

**Steuben County Industrial Development Agency
7234 Route 54N, P.O. Box 393, Bath, NY 14810**

**Minutes of the Regular Meeting
February 28, 2008**

- I. **Call to Order:** The Regular Meeting of the Steuben County Industrial Development Agency (SCIDA) was called to order at 12:05 p.m. by the Chairman, Mike Doyle at their offices at 7234 Route 54N, Bath, NY

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| Present: | Mike Doyle | Chairman |
| | Philip Roche | Vice Chairman |
| | Rick Weakland | Member |
| | Doug Malone | Member |
| | John Sirianni | Member |
| | Mike Nisbet | Member |
| | George Connors | Secretary |

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| Also Present: | James Sherron | Exec. Director SCIDA |
| | Kathy Warren | Treasurer/Administrative Assistant |
| | Russ Gaenzle | Harris Beach |
| | Jim Griffin | Consultant |
| | John Leyden | Counsel |
| | Kevin Bernstein | Bond, Schoeneck & King, PLLC |
| | Tom Tranter | Corning Enterprises |
| | Mary Perham | The Leader |

- II. **Secretary's Report.** A motion to approve the January 2008 Steuben County Industrial Development Agency's Regular Meeting minutes was made by Phil Roche, seconded by Doug Malone. All in favor. Approved.

- III. **Treasurer's Report.** The January 2008 financial statements were presented by Treasurer, Kathy Warren. A motion was made by George Connors to approve the Treasurer's Report for January 2008, seconded by Phil Roche. All in favor. Approved.

IV. **NEW BUSINESS**

- A. **Corning Inc. Child Care Facility.** Jim Sherron presented an application from the Corning Property Management Corporation signed by Tom Tranter. There will be a new building replacing an existing building on Arthur Street. This will be a \$7.5 million project. We have a negative declaration that was presented to us by the City of Corning; sales tax exemption amount is \$280,000 and PILOT agreement are requested, with 46 full-time jobs retained, and 20-30 construction jobs during the building process. Tom Tranter presented an overview of the project plans with

Krista Construction being the contractor. There are 156 children, 47% are from Corning Inc. and the remainder are from the community. Tom indicated that there are 368 children served by the child care facilities that Corning Inc. helps fund; 148 at the Erwin facility, 64 at Christ Church and the new facility with 156 children being served. Estimated time for completion is about 15 months. The current facility was built in approximately 1993 and needs replacing. The current building will not be razed until the new building is completed. The construction costs for building and materials are estimated at \$3.5 million. Tom indicated that the building is owned by Corning Incorporated and they pay real property taxes. The current real property taxes are approximately \$45,000 per year.

A motion was made by George Connors to approve this application, seconded by Mike Nisbet. Rick Weakland abstained, as he is an employee of the applicant. All others in favor. Approved.

- B. **T & K Realty – Amend Pilot.** Russ Gaenzle presented information about an “internal renovation only” project on Victory Highway (sales tax only). Back in the Spring 2006, the Board authorized a PILOT in case there was an increase in assessed valuation as a result of improvements they made. There was not any resulting increase in the assessed value. However, the company mistakenly construed the PILOT as providing complete exemption from real property tax. The amendment clarifies that it does not provide for complete exemption of real property taxes. The company has requested that for the first year only they be granted a twelve (12) month period to pay the first payment and then resume the normal billing cycle. Discussion was had by the Board and quarterly or semi-annually would be agreeable this year with the full PILOT payment being due January 1, 2009. Russ indicated that there is no legal reason not to allow the amendment. Jim Griffin indicated the Hornell IDA has companies that make monthly payments and they send letters to the taxing authorities indicating they will pay them twice a year in July and December. Jim indicated that he had discussed quarterly payments with the company. After discussion by the Board it was decided to have two installments, one in June and one in December. Russ will file the amended PILOT with the affected taxing authorities.

A motion was made by Rick Weakland to approve this request to amended PILOT, seconded by John Sirianni. All in favor. Approved.

- C. **Gunlocke PILOT Agreement.** Jim Sherron indicated that The Gunlocke Company located in Wayland currently employs approximately 1,000 people. Ten years ago SCIDA entered into a PILOT with them. At that time there were approximately 400 employees. The current PILOT is \$190,000 per year (for the three taxing authorities; Town of Wayland,

Wayland School District and the County). That agreement is in its final phases. Jim had discussions about 6 months ago with the new President, Don Wharton, as to what would happen after the tenth year. Jim explained to him SCIDA's ability to act on a project that is expanding or going through a rehab of any major consequences. They are not expanding the facility but are expanding the number of jobs. With no expansion or major rehab there was a need to go to the taxing authorities for an agreement on a new PILOT.

Jim has had discussions with all the taxing authorities and they are all in agreement to enter into a new PILOT Agreement with Gunlocke. The proposed PILOT remains at \$190,000 for the first two (2) years. The reasoning is that they have this amount in their budget and they did not want to go back to the parent company and change that budget. They requested two more years at \$190,000 and then over the next thirteen (13) years start at 50% of the assessment, with an increase of 3.85% a year for the thirteen years until it reached 100% of assessment. All parties are in agreement. SCIDA is proposing to enter into a new contract with Gunlocke for fifteen (15) years as outlined in the PILOT agreement.

A motion was made by George Connors to approve this request for the PILOT, seconded by Mike Nisbet. All in favor. Approved.

- D. **UPC Railroad Lease.** Jim Sherron stated that the two windmill projects that we have in Cohocton will require access to our rail right-of-way. The collection of all the electricity is going into a feeder cable to a substation. The company needs to receive a right-of-way from SCIDA about a mile and a half along SCIDA railroad and then UPC will go over the railroad. The documents have been reviewed by Tom McTighe of LAL Railroad and our counsel, John Leyden. The documents are ready for approval. There would be a one-time fee of \$54,000 for a 20 year lease with an option to extend for another 15 years. There is no additional fee for the extension period. Jim received information from the railroad of what a typical fee would be for a lease like this.

A motion was made by Doug Malone for approval to enter into a lease with UPC Wind Management, seconded by Rick Weakland. All in favor. Approved.

- E. **Windfarm Prattsburgh Special District Taxes.** Jim Sherron noted that the PILOT does not exempt any payment of the special district taxes. This issue came up in the Cohocton wind farm projects where UPC was concerned with the growth of special districts or additional districts that may occur since now they are there paying the bulk of the money. SCIDA agreed to hold constant with the existing fees that were paid plus a 3%

increase per year. We did not carry it forward in Prattsburgh. UPC wants to carry it forward also in Prattsburgh and they are asking the Board to keep it consistent with what they have in Cohocton. They are requesting to pay the standard amount that we would determine currently and then increase it (up to) 3% a year. The cap would be a 3% increase per year on the special district taxes only. They were requesting a credit on the PILOT that would go toward any new districts formed or expanded. Russ indicated that this is all subject to town approval.

A motion was made by Phil Roche to approve a 3% increase for special district taxes similar agreement in the Cohocton wind farm projects subject to approval by the Town of Prattsburgh, seconded by George Connors. All in favor. Approved.

- F. **Committee Appointments – Audit & Governance.** Mike Doyle stated that we need to have two committees according to our PAAA requirements – Audit and Governance. The Governance committee will be Phil Roche, George Connors, and John Sirianni and the Audit committee will be Rick Weakland, Mike Nisbet, and Doug Malone.

- G. **Howard Wind – SEQRA Analysis of Jordanville Decision.** Russ Gaenzle stated that there was a decision for the Jordanville Wind Power project [which is in Onondaga County and we are not involved with], for a review of the project. As a result of the review, the Howard Wind applicant is constantly striving to provide correspondence further explaining some of the provisions within the EIS. This is for just for clarification purposes resulting from the Jordanville decision and would like to request the Board's receipt of this correspondence. It is acknowledged that Board members received a copy.

- H. **Arlington Storage Company Inducement Resolution.** Jim Sherron introduced Kevin Bernstein, representing Arlington Storage Company, with a proposed gas storage facility to be in the Jasper-Canisteo area. They are currently doing feasibility studies that will incur some expenditures and are seeking sales tax exemption only. Kevin presented synapses of this project to everyone. (file copy available) The company has received FERC authorization and DEC permits to drill test wells. The cost of drilling these two (2) test wells is approximately \$2 million. After receiving permitting the project would commence construction in approximately October 2008. Construction would be the installation of ten (10) storage wells, install compressor units and connect all of the storage units. Connection would need to take place between the wells and the Tennessee Pipeline, approximately 7 miles of 10" pipe. The company will also check the integrity of an old, existing line to see if it is usable. Arlington is looking to begin operation in the fall of 2009. The cost of the entire project is \$67 million. Russ Gaenzle indicated the proposed

Resolution before the Board is a Type II action for SEQRA purposes. Once the company has gotten through the FERC process for the overall project it will preempt SEQRA and there will be no environmental review required or undertaken by the IDA. Harris Beach will work with Kevin Bernstein's firm reviewing the FERC materials on behalf of the IDA. The project will be a 7.7 billion cubic feet of gas storage. Arlington plans to receive SCIDA benefits of less than \$100,000 for the studies (the max) and if they go over it, they will come back to the Board. Kevin indicated that there are no major environmental issues with the project. The resolution authorizes a public hearing if necessary. The potential impact on the local economy is 50-100 construction jobs and 4 full time employees. Once the company determines the viability of the project they will be coming back to the IDA for a PILOT agreement. Russ indicated that the Resolution before the board is inducing the project and authorizing a public hearing for the whole project with benefits not to exceed \$100,000. We would then have authorization to hold the public hearing if necessary.

A motion was made by Phil Roche for approval to accept this inducement resolution, seconded by George Connors. All in favor. Approved.

V. **OLD BUSINESS**

- A. **Request for Partial Funding of Sitel Parking Lot.** Jim Sherron indicated there needs to be an expansion of the existing parking lot. They expect to have 400+ people working at this facility. The existing lot will not accommodate the additional work force. The exact size of the expansion is not exactly known at this time. There are currently approximately 270 parking spaces. The work is shift work and the exact number of spaces needed is being determined at this time. It will be increased between 170 and 290 additional spaces. Expansion of the existing parking lot would be approximately \$480,000. Funds (up to \$240,000) are being requested from the Steuben County IDA for this expansion. Funds are available in the Community Development Block Grant Fund account. These funds are available for this type of project. According to Tom Tranter of Corning Enterprises the balance would come from other sources.

A motion was made by George Connors for approval of up to \$240,000 from the Community Development Block Grant Funds for the expansion of the parking lot, seconded by Mike Nisbet. Rick Weakland abstained from voting as he is an employee of the owner of the building, Corning Incorporated. All others in favor. Approved.

VI. **OTHER BUSINESS**

- A. **Regional Planning (P4P).** Jim Sherron wants the Board to know what is coming in the near future with Pipeline for Progress (P4P). We attended (John Sirianni, George Connors, Doug Malone, and Jim) the P4P Regional Planning meeting. A representative will give a brief presentation next month relative to the undertaking that is going on.
- B. **SiteFinder.** Jim Sherron said Whit Smith will also be here next month to give us an update on the Site Finder.
- C. **UPC Job Numbers.** Jim Sherron said we contacted Lawrence Mott from UPC. He is waiting for information from a contractor and, hopefully, will receive it soon. Tom Stevens, who represents the operating engineers, was asked how things were going and he stated that he's ecstatic how things were going – just perfect. We are on the right track and waiting for documentation.
- D. **Fortuna Lease Proposal.** Jim Sherron indicated that Fortuna Gas has come to us asking to consider leasing 161 acres that is under the ownership of the IDA. They are looking for a 5-year lease for gas at \$125/acre, which is standard. The lease amount would be \$20,225 if the Board decides to proceed with a lease. The lease documents were given to John Leyden for his review and will be discussed at next meeting.
- E. **Woodwise Forestry.** Jim Sherron stated we have an offer from Woodwise Forestry to either act as consultant or actually make an offer on the woods that are available on part of the Avoca gas project land that we own. Jim spoke with Tim O'Sullivan of SemGas President and they are agreeable. Jim suggested that if the Board decides to go forward with this that the IDA and SemGas split the proceeds. John has the contract to review. It would need to be determined exactly what parcel of land is being referred to.
- F. **Annual Report.** The Annual Report that Kathy has diligently pulled together, with assistance from Nancy Gabel, used a new format designed by the State (PARIS). PARIS is a computerized program that went live in January 2008 as a result of the audits throughout the State. We have all the numbers and have reviewed them with our accountant. We are required to have this report completed and to the State by 3/31/08. We are adhering to the requirements of PARIS and will meet required dates
- G. **Public Hearing – Howard Wind Project.** On April 10 at 5:00 p.m., we have scheduled a Public Hearing for the Howard Wind Project. If you are available -- please attend. We will send the Board information as to where it will be held. At these Public Hearings, the people are requesting more Board involvement.

VII. **ADJOURNMENT** With no further business to discuss, a motion was made by Phil Roche to adjourn the meeting and seconded by George Connors. All in favor. Approved.

Meeting was adjourned at 1:40 p.m.

Respectfully submitted,

George Connors
Secretary