



Report of the Genesee County Industrial Development Agency d/b/a/ Genesee County Economic Development Center Public Hearing of Empire State Pipeline/Empire Pipeline Inc. held on Tuesday, March 13, 2007, 4:00 PM – Oakfield Town Hall, 3219 Drake Street, Oakfield, New York

I. ATTENDANCE

Steven G. Hyde, President & CEO, Genesee County EDC
Suzanne M. Cook, VP Finance & Operations Genesee County EDC
Don Falker, Landowner
Donna Harris, Landowner
Ken Dodd, Town of Oakfield
Jim Veazey, Landowner
Kevin Veazey, Landowner
Mike Cianfrini, Town of Oakfield
Barry Flansburg, Town of Oakfield
Ronald Kramer, Empire State Pipeline

II. CALL TO ORDER

The public hearing of Empire State Pipeline/Empire Pipeline, Inc. was called to order at 4:04 pm at the Oakfield Town Hall.

A notice of this public hearing describing the project was published in the Batavia Daily News, a copy of which is attached and is an official part of this transcript. The notice of public hearing was read to attendees.

III. PROJECT SUMMARY

S. Hyde described the project as follows: The Genesee County Industrial Development Agency d/b/a Genesee County Economic Development Center has accepted a financial assistance application from Empire State Pipeline/Empire Pipeline, Inc. who is proposing to construct a 20,620 horsepower compressor station as part of an overall installation of 78 miles of 24 inch diameter natural gas pipeline beginning in Victor, NY and traversing through Ontario, Yates, Schuyler, Chemung and Steuben Counties, terminating in Corning, NY.

The total capital investment is estimated at \$29,100,000. Job creation is estimated at 1 full time Position.

Mr. Hyde commented that GCEDC's approval of the project would provide the company with estimated sales tax exemptions of \$1.2M and property tax abatement of \$8.1M over a ten year

period.

Approval of the company's request for financial assistance will help it to achieve savings on escalating project costs which have been communicated to the GCEDC board.

GCEDC's calculations suggest that at a fixed real property assessment of \$41.2M, at a 50% PILOT payment, the company would pay approximately \$811,000 to the affected municipalities over the 10 years PILOT term. That fixed amount could be lower if the actual assessment is determined to be lower than \$41.2M. This provides the company with a reasonable savings and a significant increase to the community's tax base.

Mr. Hyde stated that if the proposed PILOT agreement is approved, the Town would receive approximately \$96,502 annually, the County would receive \$205,788 and the school would receive \$508,695. He also explained that the sales tax exemption would apply to construction materials. The company will need to accept the terms of a no litigation agreement so that the Town of Oakfield, County and School District are held harmless.

The Town Board will meet this evening at which time they will act on whether or not to accept the terms of the proposed PILOT Agreement. If approved by the Town, the project will be on the GCEDC's meeting agenda for approval on March 27th.

IV. COMMENTS

Mr. Hyde accepted the following comments from attendees:

Jim Veazey commented that originally the company stated to the Town Board that new property tax revenues to the community would be in the range of \$1.25M to \$1.5M as opposed to the \$811,000 mentioned.

Ken Dodd thanked the company for its efforts and welcomed the project to the community. The project does not generate increased traffic nor have a negative impact on the community. He is glad they are here and appreciates the new tax revenue. Mr. Dodd said that the Town Board will discuss the project at this evenings meeting.

Donna Harris commented that she had several concerns relative to the environmental report relative to this project. She said that the company is in the process of acquiring a portion of her father's farm land, but the transaction has not been completed because of inconsistencies she has found in the environmental report. She commented that she has emailed the Army Corps of Engineers to get clarification on several items, however, at the present time has not received a response. Ms. Harris also commented that they had been told by the company's attorneys that if they didn't agree to the terms of the sale of the property, then eminent domain proceeding could take place.

Mr. Hyde stated that he appreciated Mr. Harris's concerns; however, as long as the environmental review has been handled properly then the GCEDC must take make a decision whether or not to approve the proposed tax benefits.

Mr. Dodd commented that some of the neighbors had concerns about noise, but that the company had addressed those concerns appropriately. He also stated that the special use permit had been issued.

Mr. Hyde commented this must mean that the State Environmental Quality Review (SEQR) was handled properly.

Mr. Hyde commented that although the purpose of this public hearing was to collect comments on

the tax incentives being proposed that the comments collected will be shared with the GCEDC board. He also said that with regard to the landowners' environmental concerns, they should contact the agency that took the lead in the environmental review of the proposed project.

V. **ADJOURNMENT**

The public hearing was closed at 4:33 pm

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Article 18-A of the New York General Municipal Law will be held by the Genesee County Industrial Development Agency d/b/a Genesee County Economic Development Center (the "Agency") on the 13th day of March, 2007, at 4:00 p.m. local time, at Oakfield Town Hall, 3219 Drake Street, Oakfield, New York 14125, in connection with the following matter:

EMPIRE STATE PIPELINE/EMPIRE PIPELINE, INC. (the "Company") has submitted an application (the "Application") to the Agency requesting the Agency's assistance with a certain project (the "Project") consisting of: (i) the acquisition by the Agency of fee title to or a leasehold or other interest in certain property located at 3261 Lockport Road, Oakfield, and certain other properties located throughout Genesee County, New York and the existing improvements located thereon (collectively the "Land"), (ii) the construction and equipping on the Land of (1) a 20,620 horsepower compressor station and (2) a portion of the Company's 78.3 mile 24-inch diameter natural gas pipeline beginning in Victor, New York and traversing the Finger Lakes region through the counties of Genesee, Ontario, Yates, Schuyler, Chemung and Steuben, and terminating in Corning, New York (the compressor station and the portion of such gas pipeline located in Genesee County, hereinafter referred to collectively as the "Improvements"), and (iii) the acquisition in and around the Improvements of certain items of equipment and other tangible personal property including pipes, valves, meters, fittings, and compressors (the "Equipment" and, collectively with the Land and the Improvements, the "Facility"); all in furtherance of providing natural gas service to users located or locating at or in areas surrounding the Land in said Counties.

The Agency is considering whether to undertake the Project and to provide financial assistance (the "Financial Assistance") with respect to the Project in the form of: (1) the financing of the Project and certain necessary and incidental expenditures in connection therewith through a straight lease transaction within the meaning of Section 854(15) of New York General Municipal Law, pursuant to which the Agency shall take and hold title to the Land (or an interest therein), the Existing Improvements, Improvements and Equipment for a period of time and sell or lease the same back to the Company (the "Straight Lease"), (ii) an exemption from New York State and local sales and use taxes with respect to qualifying personal property included in or incorporated into the Facility or used in the acquisition, construction, renovation or equipping of the Facility, (iii) the grant of one or more mortgage liens on the Land (or such interest therein as is conveyed to the Agency) and the Improvements (the "Mortgages") to secure the indebtedness incurred by or for the benefit of the Company in connection with the Project, which Mortgages would be exempt from all mortgage recording taxes imposed by the State and any political subdivision thereof, and (iv) the retention of fee title to or a leasehold interest in the Facility by the Agency for a period of time so as to enable the Agency and the Company to enter into one or more agreements regarding payments in lieu of real property taxes, pursuant to which the Company would make payments in lieu of real property taxes to each municipality and school district having taxing jurisdiction over the Facility (collectively, the "Affected Taxing Jurisdictions").

The Agency will at said time and place provide a reasonable opportunity to all interested persons to present their views, either orally or in writing, on the nature and location of the

proposed Facility and the proposed Financial Assistance to be provided the Company in connection with the Project.

This public hearing is being conducted in accordance with subdivision 2 of Section 859-a of the New York General Municipal Law.

Dated: February 10, 2007

GENESEE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY d/b/a
GENESEE COUNTY ECONOMIC
DEVELOPMENT CENTER