

Lactalis American Group, Inc \$62,014,038 AMENDATORY INDUCEMENT RESOLUTION			
ELIGIBILITY	Project Title: 2025 Plant Modernization– WNY		
• NAICS Section – 3115			
COMPANY INCENTIVES	Project Address 2375 South Park Ave, Buffalo, NY 14220 (City of Buffalo School District)		
• Original: Up to \$1,203,247 in sales tax savings • Amended: Up to \$2,158,618 in sales tax savings	<div>Agency Request</div> <p>An increase of sales tax abatement in connection with the continued modernization and revitalization of the Buffalo, NY manufacturing facility.</p>		
JOBS & ANNUAL PAYROLL			
• Current Jobs: 400 FT, 1 PT • Est. salary/yr. of jobs retained: FT \$77,112, PT \$52,119 • Annual Payroll: \$ 22,277,956 • Projected new jobs: 27 FT • Est. salary/yr. of jobs created: \$47,515 • Total jobs after project completion: 427 FT • Construction Jobs: 242		Prior	Current
	New Building Construction		\$ 3,120,309
	Building Addition	\$ 1,075,000	\$ 1,125,000
	Reconstruction/Renovation	\$19,002,212	\$ 32,255,681
	Infrastructure	\$ 2,841,788	\$ 2,841,788
	Mfg. Equipment	\$21,607,000	\$ 21,607,000
	Non Mfg. Equipment	0	\$ 1,064,260
	Total Project Cost	\$44,526,000	\$ 62,014,038
	85%	\$37,847,100	\$ 52,711,932
		<div>Company Description</div> <p>The applicant, Lactalis American Group, Inc is 100% owned by LAG Holding, Inc, a subsidiary of Group Lactalis – a global dairy company that owns and operates dairy manufacturing plants around the world. Group Lactalis has 11 manufacturing plants operating in the U.S. – specifically in: NY, CA, AZ, ID, WI, VT and NH. Lactalis Buffalo employs a total of 746 employees - 401 employee work within the manufacturing plant.</p> <p>On average, the plant processes 750 M pounds of milk annually producing mozzarella, ricotta, provolone, brie and whey. The Buffalo plant supports 230 dairy farms with 97% of all milk processed at Lactalis Buffalo coming from NYS.</p> <div>Project Description</div> <p>As modernization and revitalization work continues at the South Park Avenue facility, Lactalis is progressing through the final stages of engineering approvals for several project phases that were previously pending. These phases could not be accurately costed prior to this amendment; however, Lactalis has now confirmed eligible expenditures following the most recent internal and engineering reviews. Major components of these phases include: 1) Repurposing of Distribution Center Space (\$ 905,000) convert space from cold to dry storage & into a dedicated ricotta cheese packaging area, 2) Demolition of Locker Area for New Mozzarella Production (\$5.5M) convert former employee locker space to 5,600 SF of new production space, 3) Ricotta Equipment Installation & Spot Pack Room Renovation (\$2.6M) renovate 5,800 SF for new ricotta production equipment & 7,000 SF for new ricotta cheese filler lines, 4) Overhaul of Deteriorated Production Area (\$2.5M) demolish existing bulk filler room and adjacent space – creating modernized space to ensure compliance / improved operational flow, and 5) Construction of New Engine Room (\$ 3.12M) a 10,000 SF structure to be built that supports increased thermal and cooling demands (capacity) to meet future needs.</p>	
PROJECTED COMMUNITY BENEFITS*			
• Term: 2 yrs. from project completion • NET Community Benefits: \$399,405,149 • Spillover Jobs: 2,005 Total Payroll: \$376,686,259			
INCENTIVE COST / COMMUNITY BENEFIT RATIO (discounted at 2%)*			
Incentives: \$2,158,618 Community Benefit: \$385,408,081 Cost: Benefit Ratio • 1:179			
* 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	\$2,158,618
	Mortgage Recording	\$ 0
	Total	\$2,158,618
	Discounted at 2%	\$2,158,618

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **
	Erie County	Individuals	Payroll Construction	\$ 37,882,251
			Payroll Permanent	\$338,804,008
		Public	Property Taxes	\$ 0
			Sales Taxes	\$ 3,131,204
			Other Muni Revenue (NFTA)	\$ 0
	New York State	Public	Income Taxes	\$ 16,950,881
			Sales Taxes	\$ 2,636,804
			Total Benefits to EC + NYS***	\$399,405,149
			Discounted at 2%	\$385,408,081

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

Discounted Cost \$ 2,158,618
Discounted Benefit \$ 385,408,081
Ratio 1:179

Conclusion: The Cost Benefit for this project is: 1:179. For every \$1 in costs (incentives), this project provides \$179 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$313 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 = \$62,014,038 85% = \$52,711,932
Employment	2 years after project completion	Maintain Base = 400 FTE Create 85% of Projected Projected = 27 FTE 85% = 22 FTE Recapture Employment = 422 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 400 FTE jobs and created 22 FTE jobs (85% of projected), 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

- 6/18/25: Public hearing held.
- 7/23/25: Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA – amendatory request
- 7/23/25: Lease/Leaseback Inducement Resolution presented to the Board of Directors – amendatory request

Company History

- 11/29/23: sales tax incentive associated with a \$44.5 M investment
- 1/26/22: property and sales tax incentives associated with \$1.44 M construction and renovation project (office space). Project status = inactive / Lactalis will not move forward with project and no ECIDA benefits were taken.
- 10/13/99: property and sales tax incentives associated with \$7.76 M construction project: 86K sq ft cooler/warehouse, 91K sq ft parking lot, renovations to an existing facility and the purchase of machinery & equipment.
- 8/12/98: property & sales tax incentives associated with \$1.8 M construction project: 7K sq ft addition to an admin bldg.
- 2/12/97: property & sales tax incentives associated with \$2.83 M construction project: 16K sq ft addition existing bldg.