



**ERIE COUNTY WATER AUTHORITY**  
**INTEROFFICE MEMORANDUM**

To: Jerome D. Schad, Chair  
Peggy A. LaGree, Vice Chair  
Michele M. Iannello, Treasurer

CC: Jennifer L. Hibit, Secretary to the Authority

From: Mark S. Carney, General Counsel

Date: March 9, 2026

Subject: Apple Tree Business Park Lease

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As Board of Commissioners is aware, the Authority's lease agreement with Ellicott Development for the Authority's space at the Ellicott Square Building will expire in April 2027. At the February Board Meeting, the Board approved the execution of a Letter of Intent and the authorization for the Executive Staff to continue with negotiations of the lease of space at the Apple Tree Business Park.

J R Millitello Realty, Inc., the Authority's broker, in conjunction with the Legal Department, has finalized an updated Letter of Intent with the landlord at the Apple Tree Business Park, AMCAP, Inc. The Authority's Executive Staff has reviewed the attached Letter of Intent.

The Legal Department now recommends that the Board approves the execution of the attached Letter of Intent to serve as the foundation for the lease of space at the Apple Tree Business Park. Please contact me or Jennifer Hibit with any questions regarding the Letter of Intent or the proposed lease terms.

MSC:alh

**ERIE COUNTY WATER AUTHORITY  
AUTHORIZATION FORM  
For Approval/Execution of Board Meeting Documents**

**Document Name:** \_\_\_\_\_ **Project No.:** \_\_\_\_\_

**Description:** \_\_\_\_\_

**Item Description:**

Choose one: \_\_\_\_\_

Other: \_\_\_\_\_

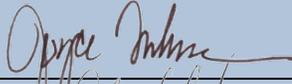
**Action Requested:**

Choose one \_\_\_\_\_

Other: \_\_\_\_\_

**Approvals Required:**

**APPROVED AS TO CONTENT:**

Chief Financial Officer		Date: <u>03/09/2026</u>
Chief Operating Officer		Date: <u>03/09/2026</u>
Claims Rep. – Risk Manager	_____	Date: _____
Comptroller	_____	Date: _____
Director of Administration	_____	Date: _____
Director of Distribution	_____	Date: _____
Director of Human Resources	_____	Date: _____
Director of IT	_____	Date: _____
Director of Operations	_____	Date: _____
Director of Planning & Water Supply	_____	Date: _____
Director of Production	_____	Date: _____
Director of Water Quality	_____	Date: _____
Executive Engineer	_____	Date: _____
General Counsel (Legal)		Date: <u>3/9/2026</u>
Other: _____	_____	Date: _____

**APPROVED FOR BOARD RESOLUTION:**

Secretary to the Authority  Date: 03/09/2026

Remarks: \_\_\_\_\_

Resolution Date: \_\_\_\_\_ Item No: \_\_\_\_\_

## LETTER OF INTENT

### *Proposed Lease of 26,000 +/- square feet at Apple Tree Business Park*

This letter of intent (the "LOI") summarizes the general terms and conditions under which the Tenant (as defined below) will lease suite 3550 at the Property (described below) from the Landlord (defined below).

<b>1. Landlord</b>	AppleTree Realty Holdings, LLC	
<b>2. Tenant</b>	Erie County Water Authority ("ECWA")	
<b>3. Premises</b>	Suite 3550, a 26,000 rentable square foot area (the "Premises")	
<b>4. Tenant's Intended Use</b>	Corporate offices and ancillary services related thereto.	
<b>5. Rate Schedule</b>	Term	Base Rate
	01/01/2027 – 09/30/2027	\$ Free Rent
	10/01/2027-12/31/2027	\$ 13.00
	1/1/2028-12/31/2028	\$ 13.39
	1/1/2029-12/31/2029	\$ 13.79
	1/1/2030-12/31/2030	\$ 14.20
	1/1/2031-12/31/2031	\$ 14.63
	1/1/2032-12/31/2032	\$ 15.07
	1/1/2033-12/31/2033	\$ 15.52
	1/1/2034-12/31/2034	\$ 15.98
	1/1/2035-12/31/2035	\$ 16.46
	1/1/2036-12/31/2036	\$ 16.96
	1/1/2037-12/31/2037	\$ 17.47
<b>6. Lease Conditions</b>	Landlord shall provide a Base Year allowance for Operating Expenses. Tenant shall be responsible for its proportionate share of any increases in Operating Expenses over the 2027 Base Year.	
<b>7. Base Year</b>	2027	
<b>8. Annual Escalation</b>	3.0% (as noted above)	
<b>9. Lease Term</b>	11 years (132) months	
<b>10. Lease Commencement</b>	January 1, 2027	
<b>11. Lease Expiration</b>	December 31, 2037	
<b>12. Free Rent</b>	Tenant shall receive nine (9) months of free Base Rent as described in the Rate Schedule above.	
<b>13. Security Deposit.</b>	None pending financial review	
<b>14. Landlord Work</b>	Landlord shall, at its sole cost and expense, provide new carpeting and paint the suite prior to the commencement of the lease term.	
<b>15. Tenant Improvements</b>	To be determined at Tenant's sole cost.	
<b>16. Renewal Options</b>	Tenant shall have two (2) five-year renewal options, each at a rental rate equal to the lesser of (i) a 3% increase over the preceding year's rent or (ii) fair market value at the time of renewal. Tenant shall	

	provide Landlord with 6 months written notice of intent to exercise renewal options.
<b>17. Access</b>	Lessee shall be provided twenty-four (24) hours, seven (7) days a week, fifty-two (52) weeks per year access to the Property.
<b>18. Signage</b>	Landlord shall approve all signage requests. All signage costs shall be at Tenant's expense.
<b>19. Lease</b>	The parties will act in good faith to enter into a mutually acceptable and binding Agreement within sixty (60) days of Landlord's acceptance of this LOI. The draft of the lease shall be prepared by Landlord's counsel and delivered to Tenant within seven (7) days of Landlord's acceptance of this LOI.
<b>20. Brokerage Fees</b>	Tenant warrants that it has not dealt with a broker or finder in connection with this transaction other than J. R. Militello Realty, Inc. Landlord shall pay a commission equal to five (5%) of the base rent received by Tenant not to exceed 10 years of actual base rent payable by Tenant. The payment shall be due upon the expiration of the free rent period and payment of first actual rental payment (ex: October 1, 2027). Payment shall be made to J. R. Militello Realty, Inc. exclusively by Landlord. The free rent period shall be excluded from the 10 year commission calculation so Landlord shall pay the commission on actual rental payments received for a ten year period.
<b>21. Non-Binding</b>	This letter does not constitute a formal offer or binding agreement. This letter reflects our present understanding of the terms and conditions of the proposed transaction, and we expect that the definitive lease agreement which shall be negotiated between us, with respect to this transaction, shall be substantially consistent with the provisions hereto. It is intended that a binding agreement between us shall come into existence, if, and only if, such definitive lease agreement is delivered by Lessor to Lessee and signed and returned by Lessee to Lessor who in turn shall sign and return a fully executed final lease to Lessee. Exact language of any of the terms and conditions outlined herein are subject to mutual agreement between the parties hereto and shall be provided in a final lease document.

By our signatures below, we jointly authorize the drawing of the required lease.

Agreed and Accepted:

Lessee: Erie County Water Authority

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: Jerome Schad  
Title: Chair

Lessor: AMCAP INC.

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_