

# NCIDA/NCDC REGULAR BOARD MEETING MINUTES

Wednesday, December 15, 2010 – 9:00 a.m.

Meeting Place: Niagara County Industrial Development Agency  
6311 Inducon Corporate Drive, Suite One  
Sanborn, New York 14132

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## 1.0 Meeting Called to Order

The regular meeting of the Niagara County Industrial Development Agency was called to order by Chairman Sloma at 9:00 a.m.

## 2.0 Roll Call

Henry M. Sloma, Chairperson	Present
Mayor Michael Tucker, 1st Vice Chairperson	Present
Stephen F. Brady, 2 <sup>nd</sup> Vice Chairperson	Present
Deanna Brennen, Secretary	Present
Joseph C. Frain, Member	Present
Patricia Dufour, Member	Present
Mark A. Onesi, Member	Present
William J. Bradberry, Member	Present

## 3.0 Chairman Sloma led the Pledge of Allegiance.

## 4.0 Introduction of Guests

Rose Mary Warren	Niagara County Taxpayer
John Reimann	AES Somerset
Peter Bajc	AES Somerset
Karen L. Pavlock	AES Somerset
Earl Wells	e3communications
A.D. Mancinelli	Greenpac Mill LLC/Norampac
William L. Ross	Niagara County Legislature
Vibhu Josen	Vishal Corporation
Paresh Patel	Niagara Hospitality, Inc.
Tom Prohaska	Buffalo News
Doug Sitler	Associated Builders & Contractors
Susan Lougen	160 East Avenue, LLC
David Chamberlain	DRC Develoment LLC

### Staff Present

Samuel M. Ferraro, Executive Director  
Larry Witul, Assistant Director  
Susan Langdon, Marketing/Project Manager  
Michael Dudley, Accounting Associate  
Mark Gabriele, Agency Counsel  
Mary P. Melloni, Recording Secretary

## 5.0 Approval of NCIDA Meeting Minutes

### 5.1 NCIDA Regular Meeting of November November 10, 2010

*Ms. Brennen made a motion, seconded by Mr. Frain, to approve the meeting minutes of November 10, 2010. Motion passed.*

**6.0 NCIDA/NCDC Committee Reports**

**6.1 Governance Committee Recommendations**

- 6.1.1 NCIDA Staff Reorganization**
- 6.1.2 Purchase of IMPLAN Software**
- 6.1.3 2011 Staff Salary Recommendations**

Mr. Brady explained that the Governance Committee met to review the structure of the organization since there is a retirement approaching. They reviewed current staffing, future staffing and where they hope to go with the organization. These recommendations were reviewed by both Governance and Audit Committees and both committees are recommending this reorganization to the full Board. Mr. Brady indicated that they also considered salary increases for staff for performance and the increased responsibilities some will be taking on. These recommendations were also agreed to the by Governance committee and then passed on to the Audit/Finance Committee for their review and concurrence.

Chairman Sloma indicated that the IMPLAN Software which is also being recommended by both Committees is a tool that will help the Agency communicate with the public about the impact of the projects, the benefits provided and the impact in the community.

**6.2 NCIDA Audit/Finance Committee**

- 6.2.1 Agency Payables**
- 6.2.2 Agency Financial Report**

Mr. Frain indicated that the Audit Committee reviewed the Agency payables and financial report through November 30, 2010, found them to be in order and recommends approval.

*Mr. Frain made a motion, seconded by Mr. Brady, to approve the Payables and Agency Financial Report. Motion passed.*

**6.2.3 2011 NCIDA/NCDC Budget**

Mr. Frain indicated that the Budget was sent to the Niagara County Legislature for the mandatory 20-day review period; there were no comments received, therefore the committee is recommending adoption of the 2011 NCIDA/NCDC Budget.

*Mr. Frain made a motion to approve the 2011 NCIDA/NCDC Budget, seconded by Mr. Onesi.*

Chairman Sloma indicated that all the recommendations made in the Governance Committee are imbedded in the Audit Committee.

*Motion passed.*

**6.3 NCDC Audit/Finance Committee**

**6.3.1 Metaullics Division of Pyrotek, Inc. – Office of Community Renewal Grant Agreements with Niagara County**

Ms. Langdon explained that Niagara County has been awarded a grant from the NYS Office of community Renewal for an expansion at Metaullics Division of Pyrotek in Wheatfield. Two agreements are necessary: one between Niagara County and NCDC to provide the financials of the Company; and the other would be the sub-recipient agreement between the County and NCIDA for an amount not to exceed \$16,000 for the purpose of funding administrative and program delivery costs associated with the grant. This has been approved by the Niagara County Legislature.

*Mr. Frain made a motion, seconded by Mayor Tucker, to authorize the execution of the agreements as described. Motion passed.*

**7.0 NCIDA Unfinished Business**

**7.1 Greenpac Mill, LLC**

**7.1.1 Final Resolution**

Mr. Witul indicated that the appropriate public hearing was held for this project in the City of Niagara Falls. There were no attendees, no comments. The agency is considering approval of the Final resolution. Chairman Sloma stated that this is a great project for the City of Niagara Falls (\$400 million of investment, over 100 jobs).

*Mr. Bradberry made a motion, seconded by Mr. Frain, to approve the Final Resolution for Greenpac Mill, LLC..*

RESOLUTION AUTHORIZING THE NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY TO (i) UNDERTAKE A CERTAIN PROJECT FOR THE BENEFIT OF **GREENPAC MILL, LLC**, AS MORE FULLY DESCRIBED BELOW; (ii) DETERMINE THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT; (iii) NEGOTIATE AND EXECUTE A LEASE AGREEMENT, LEASEBACK AGREEMENT, PAYMENT-IN-LIEU-OF-TAX AGREEMENT, PILOT MORTGAGE AND RELATED DOCUMENTS; AND (iv) PROVIDE FINANCIAL ASSISTANCE TO THE COMPANY IN THE FORM OF (A) A SALES TAX EXEMPTION FOR PURCHASES AND RENTALS RELATED TO THE ACQUISITION, DEMOLITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT, (B) A PARTIAL REAL PROPERTY TAX ABATEMENT THROUGH THE PAYMENT-IN-LIEU-OF-TAX AGREEMENT TOGETHER WITH A MORTGAGE TAX EXEMPTION FOR THE MORTGAGE RELATING THERETO, AND (C) A MORTGAGE RECORDING TAX EXEMPTION FOR ANY OTHER FINANCING RELATED TO THE PROJECT.

**7.0 NCIDA Unfinished Business**

**7.1 Greenpac Mill, LLC (Continued...)**

**7.1.1 Final Resolution**

*The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:*

	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Henry M. Sloma	[ X ]	[ ]	[ ]	[ ]
Michael W. Tucker	[ X ]	[ ]	[ ]	[ ]
Stephen F. Brady	[ X ]	[ ]	[ ]	[ ]
Deanna Brennen	[ X ]	[ ]	[ ]	[ ]
Mark Onesi	[ X ]	[ ]	[ ]	[ ]
William J. Bradberry	[ X ]	[ ]	[ ]	[ ]
Joseph C. Frain	[ X ]	[ ]	[ ]	[ ]
Patricia Dufour	[ X ]	[ ]	[ ]	[ ]

*The Resolution was thereupon duly adopted.*

**7.2 DRC Development, LLC**

**7.2.1 Final Resolution**

Mr. Witul stated that DRC Development is proposing the construction of a new facility in Vantage International Pointe as a landlord and lessor to Edwards Vacuum. The appropriate public hearing was held with no one in attendance, no comments. Chairman Sloma explained that this project is in concert with the Edwards Vacuum project, a company that was planning to leave Western New York, however Staff worked closely with them and convinced them that Niagara County is a good place to do business.

*Mayor Tucker made a motion, seconded by Ms. Brennen, to approve the Final Resolution for DRC Development, LLC.*

RESOLUTION OF THE NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY (i) UNDERTAKE A CERTAIN PROJECT FOR THE BENEFIT OF **DRC DEVELOPMENT, LLC** OR AN ENTITY FORMED OR TO BE FORMED (AS MORE FULLY DEFINED BELOW) (ii) DETERMINE THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT; (iii) NEGOTIATE AND EXECUTE A LEASE AGREEMENT, LEASEBACK AGREEMENT, PAYMENT-IN-LIEU-OF-TAX AGREEMENT, PILOT MORTGAGE AND RELATED DOCUMENTS; AND (iv) PROVIDE FINANCIAL ASSISTANCE TO THE COMPANY IN THE FORM OF (A) A SALES TAX EXEMPTION FOR PURCHASES AND RENTALS RELATED TO THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT AND (B) A MORTGAGE RECORDING TAX EXEMPTION FOR THE MORTGAGE RELATED TO THE PILOT AGREEMENT.

**7.0 NCIDA Unfinished Business**

**7.2 DRC Development LLC (Continued...)**

**7.2.1 Final Resolution**

*The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:*

	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Henry M. Sloma	[ X ]	[ ]	[ ]	[ ]
Michael W. Tucker	[ X ]	[ ]	[ ]	[ ]
Stephen F. Brady	[ X ]	[ ]	[ ]	[ ]
Deanna Brennen	[ X ]	[ ]	[ ]	[ ]
Mark Onesi	[ X ]	[ ]	[ ]	[ ]
William J. Bradberry	[ X ]	[ ]	[ ]	[ ]
Joseph C. Frain	[ X ]	[ ]	[ ]	[ ]
Patricia Dufour	[ X ]	[ ]	[ ]	[ ]

*The Resolution was thereupon duly adopted.*

**7.3 Edwards Vacuum**

**7.3.1 Final Resolution**

Mr. Witul explained that a public hearing was held for Edwards Vacuum, a Company that proposes to consolidate their business from Grand Island, a facility on Niagara Falls Boulevard, as well as some of their headquarter and sales operations from across the U.S. They are proposing to lease facilities from DRC Development, as well as make their own investment into the facility for certain improvements. A public hearing was held; there were two attendees, both of whom were interested and expressed their support for the project. **Mr. Brady made a motion, seconded by Mr. Onesi, to approve the final resolution for Edwards Vacuum. Motion carried.**

*The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:*

	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Henry M. Sloma	[ X ]	[ ]	[ ]	[ ]
Michael W. Tucker	[ X ]	[ ]	[ ]	[ ]
Stephen F. Brady	[ X ]	[ ]	[ ]	[ ]
Deanna Brennen	[ X ]	[ ]	[ ]	[ ]
Mark Onesi	[ X ]	[ ]	[ ]	[ ]
William J. Bradberry	[ X ]	[ ]	[ ]	[ ]
Joseph C. Frain	[ X ]	[ ]	[ ]	[ ]
Patricia Dufour	[ X ]	[ ]	[ ]	[ ]

*The Resolution was thereupon duly adopted.*

**7.4 160 East Avenue, LLC**

**7.4.1 Final Resolution**

Ms. Langdon explained that this project is the redevelopment of an abandoned medical building in the City of Lockport. A public hearing was held; there were two speakers. One speaker disagreed with the 10-year PILOT, stating that she felt it should be five years, however had nothing against the applicants. The other individual felt that this project will aid in the revitalization of downtown Lockport

Chairman Sloma stated that a letter from the Eastern Niagara Hospital was received and forwarded to all Board Members. Chairman stated he met personally with the applicant and Eastern Niagara Hospital. ENH is suggesting that the new competitor in the marketplace will have an effect on their operation, which is a common theme when a new business starts up. This project is not unlike other projects the NCIDA has advanced (i.e. dental offices). One of the tenants at the 160 East location will be an ambulatory surgery center and the balance of the space will be leased to potential users.

***Mr. Brady made a motion, seconded by Mr. Frain, to approve the Final Resolution for 160 East Avenue, LLC.***

RESOLUTION OF THE NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY (i) UNDERTAKE A CERTAIN PROJECT FOR THE BENEFIT OF **160 EAST AVENUE, LLC** OR AN ENTITY FORMED OR TO BE FORMED (AS MORE FULLY DEFINED BELOW) (ii) DETERMINE THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT; (iii) NEGOTIATE AND EXECUTE A LEASE AGREEMENT, LEASEBACK AGREEMENT, PAYMENT-IN-LIEU-OF-TAX AGREEMENT, PILOT MORTGAGE AND RELATED DOCUMENTS; AND (iv) PROVIDE FINANCIAL ASSISTANCE TO THE COMPANY IN THE FORM OF (A) A SALES TAX EXEMPTION FOR PURCHASES AND RENTALS RELATED TO THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT AND (B) A MORTGAGE RECORDING TAX EXEMPTION FOR THE MORTGAGE RELATED TO THE PILOT AGREEMENT.

***The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:***

	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Henry M. Sloma	[ X ]	[ ]	[ ]	[ ]
Michael W. Tucker	[ ]	[ X ]	[ ]	[ ]
Stephen F. Brady	[ X ]	[ ]	[ ]	[ ]
Deanna Brennen	[ X ]	[ ]	[ ]	[ ]
Mark Onesi	[ X ]	[ ]	[ ]	[ ]
William J. Bradberry	[ X ]	[ ]	[ ]	[ ]
Joseph C. Frain	[ X ]	[ ]	[ ]	[ ]
Patricia Dufour	[ ]	[ X ]	[ ]	[ ]

***The Resolution was thereupon duly adopted.***

**7.0 NCIDA Unfinished Business (Continued...)**

**7.5 Green Tire Management, LLC**

**7.5.1 Final Resolution**

Mr. Witul explained that this is a tire reprocessing operation, to be located in the City of Niagara Falls on an existing brownfields site. It is approximately an \$18 million investment, approximately 50 new jobs within 3 years. They are requesting a 15-year PILOT, sales & mortgage recording tax exemptions, along with the federal bond cap under the stimulus program and tax exempt bond issues. The appropriate legislative actions have been taken with the Niagara County Legislature and the NCIDA for both the Recovery Zone Facility bonds, as well as the tax exempt bonds.

*Mr. Bradberry made a motion, seconded by Mr. Onesi, to approve the Final bond resolution for Green Tire Management LLC.*

RESOLUTION AUTHORIZING THE ISSUANCE, EXECUTION, SALE AND DELIVERY BY THE NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY OF UP TO \$6,645,000 AGGREGATE PRINCIPAL AMOUNT RECOVERY ZONE EXEMPT FACILITY BONDS (GREEN TIRE SYSTEMS LLC PROJECT – LETTER OF CREDIT SECURED), SERIES 2010 AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS.

*The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:*

	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Henry M. Sloma	[ X ]	[ ]	[ ]	[ ]
Michael W. Tucker	[ X ]	[ ]	[ ]	[ ]
Stephen F. Brady	[ X ]	[ ]	[ ]	[ ]
Deanna Brennen	[ X ]	[ ]	[ ]	[ ]
Mark Onesi	[ X ]	[ ]	[ ]	[ ]
William J. Bradberry	[ X ]	[ ]	[ ]	[ ]
Joseph C. Frain	[ X ]	[ ]	[ ]	[ ]
Patricia Dufour	[ X ]	[ ]	[ ]	[ ]

*The Resolution was thereupon duly adopted.*

**7.6 LaSalle Hospitality, Inc (7001 Buffalo Avenue)**

**7.6.1 Extension of Sales Tax Exemption**

*Mr. Frain made a motion, seconded by Mr. Brady, to grant a 6-month extension on the sales tax exemption for LaSalle Hospitality. Motion carried.*

**7.7 Center Court, LLC**

**7.7.1 Extension of Sales Tax Exemption**

*Mr. Bradberry made a motion, seconded by Ms. Brennen, to grant a 6-month extension on the sales tax exemption for Center Court, LLC. Motion carried.*

**8.0 NCIDA New Business**

**8.1 Niagara Falls Hospitality, Inc.**

Ms. Langdon explained that Niagara Falls Hospitality, Inc. was established to construct a new 28,000 square foot hotel at 7726 Niagara Falls Boulevard in the City of Niagara Falls. The company purchased the closed Captain’s Cove bar/restaurant, which will be demolished to allow for construction of a new 75 room franchised Microtel. This facility will serve tourist and local corporate markets as well as targeting international tour operators.

One of the principals worked with the NCIDA on the Motel 6 project in 2007 and also has an application submitted for another hotel project.

**8.1.1 Accept Application**

*Mr. Bradberry made a motion, seconded by Mr. Frain, to accept the application for Niagara Falls Hospitality, Inc.*

RESOLUTION OF THE NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY (i) ACCEPTING THE APPLICATION OF **NIAGARA FALLS HOSPITALITY, INC.** WITH RESPECT TO A CERTAIN PROJECT (AS MORE FULLY DEFINED BELOW) TO BE UNDERTAKEN BY THE AGENCY FOR THE BENEFIT OF NIAGARA FALLS HOSPITALITY, INC. OR AN ENTITY FORMED OR TO BE FORMED; (ii) AUTHORIZING A PUBLIC HEARING WITH RESPECT TO THE PROJECT; (iii) AUTHORIZING THE EXECUTIVE DIRECTOR OF THE AGENCY TO TAKE CERTAIN ACTIONS UNDER ARTICLE 8 OF THE ENVIRONMENTAL CONSERVATION LAW IN CONNECTION WITH THE PROJECT; AND (iv) DESCRIBING THE FORMS OF FINANCIAL ASSISTANCE BEING CONTEMPLATED BY THE AGENCY.

*The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:*

	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Henry M. Sloma	[ X ]	[   ]	[   ]	[   ]
Michael W. Tucker	[ X ]	[   ]	[   ]	[   ]
Stephen F. Brady	[ X ]	[   ]	[   ]	[   ]
Deanna Brennen	[ X ]	[   ]	[   ]	[   ]
Mark Onesi	[ X ]	[   ]	[   ]	[   ]
William J. Bradberry	[ X ]	[   ]	[   ]	[   ]
Joseph C. Frain	[ X ]	[   ]	[   ]	[   ]
Patricia Dufour	[ X ]	[   ]	[   ]	[   ]

*The Resolution was thereupon duly adopted.*

**8.0 NCIDA New Business**

**8.1 Niagara Falls Hospitality, Inc. (Continued...)**

**8.1.2 Authorize Public hearing**

*Mayor Tucker made a motion, seconded by Ms. Dufour, to authorize the public hearing for Niagara Falls Hospitality, Inc..*

*The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:*

	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Henry M. Sloma	[ X ]	[ ]	[ ]	[ ]
Michael W. Tucker	[ X ]	[ ]	[ ]	[ ]
Stephen F. Brady	[ X ]	[ ]	[ ]	[ ]
Deanna Brennen	[ X ]	[ ]	[ ]	[ ]
Mark Onesi	[ X ]	[ ]	[ ]	[ ]
William J. Bradberry	[ X ]	[ ]	[ ]	[ ]
Joseph C. Frain	[ X ]	[ ]	[ ]	[ ]
Patricia Dufour	[ X ]	[ ]	[ ]	[ ]

*The Resolution was thereupon duly adopted.*

**8.2 Vishal Corporation, Inc.**

Ms. Langdon explained that Vishal Corporation Inc. was established to purchase the Sunrise Inn at 6335 Niagara Falls Boulevard in the City of Niagara Falls. The company will demolish the existing structure and construct a franchised Ramada Inn on the 0.89 acre parcel. The facility will have 66 rooms and will serve tourist and local corporate markets as well as targeting international tour operators.

The principals have over 20 years experience in the motel/lodging industry and worked with the NCIDA on the Motel 6 project in 2007.

**8.2.1 Accept Application**

*Mr. Frain made a motion, seconded by Mr. Onesi, to accept the application for Vishal Corporation, Inc.*

RESOLUTION OF THE NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY (i) ACCEPTING THE APPLICATION OF VISHAL CORPORATION INC. WITH RESPECT TO A CERTAIN PROJECT (AS MORE FULLY DEFINED BELOW) TO BE UNDERTAKEN BY THE AGENCY FOR THE BENEFIT OF **VISHAL CORPORATION INC.** OR AN ENTITY FORMED OR TO BE FORMED; (ii) AUTHORIZING A PUBLIC HEARING WITH RESPECT TO THE PROJECT; (iii) AUTHORIZING THE EXECUTIVE DIRECTOR OF THE AGENCY TO TAKE CERTAIN ACTIONS UNDER ARTICLE 8 OF THE ENVIRONMENTAL CONSERVATION LAW IN CONNECTION WITH THE PROJECT; AND (iv) DESCRIBING THE FORMS OF FINANCIAL ASSISTANCE BEING CONTEMPLATED BY THE AGENCY.

**8.0 NCIDA New Business**

**8.2 Vishal Corporation, Inc. (Continued...)**

**8.2.1 Accept Application**

*The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:*

	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Henry M. Sloma	[ X ]	[ ]	[ ]	[ ]
Michael W. Tucker	[ X ]	[ ]	[ ]	[ ]
Stephen F. Brady	[ X ]	[ ]	[ ]	[ ]
Deanna Brennen	[ X ]	[ ]	[ ]	[ ]
Mark Onesi	[ X ]	[ ]	[ ]	[ ]
William J. Bradberry	[ X ]	[ ]	[ ]	[ ]
Joseph C. Frain	[ X ]	[ ]	[ ]	[ ]
Patricia Dufour	[ X ]	[ ]	[ ]	[ ]

*The Resolution was thereupon duly adopted.*

**8.2.2 Authorize Public Hearing**

*Mayor Tucker made a motion, seconded by Mr. Frain, to authorize the Agency to schedule the public hearing for Vishal Corporation, Inc.*

*The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:*

	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Henry M. Sloma	[ X ]	[ ]	[ ]	[ ]
Michael W. Tucker	[ X ]	[ ]	[ ]	[ ]
Stephen F. Brady	[ X ]	[ ]	[ ]	[ ]
Deanna Brennen	[ X ]	[ ]	[ ]	[ ]
Mark Onesi	[ X ]	[ ]	[ ]	[ ]
William J. Bradberry	[ X ]	[ ]	[ ]	[ ]
Joseph C. Frain	[ X ]	[ ]	[ ]	[ ]
Patricia Dufour	[ X ]	[ ]	[ ]	[ ]

*The Resolution was thereupon duly adopted.*

## **8.0 New Business (Continued...)**

### **8.3 AES Eastern Energy, LP/AES Somerset, LLC**

Mr. Witul explained that AES Eastern Energy, LP entered into an agreement with the Agency on a new PILOT schedule that took effect earlier this year. Currently, due to certain economic conditions and situations the Company has returned to the Agency and is asking consideration for a revised PILOT at their facility. Chairman Sloma explained that there are two parts to this request: the Company is asking to modify their current PILOT and then there is a separate request to release the premises.

Peter Bajc of AES provided a handout to board members *[which will be attached hereto and become a part hereof these minutes]*. He explained that the reason AES has returned to the NCIDA is because there are two major revenue streams that have dropped considerably over the past year. In addition to that fuel costs have increased considerably. The energy market is decreased due to the economic recession and the price of electricity which is closely tied to the price of natural gas in NYS. Coal prices have increased and continue to increase due to offshore foreign fuel and high coal transportation costs. In the midst of all the financial constraints on the business, there are also some environmental changes that have either been announced or are pending which adds further stress to the business. He reviewed some pricing charts with the board—historical, winter capacity, rising coal prices. He reviewed the environmental compliances that are pending – many will impact the business. He indicated that AES met with the taxing jurisdictions beginning in June to notify them of the pending financial stress they are finding themselves in; and earlier this year they began to reduce all their costs and have done that and reached out to every aspect of the business to try to help the business financially. He indicated that their property taxes are their highest cost. He stated that in November of this year the plant was down for almost the entire month and that is the first time in the history of AES that has happened. Mr. Bajc stated that they are asking the Agency for consideration of this request.

Mr. Bradberry asked how many of the variables are reasonably predictable and looking ahead, how can the Agency be assured that AES will not return a year from now with the same request?

Mr. Bajc explained that they are at the mercy of the market; there are different predictions on what can happen with the market and with the environmental constraints that are coming in 2012-2014 more facilities in the U.S. will be going into retirement. He stated that they are contemplating that they are at the low point of the market and will see some improvements over the next few years.

Mr. Reimann indicated that they are seeing some very significant international coal demand, driving U.S. coal to China and India. They are also facing the natural gas (shale) deliveries coming out of northern Pennsylvania and eventually Central New York. Those will cause a major transformation of the electrical industry for the next 4-5 years due to the potential phase out of older uncontrolled coal plants. He explained there is a lot of uncertainty going forward and they do not have the structure they did prior to 1999.

**8.0 New Business (Continued...)**

**8.3 AES Eastern Energy, LP/AES Somerset, LLC**

Phasing out of other facilities will potentially be to their benefit. They are a well-controlled coal plant and good environmental performance. They are facing a CO2 tax that hits them approximately \$10 million a year.

Ms. Brennen asked where the taxing jurisdictions stand on this request. Mr. Bajc stated that there is no agreement at this point; although they have spoken with them and they are sympathetic to their needs, but there is no offer at this time.

Chairman Sloma indicated that should the Board accept the application it is his intention to ask for a meeting of those taxing jurisdictions. Everyone agrees that it is important to keep the highest paying taxpayer in this County, so there is a point of agreement that the Agency can work from and reach a conclusion. Chairman Sloma will do his part to talk to the necessary parties and explain how important AES is to the Community.

**8.3.1 Accept Application**

*Mr. Frain made a motion, seconded by Mr. Bradberry, to accept the application for AES Eastern Energy LLC/AES Somerset.*

*The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:*

	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Henry M. Sloma	[ X ]	[ ]	[ ]	[ ]
Michael W. Tucker	[ X ]	[ ]	[ ]	[ ]
Stephen F. Brady	[ X ]	[ ]	[ ]	[ ]
Deanna Brennen	[ X ]	[ ]	[ ]	[ ]
Mark Onesi	[ X ]	[ ]	[ ]	[ ]
William J. Bradberry	[ X ]	[ ]	[ ]	[ ]
Joseph C. Frain	[ X ]	[ ]	[ ]	[ ]
Patricia Dufour	[ X ]	[ ]	[ ]	[ ]

*The Resolution was thereupon duly adopted.*

**8.0 New Business (Continued...)**

**8.3 AES Eastern Energy, LP/AES Somerset, LLC**

**8.3.2 Direct Deviation Letter**

*Mr. Frain made a motion, seconded by Mr. Onesi, to authorize the PILOT deviation letter for AES Eastern Energy LLC/AES Somerset.*

*The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:*

	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Henry M. Sloma	[ X ]	[ ]	[ ]	[ ]
Michael W. Tucker	[ X ]	[ ]	[ ]	[ ]
Stephen F. Brady	[ X ]	[ ]	[ ]	[ ]
Deanna Brennen	[ X ]	[ ]	[ ]	[ ]
Mark Onesi	[ X ]	[ ]	[ ]	[ ]
William J. Bradberry	[ X ]	[ ]	[ ]	[ ]
Joseph C. Frain	[ X ]	[ ]	[ ]	[ ]
Patricia Dufour	[ X ]	[ ]	[ ]	[ ]

*The Resolution was thereupon duly adopted.*

**8.3.3 Set Public Hearing**

*Mr. Bradberry made a motion, seconded by Mr. Brady, to authorize the public hearing.*

*The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:*

	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Henry M. Sloma	[ X ]	[ ]	[ ]	[ ]
Michael W. Tucker	[ X ]	[ ]	[ ]	[ ]
Stephen F. Brady	[ X ]	[ ]	[ ]	[ ]
Deanna Brennen	[ X ]	[ ]	[ ]	[ ]
Mark Onesi	[ X ]	[ ]	[ ]	[ ]
William J. Bradberry	[ X ]	[ ]	[ ]	[ ]
Joseph C. Frain	[ X ]	[ ]	[ ]	[ ]
Patricia Dufour	[ X ]	[ ]	[ ]	[ ]

*The Resolution was thereupon duly adopted.*

8.0 New Business (Continued...)

8.3 AES Eastern Energy, LP/AES Somerset, LLC

8.3.4 Request to Release Premises

*Mr. Frain made a motion, seconded by Ms. Dufour, to approve the request to release property for the Verizon project.*

*The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:*

	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Henry M. Sloma	[ X ]	[ ]	[ ]	[ ]
Michael W. Tucker	[ X ]	[ ]	[ ]	[ ]
Stephen F. Brady	[ X ]	[ ]	[ ]	[ ]
Deanna Brennen	[ X ]	[ ]	[ ]	[ ]
Mark Onesi	[ X ]	[ ]	[ ]	[ ]
William J. Bradberry	[ X ]	[ ]	[ ]	[ ]
Joseph C. Frain	[ X ]	[ ]	[ ]	[ ]
Patricia Dufour	[ X ]	[ ]	[ ]	[ ]

*The Resolution was thereupon duly adopted.*

9.0 Agency Counsel – None.

10.0 Any Other NCIDA Matters the Board Wishes to Discuss

11.0 Regular NCDC - NCIDA Board Meeting:

DATE: January 12, 2011  
TIME: 9:00 a.m.  
PLACE: Niagara County Center for Economic Development

12.0 Adjournment

*Mr. Brady made a motion, seconded by Mr. Frain, to adjourn the meeting at 8:34 a.m. Motion passed.*

Respectfully submitted,

Reviewed by,

Approved by,

\_\_\_\_\_  
Mary P. Melloni  
Administrative Assistant

\_\_\_\_\_  
Samuel M. Ferraro  
Executive Director

\_\_\_\_\_  
Deanna Alterio-Brennen  
Secretary