



REQUEST TO AMEND PREVIOUSLY SUBMITTED APPLICATION FOR FINANCIAL ASSISTANCE

Oneida County Industrial Development Agency
584 Phoenix Drive
Rome, New York 13441-1405

(315) 338-0393 telephone
(315) 338-5694 fax

Shawna M. Papale, Executive Director

Please also deliver an electronic copy of all.

All applications must be submitted at least 10 days prior to meeting.

Project Name VARFLEX CORPORATION - SUCCESS DRIVE

Applicant Name VARFLEX CORPORATION

Date of Original Submission 08 / 14 / 2018

Date of AMENDED Submission 07 / 23 / 2019

Number (to be provided by the agency) _____

Part II: Project Information

5(a) Explain your project in detail. This description should include explanation of all activities which will occur due to this project. Attach additional sheets if necessary.

THE SUCCESS DRIVE FACILITY CONTAINS THE COMPANY'S "TWIST + PLY" DEPARTMENT. IT HOUSES 23 TWIST FRAMES WHICH ANNUALLY PROCESSES ABOUT 700 TO 800 TONS OF FIBERGLASS YARN. AN ADDITIONAL 6 FRAMES WILL ALLOW UP TO 1,000 TONS TO BE PRODUCED.

A 12,000 SQ.FT. ADDITION IS NECESSARY TO ACCOMMODATE 6 FRAMES. IN ORDER TO MEET CUSTOMER DEMANDS IT IS NECESSARY TO EXPAND OPERATIONS. IF THIS CAN NOT BE ACCOMPLISHED CUSTOMERS WILL GO ELSEWHERE AND THE COMPANY WILL HAVE TO SHRINK OPERATIONS. THE CURRENT FACILITY (52,000 SQ.FT.) IS FILLED TO CAPACITY WITH PRODUCTION EQUIPMENT, WAREHOUSING OF RAW MATERIALS AND FINISHED PRODUCT. ALSO, AN EXTENSIVE MAINTENANCE OPERATION OCCUPIES SEVERAL THOUSAND SQUARE FEET. WITHOUT THIS ADDITION THE COMPANY CAN NOT GROW.

Reasons for Project

6(a) Please explain in detail why you want to undertake this project.

ORIGINAL STRUCTURE (52,000 SQ.FT.) IS AT CAPACITY AND FULLY EQUIPPED. CUSTOMER DEMANDS HAVE CONTINUED TO GROW. OPERATIONS ARE ON A 24/7 SCHEDULE. ONLY BY ADDING MORE SQUARE FOOTAGE AND EQUIPPING ADDITIONAL SIX TWIST FRAMES CAN DEMAND BE MET. APPROXIMATELY 40% OF SUCCESS DRIVE PRODUCTION IS SHIPPED DIRECTLY TO CUSTOMERS; THE BALANCE IS TRANSFERRED TO WEST COURT FACILITY.

6(b) Why are you requesting the involvement of the Agency in your project?

COST SAVINGS WILL BE BASIS FOR INVESTMENT IN FUTURE ADDITION TO MANUFACTURING FACILITY. IF BUSINESS CONTINUES TO GROW AN ADDITIONAL 20,000 SQ.FT. WILL BE NECESSARY. PLANNING FOR ADDITION IS ALREADY IN PROGRESS. GROUND BREAKING IS ANTICIPATED SOMETIME IN 2025.

6(i) Check all categories best describing the scope of the project:

- Acquisition of land
- Acquisition of existing building
- Renovations to existing building
- Construction of addition to existing building
- Demolition of existing building
- Construction of a new building
- Acquisition of machinery and/or equipment
- Installation of machinery and/or equipment
- Other (specify) REPLACEMENT OF LIGHTING FIXTURES WITH LED FIXTURES

6(j) Please indicate the financial assistance you are requesting of the Agency, and provide the estimated value of said assistance. Attach a sheet labeled Annual PILOT that shows the annual utilization of the Real Property Tax Abatement by year and by taxing jurisdiction.

	Original Value	Revised Value
<input checked="" type="checkbox"/> Payment In Lieu of Real Property Taxes (PILOT) _____ (Savings due to PILOT)	\$ 209,900	\$ 225,200
<input type="checkbox"/> Mortgage Tax Exemption (.75%) Amount of mortgage: \$ _____	\$ _____	\$ _____
<input checked="" type="checkbox"/> Sales and Use Tax Exemption ** (8.75%) Value of goods/services to be exempted from sales tax: \$ _____	\$ 33,600 \$ 384,000	\$ 54,600 \$ 624,000
<input type="checkbox"/> Issuance by the Agency of Tax Exempt Bonds (Dollar value of bonds)	\$ _____	\$ _____

Is the financial assistance requested by the Applicant consistent with the IDA's Uniform Tax Exemption Policy? Yes No

If no, please provide a written statement describing the financial assistance being requested and detailing the reasons the IDA should consider deviating from its Policy.

**** Note that the estimate provided above will be provided to the New York State Department of Taxation and Finance. The Applicant acknowledges that the transaction documents will include a covenant by the Applicant that the estimate, above, represents the maximum amount of sales and use tax benefit currently authorized by the Agency with respect to this Application. The Agency may utilize the estimate, above, as well as the proposed total Project Costs as contained within this Application, to determine the Financial Assistance that will be offered. It is the responsibility of the applicant to inform the IDA within 10 days if the project amount changes.**

Part IX: Estimated Project Cost and Financing -

11(a) List the costs necessary for the construction, acquisition or renovation of the facility.

	Original Budget	Revised Budget	Difference	
Acquisition of Land (if vacant)	\$	\$	\$	
Acquisition of Existing Building(s)	\$	\$	\$	
Renovation Costs of Existing Building(s)	\$	\$	\$	
New Construction of Buildings	\$ 960,000	\$ 1,030,000	\$ 70,000	
Machinery and Equipment (other than furniture costs)	\$	\$ 300,000	\$ 300,000	
Fixtures	\$	\$ 170,000	\$ 170,000	
Installation Costs	\$	\$ 200,000	\$ 200,000	
Fees & Permits (other than your own broker & legal fees)	\$	\$	\$	
Legal Fees (IDA legal fees, Applicant legal fees)	\$ 20,000	\$ 20,000	\$ -	
Architectural/Engineering	\$ 5,000	\$ 5,000	\$ -	
Interest on Financing Charges	\$	\$	\$	
Other (specify below)	\$	\$	\$	
	Subtotal	\$ 985,000	\$ 1,725,000	\$ 74,000
	Agency Fee ¹	\$ 5,000	\$ 8,625	\$ 3,625
	Total Project Cost	\$ 990,000	\$ 1,733,625	\$ 773,625

¹Agency Fee amount to be placed on this line (see Page 25 of original application for fee schedule)

REPRESENTATIONS AND CERTIFICATION BY APPLICANT

The undersigned requests that the attached materials be submitted as an amendment to the Applicant's original Application for Financial Assistance for review to the Oneida County Industrial Development Agency (the "Agency") and its Board of Directors.

Approval of the modifications to the Application can be granted solely by this Agency's Board of Directors. The Agency reserves the right to request Applicant complete a full Application for Financial Assistance if, after reviewing the attached materials, the Agency determines one is required to properly evaluate the Applicant's request. The undersigned acknowledges that Applicant shall be responsible for all costs incurred by the Agency and its counsel in connection with the attendant negotiations whether or not the transaction is carried to a successful conclusion.

The Applicant further understands and agrees with the Agency as follows:

- 1. Annual Sales Tax Filings.** In accordance with Section 858-b(2) of the New York General Municipal Law, the Applicant understands and agrees that, if the Project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the Applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the Applicant and all consultants or subcontractors retained by the Applicant.
- 2. Annual Employment, Tax Exemption & Bond Status Reports.** The Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the Applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site as well as tax exemption benefits received with the action of the Agency. For Applicants not responding to the Agency's request for reports by the stated due date, a \$500 late fee will be charged to the Applicant for each 30-day period the report is late beyond the due date, up until the time the report is submitted. Failure to provide such reports as provided in the transaction documents will be an Event of Default under the Lease (or Leaseback) Agreement between the Agency and Applicant. In addition, a Notice of Failure to provide the Agency with an Annual Employment, Tax Exemption & Bond Status Report may be reported to Agency board members, said report being an agenda item subject to the Open Meetings Law.
- 3. Absence of Conflict of Interest.** The Applicant has consulted the Agency website of the list of the Agency members, officers and employees of the Agency. No member, officer, or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as herein after described (if none, state "none"):
- 4. Hold Harmless.** Applicant hereby releases the Agency and its members, officers, servants, agents and employees from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to reach final

agreement with respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in the processing of the Application, including attorneys' fees, if any.

5. The Applicant acknowledges that the Agency has disclosed that the actions and activities of the Agency are subject to the Public Authorities Accountability Act signed into law January 13, 2006 as Chapter 766 of the 2005 Laws of the State of New York.
6. The Applicant acknowledges that the Agency is subject to New York State's Freedom of Information Law (FOIL). **Applicant understands that all Project information and records related to this application are potentially subject to disclosure under FOIL subject to limited statutory exclusions.**
7. The Applicant acknowledges that it has been provided with a copy of the Agency's recapture policy (the "Recapture Policy"). The Applicant covenants and agrees that it fully understands that the Recapture Policy is applicable to the Project that is the subject of this Application, and that the Agency will implement the Recapture Policy if and when it is so required to do so. The Applicant further covenants and agrees that its Project is potentially subject to termination of Agency financial assistance and/or recapture of Agency financial assistance so provided and/or previously granted.
8. The Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if Financial Assistance is provided for the proposed Project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

9. The Applicant confirms and acknowledges that the owner, occupant, or operator receiving Financial Assistance for the proposed Project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.
10. The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any Financial Assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.
11. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.
12. The Applicant and the individual executing this Application on behalf of the Applicant acknowledge that the Agency will rely on the representations made herein when acting on this Application and hereby represent that the statements made herein do not contain any untrue statement of a material

fact and do not omit to state a material fact necessary to make the statements contained herein not misleading. **The Applicant has reviewed its original Application for Financial Assistance and confirms all information provided therein is true and correct, except as modified by the attached materials.**

STATE OF NEW YORK)
COUNTY OF ONEIDA) ss.:

CHARLES J. SCHOFF, being first duly sworn, deposes and says:

1. That I am the TREASURER / CFO (Corporate Office) of VARELEY CORPORATION (Applicant) and that I am duly authorized on behalf of the Applicant to bind the Applicant.
2. That I have read the attached Application, I know the contents thereof, and that to the best of my knowledge and belief, this Amendment to Application and the contents of the entire Application as modified by this Amendment to Application are true, accurate and complete.


(Signature of Officer)

Subscribed and affirmed to me under penalties of perjury
this 23rd day of July, 2019.

Dale E. Rashford
(Notary Public)

DALE E. RASHFORD
Notary Public, State of New York
Reg. #01RA4775763
Qualified in Oneida County
My Commission Expires Jan 31, 2023

If the application has been completed by or in part by other than the person signing this application for the applicant please indicate who and in what capacity:

By: _____

Name: _____

Title: _____

Date: _____

Return the original signed and notarized application and two copies to: **Oneida County Industrial Development Agency (OCIDA)**, 584 Phoenix Drive, Rome, New York 13441-1405, Attn.: Shawna M. Papale, Executive Director. In addition, please send an electronic version of the application (signed), and SEQR form (signed), to spapale@mvedge.org.

September 19, 2018

Shawna M. Papale, Executive Director
Oneida County Industrial Development Agency
584 Phoenix Drive
Rome, NY 13441-1405

Dear Shawna:

Varflex's August 14, 2018 application for a second PILOT at 5780 Success Drive, concerning an addition to the existing structure, did not accurately depict the employment situation at that facility or for that matter the entire Company. Like most area manufacturers difficulty is being experienced finding acceptable candidates on a broad range. Varflex works with through NYS DOL, Working Solutions, and Indeed to find the people needed for the Company's labor force. Soon, Instagram and Facebook will be added to the efforts to secure required personnel. But, finding the right people is difficult; many are not skilled, equipped for the manufacturing environment, or are involved in the drug culture.

The estimated increase in employment was not intended as an employment goal. It was not an increase of 2 people over the existing 23 positions. It was intended as a number to get that 12,000 sq. ft. up an running. In reality, today, the department located at Success Drive is short 10 employees. Once the addition is completed, equipped, and running (which may take three or more years do to because of the difficulty of finding, purchasing and rebuilding used equipment) 5 or 6 new personal will be needed. Statistics show that for every 5 people hired, from the local work force, only 1 or 2 will remain employable by Varflex.

A piggy-back PILOT was not Varflex's intention. Customer demand is not being satisfied by the existing facility, a 12,000 sq. ft. addition is necessary to meet these needs. Varflex has invested heavily in that facility. Once the addition is completed and equipped over \$ 4 million will have been invested by Varflex at the Success Drive facility since October, 2013. Ultimately the employment number for that department alone may double if the right personnel can be found. Please reconsider a separate stand-alone PILOT for the 12,000 sq. ft. addition.

Very truly yours,

Charles J. Schoff, CPA
Treasurer

COPY

**ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
COST/BENEFIT ANALYSIS
Required by §859-a(3) of the
New York General Municipal Law**

Date 7/29/2019

Name of Applicant: Varflex Corporation
5780 Success Drive
Rome, NY

Name of All Sublessees or Other Occupants of Facility:

Principals or Parent of Applicant: Griffin's
Dan Burgdorf, CEO

Products or Services of Applicant to be produced or carried out at facility:

Estimated Date of Completion of Project: Jul-20

Type of Financing/ Structure:

 Tax-Exempt Financing
 Taxable Financing
 Sale/ Leaseback

Other: _____

Type of Benefits being Sought by Applicant:

 Taxable Financing
 Tax-Exempt Bonds
 Sales Tax Exemption on Eligible Expenses Until Completion
 Mortgage Recording Tax Abatement
 Real Property Tax Abatement

Project Costs

Land	\$ -
Existing Building	\$ -
Existing Bldg. Rehab	\$ -
Construction of New Building	\$ 1,030,000.00
Addition or Expansion	
Engineering/ Architectural Fees	\$ 5,000.00
Fees and Permits	\$ -
Installation	\$ 200,000.00
Fixtures(Tenant fit-out of space)	\$ 170,000.00
Equipment	\$ 300,000.00
Legal Fees (Bank, Bond, Transaction, Credit Provider, Trustee)	\$ 20,000.00
Finance Charges (Title Insurance, Environmental Review, Bank Commitment Fee, Appraisal, Etc.)	\$ -
<u>Contingency</u>	\$ -
Subtotal	\$ 1,725,000.00
Agency Fee*	\$ 8,625.00
TOTAL COST OF PROJECT	\$ 1,733,625.00

See Agency Fee Schedule Page on Application

IDA Agency Fee: PILOT, Mortgage Recording Exemption, Sales Tax Exemption:

o Up to a \$1.0 Million project - \$5,000	o Above \$1.0 Million project up to \$10.0 Million project – ½ of 1% of total project cost.	o Above \$10.0 Million project – ½ of 1% of total project cost up to \$10.0 Million plus incremental increase of ¼ of 1% of total project above \$10.0 Million.
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Assistance Provided by the Following:

EDGE Loan:	
MVEDD Loan:	
Grants - Please indicate source & Amount:	\$ -
Other Loans - Please indicate source & Amount:	\$0

ESD, ESC Base Redevelopment
M&T, UIDC, RIDC, EDGE, MVEDD

Company Information

		Average Salary of these Positions
Existing Jobs	23.00	50000
Created Jobs (over three years)	5.00	50000
Retained Jobs	23.00	50000

Earnings Information for Oneida County

Average Salary of Direct Jobs for Applicant	\$ 50,000.00
Average of County Indirect Jobs	\$ 25,000.00
Average of Construction Jobs	\$ 32,000.00

Note: \$1,000,000 in construction expenditures generates 15 person - years of employment

Construction Person Years of Employment:	\$ 5.15
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Calculation of Benefits (3 Year Period)

	Total Earnings	Revenues
Direct Jobs		
Created	\$ 750,000.00	31875
Existing	\$ 3,450,000.00	146625
Indirect Jobs		
Created	\$ 937,500.00	39843.75
Existing	\$ 4,312,500.00	183281.25
Construction - only one year		
Person Years	\$ 164,800.00	7004
TOTALS Calculation of Benefits (3 Year Period)	\$ 9,614,800.00	408629

TAXABLE GOODS & SERVICES

	Spending Rate	Expenditures	State & Local Sales Tax Revenues
Direct Jobs			
Created \$	0.36	270000	26325
Existing \$	0.36	1242000	108675
Indirect Jobs			
Created \$	0.36	337500	32906.25
Existing \$	0.36	1552500	135843.75
Construction - only one year			
Person Years \$	0.36	59328	5191
TOTAL TAXABLE GOODS & SERVICES		3461328	308941

Local (3 year) real property tax benefit (assuming 60% of jobs existing and created own a residence) with an average assessment of \$80,000 and the remainder of jobs existing created pay real property taxes through rent based on an average assessment per apartment of \$50,000.

Tax Rate for School District where facility is located:	30.69171752
Tax Rate for Municipality where facility is located:	13.313835
Tax Rate for County:	9.338007
	Rate Total
	53.34355952
Real Property Taxes Paid:	\$ 101,566.14

COSTS:

Real Property Taxes Abated on Improvements Only (10 yr. Period):	209,901	Amount of Taxes that would be abated by applying PILOT.	NEW \$ 225.200
Mortgage Tax Abated (.075%)			
Estimated Sales Tax Abated During Construction Period (8.75%)	33,600		54600

NOTE: If there is a tax-exempt financing of all or a portion of the project cost, there is a neutral cost/benefit because of lower interest rates by reason of exclusion of interest from gross income of bondholders for purposes of Federal and State income taxes. Taxable financing carries the same cost/benefit for State Income Tax purposes. Such cost/benefits cannot be quantified.