

NIAGARA COUNTY CENTER FOR ECONOMIC DEVELOPMENT

PUBLIC HEARING

In the Matter

of

VERIZON CCC LLC

LOCATION: SOMERSET TOWN HALL  
8700 Haight Road  
Barker, New York 14012

DATE: November 3, 2010

TIME: 4:30 p.m.

REPORTED BY: KELLY MAJCHRZAK

1 Present: Lawrence Witul

2 Speakers: Fred Boenheim  
3 Tony Porter  
4 James Hoffman  
5 Doug Sitler

6 MR. WITUL: This is a Public Hearing  
7 for the Verizon CCC LLC Project. For emergency  
8 purposes, we do have two exits; we do have one  
9 here and at the main entranceway. Restrooms are  
10 outside the door to the left. I ask that you  
11 turn off all cell phones and other noise-related  
12 devices. We will open the hearing for the  
13 public to comment. I will ask you to come up to  
14 the microphone. We have a stenographer here  
15 with us today who will be recording all items.

16 For anyone who has not had a chance, we  
17 do have a sign-in sheet. The purpose is to show  
18 attendance. You are not mandated to speak. We  
19 have provided a summary of the Project and  
20 provided you with the Notice of Public Hearing  
21 on the reverse side of that. We'll been  
22 starting in a few minutes.

23 Good afternoon and welcome. If you  
have not had the opportunity, please sign in.

1           There is a sign-sheet tight. My name is  
2           Lawrence Witul. I'm the Assistant Director of  
3           the Niagara County Industrial Development  
4           Agency. I'll be serving as the hearing officer  
5           for this Public Hearing. It is now 4:33. A  
6           copy of the Project summary is available for  
7           review. The Project consists of several phases,  
8           the first of which is valued at approximately  
9           1.2 billion dollars; 195 million dollars for the  
10          first building and the balance being for  
11          equipment. The payment-in-lieu-of-tax agreement  
12          is based on a prorated tax rate or other forms  
13          of PILOT payment and distribution. The amount  
14          of the annual PILOT payment is on the value  
15          added, taxable building.

16                        The purpose of this hearing is to  
17          solicit comments, both written and oral, on the  
18          Public Hearing for the Verizon CCC LLC Project  
19          to be located in Somerset. Comments can be in  
20          support of or in opposition of the Project or on  
21          the nature or location of the Project. All  
22          comments are to be limited to the Verizon CCC  
23          LLC Project. This hearing is not for accepting

1           comments on environmental issues nor  
2           environmental determination, and it is not a  
3           part of the New York State SEQRA process.

4                       Notice of Public Hearing. You can  
5           follow along on the sheet provided. Niagara  
6           County Industrial Development Agency, Notice of  
7           Public Hearing.

8                       Notice is hereby given that a Public  
9           Hearing pursuant to Article 18-A of the New York  
10          General Municipal Law will be held by the  
11          Niagara County Industrial Development Agency  
12          (the "Agency") on the 3rd day of November, 2010,  
13          at 4:30 p.m., local time, at the Somerset Town  
14          Hall, 8700 Haight Road, Barker, New York 14012,  
15          in connection with the following matter:

16                      Verizon CCC LLC, for itself or on  
17          behalf of an entity formed or to be formed (the  
18          "Company"), has submitted an application (the  
19          "Application") to the Agency, a copy of which is  
20          on file at the office of the Agency, requesting  
21          that the Agency consider undertaking a Project  
22          (the "Project") for the benefit of the Company  
23          consisting of: (A) the acquisition or retention

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1 by the Agency of title to or a leasehold or  
2 other interest in part on the north side of an  
3 approximately 158-acre parcel of land known as  
4 7725 Lake Road in the Town of Somerset, Niagara  
5 County, New York (the "Land"); (B) the  
6 construction of an approximately 500,000 square  
7 foot building to be used as a data center (the  
8 "Improvements"); and (C) the acquisition of and  
9 installation in and around the Improvements of  
10 certain related equipment and items of personal  
11 property (the "Equipment" and, collectively with  
12 the Land and the Improvements, the "Facility")  
13 (within the meaning of Section 854(14) of the  
14 Act) with respect to a payment-in-lieu-of-tax  
15 agreement (the "PILOT Agreement") and a mortgage  
16 with the Company, relating to the PILOT  
17 Agreement (the "PILOT Mortgage").

18 The Agency will acquire or retain title  
19 to, or a leasehold interest in, the Facility and  
20 lease the Facility back to the Company. The  
21 Company will operate the Facility during the  
22 term of the lease. At the end of the lease  
23 term, the Company will purchase the Facility

1 from the Agency, or if the Agency holds a  
2 leasehold interest, the leasehold interest will  
3 be terminated. The Agency contemplates that it  
4 will provide financial assistance (the  
5 "Financial Assistance") to the Company for  
6 qualifying portions of the Project, consisting  
7 of partial real property tax abatement in the  
8 form of a certain payment-in-lieu-of-tax  
9 agreement and a mortgage recording tax exemption  
10 with respect to a certain payment-in-lieu-of-tax  
11 mortgage.

12 A representative of the Agency will be  
13 at the above-stated time and place to present a  
14 copy of the Company's project application and  
15 hear and accept written and oral comments from  
16 all persons with views in favor of or opposed to  
17 or otherwise relevant to the proposed Financial  
18 Assistance.

19 This Public Hearing is being conducted  
20 in accordance with Subdivision 2 of Section  
21 859-a of the New York General Municipal Law,  
22 dated October 1, 2010, Niagara County Industrial  
23 Development Agency, by Samuel M. Ferraro,

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1 Executive Director.

2 I will open the hearing for comments.  
3 Once you are recognized, please give your name,  
4 address, organization you might represent.  
5 Please direct all comments to the chair and  
6 limit your comments to this Project. Your  
7 comments should be limited to three minutes. If  
8 you have additional comments beyond the three  
9 minutes, you will be given a second opportunity  
10 to step forward.

11 Again, once you are recognized, please  
12 step forward to the microphone and provide your  
13 statement or comments. At this time I will open  
14 the Public Hearing. Anyone wishing to comment?

15 MR. B: I'm Fred Boeheim. I live at 17  
16 Brambly Court in Amherst, New York. I run a  
17 construction company in Elma. We work in  
18 Buffalo and Rochester. I am against PLAs.  
19 That's my main focus. I think they raise the  
20 cost of things and they preclude people from  
21 bidding on the job because of some of the  
22 restrictions that are put into the causes,  
23 whether it precludes the minorities as well as

1 the open-shop people.

2 Realize they also increase the cost  
3 between 20 and 35 percent. I have data and  
4 statistics if anybody wants that. Part of it is  
5 the restricted nature of a PLA. That's what  
6 happens or what the clause is. By having some  
7 of those rules it reduces the number of bidders,  
8 and that's one of the reason why it increases  
9 the cost.

10 I have some recommendations. When you  
11 do have a PLA instituted, you have to have a  
12 study done, so usually you hire a law firm to do  
13 that. Rather than do that, you can give the  
14 money to a college and let the college that has  
15 law and also degrees in construction do the  
16 study instead of paying it to the lawyers.

17 Do you know that Yahoo did not have a  
18 PLA on it and it seems their job ran along just  
19 fine, and it's accomplished and done?

20 MR. WITUL: If I might make one quick  
21 comment. This Project is being undertaken by  
22 Verizon and it is their choice to use or not to  
23 use a PLA. This is not a government project.

1 MR. B: All the money is coming from?

2 MR. WITUL: Verizon.

3 MR. B: They're not asking for  
4 government money at all from IDA funding or  
5 anything like that?

6 MR. WITUL: We are not providing them  
7 with resources of money. It is all privately  
8 financed.

9 MR. B: But the rebates or credits that  
10 the IDA or somebody would be giving them is part  
11 of the taxpayers' money.

12 MR. WITUL: It's money you don't have  
13 to begin with.

14 MR. B: Do you know if that same thing  
15 happened at Yahoo's job?

16 MR. WITUL: They're all the same.  
17 Leasehold projects are private sector  
18 investments where the Agency is providing  
19 certain incentives to encourage and do staff  
20 investments in that community, which otherwise  
21 would not take place without those incentives.

22 MR. B: Are there any representatives  
23 here from Verizon?

1                   MR. WITUL: This hearing is open for  
2                   comments to the agency. This is not an open  
3                   debate. Your comments will be furnished to the  
4                   agency at the next board meeting.

5                   MR. B: Thank you very much.

6                   MR. WITUL: Anybody else wishing to  
7                   comment?

8                   MR. P: Tony Porter. I live at 1998  
9                   Quaker Road in Barker. I've been to the  
10                  meetings for Verizon, and I want to be put on  
11                  record that I fully support the Verizon Project  
12                  and the PILOT you're about to give them. As the  
13                  gentleman said before me, I don't support it if  
14                  a PLA is installed. I understand you just said  
15                  it's their money, and I understand that, but it  
16                  is our tax money giving them some breaks on  
17                  taxes. It should be opened up to all the  
18                  taxpayers.

19                  I would like to see Verizon use fair  
20                  contracting. A lot of PLA projects exclude  
21                  open-shop contractors and other people that the  
22                  unions, the construction unions are only  
23                  representing 20 percent of the upstate

1 construction workers in New York State. To keep  
2 it on an even playing field, which I'm not  
3 anti-union, but there should be a prevailing  
4 wage project to be put out for all competent  
5 union and open-shop contractors with no strings  
6 attached.

7 PLAs will tell you you're not being  
8 excluded, but they give you special rules and  
9 regulations as an open-job contractor. They  
10 regulate you to say that if you have one of your  
11 men on the Project, you have to hire one of the  
12 union contractors, but the union contractor does  
13 not have to hire one of us.

14 MR. WITUL: If I could comment again,  
15 because we're getting sidetracked. The Company  
16 has indicated they will hire as many local  
17 contractors and workers as possible for the  
18 construction of the Project facility. You're  
19 comments and thoughts will be recorded and  
20 provided to The Agency. I am sure the Verizon  
21 facility will be interested in a copy of the  
22 transcript.

23 MR. P: I've been in contact with

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1 Verizon. I've talked to them directly. I'm  
2 just bringing it up.

3 MR. WITUL: We're looking for comments  
4 on the general nature of the Project and its  
5 location. I understand your concerns. Again, I  
6 think that according to their application, they  
7 are going to use as many local contractors as  
8 possible.

9 MR. P: Are you going to let me finish?

10 MR. WITUL: There's nothing the Agency  
11 can do.

12 MR. P: I want to make sure they  
13 understand where I stand and I think a lot of  
14 the community stands on this. As far as an even  
15 playing field, I don't think it's in the best  
16 interest of the taxpayers of Somerset, Niagara  
17 County, Somerset, Western New York or New York  
18 State to hand out money to special interest  
19 groups. This is what's wrong with the economy  
20 and of New York State, and it needs to stop here  
21 in Somerset, New York. I've talked to elected  
22 local officials personally and they have  
23 indicated they support what I'm saying. It

1           should be open and fair to everybody. That's  
2           all I'm trying to advocate. I'm not trying to  
3           advocate any other situation. Just that it's  
4           open and fair to everybody. Thank you.

5                         MR. WITUL: Thank you for your comment.  
6           As a point of reference, this Project is not  
7           receiving any federal, state or local dollars.  
8           It's 100 percent privately financed through  
9           Verizon. Again, I want to make that clear so  
10          there's no confusion. Anybody else wishing to  
11          comment, please raise your hand. Yes, sir.

12                        MR. H: I have a handout. This is  
13          James Hoffman, 8737 Lake Road. I'm not a hired  
14          gun. I live here. All the economic benefits  
15          and all the physical impact, I'll be one of the  
16          first ones in line to benefit or otherwise on  
17          the Project.

18                        I fully support Verizon Data Center in  
19          our town and the issuance of a PILOT in this  
20          case to support that Project. The proposed data  
21          center complies with our master plan, LWRP and  
22          fits in with the rural character of our town.  
23          In working through the various issues, and I've

1 attended every meeting so far and I am a member  
2 of the planning board, but I do not speak for  
3 the planning board, in working through the  
4 various issues and have gotten to this point,  
5 the Verizon team as operated in a very  
6 professional manner, has been responsive to our  
7 numerous requests and treated us all with  
8 respect, and for this I commend them, and I hope  
9 that relationship will continue.

10 I reluctantly support the issuance of a  
11 PILOT. I do not fault Verizon for applying for  
12 one, but PILOTS are a poor solution to the  
13 economic problems that plague Niagara County,  
14 Western New York and our state. Over 200,000  
15 residents and many industries did leave our  
16 state in the past ten years because -- not  
17 because taxes were low and jobs were plenty.  
18 They went for the converse reasons.

19 This Project is one of very few  
20 deserving of a PILOT in our existing environment  
21 and it will bring truly new industry to our area  
22 and truly create new jobs. However, in order to  
23 keep the playing field level, I urge Niagara

1 County Agency and all other organizations  
2 involved to reject project labor agreements.  
3 The two gentleman that spoke before me certainly  
4 made the case better than I can.

5 Lastly, some individuals have been  
6 deprived of the opportunity to attend this  
7 hearing because of the selected time. I suggest  
8 in the future, as I suggested in the past, that  
9 PILOT hearings be conducted in the evening so  
10 all the residents can benefit from the  
11 information you present.

12 Thank you for this opportunity to  
13 comment. I fully support the Project and the  
14 PILOT in this case.

15 MR. WITUL: Thank you. Anyone else  
16 wishing to comment at this time? Yes, sir.

17 MR. S: I'm Doug Sitler, S-I-T-L-E-R,  
18 156 Grand View, Amherst, New York. I am a  
19 regional Western New York vice-president for  
20 Associated Building and Contractors between  
21 Buffalo and Rochester. We represent about 160  
22 open-shop construction companies. I was at the  
23 last zoning board meeting.

1                   This project is a once-in-a-lifetime  
2                   project. Verizon has done a remarkable job in  
3                   putting it together. I can honestly say from  
4                   Syracuse to Ripley, New York, everyone is jazzed  
5                   about this project and beyond. All the eyes are  
6                   on Somerset.

7                   Just as the last three gentleman have  
8                   expressed, we, our members, have been calling  
9                   our office and telling us -- that's why I'm here  
10                  today -- make it as inclusive as possible. It's  
11                  a big project. We would like that message to be  
12                  sent to Verizon and anyone else that we want as  
13                  much inclusion and every member of the community  
14                  have a shot of working on this. The last three  
15                  gentleman as owners of companies and close to  
16                  the situation, they understand that. That's all  
17                  I have to say.

18                  MR. WITUL: Thank you very kindly. Is  
19                  there anyone else that would like to comment on  
20                  the Project? Again, this is a Public Hearing  
21                  for the Verizon CCC LLC Project in Somerset.  
22                  The purpose of this hearing is to solicit  
23                  comments relative to the Project, and comments

1 can be in support of or in opposition of the  
2 Project, or on the nature or location of the  
3 Project.

4 Would anyone like to comment or be  
5 heard? This is your last opportunity if you  
6 would like to comment on the Project or you have  
7 a statement you would like to read or have  
8 included with the transcript, please indicate as  
9 such at this time.

10 Okay. Third and final call. Anyone  
11 having a comment they would like to make, please  
12 indicate so at this moment. Okay. Then, it is  
13 now 4:51 p.m. There being no further comment I  
14 will close this hearing and I thank everyone for  
15 attending today. A copy of this transcript will  
16 be provided to the board before they take final  
17 action on the Project, and for the benefit of  
18 those in attendance, we will provide a copy of  
19 the transcript to Verizon so that they can  
20 review some of the comments.

21 Thank you and have a good evening.

22 \* \* \* \* \*

23

1 STATE OF NEW YORK)

2 SS:

3 COUNTY OF ERIE)

4

5 I, KELLY MAJCHRZAK, a Notary Public in  
6 and for the State of New York, County of Erie,  
7 DO HEREBY CERTIFY, that the proceedings were  
8 taken down by me in a verbatim manner by means  
9 of Machine Shorthand on November 3, 2010,  
10 that the proceedings were taken to be used in  
11 the above-entitled action.

12 I further CERTIFY that the  
13 above-described transcript constitutes a true,  
14 accurate and complete transcript of the  
15 testimony.

16

17

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19

20

KELLY MAJCHRZAK  
Notary Public

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