

final

APPLICATION FOR TAX INCENTIVES

**Town of Lancaster
Industrial Development Agency**

E) Identify the assistance being requested of the Agency:

- 1. Exemption from Sales Tax Yes or No
- 2. Exemption from Mortgage Tax Yes or No
- 3. Exemption from Real Property Tax Yes or No
- 4. Assignment/Assumption of existing PILOT benefits Yes or No

F) Business Organization (check appropriate category):

- Corporation Partnership
- Public Corporation Joint Venture
- Sole Proprietorship Limited Liability Company

Other (please specify) _____

Year Established: 1951

State in which Organization is established: NY

G) List all Stockholders, members, or partners with % of ownership greater than 20%:

| <u>Name</u> | <u>% of ownership</u> |
|------------------------|-----------------------|
| <u>WILLIAM DERRICK</u> | <u>31.3%</u> |
| _____ | _____ |
| _____ | _____ |

H) Business Description:

Describe in detail company background, products, customers, goods and services: _____

Derrick Corporation was started in Cheektowaga in 1951 by H. William Derrick, and has been at its current location in Cheektowaga for 66 years. The company is still owned and run by the Derrick family, and owns multiple locations in Cheektowaga and Texas, as well as a West Seneca NY warehouse. Derrick manufactures vibrating screening equipment, centrifuges and supplies for the oil and gas drilling markets and for various mining applications. Most customers are multi-national companies located around the world.

Estimated % of sales outside Erie County: 100%

Estimated % of sales outside New York State: 100%

Estimated % of sales outside the U.S.: 62%

I) What percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County. (You may be asked to provide supporting documentation of the estimated percentage of local purchases.)

55%

H) Does or will company perform substantial research and development activities on new products/services at the project Location? Yes or No If yes, please explain:

EQUIPMENT TESTING ON NEW DESIGNS

I) What percentage of annual operating expenses are attributed to the above referenced research and development activities? NA - UNKNOWN

J) Explain in detail why IDA participation is necessary for this project to proceed. Focus on competitiveness issues, project shortfalls, etc. (attach additional pages if necessary):

In the Oil & Gas market, Derrick Corporation currently competes primarily against two publicly-held multi-billion companies based in Texas. Mining sector competition comes from China, and future competition will likely come from additional overseas manufacturers. In this environment, a New York-based company needs every competitive tool available to survive. Derrick needs to minimize costs and its tax burden to remain competitive in this market.

K) Project Information:

Estimated costs in connection with project:

| | |
|--|----------------------|
| Land and/or Building Acquisition: | \$ _____ |
| _____ acres _____ square feet | |
| New Building Construction: <u>270,000</u> square feet | \$ <u>17,000,000</u> |
| New Building Addition(s): _____ square feet | \$ _____ |
| Existing Building Renovation: _____ square feet | \$ _____ |
| Manufacturing Equipment: | \$ _____ |
| Non-Manufacturing Equipment (furniture, fixtures, etc.): | \$ <u>100,000</u> |
| Soft Costs: (professional services, etc.): | \$ <u>400,000</u> |
| Other, Specify: _____ | \$ _____ |

TOTAL: \$ 17,500,000

Project refinancing; estimated amount
(for refinancing of existing industrial revenue bond debt only) \$ _____

L) Select Project Type (you may check more than one):

| | | | |
|----------------------------------|-------------------------------------|---------------------------------|--------------------------|
| Industrial | <input checked="" type="checkbox"/> | Back Office | <input type="checkbox"/> |
| Multi-Tenant | <input type="checkbox"/> | Civic Facility (not for profit) | <input type="checkbox"/> |
| Mixed Use | <input type="checkbox"/> | Equipment Purchase | <input type="checkbox"/> |
| Commercial | <input type="checkbox"/> | Retail | <input type="checkbox"/> |
| Acquisition of Existing Facility | <input type="checkbox"/> | Facility for Aging | <input type="checkbox"/> |
| Other, please explain _____ | | | |

SIC Code: 3533

NAICS Code: 333132

U) Employment Plan (Specific to project location):

| | Current # of Jobs | Total # of jobs 2 years after project completion |
|-----------|-------------------|--|
| Full time | | 8 |
| Part Time | | |
| Total | | 8 |

V) Payroll Information:

Estimated Annual Payroll at Project Site: \$ 480,000

Estimated Average Annual Salary of Jobs to be Retained \$ 60,000

Estimated Average Annual Salary of Jobs to be Created \$ _____

Estimated Salary Range of Jobs to be Created: From: \$ _____ To \$ _____

W) Is the project reasonably necessary to prevent the project occupant from moving out of New York State?

Yes or No. If yes, please explain and identify out-of-state locations investigated.

TEXAS - CONSIDERED STORAGE OF OIL + GAS EQUIPMENT
CLOSER TO DELIVERY SITES, WHICH COULD MITIGATE
NEED FOR A NEW WAREHOUSE IN NY.

X) Were you offered financial assistance to locate outside of New York State? Yes or No

If yes, from whom and what type of assistance was offered: _____

Y) What competitive factors led you to inquire about sites outside of New York State? _____

Z) Have you been contacted by other local economic development agencies? Yes or No. If yes, please provide which agencies: _____

CERTIFICATION

STATE OF NEW YORK)
SS:
COUNTY OF ERIE)

DANIEL ROMAN

(Name of Owner, Chief Executive Officer, or General Partner of the Company Submitting Application)

being duly-sworn deposes and says that he/she is the

VICE PRESIDENT

(Title)

of DERRICK CORPORATION

(Company Name)

named in the attached application; that he/she has read the foregoing application and attachments and knows the contents thereof; that all statements contained therein are true to his/her knowledge and contain no information or data that is false or incorrect, and are truly descriptive of the project which is intended as the security for the requested financing.

(Complete the following paragraph for corporation only)

Deponent further says that the reason this verification is made by the deponent and not by

DERRICK CORPORATION

(Company Name)

is because the said company is corporation.

The grounds of deponent's belief relative to all matters in the said application which are not stated upon his/her own personal knowledge, are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his/her duties as an officer of, and from the books and papers of, said corporation.

Deponent acknowledges and agrees that applicant shall be and is responsible for all expenses incurred by the Town of Lancaster Industrial Development Agency (hereinafter the "Agency") in connection with this application whether or not resulting in the issuance of a bond(s), lease transaction, or installment sale. If for any reason whatsoever the applicant shall fail to conclude or consummate necessary negotiations or fails to act 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 applicant are unable to find buyers willing to purchase the total bond issue required, then upon presentation of invoice, applicant shall pay to the Agency, its agents, or assigns all actual expenses involved in this application, up to that date and time, including fees of bond counsel for the Agency and fees of general counsel for the Agency. The costs incurred by the Agency and paid by the applicant, including bond counsel and the Agency's general counsel's fees and the administrative fee (as hereinafter set forth), may be considered as a cost of the project and included as part of the resultant bond issue or lease agreement.

**TOWN OF LANCASTER INDUSTRIAL DEVELOPMENT AGENCY
FEE SCHEDULE**

Application Fee: At the time of application for approval by the Agency of any transaction there shall be a non-refundable application fee of Five Hundred Dollars (\$500.00). If the request is for refinancing of an existing Project of the Agency where no public hearing is required, this Application Fee will be applied as an offset against all or a portion of the Agency Administrative Fee Due.

For an extension of an inducement, each extension of six months shall require payment of one quarter of the Agency Administrative Fee.

Agency Administrative Fees:

1. New Projects

The Agency Administrative Fee for new Projects shall be 1% of the dollar amount of the Project as determined by the Agency. One quarter of the Agency Administrative Fee or .25% must be received by the Agency prior to the issuance of a Sales Tax Letter by the Agency except for installment sale transactions when the entire Agency Administrative Fee of 1% is due at time of the issuance of the Sale Tax Letter. The balance of the Agency Administrative Fee or .75% shall be due on the closing of the transaction.

2. Refinancings

The Agency Administrative Fee for refinancings shall be \$500 plus one percent (1%) of any new money being financed.

By way of illustration, if the Agency authorized a Project with a Project Cost of \$1,200,000, the initial Agency Administrative Fee payable would have been a total of \$12,000 with .25% or \$3,000 due at the time of the sales tax letter and \$9,000 payable at the closing. For purpose of illustration, we will assume that the Project was financed through bonds or a note and mortgage in the principal amount of \$1,000,000. At the end of five years, the Lessee comes to the Agency for assistance in refinancing the Project with a new borrowing of \$1,300,000. The Lessee will have to advise the Agency of the outstanding principal balance remaining on the bond or note. For purpose of illustration, we will assume that the principal balance has been reduced by \$100,000 leaving a remaining principal balance of \$900,000. The Lessee would have to pay an Agency Administrative Fee of 1% on the amount over the original \$1,200,000 authorized and for which the Agency Administrative Fee was paid or 1% of \$100,000 (\$1,000) plus an administrative fee of 1% on the difference between the \$1,000,000 originally borrowed and the remaining principal balance or 1% of \$100,000 (\$1,000) because that amount would also constitute new money. This would be in addition to the \$500 refinancing fee for a total Agency Administrative Fee of \$2,500.

3. Sublease Approvals

The Agency fee for approval of a new sublease for the entire Project shall be \$500.

\$5,000,001 to \$10,000,000

\$15,000

above \$10,000,000

\$20,000 minimum with additional legal fees payable based upon the circumstances and work involved

* With respect to legal fees for Projects up to \$750,000, this Legal Fee would include only two drafts of documents. In addition, if due to delays caused by the Lessee or the Lender, the closing is delayed beyond a sixty day period from the date of the first draft, additional time may also be billed by Agency Counsel in his or her discretion. If further drafts are required or the closing is unreasonably delayed, additional time shall be billed at the hourly rate then in effect for Agency Counsel for the additional time only.

Legal Fees for refinancings shall be based upon the dollar amount refinanced in accordance with the above schedule. In the case of minor amendments of the prior loan documents, Agency Counsel Fees shall be charged on a time basis at the hourly rate then in effect for Agency Counsel. Agency Counsel shall determine whether the amendment to the prior loan documents is a minor amendment in his or her sole reasonable discretion.

Installment Sale Transactions

Legal Fee

to \$750,000

\$3,000*

\$750,001 to \$1,500,000

\$5,000

\$1,500,001 to \$3,000,000

\$7,500

over \$3,000,000

\$10,000 minimum with additional legal fees payable based upon the circumstances and work involved

* With respect to legal fees for Projects up to \$750,000, this Legal Fee would include only two drafts of documents. In addition, if due to delays caused by the Lessee or the Lender, the closing is delayed beyond a sixty day period from the date of the first draft, additional time may also be billed by Agency Counsel in his or her discretion. If further drafts are required or the closing is unreasonably delayed, additional time shall be billed at the hourly rate then in effect for Agency Counsel for the additional time only.

Legal Fees for Assignment and Assumptions shall be on a time basis.

In addition to counsel fees, disbursement of up to \$1,000 will be added to each closing. If additional transcripts above the normal amount are required (5 for lease only and 7 for bond or mortgage transactions), they will be billed to reflect the additional copy cost and the additional binding costs and may exceed the \$1,000 total.

The above Fees Policies have been reviewed and accepted by the applicant



Initial Here

f) If yes, what was the outcome? _____

g) If no, why not? _____

10. WILL THIS LANCASTER LOCATION BE YOUR COMPANY'S HEADQUARTERS?
YES _____ NO

If no, where is the Company's Headquarters located (City, State or Province, Country)?

CITY CHEEKTOWAGA STATE / PROVINCE NY

11. CURRENT NUMBER OF EMPLOYEES:

FULL TIME: 474 PART TIME: 1

12. ESTIMATED NUMBER OF FUTURE EMPLOYEES (WITHIN TWO (2) YEARS):

FULL TIME: 474 PART TIME: 1

13. NUMBER OF EMPLOYEES THAT LIVE IN:

LANCASTER 41 BUFFALO 43
OTHER ERIE COUNTY 323 OUTSIDE ERIE COUNTY 68

14. APPROXIMATE PERCENTAGE OF PRODUCTS / SERVICES EXPORTED:

OUTSIDE ERIE COUNTY BUT WITHIN NEW YORK STATE 0%

WITHIN THE REST OF THE U.S. 36%

CANADA 3% INTERNATIONAL 61%

FORM COMPLETED BY: Daniel Bonard

PLEASE PRINT

DATE: 4/8/2021

TITLE: CFO

SIGNATURE: 