

## Custom Sheet Metal Fabricating, LLC

**\$1,049,127**

### INDUCEMENT RESOLUTION

#### HIGHLIGHTS

- Eligibility: NAICS Section - **34 - Manufacturing**

#### COMPANY INCENTIVES

- Approximately \$8,000 in mortgage recording tax savings
- Approximately \$35,000 in sales tax savings
- Approximately \$57,000 in real estate tax savings



Project Title: Custom Sheet Metal Fabricating, LLC

Project Address: 25 Depot Street  
Buffalo, New York 14203  
(Buffalo City School District)

SIC/NAICS: 3429/332999

#### Agency Request

A sales tax, mortgage tax and real estate tax abatement in connection with the construction of a 12,000 sq. ft. manufacturing/warehouse facility.

Building Construction	\$837,227
Renovation	82,605
Manufacturing Equipment	129,295
<b>Total Project Cost</b>	<b>\$1,049,127</b>

#### Company Description

Custom Sheet Metal Fabricating is a metal fabrication facility. At the present time, one customer Cooper Cameron Corp., Cooper Turbocompressor Division, accounts for more that 90% of the company's business. All of the company's sales are to Erie County businesses. The company is 100% owned by Mollenberg Betz Holdings, LLC.

#### Project Description

Since one customer accounts for almost all of the company's sales and they are at full capacity in the existing facility, the company is proposing to construct a 12,000 sq. ft. addition. The goal of the expanded operation is to provide additional capacity and increase their customer base thereby mitigating the risk in case of downturn by the current primary customer.

The expanded facility will house a new overhead crane with a 10-ton capacity. Additional welding stations will be added which will accommodate the company's cutting and forming equipment.

#### Project Incentives

- Approximately \$8,000 in mortgage recording tax savings
- Approximately \$35,000 in sales tax savings
- Approximately \$57,000 in real estate tax savings

### Project Benefits

The project is anticipated to create 3 additional jobs.

The project will generate approximately \$16,000 of 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.

The project will position the company with additional capacity to increase sales.

### Employment

<u>Current</u>	<u>Year 2</u>
11	14

### 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 = \$1,100,000 85% = \$935,000
Employment	To coincide with PILOT	100% of base (11) and 85% of projected (2) = 13
Local Labor	Construction period	Adherence to policy including quarterly reporting
PILOT	PILOT Term = 7 years	Up to 100% recapture at Agency discretion
Recapture Period	Coincides with PILOT term	Recapture of PILOT, all sales taxes and mortgage recording tax

Recapture applies to:

- State and Local Sales Taxes
- Payment in Lieu of Taxes
- Mortgage Recording Tax

### Recapture

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales and use tax exemption benefits taken by the company that are in violation of the GML.

In addition it is the recommendation of the ECIDA's Policy Committee to recapture the local share of sales tax, mortgage tax and PILOT.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) for the 7-year PILOT term confirm that company has met 85% of its projected FTE employment while maintaining 100% of its base and iii) confirm adherence to ECIDA local labor hiring policy.

### Project History

11/26/2013	Public Hearing conducted.
12/16/2013	Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
12/16/2013	Lease/Leaseback Inducement Resolution presented to Board.