

Unifrax 1, LLC
\$33,000,000
INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - **32 manufacturing**

COMPANY INCENTIVES

- Approximately \$745,000 in real property tax savings
- Approximately \$398,000 in sales tax savings
- Up to \$130,000 in mortgage recording tax savings



Project Title: Unifrax 1, LLC
 Project Address: 360 Firetower Drive
 Tonawanda, New York 14150
 (Kenmore-TTN UFSD)
 NAICS: 327993

Agency Request

A sales tax, mortgage recording tax and real property tax abatement in connection with the acquisition of currently leased facilities and the construction of a 41,000 sq. ft. facility along with the acquisition and installation of machinery and equipment.

Building Acquisition	\$ 9,550,000
New Construction	3,200,000
Infrastructure	2,450,000
Manufacturing Equipment	17,000,000
Non-Manufacturing Equipment	500,000
Soft Costs	300,000
 Total Project Cost	 \$33,000,000
 85%	 \$28,050,000
 Estimated Mortgage	 \$13,000,000

Company Description

Unifrax is a manufacturer of high-temperature insulation products. 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 in Tonawanda, Unifrax has three U.S. manufacturing facilities—Tonawanda and Sanborn, New York and New Carlisle, Indiana.

Unifrax acquired three leading North American vacuum forming businesses in 2011, with manufacturing facilities in Ohio and which specializes in the development, manufacture and sale of fiber-based value add shapes.

The company employs more than 1,600 people worldwide with 28 manufacturing facilities and various regional and sales locations in the US, Europe, Asia, South Africa and Latin America.

Project Description

Unifrax currently leases its manufacturing, warehouse and office facilities at 300/333/and 360 Firetower Drive and owns outright the adjacent warehouse building at 330 Firetower. They have a contract to purchase 300 Firetower and are in negotiations to purchase the remaining two buildings. In total the company either leases or owns over 250,000 sq. ft. in the Town.

Unifrax 1, LLC

The current project includes the construction of a 40,230 sq. ft. building which will connect the current manufacturing plant with the warehouse. The additional space being used for manufacturing.

The Town of Tonawanda was instrumental in advancing the project providing much needed acreage by abandoning a Town-owned cul-de-sac which was key to this expansion project.

Project Benefits

The project will generate approximately \$200,000 of revenue to the local taxing jurisdictions over the abatement period representing \$26,000 to the County of Erie, \$73,000 to the Town of Tonawanda and \$100,000 to the Kenmore-TTN UFSD. The project is anticipated to retain 95 jobs and create an additional 25 new jobs.

Employment

<u>Current</u>	<u>New Jobs Projected</u>	<u>Total of Current and projected Jobs 2 Years after Project Completion</u>
268	25	293

Current Jobs to be Retained by Project
95

Project Incentives

- Approximately \$745,000 in real property tax savings
- Approximately \$398,000 in sales tax savings
- Approximately \$130,000 in mortgage recording tax savings

PILOT Table

Year	%payment under PILOT	Est. County PILOT	Est. Town PILOT	Est. School PILOT	Est. Total PILOT	Full Taxes with- out PILOT	Net Exemp- tion
1	10%	\$1,225	\$3,470	\$4,745	\$9,440	\$94,380	\$84,940
2	10%	\$1,225	\$3,470	\$4,745	\$9,440	\$94,380	\$84,940
3	10%	\$1,225	\$3,470	\$4,745	\$9,440	\$94,380	\$84,940
4	20%	\$2,447	\$6,938	\$9,490	\$18,875	\$94,380	\$75,505
5	20%	\$2,447	\$6,938	\$9,490	\$18,875	\$94,380	\$75,505
6	20%	\$2,447	\$6,938	\$9,490	\$18,875	\$94,380	\$75,505
7	30%	\$3,670	\$10,400	\$14,230	\$28,300	\$94,380	\$66,080
8	30%	\$3,670	\$10,400	\$14,230	\$28,300	\$94,380	\$66,080
9	30%	\$3,670	\$10,400	\$14,230	\$28,300	\$94,380	\$66,080
10	30%	\$3,670	\$10,400	\$14,230	\$28,300	\$94,380	\$66,080
TOTAL PAYMENTS		\$25,696	\$72,824	\$99,625	\$198,145	\$943,800	\$745,655

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 = \$33,000,000 85% of total project amount = \$28,050,000
Employment	See Recapture Period	Maintain 100% of base (268) an 85% of projected jobs Projected Jobs (25) = 289 85%: 21 Total Jobs: 289
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Recapture Period	Coincides with 10-Year PILOT term	Recapture of State and Local Sales Taxes, mortgage recording tax and real property tax

Recapture applies to:

- State and local sales taxes
- Mortgage recording tax
- Real property tax

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales and use tax exemption benefits taken by the company that are in violation of the GML.

In addition, it is the recommendation of the ECIDA's Policy Committee to recapture the local portion of the sales tax, mortgage recording taxes and real property taxes.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) confirm that company will maintain base employment of 268 and hire an additional 21 iii) confirm adherence to ECCIDA local labor hiring policy.

Project History

- 7/31/14 Public Hearing held. Transcript attached
- 8/19/14 Inducement Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
- 8/19/14 Lease/Leaseback inducement Resolution presented to the Board of Directors.

Company History

- 1988 \$4,250,000 Project Closed
- 1996 \$6,539,300 Project Closed
- 2000 \$2,200,000 Project Closed
- 2002 \$86,000 New York State Environmental Management Investment Grant
- 2011 \$3,035,000 Project Closed