REPORT TO THE ERIE COUNTY LEGISLATURE
92 FRANKLIN STREET
BUFFALO, NEW YORK 14202

FEBRUARY 2010

AUDIT OF THE PAYMENT IN LIEU OF TAX "PILOT" PROCESS FOR THE PERIOD JANUARY 1, 2006 THROUGH DECEMBER 31, 2008

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February 5, 2010

Honorable Members
Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

Dear Honorable Members:

The Erie County Comptroller's Office has completed an audit of the Payment in Lieu of Tax ("PILOT") process and payments as administered by the Erie County Division of Real Property Tax Services ("Real Property") and the Erie County Division of Budget and Management ("Budget") and certain PILOT agreements provided by the Erie County Industrial Development Agency ("ECIDA") for the period January 1, 2006 through December 31, 2008.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide reasonable assurance about whether the PILOT records are free of material errors and irregularities. Our objectives were to determine (1) what PILOT agreements existed; (2) the terms of those agreements; (3) the impact such agreements had on the taxable base of Erie County ("County"); (4) whether PILOT payments were being made pursuant to the terms of such agreements; (5) whether PILOT data maintained by Real Property was accurate; and (6) whether adequate internal controls exist over PILOT transactions and activities. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our testing of transactions and records disclosed instances of non-compliance with policies, procedures and laws. All instances of non-compliance that we found are identified in the accompanying Summary of PILOTs Tested (See Appendix A).

In our opinion, weaknesses in the system of internal control over PILOT transactions result in a high risk that errors or irregularities may occur and not be detected within a timely period.

County Management is responsible for establishing and maintaining a system of internal control. The objectives of a system are to provide Management with reasonable, but not absolute, assurance that transactions are executed in accordance with Management's authorization and are recorded properly. Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected.

The County stores PILOT transaction records in two separate locations: one for active records and a separate location for inactive agreements. In the process of performing our audit field work, Comptroller's Office staff requested all agreements for the scope period. However, we were informed that some inactive agreements could not be located by County personnel. As described to our auditors by applicable County personnel, the records for some inactive PILOT agreements had disappeared, a result of a move between offices within the Rath Building.

Based on information obtained from the ECIDA and other sources, we were able to identify the parties to some of the missing PILOT agreements/records and we requested and received copies of those PILOT agreements from the ECIDA.

Budget informed us at the Exit Conference that in 2006, 2007 and 2008, every record was in the same location within the Rath Building.

On January 25, 2010, the same day the Comptroller was presented with a draft of this audit, and after our fieldwork had been closed, Real Property called to inform the Audit Team that missing PILOT records had been discovered in the Rath Building Sub-basement. We re-opened our audit and these records are included the findings of this report.

Additionally, this audit covers only those PILOT agreements entered into by the ECIDA. It does not review other PILOT agreements entered into by other Industrial Development Agencies in the County, such as the Amherst, Clarence, Concord, Hamburg and Lancaster Industrial Development Agencies. Furthermore, the Erie County Division of Environment and Planning has the authority to negotiate PILOT agreements for low and very low income housing. Approximately twenty-five (25) of these agreements exist. The audit team was aware of these PILOT agreements but these agreements were not within the scope of our audit.

I. SUMMARY OF FINDINGS:

- The assessment data entered into the County database used for invoicing PILOTs is not checked against local assessment data generated by the cities, towns and villages of Erie County. As a result, PILOT invoices were calculated incorrectly due to erroneous assessment information.
- The County under-invoiced approximately $124,000 dollars (one-hundred-twenty-four thousand) and over-invoiced approximately $55,000 dollars (fifty-five-thousand) for the period of our audit.
- One PILOT was not invoiced or paid for ten years.

- The absence of reconciliation allowed a PILOT to be invoiced for both a PILOT invoice and a tax bill for nine years.
- It appears some expired PILOTs were not returned to the tax rolls, resulting in nearly $144,000 in non-invoiced tax billings.
- The County is not required to invoice for PILOT payments, but does.
- Some PILOT agreements require information other than property value in the calculation of the PILOT payment, such as the occupancy rate of a property. The ECIDA did not provide and the County does not have access to all of this information or the ability to confirm it.
- The County does not have a reconciliation matching PILOT agreements negotiated by the ECIDA to those invoiced by the County.
- The internal controls over physical records are weak, resulting in the misplacement of PILOT agreements by the County.
- The names the County records PILOT agreements under do not always match those records held by the ECIDA.
- The County sometimes records an agreement that the ECIDA considers one PILOT agreement as two or more PILOTs. The reverse has also occurred.
- The database used to prepare the PILOT invoices has no audit trail.
- When PILOT payments arrived late, the interest and penalties were sometimes calculated incorrectly.
- The PILOT agreements negotiated by the ECIDA do not always include specific property information. This makes finding specific PILOTs difficult if ownership changes; street names change; or a specific lot is sub-divided.
- Many of these problems were highlighted in the audits performed in both 1998 and 2001 and have not been addressed.

II. REPORTING REQUIREMENTS:

A draft copy of this report was provided to Budget and Real Property for their review at the Exit Conference. The ECIDA was invited to the Exit Conference, but did not attend.

III. BACKGROUND:

A. Prior Audits

In 1998, the Comptroller's Office performed an audit of the ECIDA in conjunction with the Real Property Unit of the Erie County Division of Budget, Management and Finance for the period January 1, 1995 to December 31, 1996. This audit revealed a series of problems that included:

- No reconciliation between the County and the ECIDA showing the number of PILOTs in existence or the invoice amount of each PILOT.

- Incorrect PILOT billings;
- Late PILOT billings;
- Penalties and interest were not always assessed; and
- Some firms with a PILOT were not being billed at all.

In October 2001, the Comptroller's Office issued a follow-up audit to the 1998 audit. The follow-up audit covered the period January 1, 2000 through December 31, 2000. That audit found continuing weaknesses in the controls over PILOT invoicing, including the same problems described in the 1998 audit. Most significantly, the 2001 audit found that the Real Property Unit had failed to act on the 1998 audit findings and recommendations to remediate the deficiencies found three years earlier.

B. Recent Events.

On August 26, 2009, an entrance letter was sent to the ECIDA informing them of the pending audit as well as the scope of the audit. A meeting between ECIDA personnel and employees of the Comptroller's Office was held on Wednesday, September 2, 2009. The meeting was cordial. However, on September 10, 2009, a letter was received from Philip Ackerman, Chairman of the ECIDA, informing the Comptroller's Office that the ECIDA believed that the Comptroller's Office had no authority to audit the ECIDA and that the ECIDA would not assist our staff during its performance of the audit, other than responding to information requests through New York's Freedom of Information Law. The Comptroller's Office disputes this contention and notes that the ECIDA assisted the Comptroller's Office during its 1998 and 2001 audits of the ECIDA and at no time previously has the ECIDA objected to periodic audits or reviews of its records by the Comptroller's Office.

On September 16, 2009, individual letters were sent to the Director of Real Property and to the Director of Budget informing them of the impending audit of PILOT payments and agreements handled by their departments and requesting access to their records. The Comptroller's Office was aware that certain information was retained in the County that duplicated records located at the ECIDA.

Our audit work relied upon the records obtained from the ECIDA and the County.

C. The ECIDA and the PILOT Process.

The ECIDA is a public benefit corporation that was established in 1970 by an act of the New York State Legislature for the benefit of the County and its residents. It was established to promote projects that will create or retain permanent, private sector jobs and provide additional sources of revenue for municipalities and school districts. It is self-funded with approximately 90% of its budget coming from fees it levies.

When an interested entity applies for assistance and is deemed eligible, a PILOT agreement may be created and entered into by the ECIDA and the applicant. The ECIDA board must approve all applications for assistance, including PILOT agreements. All PILOT agreements are for a specific property that must be located in Erie County. The property is sometimes, but not

always, defined in the PILOT agreement through the use of a Section, Block and Lot ("SBL") number. SBL numbers are the standard used by all municipalities in New York to define properties for tax purposes.

As described below, a PILOT agreement reduces the amount of property tax paid for a specific property. In particular, newer PILOT agreements tax the land value at full value, while property improvements receive the full PILOT exemption.

A PILOT is only one component of the myriad of funding and tax incentive programs offered by the ECIDA. Additional benefits to firms that qualify include the issuance of loans, reduced or eliminated sales taxes and other incentive programs as follows:

- Industrial revenue bonds and leases; Federal tax exempt revenue bonds; Local property tax abatement;
- State and local property tax exemptions; Construction materials sales tax exemptions; Non-production equipment sales tax exemptions; and Mortgage recording tax exemptions.

As described to our staff by ECIDA personnel during the September 2, 2009 entrance conference, the ECIDA enters into three (3) types of PILOT agreements. Industrial PILOTs are standard 15 year agreements. Non-Industrial PILOTs are standard 10 year agreements. Custom PILOTs are custom agreements that vary in their length and in other terms.

D. PILOT Agreements Work Flow.

As part of the PILOT process, the ECIDA, takes title to the property covered by the PILOT, with provisions in the agreement such that the ownership of the property will revert to the applicant upon termination of the PILOT and fulfillment of the terms of the PILOT by the applicant. Such a process includes filing the change of title with the Erie County Clerk's Office.

Once approved, the ECIDA notifies the County and the relevant town and school district of the agreement and provides a copy of the PILOT agreement. The County sends out an invoice for the amount of the PILOT on an annual basis, though there is no requirement in PILOT agreements that the County invoice said contracting party for the annual PILOT payment.

A small number of PILOT payments are for fixed amounts for the life of the agreement. However, most PILOT payments are based upon the assessment of the property covered by the PILOT. Properties covered by a PILOT may see their assessments change, depending on the local taxing authority, and County tax rates also may change during the life of the Agreement.

A standard PILOT agreement entails a reduction from the property tax that would be paid, with a gradual increase to the level of the actual tax as the agreement progresses. The amount of each PILOT payment is usually, but not always, the tax rate multiplied by a percentage of the property's full assessment. The property's assessment is multiplied by a variable percentage every year and the annual PILOT payment is calculated accordingly. The standard agreements have the following repayment schedules:

Year	Industrial	Non-Industrial
1	80% reduction	80% reduction
2	80%	75%
3	70%	70%
4	70%	65%
5	60%	60%
6	60%	55%
7	60%	50%
8	60%	45%
9	60%	40%
10	50%	40%
11-15	50%	Not Applicable

Custom agreements vary widely. Our audit found thirty (30) such agreements. Five (5) are thirty-year (30) agreements, seventeen (17) are for fixed payment amounts for the life of the PILOT, and one (1) PILOT has its payments set by court order. Seven (7) PILOT agreements have the calculation of the payment partially dependent upon factors other than the assessment of the property, such as employment at the PILOT location, or the occupancy of the facility covered by the PILOT.

Included in this list as a thirty-year (30) agreement is an additional agreement for a fixed payment amount that is the result of a re-negotiated PILOT agreement between the ECIDA and a client entity that did not meet its initial obligations. For the period of our audit, this client has made all of its restructured payments in full and on time.

As noted above, the County is not required to invoice the signatory to a PILOT agreement. Nevertheless, the County does. The County uses an in-house developed application on Microsoft Access to generate the invoices that are sent out. A copy of a sample invoice is attached as Appendix B.

The employee who prepares these invoices does not work for Real Property. The employee's title is "ERP Training Coordinator" and her position is budgeted within the Division of Information and Support Services ("DISS"). At various times since 2006, this employee has been budgeted in various titles in both DISS and Budget. Functionally, however, the employee reports to Budget. The preparation of PILOT invoices is not this employee's full time task; rather it is one of a number of tasks to which she is assigned.

IV. AUDIT FINDINGS AND RECOMMENDATIONS:

A. Errors in Collection of PILOT Payments.

A sample was taken from the then estimated two-hundred-fifty (250) active properties on the County's records. That sample revealed an error rate of over ten percent (10%) and, after

consultation with the County Comptroller, the audit work was expanded to include all of the active properties for which we were aware for our scope period. We have examined two-hundred-eighty-five (285) PILOT properties. These properties represent six-hundred-sixty-six (666) invoices, as some PILOTs ended or began during the period of our audit.

Sixty-eight (68) PILOT invoices had an error on an invoice of some type for the period of our audit. This is an error rate of more than 10% of all PILOT invoices examined. The total sum of those errors was $179,519.33. Forty-four (44) invoices were under-billed for a total of $123,907.90 and twenty-four (24) invoices were overbilled for a total of $55,611.43. The net result of the errors was the County under invoiced PILOT payments for the three (3) years of our audit period by $68,296.47.

As the audit progressed, errors found by the audit team were discussed with the employee who prepares PILOT invoices. Revised PILOT invoices were sent out and as of December 31, 2009, over $45,000 of the under-invoiced amounts have been collected.

Additionally, the Audit identified other errors not included in the above figures:

1. General Motors. In 2008, a PILOT for General Motors (SBL # 65.18-1-1.111) was invoiced by the County for $148,186.35. This billing was based upon a unique, difficult to follow, custom style agreement. General Motors disputed the PILOT invoice. A discussion was held between staff at the ECIDA and County employees. The agreement was re-examined and a new invoice was submitted to General Motors for $6,520.08. The Audit Team concurs with this figure.

2. New Era. In 2008, New Era Cap Company, Inc. ("New Era") was invoiced $13,167.77 for its PILOT property (SBL # 111.45-2-1.1) $13,167.77. New Era disputed that invoice through their attorney, stating that the County was under-billing them more than seven thousand dollars. The agreement was re-examined, a new invoice was prepared for $20,352.57 and the adjusted invoice was timely paid. The Audit Team concurs with this figure.

3. Roadway Express. In 1997, Roadway Express ("Roadway") signed a PILOT agreement for property located in West Seneca (SBL # 135.09-2-5). This property was never invoiced for PILOT payments, and no payments were made until the oversight was discovered in 2008. In July of 2008, the Director of Real Property informed Roadway of this oversight. In a letter dated July 23, 2008, the Director agreed to waive all interest and penalties on ten (10) years of taxes in arrears if the tax would be paid in full by September 1, 2008. A check for $245,864.82 was received from Roadway on August 29, 2008.

   The payments, penalties and interest for ten years of missed PILOT payments for this account totaled $471,513.71. The payment received was for $245,864.82, leaving interest and penalties of $225,648.89 forgiven.

We asked the Director of Real Property under what authority did he possess the power to waive interest and penalties. The Director stated in an email dated December 30, 2009 that "Where in the Statute or contract does it state that one does not have the authority? Again, prior administrations have supported the need to have the "cashflow" keep coming in."

We do not agree that the Director of Real Property should have the sole authority to adjust or forgive interest and/or penalties. We cannot identify any specific state statute or County charter provision, rule or legislative resolution that grants him this authority. In fact, the Director forgave interest and penalties for an agreement for which the County is not a party thereto.

WE RECOMMEND that interest and penalties for late PILOT payments not be forgiven. Firms sophisticated enough to apply and qualify for a PILOT agreement are required under the PILOT agreement to make payments on time regardless of whether they receive an invoice from the County.

4. Flexovit. Flexovit USA ("Flexovit") signed a PILOT agreement with the ECIDA in May of 1997 covering SBL #'s 236.00-1-3.1, 236.00-1-1 and a portion 236.00-1-2.1. In November 2006, Flexovit discovered that the Town of Evans was mistakenly invoicing for taxes payments on the same properties that the County invoiced for PILOT payments. The mistaken tax payments to the Town and the School District began in 1998 and continued through 2006 totaling $475,974.16 according to the attorney for Flexovit. Due to the unavailability of tax bills for the years in question, these figures were not audited by us. Flexovit applied for redress and the County, the Town of Evans and the School District agreed to provide tax credits. The County is providing a PILOT credit of $14,568.07 from tax year 2008 through year 2013 for the taxes overpaid to the County. The Flexovit PILOT agreement ends in 2017.

WE RECOMMEND that the Director of Real Property Tax Services meet with representatives from the Comptroller's Office to describe in detail how such calculations were derived and provide adequate supporting documentation.

5. Uniland. In 1987, Uniland Development Company ("Uniland") signed a PILOT agreement with the ECIDA covering SBL #'s 89.19-1-4.111 and 89.19-1-4.121. In February of 2004, it was discovered by the County that the PILOT billings for Uniland did not include both SBL's for the years 1999 though 2004. The SBL that was not billed had an assessed value of $9.8 million dollars in 2003. In late 2004, the then County Attorney accepted "in full and complete satisfaction of the unpaid balance of the referenced properties payment in lieu of tax (PILOT) obligations to Erie County for the years 1999, 2000, 2001, 2002, 2003 & 2004 tax/calendar years" the sum of $337,668.44, forgiving approximately $204,000.00 in penalties and interest. Due to the unavailability of tax bills for the years in question, we were unable to confirm this interest and penalty calculation and the penalty and interest figure was not audited by us. This PILOT agreement has no termination date, but

does state that after ten years, the PILOT payment will be the same as a normally-calculated property tax payment. The then County Attorney forgave interest and penalties for an agreement for which the County is not a party thereto.

WE RECOMMEND that interest and penalties for late PILOT payments not be forgiven. Firms sophisticated enough to apply and qualify for a PILOT agreement are required under the PILOT agreement to make payments on time regardless of whether they receive an invoice from the County.

6. 3725 North Buffalo Road In 2007 it was discovered that 3725 North Buffalo Road, ("Buffalo Road") SBL 162.05-2-7.1 was over-invoiced for $6,556.85 in 2006 and in 2007 was over-invoiced $7,059.63, for a total of $13,616.48. Buffalo Road paid both invoices as written. After discovery of the error, the County refunded Buffalo Road the total of their overpayments.

WE RECOMMEND that the County implement a reconciliation of PILOT agreements and payments, and such reconciliation be forwarded to the various assessors in Erie County. Such reconciliation would disclose the firms participating in the PILOT program and lessen the opportunity for a firm with a PILOT to be inappropriately taxed.

As part of our audit we recalculated the interest and penalties charged for late PILOT payments. The interest and penalties for late payments are described in a section of a PILOT agreement. This section does not change regardless of the type of PILOT agreement. We discovered that the County software used to calculate the interest and penalties did not reflect what was written in the agreements.

WE RECOMMEND that the software used to calculate interest and penalties for late PILOT payments be re-written to have it match the interest and penalties as described in the PILOT agreements.

Through the course of our audit it became clear that the lines of authority over who controls the County PILOT invoicing and reconciliation process are vague. The employee who actually performs the tasks commonly associated with PILOTs here at the County is paid from a DISS budget line. Within the County, PILOTs are traditionally viewed as a responsibility of Real Property. Budget is the authority that oversees both DISS and Real Property.

WE RECOMMEND that immediate steps be taken to clarify the authority governing PILOT enforcement to determine the authority, responsibilities and power of the Director of Real Property, and/or the Director of Budget. We believe appropriate legislation should be enacted, perhaps via a local law that will address this deficiency.

Throughout our audit, the Audit Team noticed that there were no indications of supervisory review anywhere within the County's PILOT process. We have no indication that any supervisor reviewed the PILOT invoices sent out by the County, examined any calculations for PILOT invoices or has a clear idea how much the County is owed for PILOT payments in any

one year. Once again, there is no reconciliation between the ECIDA and the County, so no supervisor reviews said reconciliation.

WE RECOMMEND that whomever ultimately has the responsibility for PILOT invoicing, a supervisor examine a sample of PILOT invoices and their supporting calculations for accuracy. This should also include a reconciliation of the total PILOTs being invoiced, to confirm that none are omitted.

Some PILOTs have payment calculations that do not depend solely on assessment information. One (1) PILOT has a clause that states the PILOT payment can vary depending on (1) the capital stock ownership of selected persons and (2) the number of full time employees at the location covered by the PILOT agreement. Four (4) PILOTs have a clause that changes the calculated payment based upon the amount of the covered property that is sub-leased or unoccupied. (See Appendix C for an example of this.) Another PILOT has a clause that changes the PILOT payment based upon a credit for real property taxes granted by the State's Empire Zone Program. A PILOT was also agreed to that stated if the business did not return a profit, the PILOT payments would be zero. All of these PILOT agreements have calculations that cannot be easily verified, if at all, by the County. For the purposes of our audit, we assumed the payments made against these agreements were correct, regardless of amount. The ECIDA or the business is required under certain of these agreements to inform the County as to the information needed. We found folders both with no evidence, and intermittent evidence communicating this information to the County.

WE RECOMMEND the County be provided this information as per the PILOT agreements and that the ECIDA confirm the accuracy of the information provided.

B. Errors in Restoration of Properties to Tax Rolls upon PILOT Completion.

When a PILOT is completed, the ECIDA returns title of the property to its owner and the property should be restored to the tax rolls. In six (6) cases, we discovered that property tax payments, sewer charges or special assessments were not recorded as billed or received on County systems after a PILOT had expired for a combined sum of $143,483.76. We are unaware as to why the properties were unbilled or revenues were uncollected. A list of the subject properties and property owners is identified in Table 1 below. [1]

[1] County-wide assessing, as advocated in an earlier report by this office, would centralize the assessment function at the County level and reduce the likelihood of an expired PILOT property being omitted from the tax rolls. For further information on a County-wide assessment function, please read "Comptroller's Review of the Costs of Real Property Tax Assessment in Erie County" at http://www.erie.gov/comptroller/pdfs/tax_assessment_report.pdf

Table 1

PILOT Name	SBL#	YEAR	Tax/Special Assessment
1205 Delaware Ave Inc	100.78-1-12.11	2008	$ 11,603.32
ECIDA	142.20-3-16.1	2006	14,449.94
ECIDA	142.20-3-16.1	2007	10,078.28
Downtown Lodging Association	111.37-5-1.11	2008	30,618.59
Seneca One Realty LLC	111.70-3-1.2	2006	66,153.69
B&L Wholesale	112.14-1-6	2006	10,579.94
TOTAL			$ 143,483.76

WE RECOMMEND that Real Property confirm that the above property taxes have been invoiced and paid in full, and if not paid, that replacement invoices should be immediately mailed to the subject property owners and payment demanded.

Subsequently, the 1205 Delaware Ave Inc. invoice was paid in 2009 and as a result of Internal Audit Memoranda sent by this office during the audit to Real Property, the B&L Wholesale invoice was sent by Real Property to the PILOT recipient in January 2010 and is due by March 31, 2010.

WE FURTHER RECOMMEND that Real Property record the completion of every PILOT in any calendar year on a master file maintained by its office and, upon completion of that year, a copy of that file should be provided to Budget and the Comptroller's Office for confirmation that all applicable properties have been returned to the tax rolls for subsequent tax years.

C. Lack of Invoices.

As noted in Section (IV) (A) (3) herein, one (1) PILOT was not invoiced from 1998 through 2007. In early 2008 this was discovered and a meeting held with the owner of the property. The Director of Real Property Tax waived any interest or penalty and the firm paid its outstanding PILOT payments for that period with one check for $245,864.82. This PILOT ends in 2012. The Audit Team was unable to determine how a PILOT could go un-invoiced and payments not made for ten years with neither Real Property nor Budget seemingly aware of such an oversight.

Real Property maintains that the County is not required to invoice for PILOT payments. The standard PILOT agreement contains a section that makes it clear that each entity with a PILOT agrees to make payments pursuant to the agreement and no invoicing is required. It would therefore be the responsibility of the owner of the property covered by the PILOT to send in a payment even if the County (or the ECIDA) did not invoice the PILOT. Sadly, history demonstrates that this does not happen.

It is the contention of the Comptroller's Office that the County should not be sending out invoices for PILOT payments. We believe this responsibility should be returned to the ECIDA. At one time, the ECIDA did invoice PILOT payments, but that responsibility was transferred to the County sometime in the late 1990's. It makes for a simpler, more streamlined process for the

ECIDA to perform this function. Currently, three other IDAs, Clarence, Lancaster and Amherst, do their own PILOT invoicing.

As stated above, standard PILOT agreements do not require any invoicing by the ECIDA or the County. However, some PILOT agreements do involve more than just a calculation based upon property assessment. The information needed to calculate the amount of certain PILOTs, such as the percentage of the property occupied, has not been provided to Erie County. It is information that should be available to the ECIDA.

The Audit Team believes that some form of invoicing is necessary. History has demonstrated both that PILOT payments won't be received without an invoice, and that the amount of a PILOT payment depends on the invoice received. Should the recipient of a PILOT send in a payment without an invoice, either the County or the ECIDA would be obliged to calculate what a PILOT payment should be, if only to confirm that the correct amount was paid as per the PILOT agreement.

WE RECOMMEND that the County return the invoicing of PILOT payments to the ECIDA and that the ECIDA provide a copy of each invoice and the supporting calculations to Real Property, Budget and the Comptroller's Office for confirmation of payment of an annual PILOT.

D. Failure to Keep PILOT Agreements for Statutory Time Period.

As noted on page two (2), some inactive PILOT agreements could not be located by County personnel for the scope period. As described to our auditors, the records for some inactive PILOT agreements were missing as a result of a move between offices within the Rath Building. In fact, our Office identified sixty-one (61) PILOT properties as lost/no longer being in possession of the County, and obtained agreements covering those properties from the ECIDA.

New York law requires the County to maintain PILOT agreements and other related records for a period of six (6) years. It is clear that the County did not do so for the missing agreements.

The failure of the County to properly store PILOT agreements, regardless of whether they were inactive, hindered the ability of the Comptroller's Office to properly audit the matter at hand. Additionally, the loss, although temporary, of these records is evidence of a serious weakness in the County's system of internal controls and, as noted above, results in a high risk that errors or irregularities may occur and not be detected within a timely period.

WE RECOMMEND that the County revise its method of storing PILOT records and ensure that all records are kept for the statutory minimum period.

E. Internal Control Weaknesses

In our evaluation of internal control, we noted numerous deficiencies which may appear to be minor in nature but when combined result in the probability that errors will occur and not be detected in the normal performance of an employee's duties and responsibilities. This renders most of the controls in place ineffective.

The above noted deficiencies include:

- Lack of accountability and responsibility where there are no clear lines of authority for this process.
- Lack of written procedures regarding either daily tasks or the storage and retention of completed PILOTs.
- The use of a billing system that is not fully automated. This provides no assurance that all PILOTs are properly and timely invoiced.
- Lack of segregation of duties where the same person who performs the invoicing is also the same person who addresses complaints with the invoice.
- While addressed in the PILOT agreement, the County has no separate written procedures describing the calculation of interest and penalties. There is no oversight (review and approval) of these transactions to determine if they are in accordance with the agreement.
- Invoices are not reviewed and approved prior to being mailed and recorded.
- Penalty and interest calculations were not prepared in accordance with the provisions of the law.
- Adjustments (credits/refunds/write-offs) were not in accordance with the law.
- No review of delinquencies and subsequent adjustments.
- There exists no formal reconciliation of active PILOT agreements and amounts due between the ECIDA and the County. This makes possible a PILOT not being invoiced.

Because the inherent risk is HIGH that significant errors can and will occur, **WE RECOMMEND** that County management take the steps necessary to address and correct the control deficiencies noted.

V. AUDITOR COMMENTS:

A. PILOT Tax Savings.

The testing of all County-issued PILOT invoices for 2006, 2007 and 2008 presented an opportunity to determine the true tax savings offered by PILOT agreements. No other entity has been able to accurately calculate what savings the PILOT program has provided to those who participate as it pertains to real property tax savings. The ECIDA estimates this figure annually in their reports to New York State. The audit team calculated that savings for the PILOT contracts provided to us. The audit team totaled all the PILOT invoices for all the properties covered by a PILOT in each year of our testing. The team then calculated what the invoices would have been had a PILOT not occurred for each of the properties covered in each of the years of our audit. The difference between the figures yields the property tax savings to the entity with the PILOT. The breakdown of savings is contained per property on Appendix A and the combined savings is listed on Table 2 below.

Table 2

	2008	2007	2006
Tax Bill if a PILOT had not occurred	$ 3,335,852.32	$ 3,179,300.83	$ 2,878,401.67
Actual PILOT Payments	$ 1,854,702.31	$ 1,777,371.30	$ 1,630,529.62
Tax Savings	$ 1,481,150.01	$ 1,401,929.53	$ 1,247,872.05

For our calculation of what the PILOT invoice would have been if a PILOT had not occurred, we had to make several assumptions. For those businesses that moved to Erie County as a result of a PILOT agreement, we assumed that such a move would have occurred even if a PILOT was not granted. We also assumed that the presence (or lack of) a PILOT agreement would not affect the assessed value of a property. If a property had improvements, we assumed that such improvements would have been made even if the PILOT had not occurred.

The reader should understand that the tax savings generated by a PILOT agreement to a specific business is made up by other taxpayers. The real property tax in Erie County is calculated by first determining the Erie County budget for a specific year. That budget number is then divided into the County's total taxable assessed value which yields the County tax rate for that year. Since the expected revenues from property taxes are reduced by a PILOT agreement, other taxpayers make up for that revenue shortfall.

B. Invoice Clarity.

The invoices sent out by the County for a PILOT payment are spartan in design. An example is provided as Appendix B. The over and under invoicing by the County (or a duplicate invoice) could have been detected by those who received them if the invoices had more detail to support the amount due. In the event that the County continues the practice of invoicing for PILOT payments, or the responsibility is returned to the ECIDA, the simple act of placing the below calculation on a PILOT invoice would allow the property owner to confirm the PILOT agreement's calculation.

Once again, we do not recommend that the County continue to invoice for PILOT payments, but instead return that responsibility to the ECIDA. However, we do recommend that whomever does invoice for PILOT payments, they detail the calculation in support of the payment due. We believe that the effort to add the details of the calculation for these invoices is both transparent and helpful.

2008 Invoice		
Total Assessed Value	$	2,100,000.00
Variable Property Value	$	1,992,200.00
PILOT Reduction		0.40
Value After PILOT Reduction	$	796,880.00
Tax Rate (Per Thousand)		10.316582
Subtotal	$	8,221.08
Fixed Portion	$	107,800.00
Tax Rate (Per Thousand)		10.316582
Subtotal	$	1,112.13
Total Tax	$	9,333.21
Tax without a PILOT	$	21,664.82
Amount saved by PILOT	$	12,331.62

Not every invoice has all of the above calculations, but modifications can be made that would make the invoices sent out more understandable.

WE RECOMMEND that the County discuss with the ECIDA the concept of providing more detail on PILOT invoices.

C. Calculation of Annual Payment.

The non-standard PILOT agreements can be very confusing, even to an experienced reader of PILOT agreements. We discovered several instances where an agreement was read, a bill was prepared, and the following year, the bill was prepared in a different way. In each of these cases, the PILOT agreement had some room for interpretation in how the PILOT would be calculated.[2] Appendix C has an example within the agreement itself on how a PILOT should be calculated. We found such examples very illuminating and encourage the ECIDA to include them in all future PILOT agreements.

D. Accurate Identification of Properties on PILOT Agreements.

Not all the PILOT agreements negotiated by the ECIDA include an SBL number for the property covered. This is a cause of confusion when the same developer obtains multiple PILOTs. It becomes even more confusing when the owner of one property is bought out by another business

[2] Difficulties in resolving vague or conflicting sections within a PILOT agreement were also a problem in the Comptroller's 1998 and 2001 audits.

or undergoes a change in business name. Over the ten-year or more life of a PILOT, street names can change, and the possibility of a town or village being eliminated is also present.

WE RECOMMEND that the County require the ECIDA to mandate that every PILOT agreement include the SBL number or numbers for the property covered by the PILOT agreement.

E. Annual Reconciliation of PILOT Payments.

Erie County did not perform any type of reconciliation for the PILOT agreements for which it billed. Such reconciliation would require a comprehensive listing of PILOT agreements billed by the County, a listing of PILOT payments due, a listing of payments received and a list of new and expired PILOTs for the year being reconciled. Such reconciliation was not performed by any County or ECIDA employee. This task, if performed annually, would reveal any unbilled or unpaid PILOT agreements.

Matching a listing of expired PILOTs to their reappearance on the tax rolls of the various towns and villages is a must. This should also be an element of a PILOT reconciliation. Because the ECIDA is aware of all PILOT agreements, they are in the best position to perform this reconciliation. It is recommended that the ECIDA perform such annual reconciliation and report their findings to Budget, Real Property and the Comptroller's Office.

WE RECOMMEND that the ECIDA perform an annual reconcillation of PILOT agreements and payments and that the County discuss with the ECIDA the requirements for such preparation of an annual reconciliation of PILOT agreements and payments.

F. Inconsistencies between the County's Charter and Code.

In the process of determining the authority of the Director of Real Property, we reviewed portions of the County Charter ("Charter") and the County Administrative Code ("Code"). Our review found conflicts between the Code and the Charter in several areas concerning the powers and responsibilities of the Divisions of Real Property and Budget, and the defunct title of "Commissioner of Finance." It appears that when the Charter was revised in 2006, the Code was not revised.

WE RECOMMEND that the Code be reviewed, and revisions made to remove inconsistencies between the Charter and Code.

G. Cooperation during Audit.

The Audit Team appreciates the cooperation of the Director of Real Property and those County staff who work with the PILOT agreements. It is to their credit that once errors were discovered in the course of our audit, they sent out new invoices for under-invoiced properties, or credited accounts when an overpayment was proven.

H. PILOT Billings by Legislative District.

PILOT billings are broken out by Legislative District in Table 3 below. One Legislative District, fourteen (14), did not have invoices for PILOTs among those we examined. The reader is reminded that there are IDA's that invoice for their own PILOTs. Those PILOTs would not be included in the below table. The ECIDA and County staff could only provide estimates of the below data.

Table 3

County Legislative District	PILOT INVOICES		
	2008	2007	2006
1	224,978	213,995	221,718
2	85,017	77,663	79,272
3	241,416	226,211	182,514
4	16,722	15,167	13,748
5	80,724	82,026	65,846
6	9,528	9,208	25,628
7	50,907	50,010	50,270
8	367,860	354,667	310,865
9	215,792	217,263	204,460
10	187,798	200,193	172,812
11	13,819	13,344	13,110
12	32,951	29,336	27,916
13	163,507	158,172	143,883
15	163,682	130,117	118,488
Totals	1,854,702	1,777,371	1,630,530

I. Environment and Planning Oversight

As per the 2008 and 2009 Erie County Budgets, the Department of Environment and Planning ("E&P") provides oversight and linkage with the principal economic development agencies in Erie County and specifically the ECIDA, and represents the County's perspective and coordinates the County's activities with those local, state and federal economic development agencies with which the County maintains a contractual or working relationship.

However, as a part of this audit we did not test the extent of E&P's oversight of the ECIDA. Accordingly, we render no opinion on the extent of E&P's real or apparent authority to oversee the ECIDA.

VI. RESULTS OF EXIT CONFERENCE:

An exit conference was held on February 03, 2010 with the Director of Real Property Tax Services, the Director of Budget and Management, an employee of DISS, the Deputy Comptroller – Audit and two auditors. The contents of this report were discussed.

During the course of the Exit Conference, various edits were suggested by the Administration. Changes were made to this document based upon the items discussed and additional documentation presented to Audit.

In accordance with the County's Audit Response System and Procedures, we request that Real Property and Budget prepare a written response to our office and the County Executive concerning the findings and recommendations. The final written response should be submitted to our office and the County Executive by February 26th, 2010.

We also request that Real Property and Budget forward copies of the response to the Erie County Legislature and Erie County Fiscal Stability Authority by February 26th, 2010.

ERIE COUNTY COMPTROLLER'S OFFICE

cc: Erie County Fiscal Stability Authority
Gregory Gach, Director of Budget and Management
Hon. Christopher Collins, County Executive
Joseph Maciejewski, Director of Real Property Tax Services
Kathy Konst, Commissioner of Environment and Planning
Philip Ackerman, Chairman, Erie County Industrial Development Agency

Schedule of PILOTs Tested

Appendix A

No.	Name of the Company With the Pilot	Swis #	SBL #	2008 PILOT BILLINGS	2007 PILOT BILLINGS	2006 PILOT BILLINGS	2006-2008 Tax Savings	PILOT Ends In	Overbilled	Underbilled
1	Osmose, Inc	140200	100.63-3-14.112	1,097.10	1,077.77	1,083.38	4,563.42	2016		
2	Osmose Wood	140200	100.63-3-38	2,050.37	2,027.74	1,780.64	3,398.25	2012		
3	1205 Delaware Avenue Inc	140200	100.780-1-12.11	-	-	5,205.25	(75.63)	2005		
4	Buffalo Clinical Research Center	140200	100.78-8-1	3,155.85	-	-	7,233.42	2022		729.74
5	Fedex Ground Package System, Inc.	143089	101.04-1-1.12	-	8,004.57	7,037.77	13,973.97	2007		
6	Monmouth Capital/ Fed Ex Ground Package Systems	143089	101.04-1-1.12/A	8,718.23	-	-	6,292.74	2022		
7	Monmouth Capital/ Fed Ex Ground Package Systems	143089	101.04-1-1.12/B	606.54	-	-	1,679.88	2022		
8	Monmouth Capital/ Fed Ex Ground Package Systems	143089	101.04-1-1.12/C	201.50	-	-	466.78	2022		
9	Buffalo Business Park, Inc.	140200	101.19-1-5.1	-	-	9,746.28	-	2004		
10	DeRonde Casings Int'l, Inc	140200	101.56-8-2.12	686.15	625.75	578.63	1,272.08	2009		
11	Upstate Farms Cooperative	143089	102.03-2-20.2	3,483.05	3,925.11	3,033.00	12,020.17	2017		666.59
12	Upstate Farms Cooperative	143089	102.03-2-20.3	-	-	-	-	2017		
13	Upstate Farms Cooperative	143089	102.03-2-20.4	3,807.00	3,807.00	3,807.00	4,964.06	2017		
14	2745 Broadway	143089	102.03-3-15.2	5,047.00	4,660.00	4,168.00	9,339.00	2010		
15	Derrick Manufacturing Corporation	143089	102.04-1-25.12	1,962.45	1,918.69	1,526.61	6,407.48	2017		23.29
16	Derrick Corporation	143089	102.04-1-35.2	606.38	-	-	220.50	2021		220.00
17	Upstate Farms	143089	102.04-1-7.1	2,902.00	2,902.00	2,902.00	15,373.00	2017		
18	Upstate Steel	143089	102.04-1-8	1,562.00	1,547.00	1,483.00	1,403.00	2013		
19	575-579 Ludwig Avenue Partnership	143089	102.04-3-10.11	2,598.55	2,576.89	2,089.50	6,092.49	2012		
20	Cooper Compression	143089	102.04-3-17.123	4,026.40	3,985.65	3,805.51	11,365.17	2011		
21	Cooper TurboCompressor Inc	143089	102.04-3-17.2	10,791.72	10,695.52	8,530.36	27,503.91	2012		
22	Cooper TurboCompressor Inc	143089	102.04-3-17.3	-	-	-	-	2012		
23	Randall Benderson 1993 Trust	143089	102.04-3-2.121	3,732.39	5,002.24	-	12,258.05	2016		468.74
24	Iskalo	143089	102.04-3-29	1,794.32	1,685.00	1,521.21	3,730.31	2014		
25	Cedar Key Associates	143089	102.04-4-47	6,379.81	6,042.44	-	11,282.75	2016	9,516.99	
26	Allied Frozen Storage	143089	102.18-4-1.1	27,511.62	27,224.60	25,955.58	-	2009		
27	Blum Enterprises, LLC	143089	102.18-4-2	2,377.56	2,359.42	2,279.23	4,624.90	2011		
28	Allied Frozen Storage	143089	102.18-4-4.11	2,689.08	2,666.43	2,566.28	6,007.74	2009		
29	DQ Associates LLC	143089	103.05-4-5	4,348.94	-	-	3,826.52	2017		
30	NM&D Properties, LLC	143003	103.070-8-7	-	-	3,383.00	83.00	2006		

No.	Name of the Company With the Pilot	Swis #	SBL #	2008 PILOT BILLINGS	2007 PILOT BILLINGS	2006 PILOT BILLINGS	2006-2008 Tax Savings	PILOT Ends In	Overbilled	Underbilled
31	Hunt Real Esate	143089	103.09-1-8.2	1,496.10	1,252.47	911.49	4,045.82	2020		
32	Walden-Dick Associates L.P.	143003	103.10-6-49./B	8,539.16	7,681.89	6,591.43	22,724.66	2011		
33	Harlequin Distribution Center	143003	103.110-1-5.11	71,569.23	70,822.57	67,521.31	30,595.22	2007	15,078.44	21,028.30
34	D&W Diesel	143089	103.13-1-22.121	9,909.90	9,542.33	8,862.74	-	2020		
35	Dual Printing Inc	143089	103.13-2-1.2	2,189.06	1,611.99	1,538.16	12,580.14	2020		
36	Kohler Awning	143089	103.13-2-11./B	-	-	-	-	2023		
37	Robert James Sales Inc.	143089	103.13-2-15	6,615.00	6,545.99	6,246.86	(2.00)	2009		
38	Gibraltar Strip Steel Inc	143089	103.13-2-16.12	3,445.92	3,716.01	2,442.82	8,478.77	2012		
39	2525 Walden Associates LLC	143089	103.13-2-20.2	1,297.65	1,286.86	1,239.13	2,830.21	2010		
40	Benderson Development	143089	103.13-2-21.2	2,770.98	2,745.44	2,632.52	2,512.13	Until Terminated		
41	Niagara Maryland Dev LLC	140200	110.28-1-1.121	13,246.31	13,012.90	12,567.57	-	2020		
42	Healthnow NY Inc	140200	110.60-2-2.1	-	-	-	-	2023		
43	Waterfront Associates	140200	110.76-1-1.1	29,609.41	29,087.66	33,510.55	(1,181.62)	2013		8,679.42
44	Marine (HSBC)	140200	111.17-12-1.21	77,919.50	76,246.49	76,944.33	-	2011		
45	Graphic Controls LLC/ The Ludlow Company LP	140200	111.18-2-2	17,572.20	9,153.33	9,200.90	89,806.51	2017		
46	Genetic Diagnostic Laboratories	140200	111.22-2-1	-	-	1,128.52	-	2004		
47	Asbury Development LLC	140200	111.30-7-3.1	31,695.00	31,695.00	-	33,408.70	2026		
48	Asbury Development LLC	140200	111.30-7-5	-	-	-	-	2026		
49	Asbury Development LLC	140200	111.30-7-6	-	-	-	-	2026		
50	Downtown Lodging Associates, LLC	140200	111.370-5-1.11	-	25,005.19	3,502.00	52,800.95	2006		
51	New Era Cap Co Inc	140200	111.45-2-1.1	20,352.57	-	-	12,841.14	2022		7,184.80
52	Niagara Group Inc	140200	111.45-6-2.1	36,881.89	30,883.96	19,065.13	11,979.34	2006		5,443.97
53	Niagara Group Inc	140200	111.45-6-3.1	-	-	-	-	2006		
54	West Genesee Hotel	140200	111.46-10-1.1	57,469.06	57,469.06	57,469.06	119,724.82	2023		
55	Iskalo	140200	111.46-1-1.1	-	-	-	-	2019		
56	Elman Buffalo Associates	140200	111.46-12-3.1	-	24,126.94	24,252.34	-	2006		
57	Sixty Key Center Inc LLC	140200	111.46-2-1.11	119,420.66	97,177.58	97,601.95	112,584.44	2008		
58	Buffalo Technology Campus	140200	111.47-1-1.1	-	-	-	-	2004		
59	Stetron	140200	111.55-10-15	2,586.93	2,255.57	-	-	Expires with Lease		290.89
60	Sahlen Packing Company	140200	111.68-1-11	-	-	-	-	2015		
61	Sahlens Packing	140200	111.68-1-13.1	3,381.71	3,322.12	3,339.38	1,527.30	2015		

Schedule of PILOTs Tested

Appendix A

No.	Name of the Company With the Pilot	Swis #	SBL #	2008	2007	2006	2006-2008 Tax Savings	PILOT Ends In	Overbilled	Underbilled
				PILOT BILLINGS						
62	Sahlens Packing	140200	111.68-1-9.1	524.74	517.01	519.25	1,866.96	2015		
63	Seneca One Realty	140200	111.700-3-1.2	-	-	-	70,965.83	2007		
64	Umbra Inc	140200	112.07-1-1.2	1,099.11	1,081.19	1,086.38	4,447.00	2014		
65	GLIT/Gemtex/Megtex Inc.	140200	112.10-2-3	-	4,210.06	4,231.94	-	2007		
66	D&M Refrigeration	140200	112.140-1-8.11	1,272.69	1,250.26	754.05	502.71	2006		
67	Commitment 2000	140200	112.14-1-8.31	3,576.51	3,317.01	2,667.40	10,494.08	2012		
68	Skyworks LLC	140200	112.15-1-7.11	1,415.02	1,390.09	1,288.05	4,052.48	2012		110.64
69	Curtis Niagara LLC	140200	112.15-1-7.12	9,090.61	8,930.42	8,976.84	26,997.88	2010		
70	CVM Electric, Inc.	140200	112.190-3-10.12	-	-	923.33	615.56	2006		
71	Buffalo Games	140200	112.19-3-11.121	4,354.39	3,886.36	3,906.56	17,936.03	2009		368.64
72	Great Lakes Electronics District	140200	112.19-3-12	1,896.04	1,490.10	1,497.85	6,377.97	2013		
73	Citadel Broadcast	140200	112.19-3-14	3,374.55	3,327.26	3,120.14	4,834.05	2008		
74	Roma Family	140200	112.19-3-15	284.67	207.60	210.83	1,410.90	2014		
75	Roma Family	140200	112.19-3-15	1,404.15	1,389.40	1,393.67	3,156.78	2014		
76	Niagara Tying Service, Inc	140200	112.19-3-16	4,978.23	4,896.11	3,134.55	5,790.88	2015		1,785.36
77	North Star Supply	140200	112.19-3-18.1	1,249.83	1,227.81	991.04	4,630.68	2017		
78	Arrow Sheet Metal Works Inc.	140200	112.19-3-18.2	838.41	823.64	827.94	2,832.45	2016		
79	Upstate Systems	140200	112.19-3-19	1,125.00	1,011.00	921.00	3,128.00	2011		
80	R.J.E., LLC	140200	112.19-3-9.112	1,152.17	1,131.87	916.15	3,897.78	2016		
81	Midway CTS Buffalo Ltd.	140200	112.19-3-9.13	6,493.29	6,378.87	6,412.03	19,284.20	2010		
82	David W Cloy, II & Robin D Cloy	143089	113.01-1-27	709.20	631.52	535.07	2,912.49	2014		
83	Universal Joint Venture	143089	113.060-6-2.22	-	4,029.69	-	13,936.77	2021		
84	LLC	143089	114.090-4-2.112	-	-	7,502.96	0.14	2006	1,931.37	
85	Dundas Jafine, Inc.	142089	117.120-4-1	-	-	1,857.84	16,612.03	2006		
86	LaFarge	140200	122.13-4-3.22	3,794.25	3,739.50	3,141.65	9,240.70	2012		
87	Rigized Metals	140200	122.14-3-10.221	1,204.26	981.33	985.59	3,337.63	2013		
88	MU Partners	140200	122.25-2-11	2,181.75	2,143.30	2,154.44	-	2002		
89	The Colad Group, Inc.	140200	122.27-5-18.11	-	-	4,943.25	4,931.27	2006		
90	Zemco Industries/Tyson Foods	140200	122.34-3-33.11	19,380.00	19,380.00	19,380.00	54,156.58	2013		
91	Battaglia Demolition Inc.	140200	122.36-1-3	1,124.64	1,104.82	943.85	3,175.05	2017		
92	Irish Welding Supply Corp.	140200	123.060-1-1	-	-	2,564.81	-	2006		31.00
93	Buffalo China, 500 Bailey LLC	140200	123.09-4-16.1	11,334.63	11,115.15	11,248.93	-	2015	41.04	

No.	Name of the Company With the Pilot	Swis #	SBL #	2008	2007	2006	2006-2008 Tax Savings	PILOT Ends In	Overbilled	Underbilled
				PILOT BILLINGS						
94	Cello Pack Corp of Buffalo	143089	124.00-6-1.122	1,180.36	908.13	865.80	5,129.81	2018		
95	Garden Gate Manor Partnership	143089	124.00-6-11.3	-	-	-	-	2017		
96	victor libertore time	143089	124.00-6-2.3	1,511.00	1,499.00	1,446.00	3,132.00	2010		
97	Costanzo's A B C	143089	124.00-6-3.111	5,910.92	-	-	5,054.72	2022		
98	Costanzo's A B C	143089	124.00-6-4.2	711.88	-	-	907.10	2022		
99	Costanzo's A B C	143089	124.00-6-4.21	642.50	-	-	755.13	2022		
100	Volland Electric	143089	124.00-6-9	5,513.00	5,455.00	5,201.00	15,831.00	2013		
101	Volland Electric	143089	124.00-6-9.2	1,135.40	914.89	875.83	3,451.62	2013		
102	Culinary Arts Specialties Inc.	143089	124.02-1-1.11	4,287.88	3,017.53	-	15,149.51	2021		
103	Schneiders Fish	143089	124.02-1-7.211	3,109.55	3,082.80	2,164.41	6,336.24	2011		
104	Schneiders Fish	143089	124.02-1-7.212	960.62	689.68	657.53	5,922.17	2020		
105	25 Dewberry Lane	143089	124.02-2-17.1	8,951.80	8,860.55	8,457.14	10,111.47	2011		
106	25 Dewberry Lane	143089	124.02-2-17.2	-	-	-	-	2011		
107	Rosina Foods	143089	124.02-3-4	8,032.75	7,987.89	7,789.56	9,720.18	2009		
108	Rosina Foods	143089	124.02-3-5	4,122.93	4,079.91	3,889.74	2,685.17	2009		
109	Garden Gate Manor Partnership	143089	124.08-2-1	-	-	-	-	2017		
110	McGuire Union Rd LLC	143089	124.08-2-2.11	1,489.90	-	-	4,300.77	2017		1,805.10
111	Garden Gate Manor Partnership	143089	124.08-2-2.21	7,524.31	2,440.48	-	45,259.07	2017		41,940.69
112	Affordable Senior Housing Opp. Of NY - c/o Union Square West Partners LP	146800	124.16-2-2.211	5,996.63	-	-	18,577.62	2017		125.03
113	71 Empire Drive Inc.	146800	124.16-9-5.11	6,600.98	6,410.51	6,069.63	-	Expires with Lease		
114	70 Empire Drive Inc.	146800	124.16-9-5.12	2,629.36	2,572.62	2,471.07	8,350.17	2014		
115	70 Empire Drive Inc.	146800	124.16-9-5.2	2,584.00	2,524.24	2,036.43	6,250.60	2012		
116	Industries	143089	124.29-2-1.1/B	366.54	-	-	957.31	2022		
117	Mayer Brothers Apple Products Inc.	146800	126.17-2-1.12	1,253.42	1,217.25	-	9,882.66	2021		
118	Ship Certain LLC	140200	132.20-1-11	51,946.33	26,801.48	26,940.77	-	2020		
119	Sorrento Cheese	140200	133.79-1-68.1	1,650.00	1,628.00	1,634.00	5,115.77	2014		
120	Multiform Dessicants	146800	134.050-2-10.11	-	-	26,759.00	60,985.00	2006		180.00
121	R+P Oakhill LLC	146800	134.05-2-16	5,620.09	5,457.93	-	36,079.94	2021		
122	Gemcor	146800	134.12-1-2.1 & /A	6,661.46	6,661.46	6,661.46	18,897.29	2017		20,980.73
123	West Seneca Commercial Center LLC	146800	134.12-1-24.121	2,548.44	2,424.00	2,247.66	2,100.96	2014		
124	Westwood Property Co.	146800	134.18-7-7.1	17,529.40	17,103.32	14,946.26	28,750.92	2019		

Schedule of PILOTs Tested

Appendix A

No.	Name of the Company With the Pilot	Swis #	SBL #	2008	2007	2006	2006-2008 Tax Savings	PILOT Ends In	Overbilled	Underbilled
				PILOT BILLINGS						
125	Westwood Property Co.	146800	134.18-7-7.2	561.70	545.49	516.48	-	2019		
126	2400 North America Drive LLC	146800	135.01-4-6.5	4,263.23	3,854.97	3,400.01	8,928.00	2010		
127	America Business Ctr	146800	135.01-4-61.12	3,808.00	3,720.00	3,004.00	9,177.55	2012		
128	Zaepfel Development	146800	135.05-1-12.11	3,115.43	3,037.72	2,898.65	7,690.03	2009		
129	Kemper System Productions	146800	135.05-4-4	5,171.77	5,022.55	3,584.77	26,932.92	Expires with Lease		
130	American Business Center - Zaepfel et al	146800	135.06-6-1	3,807.97	3,720.22	3,003.94	9,177.42	2012		
131	Fleet maintenance	146800	135.09-1-8./A	3,383.65	3,287.59	2,876.55	2,181.72	2009		
132	Allied Systems, Ltd.	146800	135.09-2-3	16,074.89	14,703.05	13,154.02	25,939.92	2009		
133	Roadway Express Inc	146800	135.09-2-5	28,922.87	28,280.74	27,131.61	10,526.10	2012		
134	McKesson Corp	146800	135.10-1-2	14,684.37	26,071.06	24,871.73	81,564.04	2014		
135	Fed Ex National LTL Inc	146800	135.10-3-1	6,458.25	5,415.47	-	20,770.99	2021		
136	Upstate Farms Cooperative Inc.	146800	135.10-3-2	15,765.43	18,697.37	5,171.87	85,847.25	2020		
137	Sonwil Distribution Center Inc.	146800	135.14-4-2	18,048.00	17,540.71	16,632.80	50,714.93	2008		
138	Atlas Cold Storage	146800	135.15-7-1	39,082.07	37,977.23	36,000.06	110,498.91	2008		
139	WNY Bus Parts Inc. Parcel B	144200	136.03-2-19	294.46	294.16	279.24	212.96	2012	36.03	
140	WNY Bus Parts Inc. Parcel A	144200	136.03-2-20	6,027.54	5,995.50	5,584.59	17,149.16	2012		
141	Accu-Sort America	140900	141.07-4-11.2	2,324.18	2,285.43	2,917.76	9,372.90	2016		
142	75 Boxwood	140900	142.200-3-16.1	6,372.86	6,266.61	8,183.33	-	2012	10,759.11	
143	Motorola, Inc.	144200	146.00-5-22.13	-	-	9,905.80	9,822.72	2009		
144	MMMF LLC	146089	152.003-12.112	3,043.05	2,944.01	2,760.92	9,531.09	2015		
145	MMMF LLC	146089	152.14-4-5	-	-	-	-	2015		
146	MMMF LLC	146089	152.14-4-5/A	-	-	-	-	2015		
147	Diversified Controls & Systems	146089	152.17-1-1.12	9,909.90	9,542.33	8,862.74	42,042.96	2016		
148	B&G Properties LLC	146089	152.17-1-2.111	2,294.02	2,209.86	2,054.26	9,720.62	2014		
149	B & G Properties LLC	146089	152.17-1-2.12	-	-	-	-	2011		
150	B & G Properties LLC	146089	152.17-1-2.21	7,498.78	7,221.38	6,708.51	873.05	2011	3,068.86	
151	B&G Properties LLC	146089	152.17-1-2.21/A	7,498.78	7,221.38	6,708.51	4,606.94	2011		
152	The Mentholatum Company	146089	152.19-1-24	22,071.48	21,356.28	16,584.95	58,137.63	2012		
153	National Air Cargo	146089	152.19-1-25.12	5,962.43	5,397.30	4,693.42	11,189.96	2011		
154	Moog (sublease w/Brooks Development)	144200	154.00-2-9.11	-	-	-	-	2011		
155	Moog (sublease w/Brooks Development)	144200	154.00-2-9.12	1,364.00	1,357.15	1,264.94	5,769.71	2014		
156	Moog	144200	155.00-1-5.21	1,684.80	1,676.40	1,569.53	6,645.27	2015		
157	Moog	144200	155.00-1-8.32	2,964.02	2,947.84	2,075.55	13,259.59	2017		

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No.	Name of the Company With the Pilot	Swis #	SBL #	2008 PILOT BILLINGS	2007 PILOT BILLINGS	2006 PILOT BILLINGS	2006-2008 Tax Savings	PILOT Ends In	Overbilled	Underbilled
158	General Welding & Fabricating	144200	155.00-2-45.112	2,084.57	2,074.73	1,948.56	5,272.16	2009		
159	General Welding & Fabricating	144200	155.00-2-45.112/B	-	-	-	-	2023		
160	Steuben Foods	144200	155.00-2-5.111	25,626.24	25,626.24	25,626.24	335,742.93	2014		
161	TSV	144200	155.00-2-5.113	22,892.68	22,767.72	21,165.37	-	When Lease Expires		
162	Heywood)	146089	161.00-5-48	5,002.60	4,818.81	4,479.01	14,419.56	2009		
163	Heywood)	146089	161.00-5-48./A	-	-	-	-	2009		
164	Heywood)	146089	161.00-5-51.1	2,536.00	2,455.00	2,306.00	10,047.00	2014		
165	McGard David Powers	146089	161.00-5-56	2,080.96	2,340.77	2,001.67	10,791.60	2017		
166	Transport National Development Inc	142401	161.03-1-13.1	4,328.57	4,168.01	3,359.86	11,946.13	2019		
167	Transport National Development Inc	142401	161.03-1-14.1	-	-	-	-	2019		
168	Eastco Multimedia		161.05-4-21	-	-	-	-	2023		
169	Genius Tools Atlantic	146089	161.18-2-13	2,129.59	2,050.60	-	9,681.79	2021		
170	Linen World	146089	161.18-2-3.112	2,824.12	2,719.37	2,525.70	9,161.86	2016		
171	Minrad Inc	146089	161.18-2-4.12	3,737.98	-	-	9,348.02	2022		
172	Value Centric	146089	161.18-2-4.13	1,346.72	-	-	(224.72)	2022	224.00	
173	Enidine	146089	161.19-1-2./A	-	-	-	-	2023		
174	3725 North Buffalo Road Inc.	146089	162.05-2-7.1	-	7,059.63	6,556.85	14,958.74	2004	Refunded $13,616.48 in 2008	
175	Four Corners Properties, LLC	146001	162.17-2-12	4,147.52	3,574.61	2,930.80	16,119.91	2013		
176	Orchard Park CCRC, Inc	146089	172.00-1-1.11	2,071.00	2,010.00	-	40,539.19	2036		
177	Darlene M Long	142401	175.07-1-7	-	-	2,792.50	(2,792.50)	2010		
178	Luminescent Systems Inc.	142401	175.10-1-3.121	11,659.11	11,618.21	10,932.11	42,936.57	2015		2,338.00
179	Luminescent Systems Inc.	142401	175.10-1-3.122	2,750.42	-	-	9,353.58	2023		
180	Diversified Controls & Systems	142401	176.05-6-37.12	930.69	912.26	686.67	3,414.10	2017		
181	Great Lakes Concrete	144889	182.16-7-3.1/A	2,812.31	5,702.51	5,474.18	20,983.49	2015		
182	Boston Valley Pottery, Inc	146089	197.00-1-17.122	2,303.43	2,217.90	1,546.87	10,349.97	2017		
183	New Era Cap Company	144489	220.000-3-27	-	-	-	-	2002		
184	Valmed Pharmaceutical Inc	144600	23.00-1-25.2	2,673.82	2,592.15	2,372.40	-	2019	1,105.56	
185	Starline USA Inc	144600	23.00-1-7.12	1,866.54	1,836.24	658.93	9,350.96	2019		
186	TX RX Systems	144489	235.00-1-12./A	1,022.91	957.80	735.52	2,930.77	2012		
187	Flexovit USA	144489	236.00-1-1	17,181.58	11,298.00	11,298.00	34,498.47	2013		
188	Mullican Flooring LP	145000	246.16-1-24	6,051.00	6,051.00	6,051.00	8,689.67	2013		
189	Goya Foods	144001	251.08-1-5.2	6,081.52	5,615.38	5,394.35	16,639.75	2008		
190	Crescent Mfg	145801	269.15-2-19	5,853.00	5,762.00	5,014.00	8,621.00	2012		216.83

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				PILOT BILLINGS						
191	Niagara Energy	145889	285.00-8-7.2	1,930.35	1,469.13	1,477.06	8,603.93	2018		
192	Hart to Hart Industries	146200	296.00-1-22	419.23	378.27	-	1,676.56	2021		
193	Mark 1A LLC	146200	327.00-1-36.12	1,231.00	906.88	-	6,649.78	2016		
194	Whiting Roll-Up Door	145689	33.00-4-19.11/A	2,320.55	2,140.25	1,643.83	6,815.54	2012		
195	Whiting Roll-Up Door	145689	33.00-4-19.11/B	-	-	-	-	2012		107.02
196	Whiting Roll-Up Door	145689	33.00-4-19.11/C&D	816.39	1,255.57	1,202.25	4,423.85	2013		62.78
197	Whiting Roll-Up Door	145689	33.00-4-19.11/E	552.14	693.02	663.27	2,846.96	2016		
198	Fujisawa Healthcare	144600	changed to 36.00-4-	11,006.45	10,680.18	7,906.58	32,319.38	2014	4,736.25	
199	American Pharmaceutical Partners	144600	36.00-4-12.121/A	2,997.49	2,905.94	-	23,772.57	2021		
200	American Pharmaceutical Partners	144600	36.00-4-12.121/B	-	-	-	-	2021		
201	Fujisawa USA	144600	changed to 36.00-4-29	6,198.68	6,019.25	4,493.85	17,733.81	2012		2,841.31
202	Invitrogen	144600	36.00-4-17.112/D	7,156.18	6,937.61	4,336.29	47,385.60	2019		
203	Fujisawa Healthcare	144600	36.00-4-28.3	14,418.74	13,978.36	12,793.33	58,070.51	2016		
204	Harbor Towne LLC	144600	37.03-4-76	9,025.69	8,778.43	8,113.07	22,940.30	2010		
205	Harbor Towne LLC	144600	37.03-4-77	-	-	-	-	2010		
206	Buffalo Printers Supply	141600	39.14-5-1.1	2,703.94	2,547.39	2,339.97	-	End of lease term		
207	Building Controls and Services Inc.	141600	39.14-5-13.1	924.00	896.00	858.90	1,682.46	2007	629.47	
208	Building Controls and Services Inc.	141600	39.14-5-13.1/A	1,070.04	1,008.08	751.48	3,571.59	2017		
209	Mueller Services	141600	39.45-2-17	1,532.57	1,123.25	1,318.35	7,956.94	2020		
210	Arrowhead Golf Club Links LLC	145689	46.00-4-19.121	5,988.29	4,952.83	4,740.14	29,212.01	2020		
211	Whiting Roll-Up Door	145689	47.07-1-5.111/A	528.01	23.94	22.91	846.62	2016		34.66
212	Perry's Ice Cream (ICP Realty)	145601	47.07-1-6.11/A	577.51	1,296.23	1,241.38	4,289.98	2013		
213	I Squared R Element Co	145601	47.13-1-1./A	756.62	571.76	548.53	2,607.59	2013		
214	Modern Heat Treating & Forging	145601	47.18-1-34.112	1,107.91	612.33	117.64	(350.92)	2018	489.42	
215	Five Corners Business Park, LLC	145689	48.00-1-2.21/A	1,892.72	1,477.28	1,413.84	8,087.53	2018		188.03
216	Science Kit Inc	146489	52.15-1-13.112	8,276.07	7,911.94	5,066.53	12,460.46	2011		
217	Donald R. Enderby Project	146489	52.15-1-5.2	778.28	734.88	697.45	2,700.55	2015		
218	Frey Electric	146489	52.16-2-1.112	4,526.92	3,670.50	2,959.34	11,452.24	2017		
219	Productive Transport (A)	146489	52.17-1-4.121/A	1,284.21	1,230.21	1,957.92	1,877.59	2012		
220	Productive Transport (B)	146489	52.17-1-4.121/B	2,585.46	2,019.80	973.02	8,281.98	2015	462.49	
221	Great Lakes Orthodontics	146489	52.18-1-25.2	9,333.21	8,812.70	6,522.02	12,200.18	2017		
222	CC&F Tonawanda Investment Co.	146489	52.18-2-29.1	3,260.00	3,090.00	2,943.00	12,918.59	2015		
223	Oriskany Research L.P.	146489	52.19-3-5.1	5,365.67	5,073.83	5,736.20	3,356.13	2011		

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				PILOT BILLINGS						
224	BOC Group	146489	53.13-1-6./A	2,317.93	1,686.79	1,600.88	9,963.24	2018		
225	Clover Communitics Crestmount LLC	146489	53.14-1-20	-	-	-	-	2018		
226	John Danforth Co	46489	53.14-3-1.1/400	3,319.05	2,178.92	2,067.94	21,971.39	2020		
227	John W Danforth	146489	53.15-1-4.122	11,816.61	13,017.21	12,354.18	23,468.95	2018		
228	I-290 Colvin Assoc (Ciminelli)	146489	53.15-1-8	3,334.32	4,403.04	-	1,328.78	2017		
229	Avani Holdings Inc.	146489	53.78-1-24	5,048.16	4,426.42	3,878.07	12,243.41	2012		
230	Fisher Price Inc	142401	53832.65.13-1-1.12	53,831.33	52,787.30	49,734.22	153,066.59	2011		
231	Episcopal Church	142289	56.11-8-1	139,929.75	118,356.88	112,487.80	0.01	2028		4,500.00
232	Episcopal Church	142289	56.11-8-1/A	21,433.96	10,072.93	4,398.96	-	2028		
233	Braxner LLC	146489	64.08-1-9	2,476.00	-	-	-	2022		429.17
234	Pallet Services	146489	65.06-1-22	4,164.60	3,932.34	3,732.05	7,598.82	2015		
235	Dynamics Reaearch Corp.	146489	65.06-3-17.2 &17.3	-	317.82	383.69	1,001.79	2007		
236	Praxair Inc.	146489	65.12-2-2	444.85	420.04	-	3,106.56	2021		
237	FMC Corporation	146489	65.13-1-1.112	1,588.75	1,500.15	1,423.74	5,889.89	2015		
238	FMC Corporation	146489	65.13-1-1.12	2,108.71	1,991.11	1,889.69	8,984.26	2014		
239	FMC Corporation	146489	65.13-1-3.1	9,292.28	8,833.79	6,964.91	24,489.49	2014		
240	Sweeney Steel Serv	146489	65.13-1-4.2	4,941.64	4,666.05	4,428.38	15,412.93	2011		
241	FMC Corporation	146489	65.13--3.1/A	1,740.11	1,324.73	1,259.39	5,433.63	2014		
242	Dunlop Tire Corp	146489	65.17-2-1.12 & -1.13	5,009.43	4,737.86	4,503.67	20,692.72	2014		112.00
243	General Motors	146489	65.18-1-1.111	6,520.08	32,909.59	31,233.33	350,240.61	2032		
244	DTE Tonawanda, LLC	146489	65.18-1-1.12	11,709.32	7,646.87	7,257.37	78,437.26	2022		
245	Positive Marketing	146489	66.29-3-1.2	1,227.67	1,159.20	906.02	3,887.11	2017		
246	Eric P Keller	146489	66.29-3-10.12	2,000.39	1,718.35	1,469.04	6,134.22	2012		
247	DePaul Community Facilities	146489	66.38-5-29.1	2,865.00	2,865.00	2,865.00	24,350.39	2016		
248	Protective Closures	140200	77.52-5-1	5,769.40	5,686.32	5,710.42	20,189.65	2015		
249	Outokumpu American Brass	140200	77.66-2-4	2,618.66	2,574.52	2,092.65	7,832.98	2012		
250	BG Delaware Holdings, LLC (parcel C)	140200	78.38-8-2.2	473.49	469.84	430.12	420.76	2014		
251	Randall Benderson 1993-Trust	140200	78.38-8-3.1	993.95	981.33	984.98	2,179.26	2014		
252	BG Delaware Holdings, LLC (parcel E)	140200	78.38-8-4	2,413.73	2,379.76	2,008.88	5,681.45	2014		
253	BG Delaware Holdings, LLC (parcel B)	140200	78.46-6-3.21	6,975.83	5,935.29	5,963.15	22,851.70	2014		
254	BG Delaware Holdings, LLC (parcel F)	140200	78.46-6-3.3	740.11	729.01	607.78	1,898.73	2014	290.00	
255	BG Delaware Holdings, LLC (parcel A)	140200	78.47-1-5.11	1,220.50	1,017.64	1,021.51	2,911.29	2014	189.50	
256	SRK 2020 Elmwood Avenue Associates, LP	140200	78.530-4-1.21	-	-	18,173.29	(1,036.76)	2006	6,792.86	

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				PILOT BILLINGS						
257	BG Delaware Holdings	140200	78.53-2-2.111	2,254.67	2,225.20	2,233.74	6,862.47	2014		
258	FLC LLC	143089	81.04-1-15.112	14,235.00	12,846.00	11,064.00	36,776.03	2011		154.00
259	Lewmar Properties LLC	140200	88.49-2-4	2,507.00	2,507.00	2,507.00	6,329.77	2012		
260	Lewmar Properties LLC	140200	88.49-2-5	-	-	-	-	2012		
261	Lewmar Properties LLC	140200	88.49-2-5.1	-	-	-	-	2012		
262	Lewmar Properties LLC	140200	88.49-2-7	-	-	-	-	2012		
263	Uniland	140200	89.19-1-4.121 & 4.111	50,907.40	50,010.37	50,270.30	-	Open Ended		
264	U.C. Coatings	140200	89.44-2-1.121	658.00	658.00	658.00	2,638.63	2012		
265	SMG	143089	92.01-1-1.2	9,427.23	8,162.76	6,670.52	44,864.82	2013		
266	SMG	143089	92.01-1-1.3	9,349.20	8,095.21	6,615.31	44,493.49	2013		
267	Airport Commerce Park II LLC	143089	92.01-11-1.4	-	-	-	-	2018		
268	Air Cargo-Cargo #1 c/o Ciminelli	143089	92.01-1-2.1/B	20,269.05	20,057.58	19,122.64	-	2015		
269	Air Cargo - Buffalo	143089	92.01-1-2.1/G	6,452.17	6,384.86	5,579.97	13,123.45	2008		
270	Husky Injection	143089	92.02-1-1.11	17,195.00	17,055.00	16,437.00	36,619.00	2011		
271	Uniland	143089	92.02-2-5.1/B	-	-	-	-	2019		
272	Northstar Location Services	143089	92.03-1-20.1	4,981.27	-	-	2,091.69	2022		504.09
273	Manzella Productions, Inc.	143089	92.040-1-17.2	-	5,182.24	5,200.72	-	2006	260.04	
274	Garrett LLC	143089	92.04-1-18.2	2,447.76	2,094.88	748.90	10,199.36	2016		357.08
275	Sonwil Dist	143089	92.04-17.113	3,078.62	3,049.94	2,923.16	7,913.28	2008		
276	SMG/TRI Electronics, LLC	143089	92.05-2-8	2,445.69	2,420.17	2,307.36	6,644.38	2016		
277	Sonwil Dist	143089	92.15-6-2.112	3,999.43	3,349.20	3,234.03	9,640.34	2013		
278	Sonwil Dist	143089	92.15-6-2.12	4,004.36	3,970.64	3,211.82	9,516.18	2012		
279	Sonwil Distribution Center Inc.	143089	92.15-6-2.2	3,917.70	3,887.42	3,753.58	7,723.76	2010		
280	Sonwil Distribution Center Inc.	143089	92.15-6-7	2,660.76	2,346.06	1,964.51	12,738.95	2015		
281	Marauder Enterprises	143089	93.01-1-15.2	-	17,623.82	9,425.00	-	2006		
282	Elrae Industries, Inc.	142089	96.000-4-4./A	1,114.22	3,559.18	3,395.71	2,958.31	2016		
283	Wilson Greatbatch	142089	96.00-3-10.4	12,658.61	12,272.32	-	36,908.09	2015		
284	Wilson Greatbatch	142089	96.00-3-10.4/A	948.04	918.74	-	7,467.12	2015		
285	11075 Walden Ave	142089	96.00-4-6-2/A	1,414.55	1,250.83	1,078.88	3,574.13	2010		
	Totals			$ 1,854,702.31	$ 1,777,371.30	$ 1,630,529.62	$ 4,130,951.60		$ 55,611.43	$ 123,907.90

ERIE COUNTY DEPARTMENT OF FINANCE
PAYMENT-IN-LIEU-OF-TAX
(PILOT) INVOICE
TAX YEAR JANUARY 1, 2007 TO DECEMBER 31, 2007

Appendix B

ASSESSED TO:

[redacted]

MUNICIPALITY [redacted]
SWIS/SBL #

PROPERTY LOCATION [redacted]

AGENCY ECIDA

ASSESSED VALUE 0
TAX RATE

PAYMENT-IN-LIEU-OF-TAXES due to the County of Erie for property leased through I.D.A. agreement.

INVOICE NO. 810

AMOUNT DUE $2,010.00

Payment due by 2/15/2007

Make checks, drafts or money orders PAYABLE TO:

ERIE COUNTY TAX
95 FRANKLIN STREET ROOM 100
BUFFALO, NEW YORK 14202

*** *$20.00 FEE FOR EACH RETURNED CHECK* ***

Concerns or questions regarding your bill can be emailed with your calculations and backup to pilot@erie.gov or faxed to 716-858-8837. We will review your information with our files then contact you. Telephone inquires can be made to 716-858-6783.
For payments made after February 15, 2007, penalties should be added per the terms and conditions of your pilot contract.

If you have any questions regarding your contract, please contact your I.D.A.

Checks should be made payable to: ERIE COUNTY TAX
MAILTO: Erie County Tax Department, Room 100
95 Franklin Street Buffalo, New York 14202

Please cut along line and return bottom portion with your payment

2007 PILOT [redacted] [redacted]

Invoice No. 810

AMOUNT $2,010.00

2/14

Appendix C

2001 through 2009 - 2010, the School District Fixed PILOT Payment shall be One Thousand Six Hundred Sixty Seven and no/100 Dollars ($1,667.00) per year, which is calculated by applying the School District Pre-Project Tax Rate ($23.536397 per thousand) to the Pre-Project Assessment ($70,800.00). The School District Variable PILOT Payment for each tax fiscal year shall be an amount equal to the School District tax rate in effect for such tax fiscal year applied to the product of (i) the total assessed valuation of the Facility Realty, less the Pre-Project Assessment, and (ii) the percentage applicable to such tax fiscal year as shown on Schedule "A" attached hereto and made a part hereof. Each such payment shall be delivered to Chief Executive Officer, West Seneca Central School District, 1397 Orchard Park Road, West Seneca, New York 14224, or such other place as may be designated from time to time by the School District. Payments for each tax fiscal year must be made by October 15 of that year, or such payments shall be considered delinquent.

(d) The following example sets forth, for illustrative purposes only, how the fixed and variable payments required by subparagraph (a) above would be determined:

The Pre-Project Assessment is $70,800.00 and the County Pre-Project Tax Rate is $10.990424 per thousand. If it is assumed that the 2001 assessment will be $500,000.00 and the 2001 County tax rate will be $11.00 per thousand, the County Fixed PILOT Payment and the County Variable PILOT Payment for the 2001 County tax fiscal year would be determined as follows:

A. County Fixed PILOT Payment For Tax Fiscal Year 2001	=	$778.00
B. County Variable PILOT Payment	=	
2001 estimated assessment		$500,000.00
Less: Pre-Project Assessment		- 70,800.00

Value subject to abatement		$429,200.00
Applicable percentage	x20%	
Value subject to payment		$85,840.00
2001 estimated tax rate ($11.00 per thousand)		x.011
County Variable PILOT Payment For Tax Fiscal Year 2001		944.24
Total Estimated County PILOT Payments (A and B)		$ 1,722.24

The fixed and variable payments for the Town and the School District would be determined in a like manner.

(e) In addition to the foregoing, the Lessee shall pay all special assessments and charges that are levied against the Facility Realty as if the Facility Realty were owned by the Lessee.

(f) Annually, on or before July 1 of each year, the Agency shall advise the County, the Town, the School District and the Lessee as to the percentage of the Facility Realty not occupied by the Lessee or by an Eligible Sublessee, and the Lessee shall be required to make full payments in lieu of taxes on such portion of the Facility Realty as if it were owned by the Lessee for the immediately succeeding tax fiscal years of each such taxing jurisdiction. In the event the Lessee is required to make such additional payments, the amounts required to be paid pursuant to subparagraphs (a), (b) and (c) above shall be reduced to the product of the amounts required to be paid under those subparagraphs multiplied by the percentage of the Facility Realty determined by the Agency to be occupied by the Lessee and by Eligible Sublessees.