will this project have on your business (why is it necessary)?  
**CONFIDENTIAL - Yahoo!'s datacenter footprint and user base on the East Coast is among its largest worldwide. It is the company's intention to further grow its footprint in Lockport, New York to accommodate growth and other business needs. It's also company's plan to migrate and consolidate its East Coast datacenter footprint in Lockport, New York. The migration and further growth of this proposed facility is reliant upon the ability to serve from a low cost power hub, with satisfactory network accessibility, network costs, various incentives, including property and sales/use tax incentives, work-force availability and other factors. CONFIDENTIAL**
- B.** Is Agency participation necessary for this project to proceed?  
**CONFIDENTIAL - As Yahoo! tries to address constantly changing current, as well as future business climate and demands, the importance of datacenters grows. The expansion of data, content and new products and Yahoo! hosted properties results in increased demand for larger and efficient datacenters. We strongly prefer to locate the new datacenter growth in a region that is in close proximity to its user base while also achieving competitive operational costs. That requires the right mix of low utility rates, as well as business and tax incentives (e.g. sales/use tax, property tax, employment training and retention grants, renewable and energy efficiency incentives). It is also efficient and beneficial to locate the new datacenter next to our existing energy and network infrastructure and facilities. Thus, the Agency's participation and assistance is necessary and required. CONFIDENTIAL**
- C.** Is the project occupant moving its entire operation to this proposed facility or a Division thereof?  Yes  No  
Does the project involve the consolidation of existing facilities?  Yes  No
- D.** Is this project necessary to prevent the Applicant/Company from moving out of Niagara County and / or New York State and / or to remain competitive with its industry? **Yes. Also see response to item (B) above.**

- E. What are the current market conditions which necessitate the construction of this project? **Please see business description of Yahoo! and responses to item (A) and (B) above.**
- F. Describe any unique features / effects that this project will have on the area:

**CONFIDENTIAL -Yahoo! is a recognized brand name throughout the world and hosts the traffic of more than half a billion users. The datacenter in Lockport, NY serves one of Yahoo!'s largest markets. Its role and importance within Yahoo!'s overall datacenter footprint is increasing. Servicing this datacenter and market of this magnitude requires the build-out of a robust infrastructure and network in the region, which may be influential in attracting other high-technology companies to the region.**

**Yahoo!'s datacenters are mission critical facilities requiring tens of millions of dollars in investment in electrical and mechanical infrastructure, as well as human expertise and skills to operate the thousands of servers housed in these datacenters. This datacenter will host properties, advertisements and content found on Yahoo!'s network.**

**The build out of the datacenter is a significant long-term investment that results in Yahoo!'s long-term commitment to the area.**

**We also anticipate that the expansion of Yahoo!'s operations and datacenter infrastructure in the Western New York may result in numerous direct benefits to Town of Lockport, other local communities and the State of New York, including, but not limited to:**

- Major investment in the development of land and state-of-the-art high-tech facilities, which in turn will significantly increase the tax base of the company's properties, improve the attractiveness of the area and property values for the local communities.**
- Substantial contribution to the local community in the form of current payments of special district property taxes and gradual increase in regular property tax contributions during the life of datacenter facilities.**
- Creation of new and retention of existing high-pay and high-quality jobs as well as considerable number of contractor jobs deployed and supported by Yahoo! in the area.**

- **Yahoo! has been recruiting exceptional talent from regional colleges and universities. Recruitment and retention of these technically skilled individuals with local ties is critical to the region and combatting “brain drain”.**
- **The datacenter, as a regionally unparalleled IT center, offers diverse career opportunities not easily found elsewhere locally.**
- **Increased tax revenue (e.g. sales tax, hotel occupancy tax, fuel tax) for the State and local communities during the construction and deployment of the Yahoo! infrastructure.**
- **Significant contribution and assistance to Lockport Industrial Development Agency (IDA) and local authorities (e.g. land acquisitions, contributions to IDA, permit and other fees) towards future growth and economic development of the community.**
- **Yahoo! supports local economy and strives to make purchases from local business first. The local economy may significantly benefit from increased trucking and workforce commute, increased use of local eateries, hotels, gas stations and purchases from local businesses.**
- **Consistent sales/use tax revenues to the State and local communities from operations of datacenter, maintenance of infrastructure, use of utilities and other non-exempt purchases.**
- **Yahoo! performs in a segment of the global economy that is underrepresented in the Western New York and offers a contribution to local economic diversification efforts. Yahoo! may be an anchor for attracting other tech industries to the area as discussed below.**

**Yahoo! has built and deployed an advanced, energy efficient and environmentally sustainable datacenter design (“chicken coop”) in Lockport, which has garnered worldwide attention as a pioneering design in free-cooling datacenter technology. The first two years of operation have validated that the building is in fact operating at record efficiencies for datacenters. Yahoo!’s design has been recognized by authorities such as The Uptime Institute and the United States Department of Energy. This contributes to other organizations including the region in their evaluation process for similar projects. Recent, public examples include Verizon and Blackrock. Yahoo! has also met onsite confidentially with numerous organizations and engineering firms considering the region and similar designs.**



**Yahoo! plans to use the same design, with further enhancements, for datacenter expansion at the Lockport site. CONFIDENTIAL**

**IV. PROJECT INFORMATION**

**A. Summary of Project:** (Identify each element of the project)

Does the project consist of (check appropriate categories):

	Yes	No
1. Acquisition of vacant land	<b>X</b>	
2. Land Lease		<b>X</b>
3. Construction of a new building If Yes, indicate number and size _____	<b>X</b> Complex of buildings of 100,000-150,000 sq ft est.	
4. Renovations to an existing building If Yes, indicate nature of renovations _____		<b>X</b>
5. Construction of an addition to an existing building If Yes, indicate nature of expansion _____		<b>X</b>
6. Acquisition of an existing building If Yes, indicate number and size of buildings _____		<b>X</b>
7. Acquisition, installation of machinery and/or equipment	<b>X</b>	
8. Equipment lease		<b>X</b>

**B. Site Plan Approval**

1. Have site plans been submitted to the Town Planning Department for approval?

\_\_\_ Yes **X** No Date of submittal and current status: \_\_\_\_\_

If Yes, state date of submittal and current status, also include one set of plans/ renderings with this application.

2. Have any plans been submitted to the US Army Corps of Engineers and the NYS Department of Environmental Conservation for approval?

\_\_\_ Yes **X** No

If YES, date of submittal and current status: \_\_\_\_\_

3. Identify school district pertaining to Project location: **Starpoint and Lockport School Districts**

4. Utilities and services presently serving site. Provide name of utility provider.

Gas <b>NYSEG est</b>	Size <b>TBD</b>
Electric <b>NYSEG</b>	Power <b>TBD</b>
Water <b>Town of Lockport</b>	Size <b>TBD</b>
Sewer <b>Town of Lockport</b>	Size <b>TBD</b>
Other (Specify)	

**C. Project Site**

1. Are there buildings now on the project site? \_\_\_\_ Yes  No

2. Indicate the present use of the project site: **Vacant Land**

3. Indicate present owner(s) of project site: **Town of Lockport IDA**

4. If the Applicant/Company now owns the project site, indicate:

a. Date of purchase: **December 21, 2012**

b. Purchase price: **\$194,850**

5. Has the Applicant/Company entered into a contract and/or option to purchase the site?  Yes \_\_\_\_ No

6. If the Applicant/Company is **not** the owner of the project site, does the Applicant/Company now lease the site or any buildings on the site?

\_\_\_\_ Yes  No

7. Is there a relationship legally or by virtue of common control or ownership between the Applicant/Company and the seller of the project:  Yes \_\_\_\_ No

If Yes, describe the relationship:

**Agency is the seller of the project. Agency and Yahoo! have previously executed various agreements to provide tax incentives to Yahoo! at a property adjacent to this project.**

8. Is the proposed Project Site located on a site where the known, or potential presence of, a contaminant is complicating the development/use of the property? \_\_\_\_ Yes  No

9. If so, is this a "Brownfield" project? \_\_\_\_ Yes \_\_\_\_ No **N/A**

10. Has a Phase I Environmental Assessment been prepared or will one be prepared with respect to the property?  Yes \_\_\_\_ No

11. Have any other studies or assessments been undertaken with respect to the

proposed Project Site that indicate the known or suspected presence of contamination that would complicate the site's development? \_\_\_\_\_ Yes  No

12. 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) N/A

13. List principal items or categories of equipment to be acquired as part of the project:  
**Examples include electrical and mechanical infrastructure, network, storage and server equipment.**

14. Has any of the above equipment been ordered or purchased? \_\_\_\_\_ Yes  No  
 If Yes, indicate items: \_\_\_\_\_

15. Total Estimated Project Costs

**CONFIDENTIAL**

<u>Description of Costs</u>	<u>Allocations of Costs</u>
Land	\$ 0.2M+TBD (if additional land is needed)
Building(s)	Construction Cost \$ 53M datacenter \$15M office facility
Renovation	\$ 0
Equipment	> \$100M in datacenter and office equipment
Site Work & Preparation	\$ incl. in construction cost
Installation	\$ 8M fit-out
Interest during Construction	\$ 0
Engineering Fees	\$ incl. in construction cost
Architectural Fees	\$ incl. in construction cost
Agency Fees	\$ TBD
Legal Fees	\$ 0.2M
<b>TOTAL</b>	<b>&gt; \$ 170M</b>

**CONFIDENTIAL**

16. Have any of these expenditures already been made by the Company?  
 X  Yes \_\_\_ No If Yes, indicate particulars: **Land purchase and other related expenditures**

17. Project Schedule: Indicate the estimated date for:  
a. Commencement of construction: **May 2013 est.**  
b. Completion of construction: **March 2014 est.**

18. Is this a single phase or multi-phase project? \_\_\_ Single  X  Multi  
Phase I Activities:  
**Construction and fit-out of new datacenter and administrative facilities based on the investments estimate above.**  
Phase II Activities:  
**Further growth and/or enhancement of facilities is possible based on business demands and availability of incentives from various providers (including power, business and tax incentives). Market conditions will dictate actual investment and facility growth, if any.**

#### D. Project Employment Information

*NOTE: Please calculate full time equivalent employees (approximately two part time employees equals one full time employee). Report information for the Town of Lockport Facility only.*

1. Will Niagara County contractors and/or sub-contractors be utilized for the Construction project?  X  Yes \_\_\_ No
2. What is the estimated number of construction jobs to be created at the project site from: Niagara County Erie County Other areas  
**Up to 250 construction jobs, primarily in Niagara County- estimate**
3. What is the **present** number of employees of the Applicant/Company **before** IDA Status? # Full Time Equivalent Employees: **0 (This is a new site and project)**  
Estimated Annual Salary: **N/A (This is a new site and project)**
4. Estimate how many full time/ part time jobs will be **retained** as a result of this project over the next three years: **N/A (This is a new site and project)**  
Full Time \_\_\_\_\_ Part Time \_\_\_\_\_  
Estimated annual salary range of jobs to be retained  
From \$ \_\_\_\_\_ to \$ \_\_\_\_\_
5. Estimate how many full time/ part time jobs will be **created** as a result of this project over the next three years:

Full Time 115 Part Time 0

Estimated annual salary range of jobs to be created

From \$ 37,000 to \$ 70,000

6. Approximate Annual Applicant/Company Sales for previous year:

**Please see Yahoo!'s recent public filings with the US Securities and Exchange Commission (SEC).**

## V. PROJECT FINANCING

### A. Financial and Feasibility Data

Provide any marketing, economic, business plan or feasibility studies that have been developed particularly for this facility. The Agency may also require financial statements for the last three (3) years.

**Yahoo! has had consistent strategy and plans to develop and build its own datacenters and gradually consolidate the operations in its own datacenters**

### B. Financial Assistance Requested from the Agency

1. Is the Applicant requesting a real property/tax abatement (payment in lieu of taxes agreement)?  Yes  No
2. Is the Applicant expecting to be appointed agent of the Agency for purposes of being exempt from payment of NYS Sales and Use Tax Abatement?  Yes  No  
If Yes, what is the approximate amount of purchases which the Applicant expects to be exempt from the NYS Sales and Use Taxes? \$ **TBD-estimate will vary due to numerous factors, including the total investment amount and frequency of equipment refreshing cycles. Nevertheless, any amount of sales/use tax exemption should conform to our agreements with the Lockport IDA.**
3. Is the Applicant expecting to be appointed agent of the Agency for purposes of being exempt from payment of Mortgage Tax Abatement?  Yes  No
4. Is the Applicant expecting that the financing of the project will be secured by one or more mortgages?  Yes  No  
If Yes, what is the approximate amount of financing to be secured by mortgages? \$ \_\_\_\_\_

## CERTIFICATION

(to be executed by the principal of the Applicant)

**I. Richard Kropfl** affirms under penalty of perjury he/ she is the **VP, Data Center Operations** named in the attached Application (the "Applicant"); that he/she has read the foregoing Application and knows the content thereof, and that the same is true to his/her knowledge, upon information and belief.

**II.** As an officer of the Applicant, deponent acknowledges and agrees that the Applicant shall be and is responsible for all cost incurred by the Agency and all legal counsel for the Agency, including its general counsel and/or bond/transaction counsel, whether or not the Application, the proposed project it describes, the attendant negotiations, or the issue of bonds or other transaction or agreement are ultimately ever carried to successful conclusion and agrees that the Agency be held 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 Application, regardless of whether or not the Application or the proposed project described herein or the tax exemptions and other assistance requested herein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the proposed project described herein, and (C) any further action taken by the Agency with respect to the proposed project.

**III.** By executing and submitting this Application, the Applicant covenants and agrees to pay the fee to the Agency and the Agency's general counsel and the Agency's transaction counsel, as well as fees of other consultants, if any, retained by the Agency in connection with the proposed project.

**IV.** By executing and submitting this Application, and in the event the closing does not occur, the Applicant further covenants and agrees to pay the fees of the Agency and the Agency's general counsel and the Agency's transaction counsel incurred and to forego the application fee.

**V.** By executing and submitting this Application, the Applicant covenants and agrees to comply with the reporting requirements as required of or determined by the Agency, from time to time.

The Applicant is aware and acknowledges that according to the New York Public Officer's Law, Article 6, Freedom of Information Act, the public has the right to request information about the project and the Applicant, and that in accordance with Public Officer's Law Article 7, all meetings of the Agency are open to the public.

The Applicant and the individual executing this Application on behalf of the Applicant acknowledge that the Agency and its counsel will rely on the representations made in this Application and, if applicable, made in related Addenda, when acting hereon and hereby represents that the statements made herein and therein do not contain any untrue

statements of material fact and do not omit to state a material fact necessary to make the statements contained herein or therein misleading.

**Company/Applicant:** Yahoo! Inc.

**Name/Title (print):** Richard Kropfl, VP, Data Center Operations

**Signature:** 