

Flexovit USA, Inc.
\$8,020,887
INDUCEMENT RESOLUTION

ELIGIBILITY
<ul style="list-style-type: none"> • NAICS Section - 327910
COMPANY INCENTIVES
<ul style="list-style-type: none"> • Approximately \$143,000 in sales tax savings • Approximately \$388,000 in real property tax savings
PROJECT BENEFITS
<ul style="list-style-type: none"> • The project will generate approximately \$103,000 of revenue to the local taxing jurisdictions over the abatement period representing \$17,000 to the County of Erie, \$28,000 to the Town of Evans and \$58,000 to the Lakeshore Central School District
UPSTATE EMPLOYMENT
<ul style="list-style-type: none"> • Current Jobs = 45 • Projected Jobs = 81
PROJECT HISTORY
<ul style="list-style-type: none"> • 11/02/2015 - Public hearing held - Transcript attached • 11/18/2015 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Flexovit USA, Inc.
Project Address: 1305 Eden-Evans Center Road
Angola, New York 14006
(Lakeshore Central School District)

Agency Request

A sales tax and real property tax abatement in connection with the reconstruction of the company's facility which was destroyed by a snowstorm.

New Building Construction	\$3,111,021
Manufacturing Equipment	\$4,749,366
Non-Manufacturing Equipment	\$ 75,000
Soft Costs	\$ 85,500
Total Project Cost	\$8,020,887
85%	\$6,817,753

Company Description

Flexovit USA, Inc. is a manufacturer and marketer of industrial quality abrasives for portable power tools including grinding cutoff wheels and flap discs. The company was established in 1976. In addition to its manufacturing plant in Evans, the company has distribution facilities in California, Canada and Mexico. Flexovit's products are sold through business to business channels including industrial welding and construction supply distributors who in turn sell to professional users of abrasives.

Project Description

Having a large portion of the complex destroyed during the 2014 snow storm, the company is looking to rebuild in Evans and reinstating the approximately 40 jobs lost due to the destruction.

The project includes the rebuilding of a 62,000 sq. ft. manufacturing and warehouse facility along with the purchase of machinery and equipment.

The company was insured for the loss and has reached a settlement with the insurance company which agreement falls short of covering the losses incurred.

The company currently employs 45 people at the facility, however prior to the storm, there were approximately 90 full time positions at the Evans plant.

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue Over 10-Year Abatement Period	Additional Local Revenue Over 10-Year PILOT	New Yearly Taxes Upon Expiration of Abatement Period
\$0	\$1,600,000	\$17,000	\$85,000	\$49,000
Combined Rate: \$31.00				

PILOT Table

The project will generate approximately \$103,000 of revenue to the local taxing jurisdictions over the abatement period representing \$17,000 to the County of Erie, \$28,000 the Town of Evans and \$58,000 to the Lakeshore Central School District

Year	% payment under PILOT	Est. County PI-LOT	Est. Town PILOT	Est. School PILOT	Est. Total PILOT	Full Taxes without PILOT	Net Exemption
1	0.1%	\$840	\$1,325	\$2,755	\$4,920	\$49,195	\$44,276
2	0.1%	\$840	\$1,325	\$2,755	\$4,920	\$49,195	\$44,276
3	0.1%	\$840	\$1,325	\$2,755	\$4,920	\$49,195	\$44,276
4	0.2%	\$1,679	\$2,650	\$5,510	\$9,839	\$49,195	\$39,356
5	0.2%	\$1,679	\$2,650	\$5,510	\$9,839	\$49,195	\$39,356
6	0.2%	\$1,679	\$2,650	\$5,510	\$9,839	\$49,195	\$39,356
7	0.3%	\$2,519	\$3,974	\$8,266	\$14,759	\$49,195	\$34,437
8	0.3%	\$2,519	\$3,974	\$8,266	\$14,759	\$49,195	\$34,437
9	0.3%	\$2,519	\$3,974	\$8,266	\$14,759	\$49,195	\$34,437
10	0.3%	\$2,519	\$3,974	\$8,266	\$14,759	\$49,195	\$34,437
TOTAL PAYMENTS		\$17,630	\$27,821	\$57,859	\$103,310	\$491,952	\$388,642

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 = \$8,020,887 85% = \$6,817,753
Employment	To coincide with 10 year PILOT period	Maintain base: 45 Create 85% of projected: 36 85%: 30 Recapture Employment: 75
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	See PILOT Term	Adherence to pay equity policy
Recapture Period	Coincides with 10 year PILOT term	Recapture of state and local sales taxes and real property taxes

Recapture applies to:

- State and Local Sales Taxes
- Real Property Taxes

Recapture

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales tax 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 and real property taxes.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) confirm that company has maintained base employment of 45 and created 30 additional jobs iii) adherence to local labor policy iv) adherence to the pay equity policy.