

**MINUTES OF A MEETING OF THE
POLICY COMMITTEE OF THE
ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

- MEETING:** March 7, 2019, at Erie County Industrial Development Agency, 95 Perry Street, 5th Floor Conference Room, Buffalo, New York
- PRESENT:** Rev. Mark E. Blue, Mr. Richard Cummings, Colleen DiPirro, Richard Lipsitz, Jr., Brenda W. McDuffie¹, John J. Mudie, Laura Smith, David J. State and Maria Whyte
- ABSENT:** Hon. April Baskin, Hon. Byron W. Brown, Hon. Johanna Coleman, Hon. William J. Krebs and Hon. Glenn R. Nellis
- OTHERS PRESENT:** Steve Weathers, Chief Executive Officer; John Cappellino, Executive Vice President; Karen M. Fiala, Assistant Treasurer; and Robert G. Murray, Secretary
- GUESTS:** Andrew Federick, Erie County Senior Economic Development Specialist; Andy Christie and Greg Sehr, on behalf of CPI Process Systems; John Lenio of CBRE, on behalf of McKesson Corporation; Tyson Prince on behalf of Steuben Foods, Inc. and John Thurber on behalf of Unifrax I, LLC

There being a quorum present at 9:07 a.m., the meeting of the Policy Committee was called to order by Mr. Lipsitz.

MINUTES

The minutes of the February 7, 2019 Policy Committee meeting were presented. Upon motion made by Mr. Cummings, and seconded by Mr. Mudie, the aforementioned Policy Committee meeting minutes were unanimously approved.

PROJECT MATRIX

Mr. Cappellino reviewed the Agency's project matrix. Mr. Lipsitz directed that the report be received and filed.

PROJECT PRESENTATIONS

CPI Process Systems, Inc., 2800 North America Drive, West Seneca, New York. Mr. Cappellino presented this proposed sales tax, mortgage recording tax and real property tax abatement benefits project involving the company's construction of a new 11,600 sq. ft. facility which will allow the company to combine all inventory under one roof and will provide more

¹ Ms. McDuffie participated via telephone conference call, however, she did not count for quorum purposes and is not considered present or eligible for purposes of voting on any action items.

room to stage project orders in order to be more responsive to its customers. The company will also be purchasing machinery and equipment.

Mr. Cappellino stated that in exchange for providing the sales and use tax, mortgage recording tax and real property tax abatement benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to the potential modification, recapture and/or termination of financial assistance as follows:

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 = \$3,100,000 85% = \$2,635,000
Employment	Coincides with 10-year PILOT	Maintain Base: 13 FTE Create 85% of projected Projected = 2 85% = 2 Recapture Employment = 15 FTE
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity/ Unpaid Tax	Coincides with 10-year PILOT	Adherence to policy
Recapture Period	10-year PILOT term	Recapture of state and local sales tax, mortgage recording tax and real property taxes.

Mr. Cappellino introduced Policy Committee members to Mr. Christie, who spoke on behalf of the company.

At this point in time, Ms. McDuffie joined the meeting via telephone conference.

General discussion ensued.

Mr. Cummings queried as to the company’s MBE/WBE efforts. Mr. Christie stated that the company currently employs 4 women, 9 men and noted that their one of their male employees is an honored veteran. Mr. Christie stated that hiring is typically done via word of mouth, and that the Company is open to hiring good workforce people. Mr. Lipsitz stated that the Company can reach out to Agency staff to facilitate minority hiring outreach.

Mr. Blue moved, and Ms. DiPirro seconded to approve of the project as proposed. Mr. Lipsitz called for the vote and the project was then unanimously approved for recommendation to members of the Agency.

McKesson Corporation, 2871 Broadway, Cheektowaga, New York. Mr. Cappellino presented this proposed sales tax benefits project to occur within a Benderson Development project approved by the ECIDA in 2015 for the construction of two spec buildings totaling

100,000 sq. ft. within the Broadway Industrial Park. McKesson will be leasing 45,000 sq. ft. within one of the buildings. The company will be constructing leasehold improvements and purchasing machinery and equipment to create a fulfillment center at the site.

Mr. Cappellino stated that in exchange for providing the sales and use tax benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to the potential modification, recapture and/or termination of financial assistance as follows:

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 = \$16,100,000 85% = \$13,685,000
Employment	Coincides with Recapture Period	Maintain Base: 62 FTE Create 85% Projected Projected: 13 85%: 11 Recapture Employment: 73
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity/ Unpaid Tax	Coincides with Recapture Period	Adherence to policy
Recapture Period	2 years after project completion	Recapture of state and local sales tax

Mr. Lenio spoke on behalf of the Company.

Mr. Blue queried regarding diversity of workforce. Mr. Lenio stated that the Company has a diverse workforce but did not have any figures.

Ms. Smith noted that the Company was solicited by Indiana and expressed enthusiasm that the Company has chosen to stay and grow here in Cheektowaga.

Ms. DiPirro spoke in favor of project and thanked the Company for determining to stay and grown locally.

Mr. Cummings queried about company’s MBE hiring process. Mr. Lenio responded by speaking about the Company’s efforts used to attract employees.

Mr. State moved and Ms. Smith seconded to approve of the project as proposed.

Ms. Whyte then stated that Erie County is involved in a lawsuit against the Company so, as Deputy County Executive, she will recuse from participating in the discussion and abstain from voting.

Mr. Lipsitz called for the vote and 7 members voted in favor of the project as proposed, and 1 member abstained. Because the committee requires that 8 votes be cast to take action, Mr. Lipsitz noted that the project would be submitted to the Agency’s board of directors without a recommendation from the Policy Committee because the required number of 8 affirmative votes was not obtained.

Steuben Foods, Inc., 1150 Maple Road, Elma, New York. Mr. Cappellino presented this proposed sales tax and real property tax abatement benefits project consisting of the expansion of Steuben’s warehouse along with equipment purchases to improve its production capabilities. The expansion includes the construction of an 82,500 sq. ft. facility to improve production flow as demand for finished product continues to expand. The project also includes the purchase, installation and implementation of certain machinery and equipment.

Mr. Cappellino stated that in exchange for providing sales and use tax and real property tax abatement benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to the potential modification, recapture and/or termination of financial assistance as follows:

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 = \$16,854,183 85% = \$14,326,055
Employment	Coincides with 10-Year PILOT	Maintain Base: 564 FTE Create 85% Projected Projected: 27 85%: 23 Recapture Employment: 587
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity/ Unpaid Tax	Coincides with 10-Year PILOT	Adherence to policy
Recapture Period	PILOT Term	Recapture of state and local sales tax and real property taxes

Ms. Whyte spoke in favor of the project.

Mr. Blue asked about public transportation and NFTA bus service. Mr. Prince, on behalf of Company, said that the closest bus station is about a 10 minute walk from the facility. Mr. Blue asked if City of Buffalo residents are employed by the Company. Mr. Prince responded in the affirmative.

Mr. Lipsitz queried as to how the Company recruits new employees. Mr. Prince stated that the Company utilizes the Department of Labor website, on-line postings and job fairs.

Mr. Lipsitz emphasized the desire to have employers improve diversity hiring efforts.

Mr. State informed Steuben as to how the NFTA can assist in establishing a bus stop closer to the Company's facility.

Ms. DiPirro then moved and Mr. Blue seconded to approve of the project as proposed. Mr. Lipsitz called for the vote and the project was then unanimously approved for recommendation to members of the Agency.

Unifrax 1, LLC, 55 Pirson Parkway, North Youngmann Commerce Center Business Park, Tonawanda, New York. Mr. Cappellino presented this proposed sales tax, mortgage recording tax and real property tax abatement benefits project involving the construction of an additional 90,000 sq. ft. of manufacturing space along with the purchase of production machinery and equipment.

Mr. Cappellino stated that in exchange for providing sales and use tax, mortgage recording tax and real property tax abatement benefits, the approval of this project will be conditioned upon adherence to certain material terms and conditions with respect to potential modification, termination and/or recapture of financial assistance as follows:

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% 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 state and local sales tax, mortgage recording tax and real property taxes

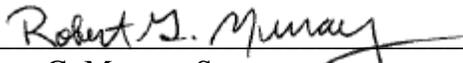
Mr. Thurber spoke on behalf of the company.

Mr. Blue complimented the company on its growth, hiring and continued commitment to Erie County.

Mr. Blue then moved and Ms. Whyte seconded to approve of the project as proposed. Mr. Lipsitz called for the vote and the project was then unanimously approved for recommendation to members of the Agency.

There being no further business to discuss, Mr. Lipsitz adjourned the meeting at 9:58 a.m.

Dated: March 7, 2019



Robert G. Murray, Secretary