

GOLDMAN TITANIUM, INC. \$645,000 INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - **33**

COMPANY INCENTIVES

- Approximately \$26,250 in sales tax savings
- Up to \$6,300 in mortgage recording tax savings
- If the project results in an increase in assessed value of 50% of the construction budget the project will generate approximately \$15,500 additional revenue to the local taxing jurisdictions over the abatement period representing \$2,500 to the County of Erie and \$13,000 to the City of Buffalo. In the first year after the abatement period has expired, additional taxes should equal approximately \$10,365.



Project Title: Goldman Titanium, Inc.

Project Address: 99 Dorothy Street (a.k.a. 105 Dorothy Street)
 Buffalo, New York 14206
 (Buffalo School District)

SIC/NAICS: 2420/331314

Agency Request

A real property tax abatement, sales tax and mortgage tax savings in connection with the construction of a 12,000 sq. ft. facility for use as a warehouse and light production.

New Building Construction	\$600,000
Non-Manufacturing Equipment	30,000
Soft Costs	<u>15,000</u>
 Total Project Cost	 \$645,000

Company Description

Goldman Titanium ("Goldman") is a privately-owned processor of titanium scrap. Goldman purchases titanium in many forms from a variety of sources around the world and delivers titanium product to meet many specific needs. The company and its predecessor have conducted business in the City Buffalo since 1923.

With expansions in 1971, 1980 and 1991, the company now occupies 150,000 sq. ft. of buildings on 5.5 acres of land in the City. Goldman takes in raw titanium materials from a number of suppliers, including airframe builders, casters, engine manufacturers, extruders, machine shops, prime titanium mills and scrap dealers. Through a detailed sorting and analysis process they characterize the metal by alloy, surface condition and shape in order to provide the best metal product for the various industries they serve. As a result of additional sizing and cleaning, they tailor the end-product to the needs of the particular customer and industry. Products include turnings, prepared and unprepared solids, bulk weldables, fully processed turning briquets and cobbles.

Customers include defense, aerospace, ferro-titanium producers, master alloy producers, prime titanium melters, foundries, and superalloy producers in the United States, Europe and Asia. 100% Goldman's sales are to industries located outside of New York State.

Project Description

Goldman's current facility has reached its capacity. In order to increase sales and service to new customers, additional space is required. The addition will be an extension of the existing facility and house a processing center and employee break room.

GOLDMAN TITANIUM, INC.

Safety:

As a powder or in the form of metal shavings, titanium metal poses a significant fire hazard and, when heated in air, an explosion hazard. Water and carbon-dioxide based methods to extinguish fires are ineffective on burning titanium; Dry powder fire fighting agents must be used instead.

The new facility will be constructed with an eye toward safety and the company is working with the Buffalo Fire Department to devise a safety plan.

Since the company has experienced several fires in the past, we have confirmed they are current on all of the filing obligations; the Tier II reports were submitted online on Feb. 15, 2012, and copies were supplied to the Local Emergency Planning Committee and Fire Department.

We have also reached out to the City's Department of Inspections and they've confirmed that no violations are present at the facility.

Project Benefit

The company currently employs 48 and is estimated to reach 56 two years after the project's completion.

Project Incentives

Current Assessment per County records	Current Yearly Taxes	New revenue upon project completion under PILOT - Yrs 1-7 based on an increase in value of appx. \$300,000
\$270,000	\$9,300	\$15,500
Combined County/City Tax Rate: \$34.55		

If the project results in an increase in assessed value of 50% of the construction budget the project will generate approximately \$15,500 additional revenue to the local taxing jurisdictions over the abatement period representing \$2,500 to the County of Erie and \$13,000 to the City of Buffalo. In the first year after the abatement period has expired, additional taxes should equal approximately \$10,365.

Approximately \$26,250 in sales tax savings

Up to \$6,300 in mortgage recording tax savings

Approximately \$57,000 in real property tax savings

Employment

Current:
48

Projected (2 Years)
56

Project History

09/27/2012	Public Hearing held. Transcript attached.
10/15/2012	Inducement Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
10/15/2012	Lease/Leaseback Inducement Resolution presented to Board of Directors.