

# Application to Jefferson County Industrial Development Agency (JCIDA) for Industrial Revenue Bond (IRB) Financing and/or Tax Abatement

## I. APPLICANT INFORMATION

Company Name: GREAT LAKES CHEESE OF NEW YORK

Address: 23 PHELPS ST  
ADAMS, N.Y. 13605

Phone No.: 315-232-5329

Fax No.: 315-232-4055

Federal Tax ID: 06-1121121

Contact Person: JOHN JENNINGS

E-Mail: JENNINGS@GREATLAKESCHEESE.COM

Date: 8/9/2007

a. Principal Owners/Officers/Directors/Partners if Partnership:  
(List owners with 15% or more in equity holdings with percentage ownership)

Name	Address	Percentage Ownership/Office
GREAT LAKES CHEESE CO, INC.	17825 GREAT LAKES PKWY, HIRAM, OH. 44234	100%

(Use attachments if necessary)

b. Form of Entity:

- Corporation
- Partnership (General \_\_\_ or Limited \_\_\_; Number of General Partners \_\_\_ and, if applicable, Number of Limited Partners \_\_\_, List Partners in section above.
- Limited Liability Company/Partnership, Number of Members \_\_\_
- Sole Proprietorship

This application should be submitted to the Jefferson County Industrial Development Agency, 800 Starbuck Avenue, Watertown, New York 13601 (Attn: Chief Executive Officer). The Agency will collect a 2% fee at the time of bond closing. Fees for non-bond Projects are negotiated on a case-by-case basis but will generally amount to 25% of the total value of the abatement. See attached fee schedule for additional information.

c. If a corporation, partnership, limited liability company/partnership:

What is the date of establishment? DECEMBER 29, 1984

Place of organization NEW YORK and,

If a foreign organization, is the Application authorized to do business in the State of New York? \_\_\_\_\_

*(Attach organizational chart or other description if applicant is a subsidiary or otherwise affiliated with another entity)*

d. Attach certified financial statements for the company's last three complete fiscal years. If the company is publicly held, attached the latest Form 10K as well.

## II. APPLICANT'S COUNSEL

Name: HAHN LOESER & PARKS

Address: 200 PUBLIC SQUARE

CLEVELAND, OH. 44114

Phone No.: 216-621-0150

Fax No.: 216-241-2824

E-Mail: HAHNLAW.COM

## III. PROJECT INFORMATION:

a. Describe the proposed acquisitions, construction or reconstruction and a description of the costs and expenditures expected. (Attach additional sheets or documentation as necessary).

LAND IMPROVEMENTS & ACQUISITIONS - \$530,000 *T. EXEMPT*

BUILDING - \$34,333,000

BUILDING EQUIPMENT - \$3,054,000

MACHINERY - \$48,694,000 *TAX EXEMPT*

b.

Project Address: 23 PHELPS ST ADAMS, N.Y. 13605

Name of Municipality: VILLAGE OF ADAMS

Name of School District: SOUTH JEFFERSON CENTRAL SCHOOL

c. Are Utilities on Site?

Water: YES-(relocate & upsize needed) Electric: YES - (new source needed)

Gas: YES - (new line needed) Sanitary/Storm Sewer: YES - (relocation needed)

d. Present legal owner of the site if other than Applicant and by what means will the site be acquired for this Project:

e. Zoning of Project Site:

Current: INDUSTRIAL Proposed: INDUSTRIAL

f. Are any variances needed? YES -(already approved)

g. Principal Use of Project upon Completion:

PRODUCTION OF CHEESE AND WHEY PRODUCTS

---



---



---

h. Will the Project result in the removal of a plant or facility of the Applicant from one area of the State of New York to another? NO

i. Will the Project result in the removal of a plant or facility of another proposed occupant of the Project from one area of the State of New York to another area of the State of New York? NO

j. Will the Project result in the abandonment of one or more plants or facilities located in the State of New York? NO

k. Project Costs (Estimates):

Category	Amount
Land	\$ 530,000
Building	\$ 34,333,000
Equipment	\$ 51,747,000
Soft Costs	
Other	
Total	\$ 86,610,000

l. Job Creation:

How many construction jobs will be created by the Project? 60 – 100

Complete the following table in accordance with the instructions on the following page.

(A) Job Title	(B) Annual or Hourly Wages	(C) Current Number of Positions	(D) Jobs Created: Year One	(E) Jobs Created: Year Two	(F) Jobs Created: Year Three	(G) Total Jobs Created
PRODUCTION/SANIT/WHSE	\$ 31,457	54		7		7
QUALITY	\$ 31,293	2				
MAINTENANCE	\$ 44,137	9	2	2		4
ADMIN/MGMT	\$ 55,519	4	1			1
LEADS/SUPERVISORS	\$ 44,950	9				
TOTALS:		78	3	9		12

**Instructions:**

- Column A:** Insert the job titles that exist within the company at the time of application, as well as any job titles that will be established as a result of the Project.
- Column B:** Indicate the entry level wage for each listed job title either in terms of hourly pay or annual salary.
- Column C:** For each listed job title insert the number of positions that exist at the time of application.
- Column D:** Insert the number of jobs to be created during year one of the Project for each listed job title.
- Column E:** Insert the number of jobs to be created during year two of the Project for each listed job title.
- Column F:** Insert the number of jobs to be created during year three of the Project for each listed job title.
- Column G:** Indicate the total number of jobs to be created for each listed title as a result of the Project. (Column D + Column E + Column F = Column G)

Use an additional sheet if necessary.

m. List capital expenditures of the company at this location:

Category	Last Three Years	Next Three Years
Land	\$ 11,892	\$ 530,000
Building	\$ 254,162	\$ 34,333,000
Equipment	\$ 2,685,550	\$ 51,748,000
Soft Costs		
Other		
<b>Total</b>	<b>\$ 2,951,604</b>	<b>\$ 86,610,000</b>

n. List any other positive impacts that the Project may have on the economy of Jefferson County:

SEE ATTACHED "CONFORMITY TO DEVELOPMENT POLICY" DOCUMENT.

---



---



---



---

**IV. JCIDA FINANCIAL SUMMARY**

The following information will be used to determine the extent and applicability of incentives to the Project. Not all incentives will be available to all Projects, but will be applied on the basis of the economic impact of the Project.

a. Sales Tax

What is the budgeted construction cost of the Project? \$ 34,333,000  
 If there are Project costs that are subject to sales tax that are not included in the construction value above, provide an estimate of those costs: \_\_\_\_\_

b. Mortgage Tax

What is the expected mortgage amount for the Project? \$ 0

c. Real Property Tax Abatement

What is the expected real property tax assessment of the improvement/Project? UNKNOWN

d. Tax Exempt Bond Interest

What is the Company's current cost of capital? % N/A

## V. REPRESENTATIONS BY THE APPLICANT

The Applicant understands and agrees with the Agency as follows:

### HOLD HARMLESS AGREEMENT

Applicant hereby releases the Jefferson County Industrial Development Agency and the members, officers, servants, agents and employees thereof (the 'Agency') 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 exemption 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 suites 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 the 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.

(Applicant)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Notary Public



Great Lakes Cheese of New York, Inc.

23 Phelps Street Adams, New York 13605 315-232-4511 Fax 315-232-4055

### “Conformity to Development Policy”

The agricultural industry is one industry that has been targeted for consideration of Empire Zone benefits. It is also one of the largest industries in Jefferson County.

The economic benefits of this project will extend beyond retaining the existing work force and the projected additional employees. There is documented data that states, for the agricultural industry, for every job created at a processing facility there are four additional jobs created in the community. That is one of the largest economic multipliers for any industry. The milk supplied, which is the most significant cost to this operation, is purchased from producers located in approximately a thirty five mile radius of the plant. Those dollars will also be contributing to the local economies.

The magnitude of the investment will have an immediate impact on the economy of the local communities and long-term will result in a significant increase in the tax revenue as well.

The commitment that Great Lakes Cheese is looking to make would be greater than any manufacturing business has made or has been willing to make in this area for some time now. For the past twenty years, Great Lakes Cheese has been committed to the economy of North Country, which has been evident from the willingness to reinvest in the facility. It's now time to move to the next level with facility and it's imperative that this inclusion application be considered and approved.



## Internal Report: Great Lakes Cheese - Great Lakes

Table 1: Basic Information

Project Name	Great Lakes
Project Applicant	Great Lakes Cheese
Project Description	Construct Production Facility for producing Cheese and Whey Products.
Project Industry	Food Manufacturing
Municipality	Adams Village
School District	South Jefferson
Type of Transaction	Tax Exemptions
Project Cost	\$86,610,000

Table 2: Permanent New/Retained Employment (Annual FTEs)

	State	Region
<b>Total Employment</b>	<b>663</b>	<b>663</b>
Direct <sup>**</sup>	90 (12 created and 78 retained)	90 (12 created and 78 retained)
Indirect <sup>***</sup>	220	220
Induced <sup>****</sup>	38	38
Temporary Construction (Direct and Indirect)	315	315

Table 3: Permanent New/Retained Labor Income (Annual) & Average Salary (Annual)

	State Labor Income	Region Labor Income	Average Salary
<b>Total</b>	<b>\$25,275,533</b>	<b>\$25,275,533</b>	<b>\$38,106</b>
Direct <sup>**</sup>	\$4,346,821	\$4,346,821	\$48,298
Indirect <sup>***</sup>	\$5,305,439	\$5,305,439	\$24,101
Induced <sup>****</sup>	\$1,318,864	\$1,318,864	\$34,956
Temporary Construction (Direct and Indirect)	\$14,304,409	\$14,304,409	\$45,349

Table 4: Cost/Benefit Analysis (Discounted Present Value\*)

<b>Total Costs to State and Region</b>	<b>\$16,631,659</b>
Property Tax Revenue Forgone	\$11,970,694
485-B Property Tax Abatement	\$1,276,211
Above 485-B	\$10,694,483
Sales Tax Revenue Forgone	\$5,074,716
Construction Materials	\$1,064,323
Other Items	\$4,010,393
Less IDA Fee	-\$413,750
<b>Total Benefits to State and Region</b>	<b>\$7,917,695</b>
<b>Total State Benefits</b>	<b>\$5,042,256</b>
Income Tax Revenue	\$3,073,091
Direct <sup>**</sup>	\$1,919,782
Indirect <sup>***</sup>	\$312,421
Induced <sup>****</sup>	\$427,151
Construction (Direct and Indirect, 1 year)	\$413,736
Sales Tax Revenue	\$1,969,166
Direct <sup>^^</sup>	\$716,719
Indirect <sup>***</sup>	\$874,779
Induced <sup>****</sup>	\$217,459
Construction (Direct and Indirect, 1 year)	\$160,209
<b>Total Regional Benefits</b>	<b>\$2,875,439</b>
Property Tax/PILOT Revenue	\$1,029,346
Sales Tax Revenue	\$1,846,093
Direct <sup>**</sup>	\$671,924
Indirect <sup>***</sup>	\$820,105
Induced <sup>****</sup>	\$203,868
Construction (Direct and Indirect, 1 year)	\$150,196

Table 5: Local Fiscal Impact (Discounted Present Value\*)

Total Local Client Incentives	\$14,012,451
Total Anticipated Local Revenue (Property Tax plus Local Sales Tax)	\$2,875,439
Net Local Revenue	\$-11,137,012



Table 6: Property Tax Revenue (Discounted Present Value<sup>\*</sup>)

<b>Total Property Tax</b>	<b>\$1,791,085</b>
<b>County Property Tax</b>	<b>\$390,591</b>
Property Tax on Existing Property	\$160,885
Property Tax on Improvement to Property	\$229,706
<b>City/Village Property Tax</b>	<b>\$638,483</b>
Property Tax on Existing Property	\$287,673
Property Tax on Improvement to Property	\$350,811
<b>Town Property Tax</b>	<b>\$107,043</b>
Property Tax on Existing Property	\$40,663
Property Tax on Improvement to Property	\$66,380
<b>School District Property Tax</b>	<b>\$654,968</b>
Property Tax on Existing Property	\$272,519
Property Tax on Improvement to Property	\$382,450

\* Figures over 20 years and discounted by 3.49%

\*\* Direct - The recipient of IDA assistance adds new jobs to the regional economy and/or retains jobs at risk of being lost to another region. Investments that result in displacing existing jobs (e.g., most retail and many service sector industries) do not fall under this definition.

\*\*\* Indirect - The recipient of IDA assistance makes purchases from regional firms, which stimulates suppliers to add jobs and payroll that are new to the regional economy or are saved from being lost to competitors outside the region.

\*\*\*\* Induced - The recipient of IDA assistance by adding to and/or retaining payroll stimulates household spending that is new to the regional economy and/or saved from being lost to competitors outside the region.

© Center for Governmental Research 2014. All rights reserved.

Powered by **informANALYTICS** 

Great Lakes Cheese PILOT Years 11 through 20

FOR CBA

Distribution %

County	21.40%
Town	5.79%
Village	36.81%
School	36.01%

		<u>County</u>	<u>Town</u>	<u>Village</u>	<u>School</u>	<u>Total</u>
Year 11	110,000	23,540	6,369	40,491	39,611	110,011
Year 12	120,000	25,680	6,948	44,172	43,212	120,012
Year 13	130,000	27,820	7,527	47,853	46,813	130,013
Year 14	140,000	29,960	8,106	51,534	50,414	140,014
Year 15	150,000	32,100	8,685	55,215	54,015	150,015
Year 16	160,000	34,240	9,264	58,896	57,616	160,016
Year 17	170,000	36,380	9,843	62,577	61,217	170,017
Year 18	180,000	38,520	10,422	66,258	64,818	180,018
Year 19	190,000	40,660	11,001	69,939	68,419	190,019
Year 20	200,000	42,800	11,580	73,620	72,020	200,020



## Board Report

Table 1: Basic Information

Project Name	Great Lakes
Project Applicant	Great Lakes Cheese
Project Description	Construct Production Facility for producing Cheese and Whey Products.
Project Industry	Food Manufacturing
Municipality	Adams Village
School District	South Jefferson
Type of Transaction	Tax Exemptions
Project Cost	\$86,610,000
Direct Employment Expected to Result from Project (Annual FTEs)	90 (12 created and 78 retained)

Figure 1: Estimated State & Regional Benefits / Estimated Project Incentives (Discounted Present Value\*)



Table 2: Estimated State & Regional Benefits / Estimated Project Incentives Analysis (Discounted Present Value\*)

<b>Total State and Regional Benefits</b>	<b>\$7,917,695</b>	
<b>Total Project Incentives</b>	<b>\$16,631,659</b>	
<b>Projected Employment</b>	<b>State</b>	<b>Region</b>
<b>Total Employment</b>	<b>663</b>	<b>663</b>
Direct**	90 (12 created and 78 retained)	90 (12 created and 78 retained)
Indirect***	220	220
Induced****	38	38
Temporary Construction (Direct and Indirect)	315	315

Table 3: Estimated State & Regional Benefits (Discounted Present Value\*)

<b>Total State and Regional Benefits</b>	<b>\$7,917,695</b>
Income Tax Revenue	\$3,073,091
Property Tax/PILOT Revenue	\$1,029,346

Sales Tax Revenue

\$3,815,258

**Table 4: Estimated Project Incentives (Discounted Present Value\*)**

<b>Total Project Incentives</b>	<b>\$16,631,659</b>
Property Tax	\$11,970,694
Sales Tax	\$5,074,716
Less IDA Fee	-\$413,750

\* Figures over 20 years and discounted by 3.49%

\*\* Direct - The recipient of IDA assistance adds new jobs to the regional economy and/or retains jobs at risk of being lost to another region. Investments that result in displacing existing jobs (e.g., most retail and many service sector industries) do not fall under this definition.

\*\*\* Indirect - The recipient of IDA assistance makes purchases from regional firms, which stimulates suppliers to add jobs and payroll that are new to the regional economy or are saved from being lost to competitors outside the region.

\*\*\*\* Induced - The recipient of IDA assistance by adding to and/or retaining payroll stimulates household spending that is new to the regional economy and/or saved from being lost to competitors outside the region.

© Center for Governmental Research 2014. All rights reserved.

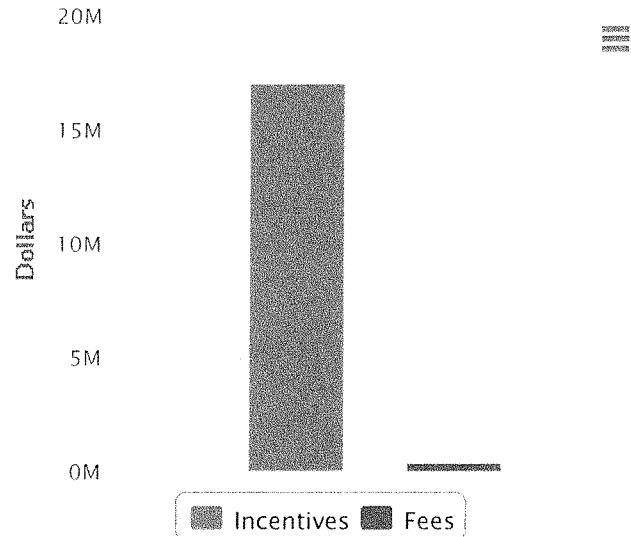
Powered by **informANALYTICS** 



# Incentives for the Great Lakes Cheese Great Lakes Project

Table 1: Estimated Incentives & Fees\*

<b>Total Project Incentives</b>	<b>\$17,045,409</b>
Property Tax	\$11,970,694
Sales Tax	\$5,074,716
<b>Total Project Fees</b>	<b>\$413,750</b>
<b>Net Project Incentives</b>	<b>\$16,631,659</b>



\* Figures over 20 years and discounted by 3.49%.

Table 2: Estimated Property Tax Paid\*\*

Year	Existing Property	Improvement	Total
1	\$51,742	\$48,257	\$99,999
2	\$51,742	\$48,258	\$100,000
3	\$51,742	\$48,258	\$100,000
4	\$51,742	\$48,258	\$100,000
5	\$51,742	\$48,258	\$100,000
6	\$51,742	\$48,258	\$100,000
7	\$51,742	\$48,258	\$100,000
8	\$51,742	\$48,258	\$100,000
9	\$51,742	\$48,258	\$100,000
10	\$51,742	\$48,258	\$100,000
11	\$51,742	\$58,269	\$110,011
12	\$51,742	\$68,270	\$120,012
13	\$51,742	\$78,271	\$130,013
14	\$51,742	\$88,272	\$140,014

15	\$51,742	\$98,273	\$150,015
16	\$51,742	\$108,274	\$160,016
17	\$51,742	\$118,275	\$170,017
18	\$51,742	\$128,276	\$180,018
19	\$51,742	\$138,277	\$190,019
20	\$51,742	\$148,278	\$200,020
Total	\$1,034,850	\$1,515,304	\$2,550,154

\*\* Figures are not discounted.

© Center for Governmental Research 2014. All rights reserved.

Powered by **informANALYTICS** 