

**MINUTES OF A MEETING OF THE
POLICY COMMITTEE OF THE
ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

- MEETING:** March 5, 2015, at Erie County Industrial Development Agency, 95 Perry Street, 5th Floor Conference Room, Buffalo, New York
- PRESENT:** James J. Allen, Elizabeth Burakowski, Hon. Mary Cooke, Michael Hoffert, Hon. Mary F. Holtz, Richard Lipsitz, Jr., Brenda W. McDuffie Frank Mesiah, Hon. Glenn Nellis, Hon. Edward A. Rath, III; Laura Smith, and David J. State
- ABSENT:** Hon. Byron W. Brown and Chris T. Johnston
- OTHERS PRESENT:** Steven Weathers, Chief Executive Officer; John Cappellino, Executive Vice President; Andrew Schoeppich, Chief Financial Officer; Karen M. Fiala, Assistant Treasurer; and Robert G. Murray, Secretary
- GUESTS:** Rowland Howe, Compass minerals America, Inc.

Ms. McDuffie noted that as of March 5, 2015, as Chair of the Agency, she has appointed Mr. Richard Lipsitz to serve as Chair of the Policy Committee, in place of Richard Tobe, who recently resigned from the Chair position and from the Policy Committee itself. In addition, Ms. McDuffie introduced Ms. Elizabeth Burakowski and Mr. David State as the newest members of the Policy Committee, appointed as of March 5, 2015.

Mr. Lipsitz called the meeting to order at 8:51 a.m.

MINUTES

The minutes of the January 8, 2015 Policy Committee meeting were presented. Upon motion made by Mr. Rath, and seconded by Mr. Mesiah, the aforementioned Policy Committee meeting minutes were unanimously approved.

PROJECT MATRIX

Mr. Lipsitz and Mr. Cappellino reviewed the Agency Project Matrix regarding material factors and recapture provisions related to projects induced since March of 2013.

PROJECT PRESENTATIONS

Compass Minerals America, Inc./North American Salt Company, 1951 Hamburg Turnpike, Lackawanna, New York. Mr. Cappellino reviewed the existing ECIDA real property tax abatement and sales tax exemption benefit project approved on January 29, 2014 with respect to the Company's construction of two new structures for the import, packaging and distribution of bulk salt. The company has experienced construction related issues associated with certain subsurface conditions that have resulted in increased construction costs. As a result, building construction costs have increased by approximately \$800,000. Mr. Cappellino noted that the company has asked the Agency to amend its existing inducement resolution to account for the increased project costs related to the sales and use tax exemption benefit.

Mr. Cappellino explained that in exchange for providing the increased sales and use tax exemption benefits, the approval will be conditioned upon adherence to certain material terms and conditions with respect to potential recapture of financial assistance. In particular, Mr. Cappellino noted that the only material term affected would be the total investment figure requiring, at project completion, that the company invest an amount equal to or greater than 85% of the total project costs which in this case would equal 85% of \$8,100,000 or \$6,885,000. Mr. Cappellino confirmed that no other material term or condition is affected by the increased project costs. Mr. Allen moved and Ms. McDuffie seconded to approve of the project. All committee members then voted in favor of the project.

SENIOR HOUSING POLICY

Mr. Lipsitz reviewed the draft proposed County-wide IDA Eligibility Policy - Market Rate Senior Housing. In particular, since the last time the Policy Committee has reviewed the policy, Mr. Lipsitz noted that criteria #6 was changed to a 1 to 5 mile radius and that the rate of return with respect to criteria #8 was revised to be included only as a criteria and not designated at a specific rate. Mr. Allen moved and Mr. Nellis seconded to approve of the policy.

Mr. Allen noted that the IDA Leadership Council has reviewed this draft policy and there is consensus from all Erie County IDAs to support the policy.

Mr. Cappellino reminded Policy Committee members that the Policy Committee can only resolve to recommend that the Board consider changing its Uniform Tax Exemption Policy (“UTEP”) to be consistent with the senior housing policy. Revising the UTEP would require the IDA to submit the proposal to all taxing jurisdictions in Erie County, allow comments to be received thereto, and then the IDA would be required to vote a second time to thereafter amend the UTEP.

Ms. Cooke expressed a concern related to the policy requiring a project to accept senior citizens of limited means and the willingness of the project sponsor to commit that residents will not be relocated out of the project when the senior citizen’s personal resources are exhausted. Mr. Cappellino thanked Ms. Cooke for her consideration and noted that this provision should have been removed based on prior Policy Committee meetings. At this point in time, Ms. Cooke moved and Mr. Hoffert seconded to remove that particular consideration requirement.

Mr. Rath then expressed concern regarding the ninth criteria in relation to the wealth consideration. Mr. Allen also expressed concern with the same wealth criteria. General discussion ensued. Ms. McDuffie commented that the evaluation criteria are guidelines only, and not requirements, and stated that she has no problem removing the wealth factor criteria. Ms. McDuffie then moved and Mr. Rath seconded to remove the wealth criteria factor.

Ms. Cooke then expressed concern that the policy is supposed to be a market-rate policy, but the income criteria is inconsistent with a market rate policy.

Mr. Hoffert requested that the word “be” be inserted within the ninth criteria so that the ninth criteria will read as follows: “The project is targeted at and will be at least 50% occupied by senior citizens whose income is at or below 60 to 80% of the median income and wealth for Erie County.”

Mr. Lipsitz then called for a vote to approve of the Market Rate Senior Housing Policy provided the criteria related to a project applicant’s willingness to commit that residents will not be relocated out of the project when the senior citizen’s personal resources are exhausted criteria is removed, and provided that the reference to wealth is removed from the ninth criteria and the ninth

criteria is reworded as requested by Mr. Hoffert and as cited above. The motion was thereafter unanimously accepted.

GOVERNOR CUOMO'S PROPOSED IDA REFORM PROPOSAL

Mr. Lipsitz informed members that Governor Cuomo has proposed amendments to the IDA statute as contained in the Governor's Budget Bill and asked Mr. Murray to review the proposal. Mr. Murray reviewed the memorandum that he provided to Policy Committee members that was prepared at the request of IDA staff and that described all of the amendments to the New York General Municipal Law and the New York Tax Law affecting industrial development agencies as proposed by the Governor. Mr. Murray reviewed the new proposal requiring an IDA, after it approves of a project, to thereafter apply for a subsequent approval from the New York State Department of Economic Development ("DED") with respect to that project. Mr. Murray noted that the DED approval must be thereafter obtained before an IDA can provide state sales tax and mortgage tax recording tax exemption benefits with respect to a project, and before an IDA can increase or extend in duration any such financial assistance already approved for any project.

At this point in time, Mr. Lipsitz noted that the Erie County IDA has rigorous application review, project monitoring, and recapture provisions and that many IDAs state-wide are not as proactive or rigorous as the Erie County IDA.

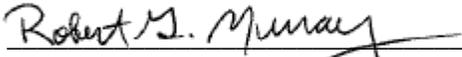
Mr. Rath expressed his opposition to the Governor's proposed IDA reforms and distributed a draft resolution that he intends to present to the Erie County Legislature Economic Development Committee in opposition to the Governor's proposal.

Mr. Allen stated that the Governor's budget proposal and required DED review is an affront to local decision making. Mr. Allen further noted that the New York State Economic Development Council is lobbying against this proposal and it is urging its members to write letters to legislators in opposition. General discussion ensued and Mr. Nellis moved and Mr. Hoffert seconded for the Policy Committee to encourage entities, municipalities and others to look at the proposed changes to the IDA statute contained within Part W of the Governor's budget bill (New York State Budget expected to be approved by April 1, 2015) and act as they deem appropriate. Mr. Lipsitz called for a vote and the recommendation was unanimously approved.

2015 WORK PLAN

Mr. Lipsitz commented that he will be reviewing and revising the order of the various items contained on the 2015 Work Plan. Mr. Allen suggested that the Policy Committee identify the items contained on the work plan as guidelines as opposed to policies. Ms. Smith suggested that the Policy Committee should first develop overall goals and objectives prior to developing particular policies for particular issues.

At this point in time, there being no further business to discuss, upon motion made by Mr. Hoffert and seconded by Ms. Smith, the Policy Committee resolved to adjourn the meeting at 10:06 a.m.


Robert G. Murray, Secretary