

Eaton Mission Systems Orchard Park / Eaton Corporation \$21,600,000 PRIVATE INVESTMENT INDUCEMENT RESOLUTION															
ELIGIBILITY	Project Title: Eaton Mission Systems (Project California)														
<ul style="list-style-type: none"> • NAICS Section – 336413 															
COMPANY INCENTIVES	Project Address 10 Cobham Drive, Orchard Park, NY 14127 (Orchard Park Central School District)														
<ul style="list-style-type: none"> • Approximately \$434,348 in real property tax savings • Up to \$ 875,000 in sales tax savings 															
JOBS & ANNUAL PAYROLL	<p style="text-align: center;">Agency Request</p> <p>A sales tax and real property tax abatement in connection with a 50,000 sq ft building addition to enable this manufacturer to achieve significant business growth projections to meet their production goals.</p> <table> <tr> <td>Building Addition</td><td>\$ 16,700,000</td></tr> <tr> <td>Infrastructure</td><td>\$ 1,000,000</td></tr> <tr> <td>Manufacturing Equipment</td><td>\$ 1,400,000</td></tr> <tr> <td>Non- Manufacturing Equipment</td><td>\$ 1,200,000</td></tr> <tr> <td>Soft Costs/Other</td><td>\$ 1,300,000</td></tr> <tr> <td> Total Project Cost</td><td> \$ 21,600,000</td></tr> <tr> <td> 85%</td><td> \$ 18,360,000</td></tr> </table> <p style="text-align: center;">Company Description</p> <p>Eaton’s Orchard Park location supports the commercial and military aerospace industries with highly technical products to serve their customer’s needs in environmental systems, space technologies and weapons actuation. Mission Systems Orchard Park Inc is 100% owned by Eaton Corporation and is a division within the Eaton Aerospace Group.</p>	Building Addition	\$ 16,700,000	Infrastructure	\$ 1,000,000	Manufacturing Equipment	\$ 1,400,000	Non- Manufacturing Equipment	\$ 1,200,000	Soft Costs/Other	\$ 1,300,000	 Total Project Cost	 \$ 21,600,000	 85%	 \$ 18,360,000
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PROJECTED COMMUNITY BENEFITS*	<p style="text-align: center;">Project Description</p> <p>Eaton Mission Systems is considering a \$21.6 M investment in their facility in Orchard Park to accommodate existing and potential new product lines that are projected to grow over the next five years. Their current facility is space-limited, and this will prevent the company from achieving that growth without adding approximately 50,000 SF of additional space. The new space will be primarily used for additional production capacity on critical aerospace defense programs. Some new equipment will be required to fit this new space out to efficiently manufacture products, such as vertical storage units for consolidating inventory. A small percentage of the new building expansion will also be used for additional office space for production support personnel.</p> <p>This project would lead to the creation of 77 jobs in 2 years. Current project cost estimates for an expansion at Orchard Park are higher than initial evaluations. Incentives are a core consideration in the Leadership Team’s decision-making process as the Orchard Park facility competes for the potential investment.</p>														
<ul style="list-style-type: none"> • Term: 10 YEARS • NET Community Benefits: \$1,016,104,331 • Spillover Jobs: 617 <p>Total Payroll: \$958,226,322</p>															
INCENTIVE COST / COMMUNITY BENEFIT RATIO (discounted at 2%)*															
Incentives: \$1,263,729 Community Benefit: \$901,343,626 Cost: Benefit Ratio <ul style="list-style-type: none"> • 1:713 															

* Cost Benefit Analysis Tool powered by MRB Group

Economic Impact: Inform Analytics Cost-Benefit Analysis

The Erie County Industrial Development Agency uses the Cost Benefit Analysis Tool powered by MRB Group to assess the economic impact of a project applying for incentives. A Cost-Benefit Analysis is required by Section 859-a (5)(b) of General Municipal Law. For the complete Cost Benefit Analysis – please see the attached MRB Cost Benefit Calculator.

Cost: Incentives

COSTS	Tax Exemption	Amount
	Property	\$ 434,348
	Sales	\$ 875,000
	Mortgage Recording	\$ 0
	Total	\$1,309,348
	Discounted at 2%	\$1,263,729

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **
	Erie County	Individuals	Payroll Construction	\$ 13,090,709
			Payroll Permanent	\$ 945,135,613
		Public	Property Taxes	\$ 84,984
			Sales Taxes	\$ 7,965,257
			Other Muni Revenue (NFTA)	\$ 0
	New York State	Public	Income Taxes	\$ 43,120,185
			Sales Taxes	\$ 6,707,584
			Total Benefits to EC + NYS***	\$1,016,104,331
			Discounted at 2%	\$ 901,343,626

* Cost Benefit Analysis Tool powered by MRB Group **includes direct & indirect \$ over project period ***may not sum to total due to rounding

Discounted Cost \$ 1,263,729
Discounted Benefit \$901,343,626
Ratio 1:713

Conclusion: The Cost Benefit for this project is: 713:1. For every \$1 in costs (incentives), this project provides \$713 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$992 in benefits to the community.**

New Tax Revenue Estimated

PILOT Type	Current Yearly Taxes	Estimated New Assessed Value	Additional Revenue over Abatement Period:			New Yearly Taxes Upon Expiration of Abatement Period
			County	Town	School	
10 Year Standard	\$ 106,715	\$2.628 M	\$190,437 \$ 27,113* \$217,550	\$139,389 \$ 19,845* \$159,234	\$695,224 \$ 98,981* \$794,205	\$ 145,940
10 Year EIP (Tier 1)			\$205,446	\$150,374	\$750,017	

Combined Tax Rate: \$ 55.5

*added 1 year (11th year) at full taxes for comparison purposes as EIP Tier 1 is an 11 year abatement period

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 = \$21,600,000 85% = \$ 18,360,000
Employment	Coincides with 10-year PILOT	Maintain Base = 453 FTE Create 85% of Projected Projected = 77 FTE 85% = 65 FTE Recapture Employment = 518 FTE
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 10-year PILOT	Adherence to Policy
Unpaid Tax	Coincides with 10-year PILOT	Adherence to Policy
<u>Recapture Period</u>	Coincides with 10-year PILOT	Recapture of Real Property Tax, Mortgage recording tax, state and local sales taxes

Recapture applies to:

State and Local Sales Taxes
Real Property 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 453 FTE jobs and created 77 FTE jobs, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.

Project ECIDA History

- 4/23/25: Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA
- 4/23/25: Lease/Leaseback Inducement Resolution presented to the Board of Directors
- 2/25/25: Public hearing held.