

Unifrax I, LLC/Line 7 Project
\$36,000,000
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 321999

COMPANY INCENTIVES

- Approximately \$752,500 in sales tax savings
- Approximately \$1,705,000 in real property tax savings
- Approximately \$146,250 in mortgage tax exemption

EMPLOYMENT

- Current Jobs - 27
- Projected Jobs - 10
- Total Jobs 2 Years After Project Completion: 37

Additional Company Employment in Tonawanda:

- 360 Fire Tower Drive-242
- 600 Riverwalk-122
- Annual payroll: \$1,862,000
- Estimated salary of jobs to be created: \$57,500
- Estimated salary of jobs to be retained: \$69,000

PROJECT HISTORY

- 02/26/2019 - Public hearing held. Transcript attached.
- 03/27/2019 - The Project is consistent with the mitigation measures set forth in the DGEIS, FGEIS, and the Findings Statement that were prepared for the Project and as such, no further SEQR review is required for the Project pursuant to 6 N.Y.C.R.R. Section 617.10(d)(1).
- 03/27/2019 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

PROJECT INVESTMENT

- 1988 - \$4,250,000
- 2000 - \$2,250,000
- 2011 - 3,035,000
- 2015 - \$13,000,000
- 2018 - \$28,700,000

Project Title: Unifrax I, LLC/Line 7 Project

Project Address: 55 Pirson Parkway
 North Youngmann Commerce Center Business Park
 Tonawanda, New York 14150
 (Kenmore-Town of Tonawanda Union Free School District)

Agency Request

A sales tax, mortgage recording tax and real property tax exemption in connection with the construction of a 90,000 sq. ft. manufacturing facility.

Land Acquisition	\$ 25,000
New Building Construction	\$10,975,000
Infrastructure	\$ 7,700,000
Manufacturing Equipment	\$14,800,000
Soft Costs/Other	\$ 250,000
Total Project Cost	\$36,000,000
85%	\$30,600,000

Company Description

Unifrax is a leading producer of high temperature insulation products for a wide variety of industrial applications. Unifrax fiber products are used to solve application problems in the ferrous and non-ferrous metals, industrial chemicals, petroleum products, power generation, ceramic, glass, automotive, fire protection, aerospace, appliance and other industries.

With corporate headquarters located in Tonawanda, Unifrax has three U.S. manufacturing facilities - Tonawanda, Sanborn, New York and New Carlisle, Indiana. Unifrax employs more than 2,300 people worldwide with 23 manufacturing facilities and various regional and sales locations.

Additional manufacturing facilities are also located in France, UK, Germany, India, Brazil, China, South Africa, Austria, Russia, Bahrain and the Czech Republic.

Global sales account for 51% of the company's business.

Project Description

In 2017, this Board approved an incentive package which led to Unifrax investing over \$24,000,000 for the construction of an 83,000 sq. ft. manufacturing plant within the North Youngmann Commerce Park.

The current project proposes the construction of an additional 90,000 sq. ft. of manufacturing space along with the purchase of production machinery and equipment.

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over 7-year abatement period	Additional Local Revenue Over 7-year abatement period	New Yearly Taxes Upon Expiration of Abatement Period
\$0	\$3,000,000	\$62,000	\$403,000	\$310,000
Combined Tax Rate: \$103				

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total project amount = \$36,000,000 85% = \$30,600,000
Employment	Coincides with 7-year PILOT	Maintain base: 27 Create 85% of Projected Projected = 10 85% = 8 Recapture Employment = 35
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 7-year PILOT	Adherence to Policy
Unpaid Tax	Coincides with 7-year PILOT	Adherence to Policy
Recapture Period	Coincides with 7-year PILOT	Recapture of Mortgage recording tax, state and local sales taxes

Recapture applies to:
 State and Local Sales Taxes
 Real Property Tax
 Mortgage Recording Tax

Recapture

Pursuant to New York State General Municipal Law, the agency shall modify, recover, recapture or terminate any financial assistance taken by the company that is in violation of the GML.

At completion of the project company must certify i) total investment amount is equal to or greater than 85% of the anticipated project amount; ii) company has maintained 27 employees and created an additional 10 FTE iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.