



**November 2015**

**Section I: Applicant Background Information**

Applicant Information - Company Receiving Benefit

**Applicant Name** Flexovit USA, Inc.  
**Applicant Address** 1305 Eden-Evans Center Rd., Angola, NY 14006  
**Phone** 716-549-5100  
**Fax** 716-549-5455  
**E-mail** briehle@flexovitabrasives.com  
**Website** flexovitabrasives.com  
**Federal ID#** [REDACTED]  
**NAICS Code** 327910  
**Will a Real Estate Holding Company be utilized to own the Project property/facility** No  
**What is the name of the Real Estate Holding Company**  
**Federal ID#**  
**State and Year of Incorporation/Organization**  
**List of stockholders, members, or partners of Real Estate Holding Company**

Individual Completing Application

**Name** Robert Riehle  
**Title** Director of Manufacturing and Human Resources  
**Address** 1305 Eden-Evans Center Rd., Angola, NY 14006  
**Phone** 716-549-5100  
**Fax** 716-549-5455  
**E-Mail** briehle@flexovitabrasives.com

Company Contact (if different from individual completing application)

**Name**  
**Title**  
**Address**  
**Phone**  
**Fax**  
**E-Mail**

Company Counsel

**Name of Attorney** Henry Porter  
**Firm Name** Lippes Matthias Wexler Friedman LLP  
**Address** 665 Main St., Suite 300, Buffalo, NY 14203-1425  
**Phone** 716-853-5100  
**Fax** 716-853-5199  
**E-Mail** www.lippes.com

Identify the assistance being requested of the Agency

**Exemption from Sales Tax** Yes  
**Exemption from Mortgage Tax** No  
**Exemption from Real Property Tax** Yes  
**Tax Exempt Financing\*** No

\* (typically for not-for-profits & small qualified manufacturers)

Business Organization

**Type of Business** Corporation  
**Type of Ownership**  
**Year Established** 1976  
**State of Organization** Delaware

List all stockholders, members, or partners with % of ownership greater than 20%

**Please include name and % of ownership.**

Jacob Iliohan 100% ownership

Applicant Business Description

**Describe in detail company background, products, customers, goods and services. Description is critical in determining eligibility**

Flexovit USA, Inc. is a manufacturer and marketer of industrial quality abrasives for portable power tools including grinding and cutoff wheels, and flap discs. Established in 1976, Flexovit operates an ISO certified manufacturing and distribution facility in the Town of Evans, as well as distribution facilities in California, Canada, and Mexico that sell products made at the Evans facility. Flexovit products are sold through 'business to business' channels, including industrial, welding, and construction supply distributors, who in turn sell to professional users of abrasives. The majority of Flexovit's manufacturing facility collapsed as a result of the November 2014 snowstorm that hit western New York. Flexovit is poised to rebuild the facility in the same Evans location, or move operations to an associated company in Kentucky.

<b>Estimated % of sales within Erie County</b>	1
<b>Estimated % of sales outside Erie County but within New York State</b>	2
<b>Estimated % of sales outside New York State but within the U.S.</b>	78
<b>Estimated % of sales outside the U.S.</b>	19

(\*Percentage to equal 100%)

**What percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County? Include list of vendors, raw material suppliers and percentages for each. Provide supporting documentation of the estimated percentage of local purchases**

56% Expenditures \$8,382,288 Grains - Washington Mills Tonawanda \$1,240,000 Resins - Durez Tonawanda \$888,000 Fillers - Washington Mills Tonawanda \$130,000 Labels - Gateway Printing Hamburg \$324,000 Evenhouse Printing Hamburg Packaging - International Paper Buffalo \$205,000 Garbage disposal- Waste Management Buffalo \$83,000 Freight UPS Buffalo \$1,177,000 Health ins. BC/BS WNY Buffalo \$720,024 \$4,767,024

## Section II: Eligibility Questionnaire - Project Description & Details

### Project Location

#### **Municipality or Municipalities of current operations**

Town of Evans

#### **Will the Proposed Project be located within the Municipality, or within a Municipality, identified above?**

Yes

#### **In which Municipality will the proposed project be located**

Town of Evans

#### **Address**

1305 Eden-Evans Center Rd., Angola, NY 14006

#### **If the Proposed Project is located in a different Municipality than that Municipality in which current operations are being undertaken, is it expected that any of the facilities in any other Municipality will be closed or be subject to reduced activity?**

No

(If Yes, you will need to complete Section V of this Application)

#### **SBL Number for Property upon which proposed Project will be located**

236.00-1-3.1

#### **What are the current real estate taxes on the proposed Project Site**

Please see attachment, Flexovit USA tax summary 2013 - 15.

#### **Assessed value of land**

Please see attament, Flexovit USA tax summary 2013 - 15.

#### **Assessed value of building(s)**

Please see attachment, Flexovit Usa tax summary 2013 - 15.

#### **Are Real Property Taxes current?**

Yes

#### **If no please explain**

#### **Town/City/Village of Project Site**

#### **School District of Project Site**

#### **Does the Applicant or any related entity currently hold fee title to the Project site?**

Yes

#### **If No, indicate name of present owner of the Project Site**

#### **Does Applicant or related entity have an option/contract to purchase the Project site?**

No

#### **Describe the present use of the Proposed Project site**

Project site is same as location as the Flexovit manufacturing facility that collapsed during the November 2014 snowstorm that struck Erie County.

#### **Please provide narrative of project (new build, renovations, and/or equipment purchases). Identify specific uses occurring within the project. Describe any and all tenants and any/all end users: (This information is critical in determining project eligibility)**

See attachment 'Flexovit USA Project Information'

**Describe the reasons why the Agency's Financial Assistance is necessary and how the Financial Assistance enables the company to undertake the Project to facilitate investment, job creation and/or job retention. Focus on competitiveness issues, project shortfalls, etc... Your eligibility determination will be based in part on your answer (attach additional pages if necessary)**

See attachment 'Flexovit USA Statement of Need'

**Will project include leasing any equipment?**

No

**If yes, please describe equipment and lease terms.**

#### Site Characteristics

**Will the Project meet zoning/land use requirements at the proposed location?**

Yes

**Describe the present zoning/land use**

710 Manufacture

**Describe required zoning/land use, if different**

**If a change in zoning/land use is required, please provide details/status of any request for change of zoning/land use requirements**

**Is the proposed Project located on a site where the known or potential presence of contaminants is complicating the development/use of the property?**

No

**If yes, please explain**

**Has a Phase I Environmental Assessment been prepared, or will one be prepared with respect to the proposed Project Site?**

No

If yes, please provide a copy.

**Have any other studies, or assessments been undertaken with respect to the proposed Project Site that indicate the known or suspected presence of contamination that would complicate the site's development?**

No

If yes, please provide copies of the study.

**If you are purchasing new machinery and equipment, does it provide demonstrable energy efficiency benefits?**

No.

You may also attach additional information about the machinery and equipment at the end of the application.

**Does or will the company or project occupant perform research and development activities on new products/services at the project location?**

Yes

If yes, please explain.

Research will include materials and methods development as it relates to the safety, quality, performance, and application of industrial abrasive products to be manufactured at this location.

**What percentage of annual operating expenses are attributed to the above referenced research and development activities?**

8%

Select Project Type for all end users at project site (you may check more than one)

Will customers personally visit the Project site for either of the following economic activities? If yes with respect to either economic activity indicated below, complete the Retail Determination contained in Section IV of the Application.

Please check any and all end uses as identified below.

**Retail Sales**    No

**Services**    No

For purposes of this question, the term "retail sales" means (i) sales by a registered vendor under Article 28 of the Tax Law of the State of New York (the "Tax Law") primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b) (4)(i) of the Tax Law), or (ii) sales of a service to customers who personally visit the Project.

**Yes Manufacturing**

**No Multi-Tenant**

**No Mixed Use**

**No Acquisition of Existing Facility**

**No Commercial**

**No Facility for the Aging**

**No Housing**

**No Back Office**

**No Civic Facility (not for profit)**

**No Equipment Purchase**

**No Retail**

**No Other**

Project Information

**Estimated costs in connection with project**

**Land and/or Building Acquisition**

\$ 0 square feet acres

**New Building Construction**

\$ 3,111,021 62,000 square feet

**New Building addition(s)**

\$ 0 square feet

**Infrastructure Work**

\$ 0

**Renovation**

\$ 0 square feet

**Manufacturing Equipment**

\$ 4,749,366

**Non-Manufacturing Equipment: (furniture, fixtures, etc.)**

\$ 75,000

**Soft Costs: (professional services, etc.)**

\$ 47,500

**Other Cost**

\$ 38,000

**Explain Other Costs**

Building permits

**Total Cost**

\$ 8,020,887

**Project Refinancing; estimated amount (for refinancing of existing debt only)**

\$ 0

Sources of Funds for Project Costs:

**Estimated Mortgage Amount (Sum total of all financing – construction and bridge)**

\$

**Lender Name, if Known**

**Equity**

**Have any of the above costs been paid or incurred as of the date of this Application?**

No

**If Yes, describe particulars:**

Construction Cost Breakdown:

**Total Cost of Construction**

\$ 3,186,021 (sum of 2,3,4,5, and/or 7 in Question K, above)

**Cost for materials**

\$ 1,036,350

**% sourced in Erie County**

28%

**% sourced in State**

47% (including Erie County)

**Gross amount of costs for goods and services that are subject to State and local sales and use tax- said amount to benefit from the Agency's sales and use tax exemption benefit**

\$ 2,839,350

**Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above):**

\$ 248,443

For proposed facility please include # of sq ft for each of the uses outlined below

		<b>Cost</b>	<b>% of Total Cost</b>
<b>Manufacturing/Processing</b>	23,160 square feet	\$ 1,201,772	38
<b>Warehouse</b>	35,014 square feet	\$ 1,809,873	57
<b>Research &amp; Development</b>	0 square feet	\$ 0	0
<b>Commercial</b>	0 square feet	\$ 0	0
<b>Retail</b>	0 square feet	\$ 0	0
<b>Office</b>	3,438 square feet	\$ 177,710	6
<b>Specify Other</b>	square feet	\$ 0	0

**If you are undertaking new construction or renovations, are you seeking LEED certification from the US Green Building Council?**

No

**If you answered yes to question above, what level of LEED certification do you anticipate receiving? (Check applicable box)**

<BLANK>

**Provide estimate of additional construction cost as a result of LEED certification you are seeking**

**Will project result in significant utility infrastructure cost or uses**

No

What is your project timetable (Provide dates)

**Start date : acquisition of equipment or construction of facilities**

1/1/2016

**End date : Estimated completion date of project**

1/1/2017

**Project occupancy : estimated starting date of operations**

10/1/2016

**Have construction contracts been signed?**

No

**Have site plans been submitted to the appropriate planning department for approval?**

No



**Has the Project received site plan approval from the appropriate planning department?**

No

**Is project necessary to expand project employment?**

Yes

**Is project necessary to retain existing employment?**

Yes

Employment Plan (Specific to the proposed project location):

	<b>Current # of jobs at proposed project location or to be relocated at project location</b>	<b>If project is to retain jobs, number of jobs to be retained</b>	<b>Total # of jobs 2 years after project completion</b>	<b>Net total new jobs</b>
<b>Full time</b>	45	45	81	36
<b>Part time</b>	0	0	0	0
<b>Total</b>	45	45	81	

Employment at other locations in Erie County: (provide address and number of employees at each location):

<b>Address</b>	no other locations		
<b>Full time</b>	0	0	0
<b>Part time</b>	0	0	0
<b>Total</b>	0	0	0

**Will any of the facilities described above be closed or subject to reduced activity?**

No

Payroll Information

**Annual Payroll at Proposed Project Site**

\$ 1,841,085

**Estimated average annual salary of jobs to be retained**

\$ 40,913

**Estimated average annual salary of jobs to be created**

\$ 38,962

**Estimated salary range of jobs to be created**

**From** \$ 27,854 **To** \$ 137,000

**Is the project reasonably necessary to prevent the project occupant from moving out of New York State?**

Yes

**If yes, please explain and identify out-of-state locations investigated**

Flexovit has an associated abrasive manufacturing company in Kentucky with ample space to accommodate the manufacturing equipment, as well as experienced workforce. See needs and project statements.

**What competitive factors led you to inquire about sites outside of New York State?**

The cost of moving equipment to the associated company is low. There is more than adequate space in their building, hence no construction cost. The similarity of their manufacturing process and their trained workforce would reduce equipment setup time and training costs.

**Have you contacted or been contacted by other Local, State and/or Federal Economic Development Agencies?**

Yes

**If yes, please indicate the Agency and nature of inquiry below**

Empire State Development- \$900,000 in tax credits over 9 years.

**Do you anticipate applying for any other assistance for this project?**

Yes

**If yes, what type of assistance (Historic Tax Credits, 485(a), Grants, Utility Loans, Energy Assistance, Workforce Training)**

Tax Credits, Grants, Energy Assistance, Workforce Training

### Section III: Adaptive Reuse Projects

Are you applying for tax incentives under the Adaptive Reuse Program?	No
What is the age of the structure (in years)?	0
Has the structure been vacant or underutilized for a minimum of 3 years? (Underutilized is defined as a minimum of 50% of the rentable square footage of the structure being utilized for a use for which the structure was not designed or intended)	<BLANK>
If yes, number of years vacant?	0
Is the structure currently generating insignificant income? (Insignificant income is defined as income that is 50% or less than the market rate income average for that property class)	<BLANK>
If yes, please provide dollar amount of income being generated, if any	\$
Does the site have historical significance?	<BLANK>
Are you applying for either State/Federal Historical Tax Credit Programs?	No
If yes, provide estimated value of tax credits	\$

**Briefly summarize the financial obstacles to development that this project faces without ECIDA or other public assistance. Please provide the ECIDA with documentation to support the financial obstacles to development (you will be asked to provide cash flow projections documenting costs, expenses and revenues with and without IDA and other tax credits included indicating below average return on investment rates compared to regional industry averages)**

Although insured against the loss, the company did not receive compensation adequate to restore the operations in the time required to minimize loss of business. Current sales are at 56% of pre-collapse levels. ???

**Briefly summarize the demonstrated support that you intend to receive from local government entities. Please provide ECIDA with documentation of this support in the form of signed letters from these entities**

Flexovit is seeking PILOT tax assistance, energy assistance, workforce training assistance, and any additional grants that would support the restoration of the manufacturing, R&D, marketing and sales activities that were in place before the building collapse.

**Please indicate other factors that you would like ECIDA to consider such as: structure or site presents significant public safety hazard and or environmental remediation costs, site or structure is located in a distressed census tract, structure presents significant costs associated with building code compliance, site has historical significance, site or structure is presently delinquent in property tax payments**

**Section IV: Retail Determination**

**Will any portion of the project (including that portion of the costs to be financed from equity or other sources) consist of facilities or property that are or will be primarily used in making sales of goods or services to customers who personally visit the project site?** No

If yes, complete the Retail Questionnaire Supplement below.

**What percentage of the cost of the project will be expended on such facilities or property primarily used in making sales of goods or services to customers who personally visit the project?** 0 %

If the answer to this is **less than 33%** do not complete the remainder of the page and proceed to the next section (Section V: Inter-Municipal Move Determination).

If the answer to A is Yes AND the answer to Question B is greater than 33.33%, indicate which of the following questions below apply to the project:

**Will the project be operated by a not-for-profit corporation?** <BLANK>

**Is the project location or facility likely to attract a significant number of visitors from outside the economic development region (Erie, Niagara, Allegheny, Chautauqua and Cattaraugus counties) in which the project will be located?** <BLANK>

If yes, please provide a third party market analysis or other documentation supporting your response.

**Is the predominant purpose of the project to make available goods or services which would not, but for the project, be reasonably accessible to the residents of the municipality? Are services provided at the proposed project site needed because of a lack of reasonably accessible retail trade facilities offering such goods or services?** <BLANK>

If yes, please provide a market analysis supporting your response.

**Will the project preserve permanent, private sector jobs or increase the overall number of permanent private sector jobs in the State of New York?** <BLANK>

**If yes, explain**

**Is the project located in a Highly Distressed Area?** <BLANK>

## Section V: Inter-Municipal Move Determination

The Agency is required by state law to make a determination that, if completion of a Project benefiting from Agency Financial Assistance results in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, Agency financial Assistance is required to prevent the project occupant from relocating out of the state, or is reasonably necessary to preserve the project occupant's competitive position in its respective industry.

**Will the project result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the state to another area of the state?** No

**Will the project result in the abandonment of one or more plants or facilities of the Project occupant located within the state?** No

**If Yes to either question, explain how, notwithstanding the aforementioned closing or activity reduction, the Agency's Financial Assistance is required to prevent the Project from relocating out of the State, or is reasonably necessary to preserve the Project occupant's competitive position in its respective industry:**

**Does this project involve relocation or consolidation of a project occupant from another municipality or abandonment of an existing facility?**

**Within New York State** No

**Within Erie County** No

**If Yes to either question, please, explain**

**Will the project result in a relocation of an existing business operation from the City of Buffalo?**

No

**If yes, please explain the factors which require the project occupant to relocate out of the City of Buffalo (For example, present site is not large enough, or owner will not renew leases etc.)**

**What are some of the key requirements the project occupant is looking for in a new site? (For example, minimum sq. ft., 12 foot ceilings, truck loading docs etc.)**

**If the project occupant is currently located in Erie County and will be moving to a different municipality within Erie County, has the project occupant attempted to find a suitable location within the municipality in which it is currently located?**

<BLANK>

**What factors have lead the project occupant to consider remaining or locating in Erie County?**

**If the current facility is to be abandoned, what is going to happen to the current facility that project occupant is located in?**

**Please provide a list of properties considered, and the reason they were not adequate. (Some examples include: site not large enough, layout was not appropriate, did not have adequate utility service, etc.) Please include full address for locations.**

## Section VI: Facility Type - Single or Multi Tenant

**Is this a Single Use Facility or a Multi-Tenant Facility?**

Single Use Facility

For Single Use Facility

<b>Occupant Name</b>	Flexovit USA, Inc.
<b>Address</b>	1305 Eden-Evans Center Rd., Angola, NY 14006
<b>Contact Person</b>	Bob Riehle
<b>Phone</b>	716-549-5100
<b>Fax</b>	716-549-5455
<b>E-Mail</b>	briehle@flexovitabrasives.com
<b>Federal ID #</b>	

**SIC/NAICS Code**

327910

Multi-Tenant Facility

**Please explain what market conditions support the construction of this multi-tenant facility**

**Have any tenant leases been entered into for this project?**

<BLANK>

**If yes, please fill out a tenant form in section VII, for each tenant.**

Tenant Name	Current Address (city, state, zip)	# of sq ft and % of total to be occupied at new projet site	SIC or NAICS-also briefly describe type of business, products services, % of sales in Erie Co.
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## Section VII: Environmental Questionnaire

### General Background Information

**Address of Premises** 1305 Eden-Evans Center Rd., Angola, NY 14006

**Name and Address of Owner of Premises** Flexovit USA, Inc. 1305 Eden-Evans Center Rd., Angola, NY 14006

**Describe the general features of the Premises (include terrain, location of wetlands, coastlines, rivers, streams, lakes, etc.)**

Located on outskirts of Town of Evans on land zoned Manufacturing. No nearby waterbodies, streams, or rivers.

**Describe the Premises (including the age and date of construction of any improvements) and each of the operations or processes carried out on or intended to be carried on at the Premises**

The premises will be a 62,000 square foot manufacturing, warehouse and distribution facility for abrasive grinding and cutting wheels and flap discs for portable power tools. Operations include an abrasive mix batching plant, a pressing operation consisting of 6 automatic abrasive wheel presses and 2 flap disc presses, an oven curing process, an automatic packaging process and a warehousing and distribution center.

**Describe all known former uses of the Premises**

The property was used as a farm approximately 40 years ago.

**Does any person, firm or corporation other than the owner occupy the Premises or any part of it?**

No

**If yes, please identify them and describe their use of the property**

**Have there been any spills, releases or unpermitted discharges of petroleum, hazardous substances, chemicals or hazardous wastes at or near the Premises?**

No

**If yes, describe and attach any incident reports and the results of any investigations**

**Has the Premises or any part of it ever been the subject of any enforcement action by any federal, state or local government entity, or does the preparer of this questionnaire have knowledge of: a) any current federal, state or local enforcement actions; b) any areas of non-compliance with any federal, state or local laws, ordinances, rules or regulations associated with operations over the past 12 months?**

No

**If yes, please state the results of the enforcement action (consent order, penalties, no action, etc.) and describe the circumstances**

**Has there been any filing of a notice of citizen suit, or a civil complaint or other administrative or criminal procedure involving the Premises?**

No

**If yes, describe in full detail**

### Solid And Hazardous Wastes And Hazardous Substances

**Does any activity conducted or contemplated to be conducted at the premises generate, treat or dispose of any petroleum, petroleum-related products, solid and hazardous wastes or hazardous substances?**

No

**If yes, provide the Premises' applicable EPA (or State) identification number**

**Have any federal, state or local permits been issued to the Premises for the use, generation and/or storage of solid and hazardous wastes?**

No

**If yes, please provide copies of the permits.**

**Identify the transporter of any hazardous and/or solid wastes to or from the Premises**

Safety Kleen Systems Inc.

**Identify the solid and hazardous waste disposal or treatment facilities which have received wastes from the Premises for the past two (2) years**

**Does or is it contemplated that there will occur at the Premises any accumulation or storage of any hazardous wastes on-site for disposal for longer than 90 days?**

No

**If yes, please identify the substance, the quantity and describe how it is stored**

#### Discharge Into Waterbodies

**Briefly describe any current or contemplated industrial process discharges (including the approximate volume, source, type and number of discharge points). Please provide copies of all permits for such discharges**

None.

**Identify all sources of discharges of water, including discharges of waste water, process water, contact or noncontact cooling water, and stormwater. Attach all permits relating to the same. Also identify any septic tanks on site**

Storm water into storm drain system.

**Is any waste discharged into or near surface water or groundwaters?**

No

**If yes, please describe in detail the discharge including not only the receiving water's classification, but a description of the type and quantity of the waste**

#### Air Pollution

**Are there or is it contemplated that there will be any air emission sources that emit contaminants from the Premises?**

No

**If yes, describe each such source, including whether it is a stationary combustion installation, process source, exhaust or ventilation system, incinerator or other source**

**Are any of the air emission sources permitted?**

<BLANK>

**If yes, attach a copy of each permit.**

#### Storage Tanks

**List and describe all above and under ground storage tanks at the Premises used to store petroleum or gasoline products, or other chemicals or wastes, including the contents and capacity of each tank. Please also provide copies of any registrations/permits for the tanks**

**Have there been any leaks, spills, releases or other discharges (including loss of inventory) associated with any of these tanks?**

<BLANK>

**If yes, please provide all details regarding the event, including the response taken, all analytical results or reports developed through investigation (whether internal or external), and the agencies which were involved**

#### Polychlorinated Biphenyls ("PCB" or "PCBs") And Asbestos

**Provide any records in your possession or known to you to exist concerning any on-site PCBs or PCB equipment, whether used or stored, and whether produced as a byproduct of the manufacturing process or otherwise.**

**Have there been any PCB spills, discharges or other accidents at the Premises?**

No

**If yes, relate all the circumstances**

**Do the Premises have any asbestos containing materials?**

No

**If yes, please identify the materials**