

## Derrick Corporation \$9,750,000 INDUCEMENT RESOLUTION

### HIGHLIGHTS

- Eligibility: NAICS Section - **33 Manufacturing**

### COMPANY INCENTIVES

- Approximately \$440,000 in sales tax benefits
- Approximately \$1,500,000 in real property tax savings



Project Title: Derrick Corporation

Project Address: 590 Duke Road  
Cheektowaga, New York 14225  
(Cheektowaga Central School District)

SIC/NAICS: 3533/333131

### Agency Request

Real property tax abatement, sales tax savings and a mortgage recording tax savings in connection with an office expansion project.

Building Addition	\$ 8,250,000
Renovation	\$ 600,000
Non-Manufacturing Equipment	\$ 650,000
Soft Costs:	<u>\$ 250,000</u>
Total Project Cost	\$ 9,750,000
85% of Project Cost	\$ 8,287,500

### Company Description

Derrick Corporation was founded in 1951 and has been at its current location in Cheektowaga for 57 years. The company is a manufacturer of high frequency vibrating screening equipment, centrifuge equipment and replacement screens. . Customers are oil and gas drilling companies and various mining operations. Most customers are multi-national companies located around the world. The company owns locations in Cheektowaga, West Seneca and Houston, Texas.

### Project Description

This project which falls on the heels of a 2011 expansion project, will more than double the company's office space and address the current shortage of available desks and allow for future growth. The company will be constructing a 31,250 sq. ft. addition primarily to the west of the existing office space. The project also includes renovations of existing garage space into a training room and minor renovations to several existing offices. From 1981 when the IDA assisted Derrick with its first expansion project, the company has regularly invested in the Cheektowaga plant.

### Project Benefits

The project is anticipated to create an additional 10 jobs over a 2-year period.

### Project Incentives

- Approximately \$440,000 in sales tax benefits
- Approximately \$1,500,000 in real property tax savings

## Derrick Corporation

### Employment

	Jobs at Application	Projected Jobs Year
Full Time	477	487
Part Time	47	47

### Real Estate Tax Impact

Current Yearly Taxes	Estimated new assessed value (70% of construction budget * EQ rate of 62%)	Estimated New County Revenue over 10- year abatement period	Estimated new local revenue over 10-year abatement period	Total revenue in year 1 after PILOT expires
N/A	\$3,580,500	\$65,000	\$333,000	\$189,000

### Draft 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 = \$9,750,000 85% = \$8,287,500
Employment	To coincide with PILOT period	Maintain 100% of base = (477) and 85% of projected (10) = 8
Local Labor	Construction Period	Adherence to policy including quarterly reporting
PILOT	PILOT Term 10 years	Up to 100% recapture at Agency discretion
Recapture Period	Coincides with term of PILOT	Recapture of state and local sales taxes and real property taxes

#### Recapture applies to:

State and Local Sales Taxes  
Payment in Lieu of Taxes

### Recapture

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales tax 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 share of sales tax 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 has met 85% of its projected full time employment while maintaining 100% of its base.

**Project History**

6/02/2014	Public Hearing Held. Transcript attached.
06/18/2014	Inducement Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
06/18/2014	Lease/Leaseback Inducement Resolution presented to Board of Directors.

**Company History**

1980	\$500,000 RDC Loan Closed
1981	\$2,500,000 Tax Incentive Project Closed
1991	\$1,650,000 Tax Incentive Project Closed
2002	\$1,800,000 Tax Incentive Project Closed
2006	\$1,100,000 Tax Incentive Project Closed
2012	19,500,000 Tax Incentive Project Closed