

Perry's Ice Cream Co. Inc.
\$ 18,000,000
PRIVATE INVESTMENT INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 311520

COMPANY INCENTIVES

- Approximately \$428,750 in sales tax savings
- Approximately \$ 211,141 in real property tax savings
- Up to 3/4 of 1% of the final mortgage amt, estimate = \$45,000

JOBS & ANNUAL PAYROLL

- Current Jobs: 356 FT, 14 PT
- Annual Payroll: \$ 22,131,663
- Projected new jobs: 15 FT
- Est. salary/yr. of jobs created: \$52,700
- Est. salary/yr. of jobs retained: \$59,107
- Total jobs after project completion: 385 FT, 14 PT
- Construction Jobs: 79

PROJECTED COMMUNITY BENEFITS*

- Term: 7 year
 - NET Community Benefits: \$ 354,379,780
 - Spillover Jobs: 690
- Total Payroll: \$ 334,158,086

INCENTIVE COST / COMMUNITY BENEFIT RATIO (discounted at 2%)*

- Incentives: \$ 669,933
- Community Benefit: \$ 328,109,478
- Cost: Benefit Ratio
- 1:490

Project Title: Extruded Ice Cream Novelties

Project Address: 1 Ice Cream Plaza, Akron, NY 14001
Akron Central School District

Agency Request

A sales tax, mortgage recording tax and real property tax abatement in connection with the construction of an approx. 23,000 sq ft building and to allow for upgrades to the site's engine room and pump room.

Building Addition	\$ 8,420,000
Building Renovation	\$ 1,400,000
Manufacturing Equipment	\$ 7,230,000
Soft Costs/Other	\$ 950,000
Total Project Cost	\$ 18,000,000
85%	\$ 15,300,000

Company Description

Perry's Ice Cream was founded in 1918 by H. Morton Perry who purchased a milk route that became known as Perry's Dairy. In 1932 the Akron High School cafeteria manager asked Morton to supply ice cream to the school. Using a family recipe, Perry's Ice Cream was born. Today Perry's Ice Cream continues to be slow cooked with nearly 100% of the milk used in production coming from farms in the communities surrounding Akron. This 4th generation business continues growing employing over 400 team members in NY, OH and PA with products distributed throughout NY, NJ, OH, PA, MA NC, Washington, D.C., MD and VA. Perry's 3 business segments include: the Perry's brand, contract manufacturing and our partner brands. Perry's produces 100% of the Perry's Ice Cream brand and makes some grocery and other name brand ice creams with about 50% of what they produce being sold outside NYS.

Project Description

This project involves the construction of an approx. 23,000 sq ft building next to an existing structure at the Perry's facility. The new building will house a new extruded ice cream novelty machine with conveyoring as well as upgrading the site's engine and pumping rooms. Upon completion, 15 additional staff will be needed to run the new machinery and several existing workers will need to be upskilled in order to work on the new machinery. Products produced by this machine can be dairy or non-dairy, can include more than one base flavor, inclusions, toppings, and dipped coatings. The team at Perry's is very excited about this project - the last time they introduced a brand new line was in 2007/2008.

* 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	211,141
	Sales	428,750
	Mortgage Recording	45,000
	Total	684,893
	Discounted at 2%	669,933

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **
	Erie County	Individuals	Payroll Construction	11,550,740
			Payroll Permanent	322,607,345
		Public	Property Taxes	52,785
			Sales Taxes	2,777,690
			Other Muni Rev (NFTA)	15,000
	New York State	Public	Income Taxes	15,037,114
			Sales Taxes	2,339,106
			Total Benefits to EC + NYS***	354,379,780
			Discounted at 2%	328,109,478

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

Discounted Cost \$ 669,933
 Discounted Benefit \$ 328,109,478

Ratio 1:490

Conclusion: The Cost Benefit for this project is: 1. For every \$1 in costs (incentives), this project provides \$ 490 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$ 703 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
\$30,163	\$ 1,500,000	\$ 9,567	\$ 43,218	\$ 67,867
Combined Tax Rate: \$ 25.136				

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 = \$ 18,000,000 85% = \$ 15,300,000
Employment	Coincides with 7-year PILOT	Maintain Base = 356 FT, 14 PT (363 FTE) Create 85% of Projected Projected = 15 FT 85% = 12 FTE Recapture Employment = 378 FTE
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 7-year PILOT	Adherence to Policy
Unpaid Tax	Coincides with 7-year PILOT	Adherence to Policy
<u>Recapture Period</u>	Coincides with 7-year PILOT	Recapture of Mortgage recording tax, state and local sales taxes

Recapture applies to:

State and Local Sales Taxes
Real Property Tax
Mortgage Recording 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 356 FT, 14 PT jobs and created 15FT 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

- 06/22/22: Public hearing held.
- 07/27/22: Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA
- 07/27/22: Lease/Leaseback Inducement Resolution presented to the Board of Directors

Company ECIDA History

The ECIDA history with Perry's Ice Cream goes back to at least 1981 with more recent activities as follows:

- 11/21/2011: \$ 500,000 Private Investment – Sales Tax Incentive for the purchase of equipment, expansion of refrigeration space and technology upgrades.
- 9/10/2007: \$ 5 Mil Private Investment – Property & Sales Tax Incentive associated with the construction of a 30,000 sq ft facility – 15 yr PILOT.