

<b>Sumitomo Rubber 2021 Building Expansion</b> <b>\$126,000,000</b> <b>PRIVATE INVESTMENT INDUCEMENT RESOLUTION</b>		
<b>ELIGIBILITY</b> <ul style="list-style-type: none"> <li>• NAICS Section – 326211</li> </ul>	Project Title:	Sumitomo Rubber 2021 Building Expansion
	Project Address	10 Sheridan Drive, Tonawanda, NY 14150 (Ken-Ton UFSD)
<b>COMPANY INCENTIVES</b> <ul style="list-style-type: none"> <li>• Approximately \$ 708,750 in sales tax savings</li> <li>• Approximately \$1,053,437 in real property tax savings</li> </ul>	<b>Agency Request</b> A sales tax and real property tax abatement in connection with the construction of a 60,000 sq ft building and the renovation of a 15,200 sq ft existing facility in the Town of Tonawanda.	
<b>JOBS &amp; ANNUAL PAYROLL</b> <ul style="list-style-type: none"> <li>• Current Jobs: 1,399</li> <li>• Annual Payroll: \$ 100,000,000</li> <li>• Projected new jobs: 0</li> <li>• Projected retained jobs: 1,399</li> <li>• Est. salary/yr. of jobs retained: \$ 60,000</li> <li>• Total jobs after project completion: 1,399</li> <li>• Construction Jobs: 97</li> </ul>	New Building Construction                      \$ 6,900,000 Building Renovation                                \$ 6,400,000 Infrastructure                                         \$ 2,900,000 Manufacturing Equipment                        \$94,800,000 Soft Costs/Other                                     \$15,000,000  Total Project Cost                                    \$126,000,000  85%    \$ 107,100,000	
<b>PROJECTED COMMUNITY BENEFITS*</b> <ul style="list-style-type: none"> <li>• Term: 10 YEARS</li> <li>• NET Community Benefits: \$ 1,493,593,000</li> <li>• Spillover Jobs: 35 (temp) 1,354 (perm)</li> <li>Total Payroll: \$ 1,535,229,000</li> </ul>	<b>Company Description</b> Sumitomo Rubber USA, LLC (SRUSA) is wholly owned by Sumitomo Rubber Industries, Ltd. (SRI) a global tire and rubber company based in Japan. The company makes a wide range of rubber-based products, including automobile tires, golf balls and tennis balls. The SRUSA Tonawanda plant is the only SRI-owned tire manufacturer in the US, having been acquired by SRI on October 1st, 2015 through its dissolution of a joint venture with another major tire manufacturer.	
<b>INCENTIVE COST/COMMUNITY BENEFIT RATIO*</b> Incentives: \$ 1,762,187 Community Benefit: \$ 1,629,434,000 Cost: Benefit Ratio <ul style="list-style-type: none"> <li>• 1:889</li> </ul>	<b>Project Description</b> SRUSA is considering a significant capital investment in the Facility. The investment would involve major replacement of and upgrades to production and other equipment. The Facility is approximately 100 years old and the proposed investment will enhance its efficiency and solidify the Facility's long-term economic future in WNY. The proposed investment will nearly double output at the Facility, resulting in a significantly lower cost per kg that ensures SRUSA tire products can be sold profitably. To achieve the needed, increased production, SRUSA would purchase new mixing, tire building, curing and miscellaneous equipment. A 60,000 square foot building will be added for new tire building equipment on the site that is currently in use as an employee parking lot. Additional limited capital investments will need to be made for building improvements/renovation to an existing 15,200 sq ft building at the Facility. The estimated capital investment would be made over the next 3 years as follows: 2021 = \$78.4M, 2022 = \$41.5M and 2023 = \$6M, totaling \$126M.	

\* Inform Analytics/Center for Governmental Research

## Economic Impact: Inform Analytics Cost-Benefit Analysis

The Erie County Industrial Development Agency uses Inform Analytics, a widely-recognized modeling tool from the Center for Governmental Research, to assess the economic impact of a project applying for incentives. This cost:benefit ratio is assessed via a Cost-Benefit Analysis, as is required by Section 859-a (5)(b) of General Municipal Law. For the complete Cost Benefit Analysis – please see the attached Inform Analytics Projected Community Benefits and Community Cost Benefit Analysis.

### Cost: Incentives

COSTS	Tax Exemption	Amount
	Property	1,053,000
	Sales	709,000
	Mortgage Recording	0
	Total	1,762,000
	Discounted at 2%	1,679,000

### Benefit: Projected Community Benefit\*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount**
	Erie County	Individuals	Payroll Temporary	6,886,000
			Payroll Permanent	1,503,306.000
		Public	Property Taxes	280,000
			Sales Taxes	24,757,000
	New York State	Public	Income Taxes	72,437,000
			Sales Taxes	21,432,000
			Total Benefits to EC + NYS***	1,629,434,000
			Discounted at 2%	1,493,593,000

\*\*includes direct & indirect \$ over project period    \*\*\*may not sum to total due to rounding

Discounted Cost            \$ 1,679,000  
Discounted Benefit        \$1,493,593,000  
Ratio                            1:889

**Conclusion:** The Cost Benefit for this project is: 1:889. For every \$1 in costs (incentives), this project provides \$889 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$1,042 in benefits to the community.**

### New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over abatement period	Additional Local Revenue Over abatement period	New Yearly Taxes Upon Expiration of Abatement Period
n/a	\$1,320,000	\$ 39,113	\$ 240,915	\$ 133,346
Combined Tax Rate: \$ 101.02				

\* Inform Analytics/Center for Governmental Research

### 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 = \$126,000,000 85% = \$107,100,000
Employment	Coincides with 10-year PILOT	Maintain Base = 1,399  Recapture Employment = 1,399
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 Taxes, 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 1,399 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

- 9/28/21 Public hearing held.
- 10/27/21 Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA
- 10/27/21 Lease/Leaseback Inducement Resolution presented to the Board of Directors

### Company ECIDA History

4/26/17 \$9.7 M Inducement Resolution for a 35,000 sq ft expansion of manufacturing space at the Tonawanda facility.