

Big Heart Pet Brands / J. M. Smucker Company \$ 52,660,000 PRIVATE INVESTMENT INDUCEMENT RESOLUTION									
ELIGIBILITY	Project Title: Buffalo Facility Expansion (Project Domino) Project Address 243 Urban Street, Buffalo, NY 14211 (Buffalo City School District)								
<ul style="list-style-type: none"> • NAICS Section – 311111 									
COMPANY INCENTIVES									
<ul style="list-style-type: none"> • Up to \$ 1,085,175 in sales tax savings 	<p style="text-align: center;">Agency Request</p> <p>A sales tax abatement for a company project to modernize their facility and provide environmental and food safety advantages. The project also will include the addition of a Soft n' Chewy processing line.</p> <table> <tr> <td>Building Addition</td><td>\$ 10,210,000</td></tr> <tr> <td>Manufacturing Equipment</td><td><u>\$ 42,450,000</u></td></tr> <tr> <td>Total Project Cost</td><td>\$ 52,660,000</td></tr> <tr> <td>85%</td><td>\$ 44,761,000</td></tr> </table> <p style="text-align: center;">Company Description</p> <p>Big Heart Pet Brands is a wholly owned subsidiary of J. M. Smuckers Company which is an American manufacturer of food and beverage products originally founded in 1897 and headquartered in Orrville, OH. The J. M. Smucker Company employs nearly 9,000 employees with approximately \$8.5 billion in net sales (as of 2023). Their four major business units: frozen handhelds and spreads, pet foods, sweet baked snacks and coffee. More than 80% of U.S. homes have Smucker products in their pantry. In March 2015, Smucker acquired Big Heart Pet Brands whose portfolio consists of: Meow Mix, Milk Bone, Pup-Peroni, Canine Carry Outs and Milo's Kitchen.</p> <p style="text-align: center;">Project Description</p> <p>The proposed project would add approximately 897 SF to the existing 550,000 SF building through the addition of a Soft n' Chewy processing line. The addition of this line will increase the overall plant capacity by converting the existing Soft n' Chewy process line. The expansion would include the purchase and commissioning of several pieces of equipment to achieve the proposed increase in production.</p> <p>Phase 1 would bring attention to Soft n' Chewy production with additional capacity. Phase 2 would convert the current Soft n' Chewy oven and dryer to produce biscuit volume and add additional biscuit capacity. The Project will also include a Freezer Expansion.</p>	Building Addition	\$ 10,210,000	Manufacturing Equipment	<u>\$ 42,450,000</u>	Total Project Cost	\$ 52,660,000	85%	\$ 44,761,000
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85%	\$ 44,761,000								
JOBS & ANNUAL PAYROLL									
<ul style="list-style-type: none"> • Current Jobs: 283 FT • Est. salary/yr. of jobs retained: \$71,397 • Projected new jobs: 17 FT • Est. salary/yr. of jobs created: \$64,272 • Total jobs after project completion: 300 • Annual Payroll: \$ 21,297,987 • Construction Jobs: 208 									
PROJECTED COMMUNITY BENEFITS*									
<ul style="list-style-type: none"> • Term: 2 YEARS after project completion. • NET Community Benefits: \$206,382,582 • Spillover Jobs: 837 <p>Total Payroll: \$194,643,166</p>									
INCENTIVE COST / COMMUNITY BENEFIT RATIO (discounted at 2%)*									
Incentives: \$1,085,175 Community Benefit: \$199,643,206 Cost: Benefit Ratio <ul style="list-style-type: none"> • 1:184 									

* 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	\$ 0
	Sales	\$1,085,175
	Mortgage Recording	\$ 0
	Total	\$1,085,175
	Discounted at 2%	\$1,085,175

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **
	Erie County	Individuals	Payroll Construction	\$ 31,826,080
			Payroll Permanent	\$ 162,817,086
		Public	Property Taxes	\$ 0
			Sales Taxes	\$ 1,617,971
			Other Muni Revenue (NFTA)	\$ 0
	New York State	Public	Income Taxes	\$ 8,758,943
			Sales Taxes	\$ 1,362,503
			Total Benefits to EC + NYS***	\$206,382,582
			Discounted at 2%	\$199,643,206

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

Discounted Cost	\$ 1,085,175
Discounted Benefit	\$199,643,206
Ratio	1:184

Conclusion: The Cost Benefit for this project is: 184:1. For every \$1 in costs (incentives), this project provides \$184 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$322 in benefits to the community.**

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 = \$ 52,660,000 85% = \$ 44,761,000
Employment	2 years after project completion	Maintain Base = 283 FTE Create 85% of Projected Projected = 17 FTE 85% = 9 FTE Recapture Employment = 292 FTE
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	2 years after project completion	Adherence to Policy
Unpaid Tax	2 years after project completion	Adherence to Policy
<u>Recapture Period</u>	2 years after project completion	Recapture of 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 283 FTE jobs and created 17 FTE 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

- 3/31/25: Public hearing held.
- 4/23/25: Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA
- 4/23/25: Lease/Leaseback Inducement Resolution presented to the Board of Directors