

**MINUTES OF THE MEETING
OF THE
MEMBERSHIP OF THE
ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(ECIDA or AGENCY)**

- DATE:** October 27, 2021
- LIVE STREAMED:** This meeting is being live-streamed and made accessible on the ECIDA’s website at www.ecidany.com.
- PRESENT:** Denise Abbott, Hon. Diane Benczkowski, Rev. Mark E. Blue, Hon. Joseph Emminger, Hon. Howard Johnson, Tyra Johnson, Hon. Brian Kulpa, Richard Lipsitz, Brenda W. McDuffie, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz, Sister Denise Roche, Kenneth A. Schoetz and Paul Vukelic
- EXCUSED:** Hon. Bryon W. Brown, James Doherty, Dottie Gallagher, Hon. Darius G. Pridgen and Renee Wilson
- OTHERS PRESENT:** John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer; Beth O’Keefe, Vice President; Atiqah Abidi, Assistant Treasurer; Gerald Manhard, Chief Lending Officer/Assistant Secretary; Jamee Lanthier, Compliance Officer; Grant Lesswing, Business Development Officer; Brian Krygier, Director of Information Technology; Carrie Hocieniec, Operations Assistant; Robbie Ann McPherson, Director, Marketing & Communications, Sean Fallon, Project Manager; and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC
- GUESTS:** Deputy County Executive Maria Whyte; Andrew Federick, Erie County Senior Economic Development Specialist; Paul D’Orlando on behalf of Erie County; Mary Kasprzak, Glenn Leonardi and Joe Boctor on behalf of Sumitomo Rubber USA, LLC

There being a quorum present at 12:03 p.m., the Meeting of the Board of Directors of the Erie County Industrial Development Agency (the “ECIDA” or “Agency”), was called to order by Chair McDuffie.

MINUTES

The minutes of the September 22, 2021 meeting of the members were presented. Mr. Lipsitz moved and Sister Denise seconded to approve of the minutes. Ms. McDuffie called for the vote and the minutes were unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Financial Report. Ms. Profic noted that the ECIDA finished the month of September with total assets of \$29.3M and net assets of \$20.5M. The monthly income statement shows an overall net income of \$46,000 for September. Operating revenues of \$312,000 were slightly under our monthly budgeted total by \$6,000. Operating expenses of \$227,000 were above our monthly budget due to higher than normal payroll expense (re: accrued leave payout). Under Special Project Grants, \$34,000 of PPE grant funds were disbursed to 6 grantees in September. The year-to-date Income Statement shows revenues of close to \$2.3M, including administrative fee revenue of \$1.6M. Through September, the Agency has recognized 87% of its annual budgeted administrative fees. Expenses of \$1.9M are \$26,000 below budget. Special project grants, including EDA CARES Act funding, passed through to RDC of \$4.1M and distributions of PPE grant funding. Ms. Profic pointed out that the \$1M allocated for the PPE grant program was done so out of the ECIDA's excess general funds that had built up over the years, essentially coming out of the savings account. Ms. Profic stated that because those grants must be expensed in the current year, the ECIDA can expect to continue to see a net loss going forward. Similarly, strategic initiatives are funds that have been Board approved to use from UDAG funds. After taking into account the strategic initiatives and depreciation, there is currently a net loss of \$555,000 for the year. Ms. McDuffie directed that the report be received and filed.

At this point in time, Mr. Nellis and Mr. Schoetz joined the meeting

Approval of 2022 Operating & Capital Budget. Ms. Profic discussed the budget methodology and significant changes from the prior year's budget. She reviewed the operational portion of the budget showing a slight increase for both operating revenues and expenses in 2022. Operating revenues are budgeted at \$2.7M, which includes \$1.85M of administrative fees. Currently we are looking to exceed our 2021 budget of \$1.8M and have a robust pipeline of project approvals looking into next year. Total operating expenses are budgeted at \$2.8M which is a 5% increase over the 2021 budget. There is a budgeted operating net loss of \$44,500. This is mainly a result of the lease expiration of our current tenant at 143 Genesee Street. Ms. Profic confirmed that staff took an extremely conservative approach when budgeting for the non-renewal and some time to locate a new tenant should the need arise. The proposed use of funds already on hand for special projects doesn't have any changes to the figures since reviewed last month. Ms. Profic reviewed the 3-year forecast as required by the ABO and outlined the proposed 5-year capital budget which includes the building owned at 143 Genesee Street, current offices at 95 Perry and the projected IT needs for the next 5 years.

Mr. Poloncarz moved and Mr. Blue seconded to approve of the 2022 Operating & Capital Budget. Ms. McDuffie then called for the vote and the motion was unanimously approved.

2021 Tax Incentive Induced/Closing Schedule/Estimated Real Property Tax Impact. Ms. O'Keefe presented this report. Mr. Lipsitz noted the 20 induced projects show a diversity of project types indicating a strong and rebuilding economy. Ms. McDuffie directed that the report be received and filed.

Policy Committee Update. Mr. Lipsitz presented the report of the most recently held Policy Committee meeting and noted the members approved the Sumitomo project which is being presented to the Agency today. Ms. McDuffie directed that the report be received and filed.

INDUCEMENT RESOLUTIONS

Sumitomo Rubber USA LLC, 10 Sheridan Drive, Tonawanda, New York. Ms. O'Keefe reviewed this proposed sales tax exemption and real property tax abatement benefit project which consists of the construction of a new 60,000 square foot building to be added for new tire building equipment on the site which is currently used as an employee parking lot. Additional limited capital investments will be made for building improvements/renovations to an existing 15,200 square foot building at the Facility. This proposed investment will nearly double output at the Facility, resulting in a significantly lower cost per kg that ensures SRUSA tire products can be sold profitably. To achieve the needed increased production, SRUSA will also purchase new mixing, tire building, curing and miscellaneous equipment. The Project's cost benefit ratio was presented to and reviewed by the members present and the costs of incentives so applied for, the anticipated new tax revenues to be generated by the Project, as well as the Project's contemplated community benefits were discussed and considered.

Mr. Emminger spoke in favor of the project, stressing the importance of the size of investment for the company and for allowing the existing jobs to be retained.

Mr. Lipsitz spoke in favor of the project especially noting that the company has created hundreds of new jobs over the last several years.

Mr. Poloncarz spoke in favor of the project.

As a condition precedent of receiving Financial Assistance, and as a material term or condition as approved by the Agency in connection with the Project, the Company covenants and agrees and understands that it must, subject to potential modification, termination and/or recapture of Financial Assistance for failure to meet and maintain the commitments and thresholds as described below, submit, on an annual basis or as otherwise indicated below through the termination of the PILOT Agreement, a certification, as so required by the Agency, confirming:

- (i) Investment Commitment- the total investment actually made with respect to the Project at the time of Project completion equals or exceeds \$107,100,000 (which represents the product of 85% multiplied by \$126,000,000, being the total project cost as stated in the Company's application for Financial Assistance).
- (ii) Employment Commitment – that there are at least 1,399 existing full time equivalent (“FTE”) employees located at, or to be located at, the Facility as stated in the Company's application for Financial Assistance (the “Baseline FTE”); and
 - the number of current FTE employees in the then current year at the Facility; and

- that within two (2) years of Project completion, the Company has maintained FTE employment at the Facility equal to 1,399 FTE employees. In an effort to confirm and verify the Company's employment numbers, the Agency requires that, at a minimum, the Company provide employment data to the Agency on a quarterly basis, said information to be provided on the Agency's "Quarterly Employment Survey" form to be made available to the Company by the Agency.
- (iii) Local Labor Commitment - that the Company adheres to and complies with the Agency's Local Labor Workforce Certification Policy on a quarterly basis during the construction period.
 - (iv) Equal Pay Commitment – that the Company adheres to and complies with the Agency's Pay Equity Policy.
 - (v) Unpaid Real Property Tax Policy Commitment – that the Company is compliant with the Agency's Unpaid Real Property Tax Policy.

Mr. Emminger moved and Mr. Poloncarz seconded to approve the Project. Ms. McDuffie then called for the vote. Mr. Kulpa stated he would recuse himself from the vote noting the consulting firm for which he works is engaged by the applicant for environmental review purposes. The following resolution was unanimously approved with Mr. Kulpa abstaining:

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY: (i) ACCEPTING THE APPLICATION OF SUMITOMO RUBBER USA, LLC, AND/OR INDIVIDUAL(S) OR AFFILIATE(S), SUBSIDIARY(IES), OR ENTITY(IES) FORMED OR TO BE FORMED ON ITS BEHALF (INDIVIDUALLY, AND/OR COLLECTIVELY, THE "COMPANY") IN CONNECTION WITH A CERTAIN PROJECT DESCRIBED BELOW; (ii) RATIFYING THE SCHEDULING, NOTICING, AND CONDUCTING OF A PUBLIC HEARING IN CONNECTION WITH THE PROJECT; (iii) MAKING A DETERMINATION PURSUANT TO THE STATE ENVIRONMENTAL QUALITY REVIEW ACT; (iv) APPOINTING THE COMPANY, OR ITS DESIGNEE, AS ITS AGENT TO UNDERTAKE THE PROJECT; (v) AUTHORIZING THE UNDERTAKING OF THE PROJECT TO PROVIDE FINANCIAL ASSISTANCE TO THE COMPANY IN THE FORM OF (A) A SALES TAX EXEMPTION BENEFIT FOR PURCHASES AND RENTALS RELATED TO THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT, (B) A PARTIAL ABATEMENT FROM REAL PROPERTY TAXES BENEFIT THROUGH THE PILOT AGREEMENT; AND (vi) AUTHORIZING THE NEGOTIATION AND EXECUTION OF A LEASE AGREEMENT, LEASEBACK AGREEMENT, A PAYMENT-IN-LIEU-OF-TAX AGREEMENT, AN AGENT AND FINANCIAL ASSISTANCE PROJECT AGREEMENT, AND RELATED DOCUMENTS

COMPLIANCE UPDATE

Ms. Lanthier provided the report to members.

Mr. Vukelic moved and Ms. Abbott seconded to approve of the Compliance Report. Ms. McDuffie then called for the vote and the motion was unanimously approved.

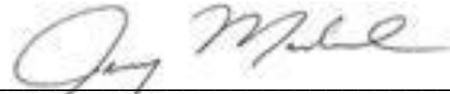
MANAGEMENT TEAM REPORT

Ms. McDuffie pointed out that the 2022 meeting schedule has been released.

Mr. Cappellino updated members on the status of the CEDS process, including receipt of a \$50,000 EDA grant to facilitate preparation of the CEDS plan.

There being no further business to discuss, Ms. McDuffie adjourned the meeting of the Agency at 12:49 p.m.

Dated: October 27, 2021



Gerald Manhard, Assistant Secretary