

<b>Lactalis American Group, Inc.</b> <b>\$ 1,436,697</b> <b>PRIVATE INVESTMENT INDUCEMENT RESOLUTION</b>											
<b>ELIGIBILITY</b>	Project Title: Lactalis Office Expansion  Project Address 2376 South Park Ave, Buffalo, NY 14220 (City of Buffalo School District)										
<ul style="list-style-type: none"> <li>• NAICS Section – 311513</li> </ul>											
<b>COMPANY INCENTIVES</b>											
<ul style="list-style-type: none"> <li>• Approximately \$ 71,433 in sales tax savings</li> <li>• Approximately \$55,360 in real property tax savings</li> </ul>	<b>Agency Request</b>  A sales tax and real property tax abatement in connection with <table> <tr> <td>Building Addition</td><td>\$ 1,158,995</td></tr> <tr> <td>Non- Manufacturing Equipment</td><td>\$ 236,887</td></tr> <tr> <td>Soft Costs/Other</td><td>\$ 40,815</td></tr> <tr> <td> Total Project Cost</td><td> \$1,436,697</td></tr> <tr> <td> 85%</td><td> \$1,221,192</td></tr> </table>	Building Addition	\$ 1,158,995	Non- Manufacturing Equipment	\$ 236,887	Soft Costs/Other	\$ 40,815	 Total Project Cost	 \$1,436,697	 85%	 \$1,221,192
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<b>JOBS &amp; ANNUAL PAYROLL</b>	<b>Company Description</b>  Lactalis American Group, Inc. (Lactalis) is a subsidiary of Group Lactalis, a global dairy company that owns and operates dairy manufacturing plants worldwide. Buffalo, NY is the U.S. headquarters for the Lactalis American Group, Inc. that employs 335 back-office employees at this location supporting all U.S. operations. Directly across the street, the applicant operates one of its affiliated eight U.S. manufacturing plants. The Buffalo manufacturing plant employs 370 manufacturing employees for a total of more than 700 employees in Buffalo. The Buffalo manufacturing plant produces mozzarella, ricotta and whey. On average this plant processes 81,410,560 gallons of milk annually from 230 dairy farms located throughout WNY. This translates into more than \$145 M in annual milk purchases from WNY dairy farms. 95% of raw materials used in this plant are produced in NYS.										
<ul style="list-style-type: none"> <li>• Current Jobs: 334 (FTE)</li> <li>• Annual Payroll: \$ 33,533,749</li> <li>• Projected new jobs: 27 (FTE)</li> <li>• Est. salary/yr. of jobs created: \$93,458</li> <li>• Est. salary/yr. of jobs retained: \$86,535</li> <li>• Total jobs after project completion: 361 (FTE)</li> <li>• Construction Jobs: 5</li> </ul>											
<b>PROJECTED COMMUNITY BENEFITS*</b>											
<ul style="list-style-type: none"> <li>• Term: 10 YEARS</li> <li>• NET Community Benefits: \$ 1,355,834,802</li> <li>• Spillover Jobs:1,390</li> </ul> Total Payroll: \$ 1,278,698,578	<b>Project Description</b>  The company is proposing to add a 5,660 sq ft addition to their existing 26,865 sq ft one story office building to provide current and future employees with the space needed to support the company's U.S. operations from the Buffalo NY facility. A recent acquisitions and organic growth are the primary factors for the need to expand. The additional space will also address the needs of those returning to work post COVID 19 shutdown, who have had to share offices or work remotely.										
<b>INCENTIVE COST/COMMUNITY BENEFIT RATIO (discounted @ 2%) *</b>											
Incentives: \$ 121,441  Community Benefit: \$ 1,213,741,244  Cost: Benefit Ratio <ul style="list-style-type: none"> <li>• 1:9994</li> </ul>											

\* Cost Benefit Analysis Tool powered by MRB Group

## Economic Impact: Inform Analytics Cost-Benefit Analysis

The Erie County Industrial Development Agency uses the Cost Benefit Analysis Tool powered by MRB Group to assess the economic impact of a project applying for incentives. A Cost-Benefit Analysis is required by Section 859-a (5)(b) of General Municipal Law. For the complete Cost Benefit Analysis – please see the attached MRB Cost Benefit Calculator.

### Cost: Incentives

COSTS	Tax Exemption	Amount
	Property	55,360
	Sales	71,433
	Mortgage Recording	0
	Total	126,793
	Discounted at 2%	121,441

### Benefit: Projected Community Benefit\*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount**
	Erie County	Individuals	Payroll Construction	650,930
			Payroll Permanent	1,278,047,648
		Public	Property Taxes	14,716
			Sales Taxes	10,629,182
	New York State	Public	Income Taxes	57,541,436
			Sales Taxes	8,950,891
			Total Benefits to EC + NYS***	\$ 1,355,834,802
			Discounted at 2%	\$ 1,213,741,244

\* Cost Benefit Analysis Tool powered by MRB Group \*\*includes direct & indirect \$ over project period \*\*\* may not sum to total due to rounding

Discounted Cost           \$ 121,441  
Discounted Benefit       \$ 1,213,741,244  
Ratio                         1:9994

**Conclusion:** The Cost Benefit for this project is: 1: 9994. For every \$1 in costs (incentives), this project provides \$9,994 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$13,000 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
\$ 14,465	\$ 650,000	\$36,097	\$ 123,268	\$ 21,472
Combined Tax Rate: \$22.25				

## 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 = \$ 1,436,697 85% = \$ 1,221,192
Employment	Coincides with 10-year PILOT	Maintain Base = 334 Create 85% of Projected Projected = 27 85% = 22 Recapture Employment = 356
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 state and local sales tax and real property tax savings

### 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 334 jobs and created 22 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

- 12/28/21: Public hearing held.
- 01/26/22: Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA
- 01/26/22: Lease/Leaseback Inducement Resolution presented to the Board of Directors