



ECONOMIC DEVELOPMENT GROWTH ENTERPRISES CORPORATION
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March 20, 2024

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

Re: Oneida County Industrial Development Agency
2024 Real Estate Lease
(Economic Development Growth Enterprises Corporation – Flex Space Facility)

Dear Agency Members:

On or about December 1, 2023, Economic Development Growth Enterprises Corporation (“EDGE”) submitted to the Agency an Application for Financial Assistance with respect to the above-referenced project (said Application, as amended, being hereinafter referred to as the “Application”). The purpose of this letter is to amend, supplement and/or clarify the Application.

As its Application states, EDGE proposes to build a 60,281± sq. ft. warehouse building (the “Phase I Building”), a 141-space parking lot (the “Phase I Parking Lot”) and related improvements (the “Other Phase I Improvements”) (the Phase I Building, the Phase I Parking Lot and the Other Phase I Improvements being, hereinafter collectively referred to as the “Flex Space Facility”) on a 17.33± acre EDGE-owned portion of the Marcy Nanocenter Site and then, when construction of the Flex Space Facility is complete, to try and sublease space in the Phase I Building to semiconductor manufacturing companies and/or other high tech firms (collectively, the “Semiconductor Companies”) needing such space to support their operations in Oneida County.

In terms of the types of industrial development projects which the Agency generally sees, the Flex Space Project is somewhat unique. Basically, the construction and operation of the Flex Space Facility is an industrial real estate project designed to complement and augment the facilities comprising the semiconductor manufacturing/high tech industry ecosystem being developed at the Marcy Nanocenter Site (the “Marcy Nanocenter Ecosystem”). The principal purpose of the Flex Space Project is not to create/retain direct jobs; it is to enhance the Marcy Nanocenter Ecosystem thereby improving EDGE’s chances attracting Semiconductor Companies to our area and keeping them here (along with all of the jobs that such Semiconductor Companies create and/or retain). Moreover, during the 48± year term of the PILOT agreement (the “PILOT Agreement”) requested by EDGE in its Application, EDGE anticipates that Phase I Building subtenants will come and go. There will likely be times (possibly including the first few years after construction of the Phase I Building is completed) when the Phase I Building will be completely or partially vacant.

Before commencing construction of the Flex Space Facility, EDGE plans to enter into a sublease agreement with Danfoss Silicon Power LLC or one of its affiliates (collectively, “Danfoss”) whereby EDGE would sublease to Danfoss 40,705 ± sq. ft. of warehouse space in the Phase I Building (the “EDGE/Danfoss Sublease”). The EDGE/Danfoss Sublease will provide for an initial term of 10 years,

subject to Danfoss' right to terminate the same after the end of the seventh (7th) Sublease Year if it meets all of the conditions precedent to such early termination more particularly set forth therein ("Danfoss' Early Termination"). Capitalized terms used, but not defined herein, shall have the meanings ascribed to them in the EDGE/Danfoss Sublease.

In the Application EDGE asked the Agency to, among other things:

- (a) enter into a PILOT Agreement with EDGE containing terms which are consistent with those set forth in that certain Agreement Approving PILOT Terms and Allocating PILOT Payments dated as of October 1, 2013 by and among the Agency, EDGE, the County of Oneida, the Whitesboro Central School District, the Town of Marcy, the Maynard Fire Department and the Dunham Public Library whereby EDGE would be obligated to make PILOT payments totaling approximately \$7,389,180.00 over the 48± year term of the PILOT Agreement (which figure may be updated from time to time); and
- (b) grant to EDGE an exemption from the mortgage recording tax, which exemption is valued at not more than \$60,060.00 (the "EDGE Mortgage Recording Tax Exemption"); and
- (c) grant to Danfoss an exemption from sales tax, which exemption is valued at not more than \$61,250.00 (the "Danfoss Sales Tax Exemption").

Danfoss currently leases from Fort Schuyler Management Corporation, or one of its affiliates, the entire Quad C Facility located at 330 Technology Drive, Marcy, New York (on the SUNY Poly campus). In support of Danfoss' request for the Danfoss Sales Tax Exemption, EDGE indicated in its Application that Danfoss would create 51 new FTEs between the Phase I Building and the Quad C Facility and retain the 295 FTEs it was then employing at the Quad C Facility. Due to changes in the markets it serves and an internal company reorganization resulting from the Semikron/Danfoss merger, Danfoss has since revised the aforesaid job creation/retention numbers.

At present, and in order to facilitate the growth of its operations at all existing and future Danfoss facilities located in Oneida County including, without limitation, the Phase I Building and the Quad C Facility (collectively, the "Danfoss Facilities in Oneida County"), Danfoss has advised EDGE that it would be willing to:

- (d) retain at least 280 FTEs at the Danfoss Facilities in Oneida County between the Sublease Execution Date and the third (3rd) anniversary of the Occupancy/Rent Commencement Date, inclusive; and
- (e) create and fill positions for at least 20 new FTEs at the Danfoss Facilities in Oneida County on or before the third (3rd) anniversary of the Occupancy/Rent Commencement Date; and
- (f) retain at least 300 FTEs at the Danfoss Oneida County Facilities for a term (the "Employment Obligation Term") running from and after the third (3rd) anniversary of the Occupancy/Rent Commencement Date through the earlier of (i) the expiration date of the original 10-year term of the EDGE/Danfoss Sublease or (ii) the effective date of Danfoss' Early Termination (if such early termination occurs).

The foregoing clauses (d), (e) and (f) are hereinafter collectively referred to as the "Employment Obligation".

At this juncture, EDGE would respectfully request that the Agency consider making provision in the Job Creation/Recapture Agreement to be entered into by and among the Agency, EDGE and Danfoss for the following:

- (g) that EDGE be obligated to meet the Employment Obligation (as defined above) or cause Danfoss to meet the Employment Obligation; and
- (h) that EDGE's or Danfoss' failure to meet the Employment Obligation shall entitle the Agency, as its sole remedy for such failure, to recapture the actual dollar amount of the Danfoss Sales Tax exemption from either EDGE or Danfoss.

As noted above, the nature of the Flex Space Facility is such that subtenants will undoubtedly come and go over time. Of course, acting in accordance with the procedures to be set forth in the Agency/EDGE lease-leaseback transaction documents for the Flex-Space Facility, EDGE will request the Agency's consent with respect to each new proposed sublease for space in the Phase I Building before entering into the same. It is possible that each such new subtenant will request a sales tax exemption with respect to subleasehold improvements it plans to make and/or its purchase of non-exempt furnishings, equipment and other tangible personal property. In such cases, EDGE would ask that the Agency tie the requested sales tax exemption to the job creation/retention numbers projected by the new subtenant in question (in the same manner that the Danfoss Sales Tax Exemption is tied to the Employment Obligation). If, on the other hand, a prospective new subtenant is not requesting a sales tax exemption from the Agency, then any job creation/retention numbers which it projects presumably would be for informational purposes only.

Ultimately, from EDGE's perspective, the goal of the Flex Space Project is to provide an ancillary facility that will enhance the quality and desirability of the facilities comprising the Marcy Nanocenter Ecosystem; not the creation and/or retention of direct jobs. If the Agency agrees with this view, then EDGE would respectfully request that the Agency consider utilizing an alternate method to evaluate the success of the Flex Space Project, to wit., whether EDGE has constructed the Flex Space Facility substantially as presented to the Agency (the performance of which goal can be tied to the EDGE Mortgage Recording Tax Exemption).

Please let us know if the Agency has any questions or needs any additional information.

In the meantime, thank you for giving your consideration to this matter.

Very truly yours,

ECONOMIC DEVELOPMENT GROWTH
ENTERPRISES CORPORATION

By: 
William VanShufflin, Jr.
Senior Vice President - Strategic Initiatives

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

22-Mar-24

Name of Applicant: MVEDGE

Description of Project: New onstruction & equipping facility
"Flex Space"

Name of All Sublessees or Other Occupants of Facility: Danfoss Silicon Power LLC

Principals or Parent of Applicant: _____

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

Estimated Date of Completion of Project: May-25

Type of Financing/ Structure:

_____	Tax-Exempt Financing
_____	Taxable Financing
<u> X </u>	Sale/ Leaseback
_____	Other

Type of Benefits being Sought by Applicant:

_____	Taxable Financing
_____	Tax-Exempt Bonds
<u> X </u>	Sales Tax Exemption on Eligible Expenses Until Completion
<u> X </u>	Mortgage Recording Tax Abatement
<u> X </u>	Real Property Tax Abatement

Project Costs

Land Acquisition	\$ -
Existing Building(s) ACQUISITION	\$ -
Existing Building(S) RENOVATION	\$ -
NEW Building(s) CONSTRUCTION	\$ 11,085,459
Installation Costs	\$ 100,000
Site Preparation/Parking Lot Construction	\$ 1,487,942
Machinery & Equipment (other than furniture)	\$ 700,000
Furniture & Fixtures	\$ 250,000
Architectural & Engineering	\$ 525,000
Legal Fees (applicant, IDA, bank, other counsel)	\$ 225,000
Financial (all costs related to project financing)	\$ 531,957
Permits	\$ 25,000
Other	\$ -
Agency Fee	\$ 74,652
TOTAL COST OF PROJECT	\$ 15,005,010

Assistance Provided by the Following:

EDGE Loan:	\$ 2,500,000
MVEDD Loan:	\$ 400,000
Grants - Please indicate source & Amount:	\$ 5,362,478
Other Loans - Please indicate source & Amount:	\$ 6,039,022

Company Information

		Average Salary of these Positions
Existing Jobs	280	\$ 81,576
Created Jobs FTE (over three years)	20	\$ 87,112
Retained Jobs	280	\$ 81,576

Earnings Information for Oneida County

Average Salary of Direct Jobs for Applicant	\$ 81,576
Average of County Indirect Jobs	\$ 25,000
Average of Construction Jobs	\$ 32,000

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

Calculation of Benefits (3 Year Period)

	Total Earnings	Revenues
Direct Jobs		
Created	\$ 5,226,720	\$ 222,136
Existing	\$ 68,523,840	\$ 2,912,263
Indirect Jobs		
Created	\$ 3,750,000	\$ 159,375
Existing	\$ 52,500,000	\$ 2,231,250
Construction - only one year		
Person Years	\$ 2,027,744	\$ 86,179
TOTALS Calculation of Benefits (3 Yr Period)	\$ 132,028,304	\$ 5,611,203

TAXABLE GOODS & SERVICES

		Spending Rate	Expenditures	State & Local Sales Tax Revenues
Direct Jobs	Created	36%	\$ 1,881,619	\$ 183,458
	Existing	0.36	\$ 24,668,582	\$ 2,405,187
Indirect Jobs	Created	0.36	\$ 1,350,000	\$ 131,625
	Existing	0.36	\$ 18,900,000	\$ 1,842,750
Construction - only one year	Person Years	0.36	\$ 729,988	\$ 71,174
<u>TOTAL TAXABLE GOODS & SERVICES</u>			\$ 47,530,189	\$ 4,634,193

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.

		Municipality	
Tax Rate for School District where facility is located:	31.585129	W'Boro & DunhamLib	23-24
Tax Rate for Municipality where facility is located:	1.157928	Hway&SewerGen	2024
Tax Rate for County:	8.450875	Oneida	2023
	Total Rate:		
	41.193932		
Real Property Taxes Paid:	\$ 840,356		

COSTS: IDA BENEFITS

Real Property Taxes Abatement		Total PILOT payments over 49 years est. \$8,587,378
Mortgage Tax Abated (.75%)	\$ 66,060	
Estimated Sales Tax Abated During Construction Period (8.75%)	\$ 61,250	
Total:	\$ 127,310	

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.

Part VII: Employment Information

"FTE" shall mean a full time employee that has a minimum of thirty-five (35) scheduled hours per week, or any combination of two or more part-time employees that work a minimum of fifteen (15) scheduled hours per week, when combined together, constitute the equivalent of a minimum of thirty-five (35) scheduled hours per week, and whose workplace location is the project facility. For this purpose an employee shall include a leased employee regularly retained by the company.

11(a) Estimate how many construction jobs will be created or retained as a result of this project.

180

11(b) Will the project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York?

Yes No **If Yes**, explain below.

Danfoss currently has 280 jobs at its SUNY Poly power module factory with the Flex space expansion and growth at its Quad C Power Module Facility, Danfoss expects to create an additional 20 jobs, Project will add both logistics and manufacturing jobs.

11(c) Have you experienced any employment changes (+ or -) in the last three (3) years?

Yes No **If Yes**, explain below.

Since June 2022, Danfoss Silicon Power LLC has added 200 + jobs.

11(d) Job Information related to project ***

Estimate below how many jobs will be created and retained as a result of this project, if OCIDA assistance is granted. **PLEASE MAKE SURE TOTAL PART-TIME EMPLOYEES ARE TURNED INTO FULL-TIME EQUIVALENTS (FTE) for Line B. - See Pg. 17.**

	Location 1	Location 2	Location 3	Location 4	Location 5	
Address in NYS	330 Technology Drive, Marcy, NY	2049 Wafer Loop Road, Marcy, NY				Total
Full-Time Company	239	0				239
Full-Time Independent Contractors	17	0				17
Full-Time Leased	24	0				24
A. Total Full-Time BEFORE	280	0				280
Part-Time Company	0	0				0
Part-Time Independent Contractors	0	0				0
Part-Time Leased	0	0				0
B. Total FTE Part-Timers BEFORE	0	0				0
C. Total FTE BEFORE*	280	0				280

*For **Total FTE BEFORE** add full-time employees (line A) plus part-time employees that have been converted to FTE (line B).

	Location 1	Location 2	Location 3	Location 4	Location 5	Total
Number of Jobs AFTER Project (within 3 years of project completion)						
Full-time Company	252	7				259
Full-Time Independent Contractors	17	0				17
Full-Time Leased	24	0				24
A. Total Full-Time AFTER	293	7				300
Part-Time Company	0	0				0
Part-Time Independent Contractors	0	0				0
Part-Time Leased	0	0				0
B. Total FTE Part-Timers AFTER	0	0				0
C. Total FTE AFTER *	293	7				300

*For **Total FTE AFTER** add full-time employees (line A) plus part-time employees that have been converted to FTE (line B).

	Location 1	Location 2	Location 3	Location 4	Location 5	Total
Estimate the number of residents from the Labor Market Area** in which the Project is located that will fill the <u>JOBS CREATED</u> within three years of project completion						
A. Full-Time	13	7				20
B. FTE Part-Timers	0	0				
C. Total AFTER	13	7				20

** Labor Market Area includes Oneida, Lewis, Herkimer, and Madison Counties

Provide Any Notes To Job Information Below

Independent Contactor jobs reflect Danfoss Silicon Power LLC third party agreement with a facility management firm for the Quad C facility and additional support that will result with its Flex Space manufacturing/logistics/warehouse space. Danfoss's leased employees are through an employee agency many of whom eventually become permanent employees,

SALARY AND BENEFITS	Retained Jobs		Created Jobs	
	Average Annual Salary <i>per employee</i>	Average Fringe Benefits (as a percentage of wages)	Average Annual Salary <i>per employee</i>	Average Fringe Benefits (as a percentage of wages)
Management	\$ 126,000	28 %	\$ 126,000	28 %
Administrative	\$ 112,044	28 %	\$ 112,044	28 %
Production	\$ 68,569	28 %	\$ 68,569	28 %
Independent Contractor	\$ 83,000	0 %	\$ 0	0 %
Other	\$ 128,158	28 %	\$ 0	28 %
Overall Weighted Average	\$ 81,576	28 %	\$ 87,112	28 %

*** By statute, Agency staff must project the number of Full-Time Jobs that would be retained and created if the request for Financial Assistance is granted. "FTE" shall mean a full time employee that has a minimum of thirty-five (35) scheduled hours per week, or any combination of two or more part-time employees that work a minimum of fifteen (15) scheduled hours per week, when combined together, constitute the equivalent of a minimum of thirty-five (35) scheduled hours per week, and whose workplace location is the project facility. For this purpose an employee shall include a leased employee regularly retained by the company.

11(e) Please list NAICS codes for the jobs affiliated with this project:

semiconductor and other electronic component devices Electrical Equipment Mfg.
 NAICS 33635 Motor Vehicle Transmission and Power Train Parts Manufacturing
 NACIS 33599 All Other Electrical Equipment and Component ManufacturingT
 NACIS 33531 Electrical Equipment Mfg

Transcript Document No. []

**Supplemental Resolution
EDGE Flex Space Facility at Marcy
Nanocenter**

Date: March 26, 2024

At a meeting of the Oneida County Industrial Development Agency (the "Agency") held at 584 Phoenix Drive, Rome, New York 13441 on March 26, 2024, the following members of the Agency were:

Members Present:

EDGE Staff Present:

Others Present:

Others Present Webex:

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action to (a) accept an amendment to the Application for Financial Assistance and (b) clarifying certain conditions of financial assistance pertaining to proposed financial assistance to Economic Development Growth Enterprises Corporation (Flex Space Facility at Marcy Nanocenter).

The following resolution was duly moved, seconded, discussed and adopted with the following members voting:

Voting Aye

Voting Nay