

RECEIVED
TOWN OF LOCKPORT

JAN 01 2015

INDUSTRIAL DEVELOPMENT AGENCY

TOWN OF LOCKPORT INDUSTRIAL DEVELOPMENT AGENCY

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

APPLICATION FOR INCENTIVES

Project Applicant: New York Beer Project, LLC / K Squared Properties, LLC **

Project Title: Microbrewery + Gastropub

Total Project Cost: \$ 3,700,000

Date of Application: 1/1/2015

** K Squared Properties will own all real estate. New York Beer Project is the operating entity that will create all new jobs associated with this project.

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 _____

6933 South Transit Road (LD)

Location of Project: 1020 S. Transit Road, Town of Lockport, Niagara County, NY

Bank: To be determined. Presently in discussions with both M&T and First Niagara Banks.

* 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: 1/1/2015 Project #: 29011501

Date of approval by IDA Board: _____

Date copy was forwarded to IDA Counsel: _____

Check Amount: \$1,000.00 Received on: 1/8/15 Date remitted to IDA CFO: 1/8/15

Revised 3/2014

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: New York Beer Project, LLC / K Squared Properties, LLC **
- B. Company Officer (Partner) completing this application:
Name: Kevin Krupski
Title: Member
Business Address: 6948 Lockwood Lane
Lockport, NY 14094
Telephone: (716) 204-1122
Email: kevin@cpastax.com
Website: not applicable
- C. IRS Identification Number: New York Beer Project 32-0446765; K Squared Properties 32-0446503
- D. Is Applicant currently receiving assistance from the Town of Lockport IDA?
 Yes X No
- E. Business Organization:
 Company
 Corporation
 Joint Venture
X Limited Liability
 Partnership
 Sole Proprietorship
 Other (specify) _____
- F. State of Incorporation or Organization: New York
- G. Business Description: Microbrewery + gastropub.
Produce craft microbrews for retail and wholesale.
Retail family restaurant serving lunch and dinner.
- H. If Applicant is a corporation, is it publicly or privately held?
N/A Public
 Private

** K Squared Properties will own all real estate. New York Beer Project is the operating entity that will create all new jobs associated with this project.

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

Name	Percentage	Home Address
Kelly Krupski	50%	6948 Lockwood Lane, Lockport NY
Kevin Krupski	50%	6948 Lockwood Lane, Lockport NY

** 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).

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:
N/A

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:
No.

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 X No

N. Complete the following information:

<u>Officers and Directors</u>	<u>Phone</u>
<u>Kelly Krupski (President & Secretary)</u>	<u>716-438-0478</u>
<u>Kevin Krupski (Vice President & Treas.)</u>	<u>716-438-0478</u>

O. Applicant Counsel: _____
1. Name of Attorney: David Brody
2. Name of Firm: Brody & Korman PLLC
3. Address: 5888 Main St., Williamsville, NY 14221
4. Telephone Number 716-633-5432 Fax: 716-204-7543
5. Email: dbrody@brodykorman.com

- P. Applicant Accountant: Kevin M. Krupski, CPA
1. Name of Accountant: Kevin M. Krupski, CPA
 2. Name of Firm: Kevin M. Krupski, CPA
 3. Address: 6948 Lockwood Lane, Lockport, NY 14094
 4. Telephone Number: 716-204-1122 Fax: 716-204-1125
 5. Email: kevin@cpastax.com
 6. Principal Bank: M&T Bank

- 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
 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

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 N/A - new company, new start-up business

1. Location of current facility:
 Address: N/A - new company, new start-up business
 City: _____ State: _____ Zip: _____
 Telephone: _____ Fax: _____
 2. NAICS Code: _____
 3. Description of current facility: _____

- Number of buildings: _____
 Square footage of facilities: _____
 Own or Rent present facilities

N/A - new company, new start-up business

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

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

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?

Yes No (Please provide additional information if necessary)

B. Principal product / service: Microbrewery - produce and sell craft ales
on-site and to Western New York restaurants, bars & beverage stores.
Gastropub - family-style restaurant serving lunch & dinner.

C. Percentage of Gross Revenue (from products & services) derived from sales outside of Niagara County: unknown; projected at 10%

D. Market served: Western New York, but primarily Niagara County/Lockport

III. ELIGIBILITY

A. What effect will this project have on your business (why is it necessary)?

N/A. This is a start-up business. This projects constitutes the start of
operations for our business.

B. Is Agency participation necessary for this project to proceed?

Agency participation is critical to the success of this project. As a new business
start-up with intensive capitalization required, this project will not succeed without
IDA assistance.

C. Is the project occupant moving its entire operation to this proposed facility or a Division thereof? Yes No N/A - start-up operations at new facility

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? N/A - start-up operations to commence at new facility

E. What are the current market conditions which necessitate the construction of this project? The craft brewery market annually continues to gain huge popularity,

nationally and regionally. Our project will allow this demand to be met locally in Lockport, NY.

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

This project will be the first microbrewery in Lockport and fourth in
Niagara county. Also, this project will add a "fresh" new family restaurant,
tap room, and private events space in an area of Lockport where such type of business
of business is lacking.

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	X	
2. Land Lease		X
3. Construction of a new building If Yes, indicate number and size <u>1 bldg (12,200 sq ft)</u>	X	
4. Renovations to an existing building If Yes, indicate nature of renovations _____		X
5. Construction of an addition to an existing building If Yes, indicate nature of expansion _____		X
6. Acquisition of an existing building If Yes, indicate number and size of buildings _____		X
7. Acquisition, installation of machinery and/or equipment	X	
8. Equipment lease		X

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: _____

* preparation of site plans is in process

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 School District

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

Gas	NYSEG	Size
Electric	NYSEG	Power
Water	Town of Lockport	Size
Sewer	Town of Lockport	Size
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: N/A - vacant land
3. Indicate present owner(s) of project site: Tonawanda Creek, LLC (current land owner)
4. If the Applicant/Company now owns the project site, indicate:
 - a. Date of purchase: N/A
 - b. Purchase price: N/A
5. Has the Applicant/Company entered into a contract and/or option to purchase the site? Yes No Sales contract in place; contingent upon obtaining Lockport. IDA economic incentives. Purchase price set at \$225,000.
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: _____
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: Microbrewery equipment, kitchen equipment, restaurant and bar equipment

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

15. Total Estimated Project Costs

<u>Description of Costs</u>	<u>Allocations of Costs</u>
Land	\$ 225,000
Building(s)	\$ 1,965,000
Renovation	\$
Equipment	\$ 1,000,000
Site Work & Preparation	\$ 400,000
Installation	\$ (included with equipment \$\$)
Interest during Construction	\$ 50,000
Engineering Fees	\$ 15,000
Architectural Fees	\$ 30,000
Agency Fees	\$
Legal Fees	\$ 15,000
TOTAL	\$ 3,700,000

16. Have any of these expenditures already been made by the Company? 3,590,000 *Benefitted by Project Amt*
 Yes No If Yes, indicate particulars: \$8,000 of architecture fees
\$10,000 deposit on land acquisition

17. Project Schedule: Indicate the estimated date for:
a. Commencement of construction: April 2015
b. Completion of construction: March 2016

18. Is this a single phase or multi-phase project? Single Multi
Phase I Activities: Design and construction of building; outfitting of building (cont.) **
Phase II Activities: _____
Phase III Activities: _____

** (cont.) for brewery production and gastropub operations

D. Project Employment Information

NOTE: Report information for the Town of Lockport Facility only

1. Will Niagara County contractors and/or sub-contractors be utilized for the Construction project? Yes No Have preliminarily discussed project with Mulvey Construction

2. What is the estimated number of **construction jobs** to be created at the project site from:
Niagara County: unknown at this point; will attempt to use Niag Cty contractors where possible
Erie County: unknown at this point
Other areas: unknown at this point

3. What is the **present** number of employees of the Applicant/Company **before** IDA Status?
Full Time Employees: N/A - new start-up business
Estimated Annual Salary: N/A - new start-up business
Part Time Employees: N/A - new start-up business
Estimated Annual Salary: N/A - new start-up business

4. Estimate how many full time and part time jobs will be **retained** as a result of this project over the next three years:
Full Time Employees: N/A - new start-up business
Estimated **annual** salary range of jobs to be retained
From \$ _____ to \$ N/A - new start-up business
Part Time Employees: N/A - new start-up business
Estimated **annual** salary range of jobs to be retained
From \$ _____ to \$ N/A - new start-up business

5. Estimate how many full time and part time jobs will be **created** as a result of this project over the next three years:
Full Time Employees: 21
Estimated **annual** salary range of jobs to be created
From \$ 12,000 to \$ 40,000
Part Time Employees: 35
Estimated **annual** salary range of jobs to be created
From \$ 12,000 to \$ 21,000

6. Approximate Annual Applicant/Company Sales for previous year:
N/A - new start-up business

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. Business plan attached. Financial statements are N/A given start-up nature of business.

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 amount of purchases which the Applicant *requests* to be exempt from the NYS Sales and Use Taxes?
\$ 3,000,000 (estimated; actual figure not yet known)
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?
\$ 2,295,000 - Building Mortgage
\$ 850,000 - Equipment Loans

CERTIFICATION

(to be executed by the principal of the Applicant)

I. Kevin Krupski affirms under penalty of perjury he/ she is the managing member of New York Beer Project, LLC ** 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: New York Beer Project LLC / K Squared Properties LLC

Name/Title (print): Kevin Krupski

Signature: _____