

Surmet Ceramics Corp.
\$11,500,000
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 336413

COMPANY INCENTIVES

- Approximately \$65,625 in sales tax savings

EMPLOYMENT

- Retained Jobs - 13
- Projected New Jobs - 18
- Total Jobs After Project Completion -31
- Annual payroll: \$1,465,000
- Estimated salary of jobs to be created: \$55,000
- Estimated salary of jobs to be retained: \$52,500

PROJECT HISTORY

- No public hearing required since estimated benefit amount is less than \$100,000
- 03/24/2021 Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Surmet Ceramics Corp.

Project Address: 743 Hertel Avenue
 Buffalo, New York 14207
 (Buffalo City School District)

Agency Request

A sales tax exemption in connection with the construction of a 3,400 sq. ft. building expansion.

Building Addition	\$ 2,500,000
Infrastructure	\$ 500,000
Manufacturing Equipment	\$ 8,000,000
Other	\$ 500,000
Total Project Cost	\$11,500,000
85%	\$ 9,775,000

Company Description

In 2002, Surmet acquired the ALON Technology from Ratheon with the goal of bringing transparent ceramic from the laboratory to the marketplace. In 2003 when M/ACOM-Tyco planned to close the location, Surmet took, over the facility at 699 Hertel Avenue where ALON Powder was being manufactured and has been operating the facility since that time. Over the past 18 years, Surmet has taken ALON from the laboratory to the marketplace with a combined Surmet and government investment of over \$100M. Surmet now produces windows, domes, lenses and transparent armor for the Department of Defense and all of the major defense contractors in the USA.

The majority of company sales (95%) are to companies located within the U.S.

Project Description

Surmet currently leases 75,000 square feet from Benderson Development at 699 Hertel Avenue in the City of Buffalo. The current project is for the construction of a 3,400 sq. ft. expansion to the existing leased space. The additional space will be used for CIP (cold isostatic press) building and associated foundation (pit) and utilities extension. The project consists of the construction of a 3,400 sq. ft. expansion to the company's existing 130,000 sq. ft. facility.

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 = \$11,500,000 85% = \$9,775,000
Employment	Coincides with recapture term	Maintain base: 13 Create 85% of Projected Projected = 18 85% = 15 Recapture Employment = 28
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with recapture period	Adherence to Policy
Unpaid Tax	Coincides with recapture period	Adherence to Policy
Recapture Period	2 years following project completion	Recapture state and local sales taxes

Recapture applies to:
State and Local Sales Taxes

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 13 jobs and created 18 FT jobs, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.