

PUBLIC HEARING SCRIPT

**Lactalis American Group, Inc. and/or
Individual(s) or Affiliate(s),
Subsidiary(ies), or Entity(ies) formed or
to be formed on its behalf Project**

Public Hearing to be held on October 25, 2023 at 9:00 a.m.,
at the Erie County Industrial Development Agency's offices located at 95 Perry Street,
Suite 403, Buffalo, NY 14203

ATTENDANCE:

Don Heins – Lactalis American Group, Inc.
Jeff McGiveron – Lactalis American Group, Inc.
Brian Krygier – ECIDA

☒ 1. WELCOME: Call to Order and Identity of Hearing Officer.

Hearing Officer: Welcome. This public hearing is now open; it is 9:00 a.m. My name is Grant Lesswing. I am the Director of Business Development of the Erie County Industrial Development Agency, and I have been designated by the Agency to be the hearing officer to conduct this public hearing. This public hearing is being live-streamed and made accessible on the Agency's website at www.ecidany.com.

☒ 2. PURPOSE: Purpose of the Hearing.

Hearing Officer: We are here to hold the public hearing on the Lactalis American Group, Inc. and/or Individual(s) or Affiliate(s), Subsidiary(ies), or Entity(ies) formed or to be formed on its behalf project. The transcript of this hearing will be reviewed and considered by the Agency in determination of this project. Notice of this hearing appeared in The Buffalo News on Friday, October, 13, 2023.

☒ 3. PROJECT SUMMARY: Description of Project and Contemplated Agency Benefits.

Hearing Officer: The proposed project consists of: (i) the upgrading of the 60,000+/- sq. ft. production areas for Galbani Ricotta and Mozzarella Cheeses as well as upgrades to the pasteurization equipment and packaging equipment to reliably handle the increased input, along with Whey Powder, Galbani Provolone and President Cut-and-Wrap Brie processing production lines, installation of new mozzarella and ricotta cheese production equipment, a new 6,000+/- sq. ft. building addition for the whey evaporator and dryer equipment, as well as plant wide infrastructure upgrades such as repairing, restoring and upgrading the existing plant infrastructure including the replacement of an end-of-life milk silo, constructing a receiving bay catwalk for improved worker safety, repair and replacement of failing roof

system, repair to aging electrical infrastructure (the “Improvements”), and (ii) the acquisition by the Company in and around the Improvements of certain items of machinery, equipment and other tangible personal property (the “Equipment”; and collectively with the Improvements, the “Facility”). The Facility will be initially operated and/or managed by the Company.

The proposed financial assistance contemplated by the Agency includes New York State and local sales and use tax exemption benefits (in compliance with Agency's uniform tax exemption policy).

4. FORMAT OF HEARING: Review rules and manner in which the hearing will proceed.

Hearing Officer: All those in attendance are required to register by signing the sign-in sheet at the front of the room; you will not be permitted to speak unless you have registered. Everyone who has registered will be given an opportunity to make statements and/or comments on the Project.

If you have a written statement or comment to submit for the record, you may leave it at this public hearing, submit it on the Agency’s website or deliver it to the Agency at 95 Perry Street, Suite 403, Buffalo, New York 14203. The comment period closes on November 28, 2023. There are no limitations on written statements or comments.

5. PUBLIC COMMENT: Hearing Officer gives the Public an opportunity to speak.

Hearing Officer: If anyone is interested in making a statement or comment, please raise your hand, state your name and address; if you are representing a company, please identify the company. I request that speakers keep statements and/or comments to 5 minutes, and if possible, 3 minutes.

Good morning my name is Don Heins, Manager of US Communications for Lactalis. I am Jeff McGiveron, Tax director for Lactalis. Don Hines - I will be making a statement on behalf of Lactalis. Lactalis American Group's South Park Dairy processing facility has continued to be a pillar of the community since we acquired the plant in the early 1990's, which was originally owned by the Russo family. The plant is a subsidiary of Groupe Lactalis, which is a global dairy company that owns and operates dairy manufacturing plants in over 50 countries, including 11 manufacturing facilities operating in the United State. Our Buffalo plant on South Park Avenue employs 376 workers with a combined total of 616 employees at both the plant and our corporate headquarters on South Park Avenue. An additional 59 employees work at our corporate office on Seneca Street. Lactalis has a total of 675 employees based in Buffalo, NY. The Buffalo manufacturing plant produces mozzarella, ricotta, provolone, brie cut and wrap, and whey. On average, this plant processes 750 million lbs. of raw milk annually from 230 dairy farms located throughout Western NY. This translates into more than \$145 Million in annual milk purchases from Western NY dairy farms. 97% of raw milk used in this plant is produced in New York State.

Lactalis proposes to modernize and revitalize the plant to meet market demands over the next several years that will result in 27 net new jobs, with an estimated investment of \$44 Million. There are mounting pressures to ensure that the South Park manufacturing facility remains competitive within the Lactalis group of companies and in the region. First, the post-Covid

economic conditions within the dairy sector are challenging given supply chain issues, recent sharp rises in interest rates, decreased access to capital, and the increase in the cost of goods. These conditions will invariably put further pressures on the aging Buffalo plants whose building structures and production equipment date back to the 1970's. Second, increased competition in the region will also create pricing pressures for locally sourced raw milk, and labor talent. Should the attempts to modernize and revitalize the plant fail to come to fruition, the South Park site risks scaling down production volumes, and production capacity could either be absorbed into one of the Lactalis' other plants located outside the state, or the possible construction of an entirely new facility at a different location.

This project is being approached in a phased manner with the objective to retain production operations at the Buffalo plant, while allowing Lactalis to investigate potential alternatives should the economic realities in future years prevent the project's completion.

The Erie County Industrial Development Agency (ECIDA) financial assistance has the potential of reducing the project's timeline by up to 18 months. This would result in the plant increasing its targeted 30% production capacity sooner. Lactalis forecasts that, at a minimum, there would be 27 new full-time positions within 24 months following the project's completion, all of which will be local hires that will add to the current 376 employees at the facility. Presently, the proposed project is the initial phase of an overall capacity and efficiency improvement initiative at the Buffalo plant. The total cost of total project phases is estimated to be over \$100 Million. All planning for subsequent phases critically depends on the success of these initial phases and key learnings gained from the completion of the proposed project. We would like to thank the ECIDA for considering our request for financial assistance to help make our modernization project a success.

Thank you.

6. ADJOURNMENT:

As there were no further statements and/or comments, the Hearing Officer closed the public hearing at 9:07 a.m.

**SIGN IN SHEET
PUBLIC HEARING**

October 25, 2023, at 9:00 a.m.
at the Erie County Industrial Development Agency's offices located at 95 Perry Street,
Suite 403, Buffalo, NY 14203, regarding:

**Lactalis American Group, Inc. and/or Individual(s) or Affiliate(s),
Subsidiary(ies), or Entity(ies) formed or to be formed on its behalf**

Project Location: 2375 South Park Avenue, Buffalo, New York 14220

Name	Company and/or Address	X box to speak/ comment
Don Heins,	Lactalis American Group, Inc. 2375 South Park Avenue Buffalo, New York 14220	X
Jeff McGiveron	Lactalis American Group, Inc. 2375 South Park Avenue Buffalo, New York 14220	
Brian Krygier	ECIDA 95 Perry Street, Suite 403 Buffalo, New York 14203	