

Onondaga County Industrial Development Agency
Special Meeting Minutes
February 21, 2013

A special meeting of the Onondaga County Industrial Development Agency was held on Thursday, February 21, 2013 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 1:00 pm with the following:

PRESENT:

Donna DeSiato
Daniel Queri
Janice Herzog
Jessica Crawford
Mike Allen

ABSENT:

Victor Ianno
Dale Sweetland

ALSO PRESENT:

Mary Beth Primo, OCIDA, Executive Director
Kristi Smiley, OCIDA, Secretary & Treasurer
Nora Spillane, Office of Economic Development
Linda McShane, Office of Economic Development
Tony Rivizzigno, Gilberti Law Firm
Tim Frateschi, Harris Beach
Ryan McMahon, Onondaga County Legislature
Matt McAnaney, OCDC
Mary Francis Stotler, Dennis Group
Carl Brock, Agrana Fruits US, Inc.
Patrick Mocete, Onondaga County Legislature

AGRANA FRUITS US, INC. – PROJECT REVIEW AND PUBLIC HEARING

Donna DeSiato welcomed Carl Brock and Mary Francis Stotler and stated that she is delighted that Agrana Fruits US, Inc. is here today and the Board looks forward to the presentation.

Carl Brock thanked everyone for attending today and the enthusiasm for the project is definitely felt and appreciated. He stated that it is easy from your day to day activities that you lose track of what a company does bring to this community. He stated that when you have an opportunity to review it and it

has a positive impact, it is a neat thing to do. He thanked the Board for the opportunity to spend time talking about Agrana.

Carl Bock stated that he would like to start out with giving a background on Agrana as a whole. He gave an overview of the global operations and spoke specifically about their three plants in the United States.

Carl Bock stated that he would like to talk about the management team because OCIDA is investing in them with the incentives that they want to give Agrana but he wants to make sure that OCIDA is investing in a company that has experience and potential. He stated that the CEO has been with the Company for over 25 years and has seen the company triple in size under his leadership. He stated that Tom Esposito has been in the food ingredients business for his entire career as well. Phil Cane has worked with a lot of big name food manufacturers and has been with Agrana for almost 10 years. He stated that he has been with the Company for almost nine years. He stated that Chuck Meyers has worked for a number of different food manufacturers as well so they have over 75 years of direct food industry experience and experience from other companies.

Carl Bock explained why they are looking in the Northeast. He stated that these numbers are in millions of pounds so what is sitting in the bottom of the cups of the yogurts in 2012 almost 470 million pounds of product was required by the yogurt industry in North America and that is US and Canada combined. He stated that they think that and expect to see that market grow at a 5% rate. He stated that they have seen over the last few years that 3-5% is normal growth rate but the growth rate has picked up.

Carl Bock stated that he would like to tell a little bit about the project and what it brings. He stated that the money for the plant is going to come internally but they have their own boards that they have to obtain approval to spend this kind of money. He stated that where they are currently is the Board knows the three states that they are looking at, they have seen the preliminary sites, they understand the benefits of each and the key decision points that they are at. He stated that they are very close to making that decision. He stated that at this point they don't want anything to hold up the process.

He stated that Agrana has been working very closely with the Dennis Group for about six months. He stated that it is not an easy decision and the obvious factors are the labor costs, land cost, location for logistics but what is unique for them is water. He stated that their customers, especially Dannon which

is a sizeable corporation are serious about sustainability including carbon and water footprint. He stated that Agrana has a very big water footprint in their business and one of the things that they are aware of is that water is a vital commodity and rare commodity in certain parts of the world and other places there is an overabundance of it. He stated that for Agrana it is better for them to be in a place where there is an abundance of it and that is one of the benefits of the Northeast, especially this area. He stated that wastewater treatment is another key because all of their equipment has very natural stuff in it but it needs to be washed out which goes into the wastewater treatment stream. He stated that they need to make sure that where they are going is they have the ability to handle that kind of volume.

Carl Brock stated that without the land they will be putting in about \$38,000,000 into the construction of the facility that includes the building, land development in the range of \$18,000,000 to \$19,000,000, they have to build coolers and freezers to keep the fruit in and the finished project and then their processing equipment. He stated that it is very sizable investment. He stated that when they make the investment the shell itself is construction and they are fully committed to allowing local or inviting local contractors to bid on that process. He stated also as they continue to build up the plant and add new lines, there are requirements for equipment, peripherals, electrical, plumbing and things like that so they will be constantly needing trades. He stated that once the plant is built there is always a need for painting, need for moving a wall here or there so there employment and the economic benefits to the trades continues on an ongoing annual basis.

He stated that within the first 12 months of startup they will be looking to hire about 66 people. He stated that they will operate the plant on three shifts. He stated that the salary itself is not the highest salary but it is a very reasonable salary. He stated that in today's market, to find an employer especially for factory staff that covers so much of the medical costs for their staff is hard to find and it is actually an area that they are very proud of. He stated that they have kept the contribution of their employees into the medical plan stable and they haven't changed it in five years despite seeing double digit increases. He stated that training is a significant part of what they do. He stated that they provide training to their employees so that they understand the importance of what they are doing in the plant for the end consumer's safety. He stated that they also have ISO certifications to train them on ISO principals. He stated that they give them safety training every month if not weekly. He stated that they spend a lot of time training their employees. He stated that there were other notable career development opportunities that they give them like project management training, lean manufacturing principals, continuous improvement and others.

Jessica Crawford stated that she thinks this is great. She stated that she loves that it is this industry is a good match for the quality of life that we have and the type of active lifestyle that a lot of people who live here have. She stated that she is really excited about it and it is going to be a great addition to the business community here.

Mike Allen stated that Agrana will have a good workforce here that has been trained over years, especially the techniques that were mentioned like Lean manufacturing. He stated that we would love to have Agrana come here.

Carl Bock stated that they are definitely in a global economy and his company as the Board can tell has a desire to be near their customers. He stated that they enjoy a little bit of the advantage of being close. He stated that a lot of their other industries things can be shipped at a low cost anywhere around the world but being a global company that has a local footprint, they understand the need for efficiency.

Donna DeSiato stated that she wanted to comment on the access to water. She stated that it is a major strength of our area as well as being a dairy farming state so those two are great assets for us. She stated that we actually have the Minoa and SUNY ESF Cleanwater Educational Research facility that is near and dear to her heart and has received several awards and been written up in many scientific magazines.

Dan Queri asked how long they anticipate taking to build the facility. Carl Bock stated that they have commitments to be shipping product in April of next year. Mary Francis Stotler stated that they are looking at 12 months. She stated that they are working with the Town of Lysander for a fast track permitting so they can have shovels in the ground by April and a one year turnaround on the construction.

Jessica Crawford asked if the start-up employment is 66 long term. Carl Bock stated that there are 121 and that is based on the current footprint on the building.

Mike Allen asked when they ship do they use rail or air. Carl Bock stated that it is refrigerated truck.

Mike Allen stated that with the location of this area with the highways and 90 east and west and the north and south it's great for shipping. Carl Bock stated that the started this process almost a year ago

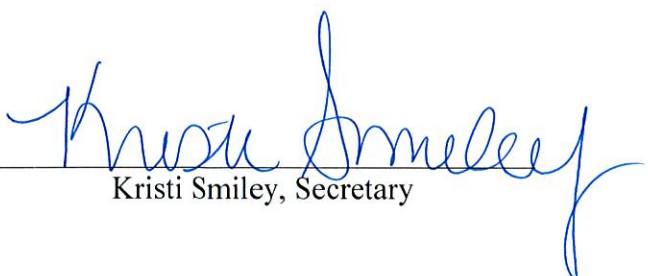
with their strategic planning meetings and when looking where their customers are and looking at a map, he said he thinks they want to be somewhere near Syracuse.

Jessica Crawford stated that it is a good central location. She stated that agriculture is the number one industry in New York and she thinks that a lot of people forget that sometimes. She stated that we would love to have Agrana here.

Donna DeSiato stated that the best way to have a deal is to have Carl Bock walk out with a resolution from this Board that he will be able to take with him knowing that Onondaga County is competing with two other States and another community not too far from here. She stated that we are ready as a Board today to take action so that we can be competitive and aggressive in this manner. She stated that we are working on all the final details but the Agency wants Agrana to know that we are ready to take action and to move forward.

Upon a motion by Dan Queri, seconded by Jessica Crawford, the OCIDA Board approved a resolution describing the proposed Agrana Fruits US, Inc. project and the financial assistance the Agency may provide and authorizing a public hearing to be scheduled once Agrana Fruits US, Inc. makes a final decision on the site for its project. Motion was carried.

Upon a motion by Dan Queri, seconded by Mike Allen, the OCIDA Board adjourned the meeting at 1:39. Motion was carried.


Kristi Smiley, Secretary