

## A. Chemung County IDA – Eaton Electrical Capital (W265)

January 20, 2012

### General Project Plan

- Grantee:** Chemung County Industrial Development Agency  
("Chemung County IDA" or the "Agency")
- Beneficiary Company:** Eaton Corporation ("Eaton" or the "Company")
- ESD Investment:** A grant of up to \$500,000 to be used for a portion of the cost of renovating a 860,000-square-foot manufacturing building in Horseheads, additional capital improvements and investment in new machinery and equipment, resulting in the retention of 221 jobs.
- Project Location:** 200 Westinghouse Circle, Horseheads, Chemung County
- Proposed Project:** Renovations and improvements, and the purchase of new machinery and equipment for a manufacturing facility.
- Regional Council:** The Southern Tier Regional Council has been made aware of this item.
- Project Completion:** June 2012
- Grantee Contact:** George Miner, Executive Director  
400 East Church Street  
Elmira, NY 14901  
Phone: (607) 733-6513 Fax: (607) 734-2698
- Beneficiary Contact:** Veronica Ohler, Controller  
200 Westinghouse Circle  
Horseheads, NY 14845  
Phone: (607) 796-3307 Fax: (607) 796-3301
- Project Team:**
- |                    |               |
|--------------------|---------------|
| Project Management | Robin Alpaugh |
| Affirmative Action | Denise Ross   |
| Environmental      | Soo Kang      |

### **Project Description:**

#### Grantee Background

The Chemung County IDA, the grantee on behalf of the project, was established in 1975 to actively foster economic growth in Chemung County. It is a public benefit corporation consisting of a seven-member board of directors who are appointed by the county executive and ratified by the legislature. The Agency provides eligible projects with a

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variety of tax incentives, financing and related benefits, including industrial revenue bonds, real property, and sales and mortgage tax abatements, as well as low-interest loans. The Agency utilizes fees charged to project applicants to purchase land and buildings to facilitate future development, such as the development of the Airport Corporate Park. Funds are also used to construct industrial infrastructure such as roads, rail lines, and water and sewer extensions/facilities. In 2011, the Agency's budget was just over \$1.7 million.

Recent successful Agency projects include the Sikorsky Hawk Works at Schweizer, General Revenue Corporation, SYNTHES, Inc., Schlumberger Technologies, Inc., CVS Rx Services Distribution Center, Vulcraft of New York, and DeMet's Candy.

### Beneficiary Company Background

Eaton Corporation's Horseheads location was opened in 1954 by Westinghouse to manufacture cathode ray and picture tubes. In 1972, Westinghouse began manufacturing vacuum interrupters at the Horseheads facility, which are used in circuit breakers, motor starters and electrical distribution equipment to control electrical contact erosion, reduce contact sticking and eliminate noise, arcing and toxic gas emissions. In 1992, Westinghouse sold its Electrical Distribution and Controls Division, which included the Horseheads location, to Eaton/Cutler Hammer, which changed its name to Eaton Corporation in 2002. Eaton is a publicly traded company headquartered in Cleveland, Ohio which employs about 63,000 people worldwide.

Eaton was once known as a vehicle components supplier but has now diversified to include a broader industrial and commercial focus and its businesses comprise four distinct segments: Electrical, Fluid Power, Truck, and Automotive. The Company provides customer-driven solutions that serve the needs of industrial, utility, light commercial, residential, and original equipment markets.

In March 2008, ESD approved an \$800,000 grant (U665) to assist with the purchase of new machinery and equipment. To date, \$600,000 has been disbursed. The project will improve efficiencies and ergonomics, and facilitate additional private investment from both the Company and the property owner.

### The Project

Completed renovations to the 860,000-square-foot Eaton facility include new energy efficient lighting, repainted interior walls to improve visibility, roof repairs, and repavement of the parking lot. Completed infrastructure improvements were also made to the sprinkler system, fire alarm and heating systems. Additional work will include establishing new loading docks and doors to improve efficiencies, asbestos abatement, as

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well as a new security and reception area. The NYSEDAP grant further solidifies the Company as a significant employer in Chemung County, and the project has encouraged Eaton to invest \$15 million in capital equipment since 2008 and maintain its workforce of 221 employees.

| Financing Uses                                   | Amount      | Financing Sources          | Amount      | Percent |
|--|-------------|----------------------------|-------------|---------|
| Facility Renovations/Infrastructure Improvements | \$500,000   | ESD Grant                  | \$500,000   | 31%     |
| Capital Equipment                                | 1,100,000   | Beneficiary Company Equity | 1,100,000   | 69%     |
|  |             |                            |             |         |
| Total Project Costs                              | \$1,600,000 | Total Project Financing    | \$1,600,000 | 100%    |

### Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of any material or adverse changes in its financial condition prior to disbursement.
3. Up to \$500,000 will be disbursed to Grantee upon documentation of project costs totaling \$1,600,000, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after April 1, 2008 to be considered eligible project costs.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$500,000 for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

### Statutory Basis – New York State Economic Development Assistance Program:

The project was authorized in the 2008 - 2009 New York State budget and reappropriated in the 2011 – 2012 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

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### **Disclosure and Accountability Certifications:**

The Grantee and Beneficiary Company have provided ESD with the required Disclosure and Accountability Certifications. Grantee's and Beneficiary Company's certifications indicate that Grantee and Beneficiary Company have no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.