

Onondaga County Industrial Development Agency
Regular Meeting Minutes
April 8, 2014

The regular meeting of the Onondaga County Industrial Development Agency was held on Tuesday, April 8, 2014 at the 333 West Washington Street, Syracuse, New York in the large conference room on the first floor.

Chairperson Donna DeSiato called the meeting to order at 8:00 am with the following:

PRESENT:

Donna DeSiato
Daniel Queri
Michael Allen
Lisa Dell

ABSENT:

Jessica Crawford
Victor Ianno
Janice Herzog

ALSO PRESENT:

Mary Beth Primo, OCIDA, Executive Director
Julie Cerio, Office of Economic Development
Kristi Smiley, OCIDA, Secretary & Treasurer
Karen Doster, Recording Secretary, Agency
Nora Spillane, Office of Economic Development
Linda McShane, Office of Economic Development
Tony Rivizzigno, Gilberti Law Firm
Stephen Chabot, Inficon
Ed Petruniak, Tessy Plastics

APPROVAL OF REGULAR MEETING MINUTES – MARCH 11, 2014

Upon a motion by Lisa Dell, seconded by Daniel Queri, the OCIDA Board approved the regular minutes of March 11, 2014. Motion was carried.

TREASURER'S REPORT

Kristi Smiley gave a brief review of the Treasurer's Report for the month of March 2014.

Upon a motion by Michael Allen, seconded by Daniel Queri, the OCIDA Board approved the Treasurer's Report for the month of March 2014. Motion was carried.

PAYMENT OF BILLS – SCHEDULE #372

Kristi Smiley gave a brief review of the OCIDA Payment of Bills Schedule #373.

Upon a motion by Lisa Dell, seconded by Daniel Queri, the OCIDA Board approved the Payment of Bills, Schedule #373 with General Expenses being \$97,270.71. Motion was carried.

CONFLICT OF INTEREST DISCLOSURE

The Conflict of Interest Statement was circulated and there were no comments.

INFICON, INC. – REVIEW AND PUBLIC HEARING

Donna DeSiato stated that Inficon is one of our local companies that impacts the world from right here in the Town of DeWitt.

Stephen Chabot stated that Inficon has been in Syracuse for 44 years and they make scientific instruments. He stated that really all of their technology is based around gas sensing. He stated that they have 240 employees in Syracuse. He stated that 80% of their employees have college degrees and they only have a handful of jobs in the facility that are non-degree people. He stated that even their production people are 2 year degree people. He stated that they have around 10-15 PhD's with 20%-25% advanced degrees. He stated that the positions are high skill level. He stated that their average compensation is about 2 times the average in Syracuse with it being around \$80,000. He stated that they are growing. He stated that they have grown about 10% per year and have done it for the last 20. He stated that they export 70% of what they make. He stated that some of their biggest markets in the world are South Korea, Germany, China and Taiwan and they continue to grow in a lot of those markets. He stated that they have a good geographic disbursement of sales and they spend over \$8,000,000 on R & D. He stated that they have a very solid customer base globally and Samsung is their biggest customer out of South Korea. He stated that Intel is also a big customer and they just won their biggest order with Global Foundries out of Malta. He stated that the US Government is also a customer. He stated that if you look at the customers on a global basis they are Fortune 500 companies. He stated that there is a lot of stability and strength in that area.

Stephen Chabot stated that they are looking to expand in their East Syracuse facility. He stated that their Board of Directors asked them to look globally as to what they could do to expand the business because the last time they grew was over 20 years ago. He stated that they looked at China and Europe where they have a facility. He stated that they are coming back to the Board and propose that they grow right here because they believe they have the best people, cost of living other than taxes is fairly reasonable and they believe we are more productive than most places around the world. He stated that the tenure of their people is 15-20 years on average and they are growing. He stated that they are pitching to their Board that this is the place to grow for those reasons. He stated that they are looking to increase their space and a lot of that is clean room space. He stated that they are adding between 17,000 and 20,000 square feet of cleanroom space and the rest is more Class 100 clean room space. He stated that they are looking into expanding into new markets with new products so having the space to do that is absolutely critical. He stated that they are looking to spend about \$13,000,000. He stated that in addition to that they will be spending significant amounts of money on equipment. He stated that they are evaluating different equipment to help us from an automation standpoint. He stated that because they have been space constrained, they haven't invested in the automation that they would like. He stated that they have committed 40 net new jobs to New York State over the next 5 years as part of this project. He stated that even though they are investing in automation they firmly believe that they will continue to grow jobs. He stated that if you look at the quality of the jobs, around 75% of the jobs are scientific and engineering jobs. He stated that they are automating as much as they can on the production side and adding jobs on the science side so they can add new products, grow new markets and be responsive to their customers that are out there. He stated that they believe it is a great opportunity for the region. He stated that they continue to grow and have a significant supplier base within New York State and just outside of New York State. He stated that about 35% of what they buy comes from about a 250 mile radius of here. He stated that a lot of their stuff is very specialized and they are not high volume so they do not do a lot of outsourcing to low cost countries. He stated that a lot of their supplier base is really local. He stated that there are a lot of growth opportunities as they grow with those suppliers as well. He stated that they are excited about the opportunity and they think it is great for the region and for Inficon. He stated that their employees are excited and they are looking for the support of OCIDA to help move this forward.

Michael Allen stated that he came out of the auto industry and had to go through automation. He stated that it did eliminate some jobs but if you didn't go that way it would have eliminated all of

the jobs. He stated that it creates a whole new set of other jobs because you need to keep up. He stated that someone has to fix the automation and increases the electrical force. He stated that he is glad to see they are adding 40 new jobs.

Donna DeSiato asked about the type of sensors that Inficon develops. Stephen Chabot stated that if you look at their 3 major markets they have semiconductor chip manufacturing and that is a big one. He stated that Inficon's product monitors the level of the gases. He stated that it is process control and it helps maximize yield. He stated that for every 1% yield improvement in the chip manufacturing it is reduction in millions and millions of dollars. He stated that the other area that they do a lot is in coding and display. He stated that on your Ipad there is a piece of glass that is coated for glare and for non-scratch. He stated that they actually control the deposition of the gas onto the glass and insure it is uniform. He stated that as the resolution in any of their hand held devices becomes higher and higher, they make an instrument that is leading in the industry for being able to control at really miniscule levels. He stated that if you thinking about cameras, iPads, TVs, glasses and any glass that has a coating on it, they help control the deposition of the coating on that glass. He stated that on the environmental side they make a portable instrument that detects gases. He stated that a lot of our military around the world on the front line have these instruments that can detect toxic gases that can kill people. He stated that any major sporting event or our President has this type of instrument. He stated that the uniqueness for them is that it is portable. He stated that their instrument is used in the field, it is rugged and it gives instantaneous results of what is in the air. He stated that as people become more and more concerned with air quality and water quality, they believe there is a big market for this globally.

Michael Allen asked if they have any local semiconductors. Stephen Chabot stated that Inficon makes the instruments that are used by the companies that actually make the chips.

Michael Allen asked about the LED lighting side of Inficon. Stephen Chabot stated that they sell an instrument to the company who makes the equipment to make the LEDs. He stated that it is helping them control their process better. He stated that the single biggest complaint about LED is cost so process control and understanding what is happening while making those is critical.

Donna DeSiato stated that on the career side this is why we talk about STEM careers are growing exponentially. She stated that these are the kinds of careers that most students wouldn't be aware of

if they weren't got educating them in those aspects of science, math, engineering and these kinds of fields that have to do with these recent technologies.

Michael Allen stated that he read the application and would like to thank Inficon for using local labor.

Upon a motion by Daniel Queri, seconded by Michael Allen, the OCIDA Board approved a resolution describing the proposed Inficon, Inc. project and the financial assistance the Agency may provide and authorizing a public hearing for the project. Motion was carried.

Upon a motion by Michael Allen, seconded by Lisa Dell, the OCIDA Board approved a resolution authorizing the execution of the Developer and Agency for the Inficon, Inc. project. Motion was carried.

TESSY PLASTICS CORP. – REVIEW AND PUBLIC HEARING

Ed Petruniak stated that Tessy is similar to Inficon's story. He stated that they are a plastics injection molding company where about 40% of the things they make are consumer products which are things like under arm deodorant containers and they are manufactured in the Elbridge facility. He stated that the components are trucked to the old Syroco warehouse where they have high speed automation equipment that takes those components and assembles them into an underarm deodorant container at a rate of about 4-5 in a second. He stated that they make about 7,000,000 of those a day. He stated that 60% of their business is medical with companies like Johnson and Johnson. He stated that the components are manufactured in the Elbridge facility and then they are assembled with very sophisticated automation in cleanrooms. He stated that Tessy has been experiencing a tremendous amount of growth. He stated that they have been before the Board five times in the last ten years. He stated that they are at the point now where their Elbridge facility is pretty much full. He stated that their Baldwinsville facility is full. He stated that they were recently awarded some more under arm deodorant work for Colgate Palmolive. He stated that the under arm deodorant business is such that a lot of the fill plants are located down south. He stated that they have a facility in Lynchburg so it makes a lot of financial sense to have the under arm deodorant containers made closer to the fill plants to avoid transportation costs. He stated that their preference is to grow local and that is what they would like to do. He stated that Roland's philosophy is to try to employ

people in Central New York. He stated that the employees are brought up through the ranks. He stated that they have a number of apprenticeship programs. He stated that it is very difficult for them to find people to work in their tool rooms. He stated that their engineers are very unique and they are working with chemical and plastic products. He stated that it is difficult to find those people so they have put together a number of apprenticeship programs where they are taking kids without a college degree, bring them up through the ranks and give them opportunity so they have the passion to learn. He stated that they have a couple of options and one of them to take on the additional under arm deodorant work would be for Tessy to expand at the Lynchburg facility. He stated that their preference is to do it here. He stated that the other option is to buy an existing manufacturing facility and transform that into a state of the art cleanroom and move some of the medical business from the Elbridge to the Skaneateles Falls plant thereby freeing up some capacity to do the under arm deodorant work.

Michael Allen asked how many jobs Tessy anticipates in the long run. Ed Petruniak stated that they expect in the next 5 years about 100 people. He stated that it is also the retention of jobs because if they were to move product down south it would open the door to even more down there.

Michael Allen asked if it is a mix of skilled and non-skilled. Ed Petruniak stated that this facility is going to have production folks and they make about \$10 an hour. He stated that Roland has a very generous profit sharing program whereby each quarter each employee receives a profit sharing check. He stated that the profit sharing is an equal amount and doesn't matter if you are working in the maintenance department or vice president of sales; it is the same dollar amount. He stated that it is amounting to an excess of \$14,000 a year so it is a significant amount of money especially for someone making \$10 an hour.

Dan Queri asked if Tessy owns or is the property in Skaneateles under contract. Ed Petruniak and Kevin McAuliffe stated that Tessy has a signed letter of intent and they are working on the final purchase contract.

Mary Beth Primo stated that since she has been on the Board Tessy has had about 4-5 projects and in 10 years Tessy probably had about 7 projects. She stated that she was recently at Tessy and what is really impressive about the company is that they not only trouble shoot for Johnson and Johnson but actually come up with ideas about how to improve products before the problem is brought to

them by companies. Ed Petruniak stated that one of the things that got Tessy to where they are today is their ability to innovate.

Ed Petruniak stated that Tessy is making an investment of purchasing the facility and they are going to have to do a significant amount of renovation in the plant to build the clean rooms. He stated that they then will put equipment in the facility so it is about \$8,000,000. He stated that they do a lot of R & D in the plant and he believes it was \$26,000,000 last year. He stated that on the medical side they are going to be working with their customers on designing and building automation equipment to assemble the medical products. He stated that is going to be an additional investment economic activity in Central New York of about an additional \$14,000,000. He stated that Tessy is going to procure, design and build the automation equipment that will ultimately be owned by Johnson and Johnson.

Upon a motion by Lisa Dell, seconded by Daniel Queri, the OCIDA Board approved a resolution describing the proposed Tessy Plastics Corp project and the financial assistance the Agency may provide and authorizing a public hearing for the project. Motion was carried.

Upon a motion by Michael Allen, seconded by Daniel Queri, the OCIDA Board approved a resolution authorizing the execution of the Agent Agreement outlining the responsibilities of the Developer and Agency for the project. Motion was carried.

Upon a motion by Lisa Dell, seconded by Jessica Crawford, the OCIDA Board adjourned the meeting at 8:30 am. Motion was carried.



Kristi Smiley, Secretary