

RESOLUTION (Resolution E per agenda)
(Midland Asphalt Materials Inc. Project)

A special meeting of Wayne County Industrial Development Agency was convened on December 17, 2010, at 11:30 a.m.

The following resolution was duly offered and seconded, to wit:

Resolution No. 12/2010 - _____

RESOLUTION OF THE WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY IN CONNECTION WITH A CERTAIN PROJECT (AS MORE PARTICULARLY DESCRIBED HEREIN) UNDERTAKEN FOR THE BENEFIT OF MIDLAND ASPHALT MATERIALS, INC. (THE "COMPANY") (i) ACCEPTING THE MINUTES OF A PUBLIC HEARING AND AUTHORIZING A CERTAIN CONTEMPLATED DEVIATION (AS MORE FULLY DESCRIBED HEREIN); (ii) AUTHORIZING THE EXECUTION AND DELIVER A LEASE AGREEMENT, LEASEBACK AGREEMENT, PAYMENT-IN-LIEU-OF-TAX AGREEMENT AND RELATED DOCUMENTS; (iii) 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 PARTIAL REAL PROPERTY TAX ABATEMENT THROUGH A PAYMENT-IN-LIEU-OF-TAX AGREEMENT.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 916 of the Laws of 1969 of the State of New York, (the "Act"), the **WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (the "Agency") was created with the authority and power to promote, develop, encourage and assist in acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, civic, research, and recreational facilities as authorized by the Act, and in connection therewith to issue its revenue bonds, and/or enter into straight lease transactions and provide other forms of financial assistance; and

WHEREAS, **MIDLAND ASPHALT MATERIALS, INC.** (the "Company") previously submitted an application (the "Application"), a copy of which is on file with the Agency, requesting the Agency's assistance with respect to a certain project (the "Project") consisting of (i) the acquisition by the Agency of fee title to, or a leasehold interest in, an approximately 29.24 acres of land located on Cole Road, Village and Town of Lyons, Wayne County, New York (the "Land", being comprised of approximately 14.15 acres at 200 Cole Road, TMID 71111-15-542313, approximately 7.34 acres at 300 Cole Road TMID No. 71111-15-575260, and approximately 7.75 acres at Cole Road, TMID No. 71111-19-604230) and the existing improvements thereon consisting of buildings, equipment and tanks (collectively, the "Existing Improvements") utilized by the Company for the manufacture of modified polymer asphalt cement ("PMAC"), (ii) the construction on the Land and around the Existing Improvements of certain PMAC processing improvements, including certain buildings, tanks and PMAC mixing and storage improvements, including an estimated 6,500 sf storage warehouse and PMAC storage and mixing tanks 62, 64, and 66-71 (collectively, the "Improvements"), and (iii) the

acquisition of and installation in and around the Existing Improvements and Improvements of certain machinery and related equipment and other items of tangible personal property (the "Equipment" and, collectively with the Land, the Existing Improvements and the Improvements, the "Facility"); and

WHEREAS, by resolution dated June 25, 2010, the Agency adopted a resolution (the "Inducement Resolution") (i) authorizing the Company to act as its agent to undertake the Project; (ii) directed that a public hearing be held relating to the Project; (iii) and authorized the negotiation of a lease agreement (the "Lease Agreement"), leaseback agreement (the "Leaseback Agreement"), payment-in-lieu-of-tax agreement (the "PILOT Agreement", and together with the Lease Agreement, Leaseback Agreement and related documents, the "Straight Lease Documents"); and

WHEREAS, pursuant to General Municipal Law Section 859-a, on December 17, 2010 at 10:45 a.m. local time, at the offices of Wayne County Industrial Development Agency, 16 William Street, Lyons, New York 14489, the Agency held a public hearing with respect to the Project and the proposed financial assistance (the "Financial Assistance") being contemplated by the Agency (the "Public Hearing") whereat interested parties were provided a reasonable opportunity, both orally and in writing, to present their views (a copy of the Minutes of the Public Hearing along with the Notice of Public Hearing published and forwarded to the affected taxing jurisdictions thirty (30) days prior to said Public Hearing are attached hereto as Exhibit A); and

WHEREAS, the contemplated Financial Assistance to be provided to the Company under the PILOT Agreement deviates from the Agency's Uniform Tax Exemption Policy; and

WHEREAS, in accordance with the Act, notice letters (the "Notice Letters") detailing the proposed deviation (the "Deviation") were mailed by the Agency to the chief executive officers of each affected tax jurisdiction on or about November 16, 2010; and

WHEREAS, the Agency, having (i) provided response to comments from the affected tax jurisdictions relative to the Deviation; and (ii) allowed any representative of the affected tax jurisdictions to address the Agency with respect to the Deviation, desires to proceed with the Project and the provision of the Financial Assistance; and

WHEREAS, the Straight Lease Documents have been negotiated and are presented to this meeting for approval and execution.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. The Agency hereby accepts the verbal summary report of comments and questions received by the Agency at the Public Hearing. Further, upon due consideration of the written comments previously received and presented at this meeting in connection with the proposed Deviation, and for the reasons set forth in the Notice Letter and discussed before this meeting, the Agency hereby authorizes the undertaking of the Deviation as discussed before this meeting and the provision of the Financial Assistance to the Company.

Section 2. The Chairman (or Vice Chairman), Executive Director and/or Deputy Executive Director of the Agency are hereby authorized, on behalf of the Agency, to enter into the Straight Lease Documents; *provided*, that the rental payments under the Leaseback Agreement include payments of all costs incurred by the Agency arising out of or related to the Project and indemnification of the Agency by the Company for actions taken by the Company and/or claims arising out of or related to the Project.

Section 3. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required and to execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 4. These Resolutions shall take effect immediately upon adoption.

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

	<i>Yea</i>	<i>Nay</i>	<i>Absent</i>	<i>Abstain</i>
David Spickerman, Sr.	XX			
James Hoffman	XX			
Willard Milliman			XX	
Marvin E. Decker	XX			
Robert Havrilla	XX			

The Resolutions were thereupon duly adopted.

STATE OF NEW YORK)
COUNTY OF WAYNE) ss:

I, the undersigned Secretary of the WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY, DO HEREBY CERTIFY:

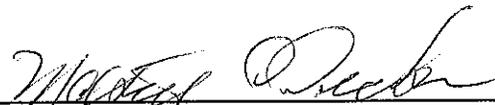
That I have compared the foregoing extract of the minutes of the meeting of the Wayne County Industrial Development Agency (the "Agency") including the resolutions contained therein, held on the 17th day of December, 2010, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolution set forth therein and of the whole of said original insofar as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that all members of said Agency had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with Article 7.

I FURTHER CERTIFY that there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY that as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of said Agency this 17th day of December, 2010.



Secretary

[SEAL]

RESOLUTION (Resolution F per agenda)
(Palmyra Inn Investment, L.L.C. Project)

A special meeting of Wayne County Industrial Development Agency was convened on December 17, 2010, at 11:30 a.m.

The following resolution was duly offered and seconded, to wit:

Resolution No. 12/2010 - ____

RESOLUTION OF THE WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY IN CONNECTION WITH A CERTAIN PROJECT (AS MORE PARTICULARLY DESCRIBED HEREIN) PREVIOUSLY UNDERTAKEN FOR THE BENEFIT OF PALMYRA INN INVESTMENT, L.L.C. (i) ACCEPTING THE MINUTES OF A PUBLIC HEARING AND AUTHORIZING A CERTAIN CONTEMPLATED DEVIATION (AS MORE FULLY DESCRIBED HEREIN); (ii) AUTHORIZING THE EXECUTION AND DELIVER AN AMENDMENT AND MODIFICATION AGREEMENT; (iii) AUTHORIZING THE EXECUTION OF AN AMENDED AND RESTATED PAYMENT-IN-LIEU-OF-TAX AGREEMENT; AND (iv) AUTHORIZING THE EXECUTION AND DELIVERY OF A SETTLEMENT AND MUTUAL RELEASE AGREEMENT AND RELATED DOCUMENTS.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 916 of the Laws of 1969 of the State of New York, (the "Act"), the **WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (the "Agency") was created with the authority and power to promote, develop, encourage and assist in acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, civic, research, and recreational facilities as authorized by the Act, and in connection therewith to issue its revenue bonds, and/or enter into straight lease transactions and provide other forms of financial assistance; and

WHEREAS, **PALMYRA INN INVESTMENT, L.L.C.** (the "Company") and **PALMYRA INN, L.L.C.** (the "Hotel Operator") previously submitted an application (the "Application"), a copy of which is on file with the Agency, requesting the Agency's assistance with respect to a certain project (the "Project") consisting of: (i) the Agency's acquisition from the Company of a leasehold interest of an approximately 3.344 acre parcel of land located at 955 Route 21S in the Town of Palmyra, Wayne County, New York (the "Land", more particularly identified as TMID No. 64110-00-642983) pursuant to a certain Ground Lease dated as of February 1, 2005 (the "Ground Lease") (ii) the construction and equipping of an approximately 40,000 square foot building thereon to be used as an extended-stay hotel (the "Improvements"); (iii) the acquisition of and installation in and around the Improvements by the Company of machinery, equipment, furniture, fixtures and other items of tangible personal property (the "Equipment" and, collectively with, the Land and the Improvements, the "Facility") and (iv) through a straight lease transaction (within the meaning of subdivision (15) of Section 854 of the Act), pursuant to a certain Lease Agreement dated as of February 1, 2005 (the "Agency Lease"), the Agency has subleased such interest in the Facility back to the Company and Hotel Operator (collectively, the "Straight Lease Transaction"); and

WHEREAS, in furtherance of the Project and the Act, the Agency, Company and Hotel Operator also entered into a certain Payment in Lieu of Tax Agreement, also dated as of February 1, 2005 (the "PILOT Agreement", a copy of which is attached hereto as **Exhibit A**), such PILOT Agreement requiring annual payments in lieu of taxes ("PILOT Payments") for the benefit of each of the County of Wayne (the "County"), the Town of Palmyra (the "Town") and the Palmyra-Macedon Central School District (the "School", and collectively with the County and Town, the "Affected Tax Jurisdictions"); and

WHEREAS, subsequent to the execution of the PILOT Agreement, the Company and Hotel Operator were unable to secure Credits for Real Property Taxes ("CRPT") as Qualified Empire Zone Enterprises ("QEZE") under the New York State Empire Zone program ("EZ Program") which resulted in certain disputes arising amongst the Company, Hotel Operator, Palmyra Touring, L.L.C. (the "Center Operator") and the Agency, including threatened litigation; and

WHEREAS, as a means to provide stability and predictability to the Company, the Hotel Operator and the Affected Tax Jurisdictions with respect to the payments made under the PILOT Agreement, and in order to avoid costly and time-consuming potential litigation, the Agency, the Company and the Hotel Operator have proposed to enter into an Amended and Restated Payment in Lieu of Tax Agreement, dated December 1, 2010 (the "Amended and Restated PILOT", a copy of which is attached hereto as **Exhibit B**) as well as an Amendment and Modification Agreement, dated as of December 1, 2010 (the "Amend and Modification Agreement" a copy of which is attached hereto as **Exhibit C**), which will amend the terms of the Ground Lease and Agency Lease (the Amend and Modification Agreement together with the Amended and Restated PILOT, the "Amendments"); and

WHEREAS, the proposed Amendments would result in (i) an extension of the Ground Lease, Agency Lease and PILOT Agreement to a total term of Fifteen (15) years from the current term of ten (10) years; (ii) modification of the PILOT Agreement to require a single, fixed annual Total PILOT Payment for PILOT Years (as such terms are defined in the Amended and Restated PILOT) 2011-2015 and be reflective of a fifty percent (50%) abatement of approximate full taxes assessed on the Facility after March 1, 2010 (\$35,000.00), and for PILOT Years 2016-2020, a single, fixed annual Total PILOT Payment reflective of an estimated twenty-five percent (25%) abatement of full taxes assessed on the Facility after March 1, 2010 (\$55,000.00); and (iii) incorporation of Agency billing, collection and distribution of PILOT Payments during the term of the amended PILOT Agreement ((i), (ii) and (iii) collectively, the "Financial Assistance"); and

WHEREAS, pursuant to General Municipal Law Section 859-a, on December 17, 2010 at _____ a.m. local time, at the Town of Palmyra Town Hall, 1180 Canandaigua Road, Palmyra, NY 14522, the Agency held a public hearing with respect to the Project, the proposed Amendments and additional Financial Assistance being contemplated by the Agency (the "Public Hearing") whereat interested parties were provided a reasonable opportunity, both orally and in writing, to present their views (a copy of the Minutes of the Public Hearing along with the Notice of Public Hearing published and forwarded to the affected taxing jurisdictions thirty (30) days prior to said Public Hearing are attached hereto as **Exhibit D**); and

WHEREAS, the contemplated Financial Assistance to be provided to the Company under the Amended and Restated PILOT deviates from the Agency's Uniform Tax Exemption Policy; and

WHEREAS, in accordance with the Act, notice letters (the "Notice Letters") detailing the proposed deviation (the "Deviation") were mailed by the Agency to the chief executive officers of each affected tax jurisdiction on or about November 17, 2010 (copies of the Notice Letters are attached hereto as **Exhibit E**); and

WHEREAS, the Agency, having (i) provided response to comments from the affected tax jurisdictions relative to the Deviation; and (ii) allowed any representative of the affected tax jurisdictions to address the Agency with respect to the Deviation, desires to continue with the Project and authorize the execution and delivery of the proposed Amendments along with the resulting Financial Assistance; and

WHEREAS, as a means to avoid costly and time-consuming potential litigation and other legal and administrative proceedings and to settle any potential claims arising from the aforementioned disputes relating to the Company's and Hotel Operator's inability to secure the CRPT, the Agency desires to authorize the execution and delivery of a Settlement and Mutual Release Agreement (the "Settlement Agreement") with the Company, Hotel Operator and Center Operator (a copy of the Settlement Agreement is attached hereto as **Exhibit F**).

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. The Agency hereby acknowledges and ratifies the prior scheduling and notice of the Public Hearing, along with the issuance of the Deviation Letters. The Agency hereby accepts the Minutes of the Public Hearing. Further, upon due consideration of the comments previously received and presented at this meeting in connection with the proposed Deviation, and for the reasons set forth the Agency hereby authorizes the undertaking of the Deviation and the execution and delivery of the Amendments as well as the Settlement Agreement.

Section 2. The Chairman, Vice Chairman, Executive Director, and/or Deputy Director of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Amendments, the Settlement Agreement and related documents in furtherance thereof.

Section 3. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required and to execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 4. These Resolutions shall take effect immediately upon adoption.

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

	<i>Yea</i>	<i>Nay</i>	<i>Absent</i>	<i>Abstain</i>
David Spickerman, Sr.	XX			
James Hoffman	XX			
Willard Milliman			XX	
Marvin E. Decker	XX			
Robert Havrilla	XX			

The Resolutions were thereupon duly adopted.

STATE OF NEW YORK)
COUNTY OF WAYNE) ss:

I, the undersigned Secretary of the WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY, DO HEREBY CERTIFY:

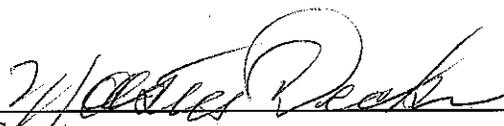
That I have compared the foregoing extract of the minutes of the meeting of the Wayne County Industrial Development Agency (the "Agency") including the resolutions contained therein, held on the 17th day of December, 2010, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolution set forth therein and of the whole of said original insofar as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that all members of said Agency had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with Article 7.

I FURTHER CERTIFY that there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY that as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of said Agency this 17th day of December, 2010.



Secretary

[SEAL]

RESOLUTION-(OB-1 - 12/17/2010)
(Thomas Electronics of New York, Inc.)

A special meeting of the Wayne County Industrial Development Agency was convened on December 17, 2010, at 11:30 a.m.

The following resolution was duly offered and seconded, to wit:

Resolution No. 12/2010 - _____

RESOLUTION OF THE WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZING (1) THE TRANSFER OF THE LEASED REAL PROPERTY AND EQUIPMENT TO **THOMAS ELECTRONICS OF NEW YORK, INC.**, AND (2) THE EXECUTION AND DELIVERY OF ANY DOCUMENTS NECESSARY AND INCIDENTAL THERETO, ALL AS MORE FULL DESCRIBED HEREIN.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 916 of the Laws of 1969 of the State of New York, as amended (hereinafter collectively called the "Act"), the **WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (hereinafter called the "Agency") was created with the authority and power to own, lease and sell property for the purpose of, among other things, acquiring, constructing and equipping civic, industrial, manufacturing and commercial facilities as authorized by the Act; and

WHEREAS, the Agency and Thomas Electronics of New York, Inc., a business corporation duly organized and validly existing under the laws of the State of New York, having an office at 208 Davis Parkway, P.O. Box 71, Clyde, New York 14433 (the "Company") entered into a Lease Agreement, dated as of February 1, 2000 (the "Lease Agreement"), whereby the Agency leased to the Company a certain industrial development facility (the "Facility"), a memorandum of which Lease Agreement was recorded in the Wayne County Clerk's Office on February 22, 2000 in Liber 975 of Deeds, Page 990; and

WHEREAS, pursuant to the terms of the Lease Agreement, the Company has notified the Agency, among others, that it has elected to terminate the Lease Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. Subject to the terms and conditions contained within the Agency Documents and this resolution, the Agency hereby approves the Quitclaim Deed, Termination of Lease Agreement and Bill of Sale, along with the execution and delivery by the Agency of any and all documents necessary and incidental thereto.

Section 2. The Chairman, Vice Chairman, Executive Director and/or the Deputy Executive Director of the Agency are hereby authorized, on behalf of the Agency, to negotiate,

approve the form and substance of, execute and deliver any certificates, documents and agreements, based on the advice and counsel of counsel, necessary or desirable to allow for such Assignment. The Chairman's, Vice Chairman's and/or Executive Director's execution and delivery of such documents shall constitute conclusive evidence of such approval.

Section 3. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required and to execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 4. These Resolutions shall take effect immediately.

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

	<i>Yea</i>	<i>Nay</i>	<i>Absent</i>	<i>Abstain</i>
David Spickerman, Sr.	XX			
James Hoffman	XX			
Willard Milliman			XX	
Marvin E. Decker	XX			
Robert Havrilla	XX			

The resolutions were thereupon duly adopted.

STATE OF NEW YORK)
COUNTY OF WAYNE) ss:

I, the undersigned Secretary of the Wayne County Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the foregoing extract of the minutes of the meeting of the Wayne County Industrial Development Agency (the "Agency") including the resolution contained therein, held on the 17th day of December, 2010, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolution set forth therein and of the whole of said original insofar as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that all members of said Agency had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with Article 7.

I FURTHER CERTIFY that there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY that as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of said Agency this 17th day of December, 2010.


Secretary

[SEAL]

RESOLUTION - (OB-2 - 12/17/2010)
(Division Street LLC)

A special meeting of the Wayne County Industrial Development Agency was convened on December 17, 2010, at 11:30 a.m.

The following resolution was duly offered and seconded, to wit:

Resolution No. 12/2010 - _____

RESOLUTION OF THE WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZING (1) THE TRANSFER OF THE LEASED REAL PROPERTY AND EQUIPMENT TO **DIVISION STREET LLC**, AND (2) THE EXECUTION AND DELIVERY OF ANY DOCUMENTS NECESSARY AND INCIDENTAL THERETO, ALL AS MORE FULL DESCRIBED HEREIN.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 916 of the Laws of 1969 of the State of New York, as amended (hereinafter collectively called the "Act"), the **WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (hereinafter called the "Agency") was created with the authority and power to own, lease and sell property for the purpose of, among other things, acquiring, constructing and equipping civic, industrial, manufacturing and commercial facilities as authorized by the Act; and

WHEREAS, the Agency and Division Street LLC, a limited liability company duly organized and validly existing under the laws of the State of New York, having an address of P.O. Box 130, Palmyra, New York 14522 (the "Company") entered into a Lease Agreement, dated as of October 1, 1989 (the "1989 Lease Agreement"), whereby the Agency leased to the Company a certain industrial development facility (the "1989 Facility"), a memorandum of which 1989 Lease Agreement was recorded in the Wayne County Clerk's Office on October 31, 1989 in Liber 842 of Deeds, Page 584; and

WHEREAS, the Agency and company entered into a Lease Agreement, dated as of September 1, 1993 (the "1993 Lease Agreement"), whereby the Agency leased to the Company a certain industrial development facility (the "1993 Facility"), a memorandum of which 1993 Lease Agreement was recorded in the Wayne County Clerk's Office on September 30, 1993 in Liber 887 of Deeds, Page 814; and

WHEREAS, the 1989 Lease Agreement and the 1993 Lease Agreement (collectively referred to herein as "Lease Agreements") were amended pursuant to a First Amendment to Lease Agreements dated May 1, 1999 to reflect the construction of an approximately 35,000 square foot manufacturing building located at 2081 Division Street, Town of Palmyra, Wayne County, New York (the "1999 Facility") (the "1989 Facility, 1993 Facility and 1999 Facility will be collectively referred to herein as the "Facility"); and

WHEREAS, pursuant to the terms of the Lease Agreements, as amended by the First Amendment to Lease Agreements, the Company has notified the Agency, among others, that it has elected to terminate the Lease Agreements, as amended by the First Amendment to Lease Agreements.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. Subject to the terms and conditions contained within the Agency Documents and this resolution, the Agency hereby approves the Quitclaim Deed, Termination of Lease Agreement and Bill of Sale, along with the execution and delivery by the Agency of any and all documents necessary and incidental thereto.

Section 2. The Chairman, Vice Chairman, Executive Director and/or the Deputy Executive Director of the Agency are hereby authorized, on behalf of the Agency, to negotiate, approve the form and substance of, execute and deliver any certificates, documents and agreements, based on the advice and counsel of counsel, necessary or desirable to allow for such Assignment. The Chairman's, Vice Chairman's and/or Executive Director's execution and delivery of such documents shall constitute conclusive evidence of such approval.

Section 3. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required and to execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 4. These Resolutions shall take effect immediately.

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

	<i>Yea</i>	<i>Nay</i>	<i>Absent</i>	<i>Abstain</i>
David Spickerman, Sr.	XX			
James Hoffman	XX			
Willard Milliman		XX		
Marvin E. Decker	XX			
Robert Havrilla	XX			

The resolutions were thereupon duly adopted.

STATE OF NEW YORK)
COUNTY OF WAYNE) ss:

I, the undersigned Secretary of the Wayne County Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the foregoing extract of the minutes of the meeting of the Wayne County Industrial Development Agency (the "Agency") including the resolution contained therein, held on the 17th day of December, 2010, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolution set forth therein and of the whole of said original insofar as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that all members of said Agency had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with Article 7.

I FURTHER CERTIFY that there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY that as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of said Agency this 17th day of December, 2010.


Secretary

[SEAL]

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1 WAYNE COUNTY IDA SPECIAL BOARD MEETING
2 back. Whichever.
3 (The proceeding recessed at 11:16 a.m.)
4 (The proceeding reconvened at 11:30 a.m.;
5 appearances as before noted.)
6 * * *
7 MR. SPICKERMAN: Let's call the meeting to
8 order. I'm going to begin with introductions.
9 I'm Dave Spickerman, IDA Chair.
10 MR. DECKER: Marvin Decker, Member.
11 MR. HOFFMAN: Jim Hoffman, Vice-Chair,
12 Chairman of the Board of Supervisors.
13 MR. MANKTELOW: Brian Manktelow, Lyons
14 Town Supervisor.
15 MR. PALIOTTI: John Paliotti, Town of
16 Lyons.
17 MR. LITTEER: Tom Litteer, Midland
18 Asphalt.
19 MR. LUBER: John Luber, Midland Asphalt.
20 MS. CHURCHILL: Peg Churchill, IDA.
21 MR. MORELL: John Morell, General Counsel
22 for the IDA.
23 MR. MILLER: Justin Miller, Harris Beach,
24 Transaction Counsel for the IDA.
25 MR. HAVRILLA: Bob Havrilla, IDA.

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1 WAYNE COUNTY IDA SPECIAL BOARD MEETING
2 MS. LEISENRING: Marie Leisenring, IDA.
3 MS. RICHARDS: Dave Richards, IDA.
4 MR. CARE: I am Scott Care. I'm with
5 Palmyra Inn and this is my daughter, Charla. She flew
6 out with me when we came out. She just got back from
7 Argentina after 18 months, so we're just glad to have
8 her home.
9 MS. CHURCHILL: Does anybody have
10 questions or comments?
11 MR. SPICKERMAN: Are we following the
12 agenda or do you have something you want to do first?
13 MR. MORELL: I think we want to do Midland
14 first after we get through the first part.
15 MS. CHURCHILL: I guess we're not
16 following the agenda.
17 MR. SPICKERMAN: Okay. We'll do Midland
18 first then.
19 MS. CHURCHILL: That's the request. Yes.
20 MS. RICHARDS: I move we approve the
21 minutes.
22 MR. SPICKERMAN: Okay. We're on.
23 MS. CHURCHILL: Okay. There is, deep in
24 your packets since we're not going by the agenda, a
25 resolution. It's Resolution F for the agenda.

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 2 MS. LEISENRING: It's E.
 3 MS. CHURCHILL: Which is why I need to put
 4 my glasses on. Yes. It's E.
 5 This resolution is offered as the final
 6 resolution for the Midland Asphalt Materials project
 7 for the payment in lieu of taxes. As most of you
 8 know, there was a public hearing at 10:45 that lasted
 9 until approximately 11:16 by Verizon time. We have
 10 had a court stenographer take minutes of not only that
 11 public hearing but is also taking minutes of the board
 12 meeting. I don't think everybody was here.
 13 How do we want to --
 14 MR. MORELL: I think we should summarize
 15 what some of the comments were for board members.
 16 MS. CHURCHILL: I can do that unless Molly
 17 wants to read everything back. No, not in Molly's job
 18 description.
 19 Basically, I opened the meeting; Justin
 20 read the project summary noting that the copy of the
 21 public notice is attached and becomes part of the
 22 record. And then, he asked the folks who had signed
 23 in to participate at the meeting for comments. And
 24 John Paliotti had a question which was, "How does this
 25 help the Town of Lyons?" And I think -- I will go

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 2 through them all then we can come back and discuss the
 3 questions.
 4 Tony Villani questioned how 485-b was
 5 represented in the base assessment that we have put
 6 into the PILOT and suggested that we look at what we
 7 have used to represent the 485-b, which is \$400,000
 8 over everything, and that that was then subtracted
 9 from the 300 Cole Road original March 1st, 2010, base
 10 assessment of 3,011,500. So he questioned that.
 11 He asked if the IDA was comfortable with
 12 SEQRA and suggested that there be a definition of new
 13 build and of tanks and questioned whether or not
 14 environmental concerns had actually been taken into
 15 consideration.
 16 He noted that the IDA had used
 17 construction prior to 2010 and requested an
 18 interpretation on new construction and that tax status
 19 date is not -- he believed that the policy is not
 20 realistic and that PILOT was unnecessary and not
 21 consistent with what most people think the IDA does.
 22 Dan LaGasse had no further comment; Terry
 23 had no further comment; Corrine echoed some of
 24 Mr. Villani's questions, that they were also in her
 25 mind, that she was concerned for the Village of Lyons.

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 2 School district business director gave
 3 Tony Villani his time. Mr. Villani questioned that
 4 the anticipated savings, which is based on what is
 5 proposed to be constructed in the future, seemed to be
 6 larger than what it might be, and also, again, pointed
 7 out that 485-b appears to be much smaller in
 8 comparison to an IDA PILOT and that the PILOT
 9 extension is three times as strong as a 485-b.
 10 Supervisor Manktelow questioned the base
 11 and wanted to make sure that it was in minutes being
 12 taken, that the question wasn't answered, that it was
 13 deferred to this meeting.
 14 John Luber, controller for the company,
 15 gave an overview of the company. It was purchased
 16 in 2002 and became a part of Midland. The number of
 17 tanks grew due to winter fill which is when they fill
 18 the tanks in anticipation of sales and puts them in a
 19 strategic position for more sales.
 20 During 2004 and '5, they put a railroad in
 21 place that they couldn't use until recently. They now
 22 have two 2 million-gallon tanks and three 4
 23 million-gallon tanks. They would like to build a
 24 fourth 4 million if the economy turns around. They
 25 closed the Jamesville operation and moved an

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 2 additional 20 people here. They upgraded the existing
 3 facility here, basically making it a headquarters with
 4 meeting rooms and offices. They have grown here and
 5 are concentrating here.
 6 Since those 20, they've hired an
 7 additional two to three salespeople and they've hired
 8 an RIT graduate from the Town of Lyons as their sales
 9 account person.
 10 Over the next several years they
 11 anticipate another 15 to 20 jobs depending on how it
 12 goes and noted that PMA modifies asphalt in order to
 13 make it more elastic for the uses that they are being
 14 called upon for.
 15 There was some time remaining and Justin
 16 asked if anyone else had further comments. Supervisor
 17 Brian Manktelow pointed out that as of the board
 18 meeting on Wednesday night, the town board backs the
 19 company 110 percent; they want to see it grow, but
 20 that he hopes the company understands the town's
 21 position that the PILOT needs to be fair to both sides
 22 and that the town board members need the answers for
 23 these questions because they're going to be asked
 24 these questions by their constituents.
 25 And then Tom of Midland pointed out that

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2 Bill Haynes, who is plant manager, has had open houses
3 for the fire department, that there is an emergency
4 plan in place; the fire department is aware of that
5 and has been brought up to speed regarding that.
6 There is a containment plan that should there --
7 worst-case scenario -- ever be a spill, none of the
8 material would reach the canal because of that
9 containment plan. They meet with the DEC on a regular
10 basis and have to meet all the DEC regulations
11 regarding storage and processing. And regarding the
12 comment on aesthetics, that he thinks it's beautiful.

13 That was the end of the public comments
14 and Corrine motioned to close the public hearing and
15 it was seconded by John Paliotti, so the public
16 hearing was closed at 16 after 11. Okay.

17 MR. MILLER: I want to take the
18 opportunity to welcome members of the affected taxing
19 jurisdictions that are here. Part of the Agency's
20 responsibility at any time is to contemplate the
21 deviation from this uniform tax exemption policy to
22 allow representatives of affected taxing jurisdictions
23 to address the board of the Agency before it reaches
24 final approval. So we want to provide as much of a
dialogue in a question and answer format as we can.

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2 I want to try to run through some of the
3 public hearing comments that Ms. Churchill went
4 through just now and perhaps set up a forum where most
5 of your questions can be answered right now. If
6 there's any other questions, we'll try to answer them,
7 as well.

8 With regard to some of the comments that
9 were proposed to the PILOT structure itself, perhaps
10 to answer some of the questions that both the board
11 members and the people here from the taxing
12 jurisdictions and the public, the IDA received an
13 application in early 2010 for a project that was
14 originally proposed as a multiyear project by Midland
15 Asphalt Materials that started, I think, in 2006 --
16 and Mr. Luber can guide me if my dates are wrong.

17 During that time period, there had been a
18 year -- over a year tax certiorari proceeding taking
19 place between the town and Midland to try to set up an
20 agreed amount of value on the property. So prior to
21 the Agency's receipt of an application on the project
22 that was underway, there was a question as to what the
23 assessed value of the property was. Under the
24 Agency's uniform tax exemption policy, where there's a
25 project that involves an existing facility that is

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2 being renovated and/or enlarged, the Agency
3 contemplates under a standard PILOT that it will have
4 the current assessment for the existing building
5 frozen at that level for the ten-year exemption period
6 and will be 100 percent exempt on the increase in
7 value because of the IDA project for the first five
8 years, and 50 percent exempt on value added because of
9 the IDA project for the second five years.

10 So given the circumstances and the timing
11 and the multiyear aspects of the project, the fact
12 that there were tax certiorari proceedings underway
13 and not yet reconciled, the Agency was in a very
14 unique situation and is in a very unique situation
15 where we're trying to, as best we can, adhere to the
16 uniform tax exemption policy where we find the base
17 value and utilize that to protect the taxing
18 jurisdictions.

19 By that, I mean: We try not to take away
20 any tax revenues that it's currently receiving; there
21 won't be a net reduction. It will be frozen under
22 current revenues and then an abatement applied to
23 added value.

24 So given all these circumstances, the
25 Agency very cautiously over the course of the last six

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2 months has understood that the tax certiorari
3 proceeding was in the process of reconciliation.
4 We've tried to identify a base value on a unique
5 aspect of the settlement of that tax certiorari
6 proceeding, which was the establishment of an
7 artificial base value to allow the taxing
8 jurisdictions the benefit of not having to make direct
9 refunds to the company, rather a temporary, lower
10 assessed value was set for the 2011 town and county
11 tax years and the 2011 -- pardon me -- 2010 and 2011
12 village and school tax years.

13 So, immediately, there was some unique
14 circumstances where the Agency was trying to identify
15 a base value. We received comments from the town
16 regarding the artificial nature of the settlement and
17 we've responded saying that we think we agree; we'll
18 use what the assessor said on March 1 of 2010 as a
19 meaningful base value and taking into consideration
20 any other existing exemptions on the property.

21 There's a current 485-b exemption on 300
22 Cole Road in the amount of \$400,000. So the Agency,
23 through its response to the affected taxing
24 jurisdictions, has a proposal now in front of it that
25 freezes the base value at what the assessor said the

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1 property was worth on March 1 of 2010 and takes into
2 account the 485-b exemption that was awarded this
3 year, as well. So that's what we're identifying as a
4 base value, with the added value to be identified
5 within the PILOT as only the construction that can be
6 recognized by the assessor following March 1, 2010.

7 So to quickly summarize how the PILOT
8 works, it's a very abridged amount of new value being
9 controlled by the PILOT. We're freezing anything that
10 the assessor has recognized on March 1 of 2010. And
11 in the grand scheme of things, in contrast to the
12 total size of a \$6 million project, we're estimating
13 that the PILOT is really going to provide an abatement
14 on about \$1.2 million of added value.

15 So it's a very small amount of actual
16 savings that's being provided under the PILOT
17 agreement in contrast to the total project. So that
18 long-winded explanation is intended to address the
19 question of how the PILOT works and why we're
20 including the 485-b.

21 There was a question addressed regarding
22 SEQRA and the Agency's review.

23 The project itself was defined and
24 reviewed under SEQRA by, I believe, the village

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1 planning board in 2005 or 2006. And at that time,
2 everything that's contemplated within the Agency's
3 definition of the project was centrally permitted.
4 There was a full SEQRA review done at that time
5 regarding site, smell, sound, safety; those kinds of
6 issues were addressed by the village review board.

7 The Agency -- the IDA, in connection with
8 contemplating this project which came to it a couple
9 years later, also did a SEQRA review that took
10 into account the SEQRA review conducted by the village
11 planning board and reviewed the project in the context
12 of mostly the Agency acquiring an interest in real
13 estate.

14 Any time a public Agency, like a town or a
15 county or an IDA, acquires real estate, that in and of
16 itself is an action under SEQRA, so we took that into
17 account. There aren't many sight, smell, sound issues
18 associated with just getting a lease of real estate,
19 but for purposes of compliance with SEQRA, we did a
20 review.

21 The questions regarding what is the
22 definition of new construction, under the Agency's
23 uniform tax exemption policy, right now, the question
24 of new construction really relates to the entire

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1 project. We know that that would be a very aggressive
2 approach if the Agency would try to exempt the entire
3 \$6 million project that took five years or four years
4 to build. So in the very cautious and -- well, I
5 think well-thought-out process, I think we're trying
6 to just identify what we can help after March 1 of
7 2010, and that's what we've disclosed in our
8 contemplated deviation.

9 Initially we tried to use that artificial
10 number, but we've agreed that a more appropriate
11 approach is to utilize the assessed evaluation already
12 attributed by the assessor on March 2010 prior to the
13 certiorari order -- the numbers that were established
14 later in the year.

15 MS. CHURCHILL: Can I interject one thing
16 there?

17 And it wasn't until after we used the
18 artificial number that it was verified by the attorney
19 for the town that that was the real number and that
20 that wasn't part of the certiorari, and the company
21 also agreed that that was what the assessment --
22 starting in 2010, that that was a real number; it was
23 not artificially low, but it was also not high so that
24 it was going to be subject to a future certiorari.

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1 MR. MILLER: And the last point I'll make,
2 and then we can have any questions addressed to the
3 board or any of us here: Supervisor Manktelow asked
4 the question about future improvements to the
5 property, how would they be treated by the PILOT, how
6 would they be recognized.

7 And to answer that question, the Agency
8 has a specifically defined project in its resolutions
9 that was fully permitted back in 2005 and 2006 to the
10 extent that any additional improvements come on line,
11 they would be fully taxable. They would be recognized
12 by the assessor with a value, and unless the Agency
13 gets another application describing that project, that
14 would be a fully taxable improvement for the benefit
15 of the taxing jurisdictions.

16 Mr. Luber pointed out during his
17 discussions and background information on the project
18 that there is a tank 65, I think, that is not
19 permitted yet. We've done some clearing and grubbing,
20 but it hasn't been constructed.

21 Just to use that as an example to help you
22 out, if that's built in 2012, for example, and the
23 PILOT isn't modified, there's no additional PILOT
24 application submitted, the assessor would recognize a

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2 value for that and whatever rates are in place at that
3 time it would be a fully taxable improvement.

4 I just wanted to make sure we got to that
5 question as asked during the public hearing.

6 If there are any other questions or
7 concerns or clarifications that anyone here on behalf
8 of the taxing jurisdiction may have or any member of
9 the public, that's kind of why we're here. And
10 certainly the board members, if they have any
11 questions regarding the discussions and any of the
12 review of the project, have at it.

13 I'll stop talking.

14 MS. CHURCHILL: I would like to go back to
15 John's question early on: How does it help the Town
16 of Lyons?

17 Within this, it's anticipated that there
18 will be \$350,000 of additional payroll. Okay? And
19 it's about seven jobs and that --

20 MR. LUBER: Could be more.

21 MS. CHURCHILL: -- could be more, but I
22 think where it's at, there's the seven that are
23 committed. And should those be -- and I use if they
24 were to live in the region, 64 cents of every dollar
25 those people get stays in the region.

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2 MR. LUBER: What was the name of the place
3 that closed down? Parker? Parker Hannifin. When we
4 found out they were closing, we had Justin and Peg
5 come over and we talked about seeing about getting
6 individuals and we hired a bunch. And some of them
7 worked out, some of them didn't.

8 So we're trying to -- where there is a
9 gap, we're trying to ask for that. With the new tanks
10 that we have on line, we need more people at night to
11 baby-sit them, for people that come in at 3 o'clock in
12 the morning or midnight.

13 Money that stays in the area -- everybody
14 that travels in from all their outlying regions to
15 commute here, we are constantly going out for lunch.
16 Studebaker's knows us by first name. The corner is
17 not in Lyons, but it's within the distance here.

18 There is a lot of money there. The hotels that we
19 stay in on a consistent basis --

20 MR. CARE: Whoopie.

21 MR. LUBER: -- are plentiful, too.

22 With that new PMA building that was built,
23 we're anticipating -- because now we have an asphalt
24 facility as opposed to just an emulsion facility like
25 we have in Tonawanda. And in Lyons, with that asphalt

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2 comes with it certifications and with those
3 certifications comes testing that we can do ourselves
4 as opposed to paying \$1,000 for a test here or \$500
5 for tests there. We can hire somebody to do our tests
6 when we want them done in stead of waiting two, three,
7 four, five days before clearing a tank and saying it's
8 certified.

9 So there is anticipating a couple of jobs
10 there with the -- including that seven number that
11 Ms. Churchill mentioned.

12 I'd like to address the three comments
13 that Mr. Villani brought up. I'm going to go in
14 reverse order.

15 Water hazards. We have the DEC -- and I
16 don't know if anybody has had to deal with the DEC,
17 but they are relentless and they are nonmoving on
18 anything.

19 We had trees growing in one of our
20 containments. Great, trees are growing, you know. If
21 something happens, the trees would help slow it down.
22 Sorry. You got to clear it completely out. Why?
23 Because that's the rule. Within a week, that was
24 done. We didn't have a choice.

25 If anybody knows what asphalt is, it's the

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2 bottom of the barrel after everything else gets done,
3 not like what happened in the gulf coast. That bottom
4 of the barrel stuff. If you've ever seen asphalt in
5 its -- at temperature -- ambient temperature, it is
6 hard; it's solid. For example, that road outside.
7 That's what happens when it hits air and when it hits
8 water. You'll hear bubbling if it hits water because
9 it's like throwing water in hot oil, but then it
10 freezes up and it's this big Play-Doh. It doesn't go
11 anywhere.

12 MR. LITTEER: It's actually used in
13 containment ponds and fields and whatnot to keep any
14 nasty material liquid from leaching out in the fields.
15 They actually use it to line the tank bottoms.

16 So if it were to get in the canal, which
17 it can't because we have done what we're supposed to
18 do, it would basically line the bottom of the canal.
19 So as far as water hazards, the DEC -- like John said,
20 it's their way. That's it. Period. So we've done
21 everything they've asked us to do.

22 As far as the fire department, the
23 assumption that these three things haven't been
24 considered, if that was an assumption, is wrong. Bill
25 Haynes, our plant superintendent, he's in charge of

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2 the facility there. He's a former chief, deputy,
3 volunteer fireman, still active in the fire department
4 and he knows what needed to be done, so he actually
5 invited the fire department to come over and take a
6 look at -- if this happens, this is what needs to be
7 done and they all traded back and forth and put
8 together an emergency plan.

9 So that's in place with numbers and a
10 whole list of things that we have to do and he stays
11 in contact with the fire department here. And as far
12 as the visual, the only person I know of that lives
13 anywhere even close to that would be Chuck Tomes and
14 to the best of my knowledge, he can't even see us
15 where he is.

16 We keep it clean. We just paved all the
17 lots. We painted. We spent quite a bit of money
18 because we had our open house -- our big corporate
19 meeting down there, so we just -- it's clean; it's
20 neat, everything is in place. We welcome anybody to
21 come down and take a walk.

22 MR. LUBER: We also have an advantage.
23 Since it's a newer facility and we also have the PMAC
24 building just built, we hosted -- normally, what we do
25 as a larger group in the eastern part of the state is

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2 we go to different places: Philadelphia, Pittsburgh,
3 Columbus, Cincinnati and we do meetings at those
4 places. We've never had it at a facility.

5 This year was the first time we were able
6 to do it at a facility. It was a little cramped, but
7 we were able to do it within our walls because we do
8 have a larger conference room and we do have the
9 facilities locally to be able to put the people up and
10 bring in caterers and do that kind of thing. So
11 there's been talk about having the local regional
12 northeast divisional, which we're part of, come and
13 have our meetings there. So there's also other
14 outside activity coming in.

15 MR. LITTEER: We're unique. Even in our
16 huge corporation, we're just unique. We're not just
17 an asphalt manufacturing plant/road materials
18 construction company. We're also a liquid terminal.
19 Having those both together is rather unique.

20 In fact, we've even -- speaking of the
21 canal, we've even been investigating a possibility of
22 going back to barges and have them bring the materials
23 in through the canal, which personally I think would
24 be great.

25 MR. PALIOTTI: Why aren't they doing that?

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2 That's how they used to --

3 MR. LITTEER: Well, speaking of the DEC
4 again, we have a problem. In the old days, they'd
5 bring a barge in full of liquid asphalt, we'd pump it
6 off, fill it with water so they could make the trip
7 back under the bridges and structures, and the DEC
8 decided that no, you know, we can't do that; we don't
9 want any contamination.

10 So what you have to have now is a
11 double-hull barge. So the second hull or the false
12 hull is where you're going to put the water in.
13 Terribly expensive, although we've got a couple leads
14 on it. But now the issue of the draft, can it make
15 the whole trip? So there's ongoing research there.

16 Even though after you take the asphalt out
17 of the barge and put water in it, you can drink it.
18 They don't mix. But DEC -- that's what they want, so
19 that's what we have to do and we're willing to do
20 that. We're willing to investigate that if the canal
21 can take it, if we have the draft and everything goes
22 according to plan. And the court authority, I guess,
23 right now, in the past couple of years, has been
24 working on that.

25 MS. CHURCHILL: Yeah. The IDA funded a

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2 study.

3 MR. PALIOTTI: So the asphalt is not
4 considered a hazardous material?

5 MR. LITTEER: No.

6 MR. PALIOTTI: In your tanks down there,
7 are there hazardous materials in the other tanks?

8 MR. LITTEER: Yes. Individually
9 contained. But also, keep in mind that everything
10 that we haul over the road -- everything that goes out
11 on the road was declassified as a hazardous material
12 by the DEC. None of our loads have to be placarded.

13 MR. PALIOTTI: Are you changing any of
14 those tanks --

15 MR. LITTEER: We're talking small tanks.
16 500,000-gallon tanks. Yeah. Not even. And those are
17 added to the tanks and those are self-contained with
18 their own containment system around them set aside.
19 Big tanks, our million-gallon tanks, no.

20 MR. PALIOTTI: I remember an incident many
21 years ago and I can't remember if it was the asphalt
22 plant or the Agway down there, something happened and
23 they had to evacuate the people on this --

24 MR. LITTEER: That was neither. That was
25 the gas company next door. That was Airgas.

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2 MR. PALIOTTI: Airgas? Thank you. This
3 is 40 years ago I'm talking about.

4 MR. LITTEER: You've got a couple on me.
5 Actually, I've been with this company
6 since my father hired me 32 years ago. And this used
7 to be Chevron and they had a couple small tanks
8 around. I wish he was alive to see it today.

9 MR. PALIOTTI: I don't want to beat this
10 up, but I think it was the Midland Asphalt. I don't
11 think it was called Midland then. There was an
12 incident where they emitted gas down there and they
13 had to pull the people out of the eastside of the
14 village.

15 MR. LUBER: 40 years ago? Could have been
16 Chevron.

17 MR. LITTEER: It would have been Chevron,
18 but they didn't have anything gaseous down there that
19 would have done that.

20 MR. PALIOTTI: Like I say, might have been
21 the Agway. You don't know for certain. What I'm
22 leading up to is: What are the protections on those
23 tanks?

24 MR. LUBER: First of all --

MR. LITTEER: We don't have any of those

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2 types of materials that are gaseous that could cause
3 that kind of problem. Ours are liquid, heavier than
4 air, and they are built with a concrete trough around
5 them which will hold more than the tank will.

6 MR. LUBER: Again, if there's ever a want
7 or need to have a visit, we do have open houses once a
8 year, but if there's ever a need or you guys just want
9 to come and see what's going on, stop in and say "hi,"
10 like Peg does or Justin does from the IDA, please give
11 us a call. We'd be happy to show you around. Bill
12 Haynes, he's our default expert and so he'll be your
13 visitor's guide.

14 MS. CHURCHILL: Bill's actually held a
15 number of the meetings regarding a possible port for
16 multimodal transportation, so you may have seen him at
17 one of those.

18 MR. LITTEER: Just call first because
19 they're kind of picky of people coming in without
20 hardhats and vests.

21 MS. CHURCHILL: "Jared" that John keeps
22 referring to is our business retention and promotions
23 person and our Empire Zone coordinator and he works on
24 a regular basis with these folks with zone and
25 retaining business.

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2 MR. MANKTELOW: John, you're responding to
3 Mr. Villani's comments in reverse order; how many of
4 those three --

5 MR. LUBER: The last one was the visual
6 comment. We talked about the water hazard. The fire
7 department, Tom touched upon.

8 The visual, when you compare it to Agway,
9 I don't think -- there is no comparison. The way
10 where it's situated up against the railroad and with
11 the bridge there, I don't know who -- whoever is
12 across the street could possibly see it. People
13 driving through would see it, but besides that, you
14 really don't see much. There was an old dilapidated
15 building that was over there; we tore it down
16 ourselves.

17 Again, when you compare it to Agway, Agway
18 is even closer to 31 than we are. You've got to go up
19 the bridge, around the curve before you get to 31.

20 MR. LITTEER: I think you'll vouch for the
21 fact that corporate is extremely fussy about
22 appearance.

23 MR. LUBER: Yes, they are.

24 MR. HOFFMAN: I have a question. If this
25 is not adopted by the board, what would the impact be

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2 on Midland if this was not approved?

3 MR. LUBER: It's additional revenue or
4 less expenses that we would have then to foster other
5 things -- "other things" being additional expansion,
6 hiring more people for full-time work, as well as
7 expenditures for other equipment that we do need.

8 MR. LITTEER: Something that wasn't
9 mentioned before: One of the biggest reasons for our
10 winter fill for all the millions of gallons that we
11 can hopefully buy before the season starts, two years
12 ago, we had probably the worst price escalation that
13 we've seen in probably 25 years and the prices went
14 sky high, but because we had purchased that material
15 ahead of time, we were able to pass on millions of
16 dollars of savings to the towns and the counties
17 because we had purchased that before the price went
18 up. So we were able to hold the price when the prices
19 went up 160 percent. So there's a method to the
20 madness of winter fill.

21 MS. CHURCHILL: When you consider the use
22 by towns and villages and counties for road paving in
23 the state, that isn't taken into account with that 64
24 cents of every dollar. The multiplier that we talk
25 about, with restaurants and hotels and the pharmacy

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2 and gas and all of that where the sales tax can stay
3 in Wayne County, that's totally above and beyond the
4 benefit that we'll see.

5 MR. HOFFMAN: So this is where some of my
6 highway superintendent's money goes.

7 MR. LITTEER: Right here to the asphalt.
8 You can tell them to put a little more over there if
9 you want.

10 Yes, to answer your question.

11 MR. PALIOTTI: I have one more. You
12 stated that the additional product would be fully
13 taxable unless the PILOT is modified. Is that
14 something that you would do possibly?

15 MR. MILLER: If the company -- just using
16 tank 65 as an example, because it sounds like it's in
17 your head but you haven't submitted to it yet. They
18 would have to apply to the IDA, fill out a whole new
19 application. We would have to do another public
20 hearing, and that would be something that I think
21 probably easier considered, because this whole base
22 value question hopefully won't be as complicated an
23 analysis as it has been this year.

24 So in theory, they could apply to the IDA
25 for abatement on that. Barring that application and

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2 that process, it would be fully taxable. Right now,
3 the PILOT that we're considering and have in front of
4 the board for consideration is just a ten-year PILOT
5 under the structure that we discussed, and that would
6 be taxable unless they apply for another exemption.

7 MR. PALIOTTI: Is this unusual to PILOT
8 existing properties? Have you done this before?

9 MR. MILLER: Existing property --

10 MS. CHURCHILL: We do expansions, John.
11 Yes. So there's -- Marshall Farms has several PILOTS
12 as they contemplate an expansion, get it approved
13 through planning, are ready to go, they come to us.

14 In order to have more happen than would
15 have without the PILOT, we go and do a PILOT.

16 We did a very large deviation PILOT on the
17 Garlock Sealing Technologies plant in the Town of
18 Paimyra where it was clear they were willing to go to
19 North Carolina. And all of the state agencies,
20 utility companies, everybody got together. That's a
21 20-year PILOT and it froze the assessment at the 2005
22 assessment because so much change was going to take
23 place with buildings coming down and buildings going
24 up, and set a flat amount so that it provides
25 consistency for both taxing jurisdictions and

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2 companies in being able to freeze an assessment rather
3 than having situations like the town has just gone
4 through where you go through a lengthy certiorari
5 process, which in certain cases, can be kind of
6 revolving if you don't capture it and sell it, you
7 know, you could be doing the same thing in two years
8 where this is -- almost the side effect of doing a
9 PILOT is that people know what they're paying on and
10 municipalities know what they're going to be getting.

11 MR. PALIOTTI: Thank you.

12 MR. MILLER: It's a stabilization factor.

13 MS. CHURCHILL: Yes.

14 MR. MILLER: One of the other issues is
15 kind of academic and I think the business agent for
16 the school district left. One of the beneficial local
17 benefits of an IDA PILOT is that by moving the entire
18 property from section role 1 to section role 8 makes
19 it exempt. And for purposes of school aid
20 calculation, that property, whether it's new
21 construction or existing construction, comes out of
22 the total assessed evaluation and calculation for the
23 school district. So it actually has a positive
24 benefit. There is state aid contributions from the
25 State of New York.

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2 So that's another kind of -- it's not a
3 well-known side benefit of PILOTS, but it's something
4 that actually helps for state aid and the
5 stabilization factor. Hopefully, this side of the
6 PILOT, if it's approved by the board, would be a solid
7 ten-year window where you don't have to have the year
8 over your certiorari. The company is comfortable with
9 the base value and the taxing jurisdictions understand
10 the benefits and the revenues coming in under the
11 PILOT. Hopefully, that gets the company comfortable
12 to continue making capital investments in the Town and
13 Village of Lyons.

14 Any other questions from the board or --

15 MS. CHURCHILL: Brian, did you have
16 something?

17 MR. MANKTELOW: Yeah. I have a question.
18 Just got a few. Will you discuss what the dollar
19 amount for the PILOT is?

20 MR. MILLER: Sure. Yeah. We can go
21 through that now and I can give you the estimates and
22 tell you how we ended up where we're at, if that's
23 useful.

24 MR. MANKTELOW: Yeah. I would like to
25 know what the amount of the PILOT is.

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1 MR. MILLER: Sure. Just to give you a rough estimate -- that's all the IDA is in a position to do right now is kind of maybe guess what the assessor might do with the property on March 1 of 2011.

2 What we have right now is a value set as of March 1, 2010. Complicating that, there is an interceding amount that was set that was lower to get rid of the tax certiorari proceedings. What we're trying to do is guess what the assessor may do on March 1 of 2011.

3 MR. MANKTELOW: If the PILOT goes through, will it not lock in these figures that we have now? It doesn't matter what the assessor does, right?

4 MR. MILLER: Well, the amount of savings that they realize will depend on what the assessor does. And what we are trying to do is, if you have a base value set and the PILOT -- we'll stipulate that they're going to continue to pay full taxes on that base value throughout the term of the PILOT, that will never go down. The economic benefit to the PILOT agreement is to provide an abatement or exemption on the added value. We can only really guess what that uptake is going to be for 2010, 2011.

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1 Based on the estimated expenditures of the company following March 1 of 2010, we are estimating that the added value will be attributable only to 300 Cole Road and to Cole Road, the parcel that doesn't have an address. We're estimating that the increased amount of assessment by virtue of new construction following March 1 of 2010 to be \$400,000 for 300 Cole Road.

2 MR. MANKTELOW: 400,000 for 300?

3 MR. MILLER: That's correct.

4 MR. MANKTELOW: What will that be? Do you know? Is there something going to be built there or --

5 MR. MILLER: We're estimating that the assessor will recognize an added amount of \$400,000 on top of what was attributed on March 1 of 2010. It's a similar number for the Cole Road parcel which is currently assessed at \$23,300 -- a \$400,000 added value, if you will. And we also have this existing 485-b exemption that was awarded for the 300 Cole Road parcel in 2010 of \$400,000.

6 Those three figures -- 400, 400, and 400 -- comprise a total of \$1.2 million of what we're identifying as added value to be exempted by virtue of

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1 the IDA PILOT. If you look at the two \$400,000 estimates on 300 Cole Road and on Cole Road, those are largely attributable to -- and completely attributable to the PMAC plan, which is the phase of the project -- and John can please pop in here. I'm not an engineer. I can't even pretend to be one.

2 There was an estimated about \$2 million in total expenditures for the PMAC plan improvements, if that's a rough number to use for discussion purposes.

3 MR. LUBER: Correct.

4 MR. MILLER: That \$2 million added expenditure, they did some clearing, grubbing and some concrete pads, I think, prior to March 1 of 2010.

5 MR. LUBER: Correct.

6 MR. MILLER: So the majority of that \$2 million expenditure that hasn't happened yet on March 1, 2010, is going in and has gone in. I think it's maybe almost -- on 300 Cole Road and then on the Cole Road parcel.

7 MR. MANKTELOW: The PMAC building, that's on -- that's just on Cole Road; right? Is that what you're saying?

8 MR. MILLER: Yes.

9 MR. MANKTELOW: That number is not in the

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1 Cole Road -- the locked in numbers that you --

2 MR. MORELL: Right. That's not in the locked in numbers, no.

3 MR. MILLER: The base value doesn't include what we're calling added value. So looking at the total expenditure of approximately \$2 million between 300 Coal Road and Cole Road, the best we can do at this point is assume that what we're doing is assuming that approximately 40 percent of that -- because a lot of it is equipment and non-fixture equipment. The assessor won't recognize that as real estate tax or fixtures.

4 We're assuming that about 40 percent of that total \$2 million expenditure is going to be recognized as a taxable improvement, which by correlation, is about \$800,000. Personally, we don't understand how much of that 800 is on each parcel, so we're guessing that maybe 50/50 because some of the PMAC plant involves tanks and equipment and fixtures on 300 Cole Road, and then the building which is really the meat of it is on the Cole Road parcel.

5 MR. LUBER: There's a hopper that we throw these pellets in that help make the mixture that goes into the asphalt. That, as well as the storage and

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1 that lab that I mentioned, that's all on the -- from
2 the fence -- the fence that was there and back; that's
3 all in the Cole Road. There are some storage tanks
4 where the finished product will be held until it's
5 sold. That's actually behind those tanks that you
6 were asking about, the containment which is behind the
7 emulsion manufacturing facility where the other tanks
8 are. So that part is 300 Cole Road. In proximity,
9 you're talking less than 50 to 100 yards, but just
10 approximately, that's where it is.

11 MR. MORELL: That added value isn't frozen
12 because we don't know what that figure is going to be.
13 The assessor might say it's 600,000, might say it's a
14 million dollars. So in year six when they get that 50
15 percent tax abatement benefit, we don't know exactly
16 what that is going to be. Could be 50 percent of
17 600,000 or it could be a million dollars, could be
18 800,000.

19 MR. MILLER: We can't put our feet in the
20 shoes of the assessor, but for purposes -- the purpose
21 of the public hearing and the purpose of discussion of
22 the meeting, we have to do our best guess to disclose
23 what the potential financial assistance is to the
24 company. So if you look at that \$1.2 million of total
25

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1 added value which includes 400,000 on 300 Cole Road,
2 400,000 on Cole Road, and if we're going to include
3 the 485-b exemption of 400,000, total of 1.2 million,
4 that's our added value.

5 We try to estimate what the financial
6 assistance is and the only way you can really do that
7 is to make our best guess at what the 2011 mill rate
8 is going to be for all the tax jurisdictions. And if
9 you do that math, it's roughly \$50 and I think some
10 change. I think it's under 51 but over \$50.

11 If you run that \$50 mill rate against the
12 \$1.2 million, it's around \$60,000 a year in exemption.
13 And that \$60,000 exemption, if you -- year over year,
14 without any uptake on mill rate or assessments, it
15 comes to around \$300,000 just doing simple math. The
16 50 percent abatement where it reduces in year six
17 through ten, if you do similar math, it results in
18 about \$150,000 of savings in year six through ten. If
19 you put those two numbers together, we've arrived at
20 \$457,020 in what we're estimating in total PILOT
21 abatement on the added value as we're defining it.

22 All that being said, this is a \$6 million
23 project and I think this is what Mr. Villani was
24 alluding to. If you do a PILOT on a \$6 million
25

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1 project and try to estimate the total amount of
2 financial assistance, it would certainly be a heck of
3 a lot more than \$450,000 of exemptions; it would be a
4 much more generous PILOT structure.

5 I think this is my anecdotal kind of
6 objective assessment of this, that the \$450,000 of
7 exemptions over ten years is a little academic in the
8 grand scheme of things for the company, but what it
9 does is -- the PILOT's greatest benefit, I think, is
10 that stabilization factor. To get locked in, we don't
11 have to worry about Article 7 proceedings with the
12 town or the village or anybody else. It's a solid
13 number that the company is comfortable with. They
14 continue to invest in the property. And we're hoping
15 that the base value is something that will give the
16 taxing jurisdictions some comfort, too. They'll never
17 go down below that amount.

18 In fact, the actual amount of PILOT
19 payment each year may change because the mill rates --
20 invariably, county rate, the village rate, the school
21 rate, the town rate will go up; maybe they'll go down
22 if there's the ability to consolidate the governments.
23 Maybe the PILOT payment will come down by virtue of
24 mill rates. Equalization rates may have an impact on
25

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1 that, too, if it's shifted from under 100, it goes to
2 100 percent. That may have an impact on the exact
3 dollar amount.

4 MR. MANKTELOW: We're at 100 now.

5 MR. MILLER: If it stays there -- that
6 factor should be pretty stable, but the mill rates
7 moving a little bit may change the actual dollar
8 amount.

9 MR. HOFFMAN: The county rate did go down
10 from last year.

11 MS. CHURCHILL: That's what we used to
12 base these.

13 MR. MANKTELOW: So the existing buildings
14 in town on 200, 300 and a little bit of property on
15 Cole Road, that would be built into the PILOT;
16 correct?

17 MR. MORELL: They'll be paying 100 percent
18 taxes of what was there on March 1st, 2010. They will
19 be paying 100 percent taxes on that.

20 MR. MANKTELOW: On those properties?

21 MR. MORELL: On those properties.

22 MR. MILLER: The abatement -- the savings,
23 if you will, are going to be exclusively applied to
24 what happened after March 1 of 2010.
25

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1 If you look at this objectively compared
2 to a typical PILOT where you don't have a multiyear
3 project and you don't have tax certiorari proceedings
4 and all kinds of these unique factors that we're
5 trying to struggle with and trying to address, this
6 PILOT -- the net savings is a lot less than a typical
7 PILOT. They're actually coming in midstream and
8 getting a baseline frozen in the middle of the project
9 and then getting abatement at the tail end of it,
10 about \$2 million of expenditures.

11 MS. CHURCHILL: To put it in perspective
12 for the county whose rate is a little higher than the
13 town's, using the outside village rate, the county
14 would not collect about \$8,844 for each of the first
15 five years. \$8,844. For the second five years, years
16 six through ten, they would not be collecting \$4,422
17 per year. So that's a total of 66,330 not collected
18 by the county over ten years, and the town's impact is
19 even less.

20 And what we need to remember is, you've
21 never collected it before, so we're not taking you
22 backwards. You maintain what you have been getting
23 and, like Justin just said, depending on the rate, it
24 could go up a little or down a little in dollar value.

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1 But spreading it over ten years and looking at the
2 larger picture where if that 350,000 in extra payroll
3 was seven people who were here -- understanding that
4 it might not be -- but 64 on every dollar means that
5 \$224,000 a year through individual homeowner's real
6 property taxes, what they spend within the village,
7 what they put into their houses, contractors, what
8 they buy down at the Loson's and all of that -- that's
9 what's going to stay out of that 330.

10 So that's where -- when you asked what
11 does it do for Lyons, that's where you begin to look
12 at more holistically what's the impact of having
13 businesses grow. And I know there's a philosophical
14 difference here where apparently there is the picture
15 that all IDAs do is market to companies in Tahiti and
16 say, "Come on here, come on here." It's become very
17 obvious over the past ten years that that's not where
18 most of our time goes. 80 percent of what we do is
19 spent on business retention and expansion and the
20 PILOT is our strongest tool to help companies expand,
21 and that's what this is being used for.

22 MR. MILLER: One other thought. From the
23 town's perspective, because special districts are
24 generally your babies, one other important nuance of

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1 PILOTs is that while the property is going to move
2 from section role 1 to section role 8 and be exempt,
3 IDA PILOTs don't in any way exempt special districts.
4 So no matter what the assessor puts on the property
5 for an inherent value, that's still going to drive
6 fire, water, sewer. Whatever the special district
7 charges may be corrected on the facility, they'll
8 continue to be paid. They're not exempt at all. They
9 will be 100 percent of whatever the mill rate is on
10 special district charges.

11 MR. MANKTELOW: I apologize. I've got to
12 ask the questions. So the frozen base values for 200
13 and 300 Cole Road are 1,031,000; 2,611,000 and 23,000.
14 Those are included in the PILOT; right?

15 MR. MORELL: Right.

16 MR. MANKTELOW: Because doing the numbers
17 on that, the amount of taxes to the municipalities
18 from those three properties is about \$187,000 a year.

19 MR. MILLER: Using current mill rates, 50
20 bucks times 4 million and change --

21 MR. MANKTELOW: It's close. We did the
22 numbers. In this correspondence, I guess -- are tanks
23 66 through 71 built?

24 MR. LUBER: I believe so. Those are the

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1 tanks I told you where the remaining finished product
2 for the PMA are. That's where they're stored. That's
3 on 300. It's close to Cole Road. It's behind that
4 emulsion center.

5 MR. MANKTELOW: 66, 67, 68 --

6 MR. LUBER: No. It's just 66.

7 MR. MANKTELOW: How about 67, 68, 69, 70,
8 71; are they built?

9 MR. LUBER: No.

10 MR. MANKTELOW: Either I'm really
11 stupid -- but reading this, those -- if you guys build
12 those, that will be in this PILOT, this fixed rate.

13 MS. CHURCHILL: Because they're listed as
14 part of the project.

15 MR. MANKTELOW: That's my question. So if
16 you guys build --

17 MS. CHURCHILL: Yes.

18 MR. MANKTELOW: -- 68 through 71, there
19 will be no more taxes on that.

20 MS. CHURCHILL: Because they're
21 contemplated as part of the project. If there's
22 something that isn't listed as part of the project --

23 MR. MANKTELOW: That's roughly -- that's
24 five tanks; right?

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 2 MR. MORELL: We got the maps here. I
 3 don't know if these are the smaller tanks by the PMAC.
 4 MR. LUBER: I would have to clarify.
 5 There's two tanks in the front where the
 6 mixture actually happens, the AC asphalt mixes with
 7 the polymer.
 8 MR. MORELL: These are the tanks he's
 9 talking about. These are the smaller ones
 10 (indicating).
 11 MR. LUBER: That's -- I believe these are
 12 already built (indicating).
 13 MR. MILLER: My understanding is that
 14 they're all in and the assessor --
 15 MR. MANKTELOW: 67 through 71 are already
 16 in?
 17 MR. MILLER: They're the smaller tanks,
 18 not the big 4 million-gallon tanks.
 19 MR. LUBER: If you let me make a phone
 20 call, I can verify exactly and I can get back to you.
 21 MR. MANKTELOW: The only reason I'm asking
 22 is, in this document, if those tanks aren't built and
 23 you build those tanks, there's no way we can tax them.
 24 MR. LUBER: Actually, I can take the
 25 conversation a complete different direction. These

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 2 tanks are 4,000; 4,000; 30,000 and 5,000. That's not
 3 considered real property. We can take those down and
 4 we can put them up wherever we want with little to no
 5 cost.
 6 MR. MANKTELOW: You're saying 68 to 71 are
 7 just little baby tanks?
 8 MR. LUBER: Yes. Exactly.
 9 MR. MORELL: We can show you --
 10 MR. MANKTELOW: That's okay.
 11 MR. MILLER: To clarify the supervisor's
 12 point, I think we identified it as some of the
 13 equipment --
 14 MR. MANKTELOW: Okay.
 15 MR. LUBER: Yes. That's equipment.
 16 MR. MILLER: You're going to get a whole
 17 new added value. I think that's a good question.
 18 MR. MORELL: That's why we clarified what
 19 tanks are in our project description, so we wouldn't
 20 be having this issue of exactly what tanks are
 21 included. We needed to be specific enough other than
 22 put them online and sneak into the added value, if you
 23 will. I think we've clearly defined which ones.
 24 65 is the one that would be a --
 25 MR. LUBER: Would be a 4 million-gallon

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 2 tank.
 3 MR. MORELL: Right. It's something the
 4 assessor would look at. That's not part of this
 5 project. If you want, we can --
 6 MR. MANKTELOW: No. I don't need that.
 7 She's got it. I'd hate to see you sneak in five big
 8 tanks, then all of a sudden, we can't do anything.
 9 MR. LITTEER: Those 5,000-gallon tanks are
 10 what we --
 11 MR. MANKTELOW: I didn't realize that was
 12 what we -- so in these frozen numbers, Cole Road,
 13 right now, we have it assessed at 23,300, and that
 14 PMAC building is sitting there, so that's not going to
 15 be assessed.
 16 MS. CHURCHILL: Because it was --
 17 MR. LUBER: 25 percent of the laid out
 18 cost -- the clearing and the cement padding will be
 19 because that occurred before March 1st.
 20 MR. MILLER: I don't think she recognized it.
 21 MS. CHURCHILL: The only things that we
 22 have to go with and what we base all our PILOTs on is
 23 the information that is the real property assessment
 24 as of the March 1st status date preceding when we
 25 enter into a PILOT. So it's the \$23,000.

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 2 MR. MANKTELOW: So the PMAC building, that
 3 will be assessed not at full value?
 4 MS. CHURCHILL: No. That's protected
 5 because it went up.
 6 MR. MILLER: We're assuming that -- on the
 7 Cole Road parcel, we're guessing that the assessor may
 8 call that \$400,000 for an uptake. We're classifying
 9 that --
 10 MR. MANKTELOW: So that's part of the
 11 added value.
 12 MR. MORELL: Right. For the first five
 13 years, they wouldn't be paying taxes; second five
 14 years, 50 percent.
 15 MS. CHURCHILL: It's why having the
 16 March 1st, 2010, real number that everybody recognized
 17 as what the true assessment is was so important.
 18 MR. MANKTELOW: All right.
 19 MS. CHURCHILL: It's been very hard to get
 20 to.
 21 MR. MANKTELOW: Okay. On 300 Cole -- I
 22 got to ask the question. On 300 Cole, we've got
 23 \$2,611,500 as the locked in figure. It was 3
 24 million --
 25 MS. CHURCHILL: 11 --

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 2 MR. MANKTELOW: Yeah. 3,011,500.
 3 MS. CHURCHILL: That's because of the
 4 485-b.
 5 MR. MILLER: For purposes of 2010 taxes,
 6 that 3,011,000 number is there, but with the 485-b
 7 exemption, the only thing that the mill rate goes
 8 against is the 2,600,000. So in essence, we're
 9 locking in the base value that's already there by
 10 virtue of this exemption.
 11 MR. MANKTELOW: So isn't that double
 12 dipping then? Because shouldn't the mill rate be on
 13 the 3,011,000? Because you're already getting the
 14 exemption for 485-b.
 15 MR. MORELL: With our PILOT, they don't
 16 get to take 485 on top of our PILOT.
 17 MR. MILLER: So the 485-b will go away.
 18 MR. MANKTELOW: Oh. The 485-b will go away.
 19 MR. MILLER: We're basically trying to
 20 step in the shoes of 485-b.
 21 MR. MANKTELOW: And 485-b will go away.
 22 MR. MORELL: That would be double dipping.
 23 MR. MANKTELOW: 485-b will go away. All
 24 righty. I think I'm good. Sorry to ask the
 25 questions, but --

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 2 MR. MILLER: Thank you, Supervisor.
 3 That's why we're here.
 4 MR. MANKTELOW: John? You're my partner
 5 now. You're wiser than I am.
 6 Again, I apologize for all the questions.
 7 MS. CHURCHILL: It's a very complicated
 8 project, okay? And it's had some oddball, going to
 9 say, because of the certiorari, because of the
 10 timeline stuff thrown in against --
 11 MR. MANKTELOW: Back to my first question
 12 I asked. In a rough number, what's the PILOT number?
 13 MR. MILLER: What's the PILOT number? The
 14 total savings under the PILOT?
 15 MR. MANKTELOW: What's the PILOT payment
 16 going to be?
 17 MR. MILLER: It will be the -- for 2011,
 18 and that would be comprised of -- well, let me put it
 19 this way. The PILOT doesn't go into effect until
 20 March 1 of 2011, the first taxable status date. The
 21 first tax year that that taxable status date drives
 22 are school 2011 to 2012, village 2011 to 2012 and the
 23 2012 town and county tax years.
 24 If you assume that they're all the same
 25 tax years, the first PILOT payment -- the PILOT

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 2 payment will be made in -- just like normal taxes,
 3 when those bills come out, village and school will be
 4 the first ones to pop up in roughly September, let's
 5 say. Those PILOT payments will be reflective of the
 6 total base value times the mill rates. And then the
 7 next series of PILOT payments would kick in in January
 8 of 2011 and they would be the base value times mill
 9 rates. And then, if you go forward five PILOT years,
 10 those PILOT payments will go up to reflect only a
 11 50 percent exemption on the added value, not
 12 100 percent.
 13 The abatement schedule, if you look at it
 14 in a series of ten independent years, those
 15 independent years will be comprised of four separate
 16 tax years. If you roughly look at it, they're going
 17 to pay full taxes on the base value for the term of
 18 the PILOT and there would be a significant uptake in
 19 year six to reflect the 50 percent reduction in the
 20 abatement.
 21 As I mentioned before, the actual amount
 22 of the PILOT payment is going to be different every
 23 year based on mill rates. We're just using basically
 24 an established formula under the PILOT contract.
 25 MS. CHURCHILL: What we'd like to do is,

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 2 going forward with other PILOTs, is have it be paid in
 3 September, all of those taxing jurisdictions together
 4 to the IDA, and then the IDA disperses it to the tax
 5 jurisdictions. We have had issues with tax
 6 collectors, assessors, companies. Companies get three
 7 or four bills and say, "I thought we had a PILOT. Why
 8 am I getting another tax bill?"
 9 If we do it in one, everybody knows when
 10 they get paid and how much they get paid.
 11 MR. MILLER: To answer your question, I
 12 can't tell you how much the exact PILOT payment is
 13 going to be depending on where the jurisdictions set
 14 their mill rates, but we can --
 15 MR. MORELL: Multiply it by 50 --
 16 MR. MILLER: I should say it is a
 17 complicated --
 18 MS. CHURCHILL: This year is odd.
 19 MR. MILLER: We have this one drop because
 20 of the order. The taxing jurisdictions will absorb a
 21 little hit because of that order, but all things
 22 considered, if we ignore the order and the certiorari,
 23 what PILOTs do is freeze what you're getting today.
 24 You'll never go back. And you'll be able to continue
 25 to get a meaningful stream of revenue, you can budget

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1 on that, and then you can look at the PILOT contract
 2 and say, "Well, in six years, we're going to take an
 3 uptake," and you can budget on that, too.
 4 So the general rule of thumb of IDAs and
 5 their uniform tax exemption policies is not to punish
 6 the local taxing jurisdictions because of economic
 7 development. It's to hold them in the same place and
 8 provide kind of an easing-in towards full taxes.
 9 That's the benefit that they -- the
 10 inducement that they provide to companies: We'll give
 11 you a break for adding capital improvement within
 12 these taxing jurisdictions and within a defined
 13 period, ten years, it's going to be for free, so --
 14 MS. CHURCHILL: Because some of this
 15 really does seem to hinge on policy and philosophy.
 16 One of the things I would like to compare
 17 this to is last summer -- a year ago this past summer
 18 when rumor got out that Zotos was looking at a
 19 facility at the school specialty plan, and I was
 20 requested by a company to do a PILOT that would have
 21 provided the taxing jurisdictions with 25 cents on the
 22 dollar of what they were currently getting. Okay?
 23 And it is not within our policy. There
 24 was nothing attached to it as far as jobs or anything

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1 that was highly significant that would make us --
 2 encourage us to take a community backwards. And it
 3 would have taken the community backwards significantly
 4 at 25 cents on a dollar of taxes that we're getting.
 5 And I had folks from this community come
 6 into my office and say, "We hear that you told them to
 7 go away, that you told a big company to go away."
 8 There's mixed messages there. It isn't just
 9 philosophy on one side. Our job is to not take the
 10 community backwards, to do the best we can to make
 11 sure, as you said earlier, that these are fair, but we
 12 really need to encourage our companies to grow and to
 13 grow here in Wayne County and that's what we're trying
 14 to do.
 15 MR. MORELL: Like John Luber said, they
 16 have other plants in New York State they can expand --
 17 hopefully, they do their expansion here and not other
 18 plants.
 19 MS. RICHARDS: Spend the bucks here and
 20 not in Lackawanna.
 21 MR. MILLER: Not that there's anything
 22 wrong with the Buffalo area.
 23 MS. CHURCHILL: And you also have plants
 24 outside of your mother company -- has plants outside

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1 of New York, so --
 2 MR. LUBER: Yep. They could have put this
 3 in Syracuse, in Ohio, Michigan, Pennsylvania.
 4 MR. MANKTELOW: And we're fully aware of
 5 that. I mean, I understand that.
 6 MR. MILLER: Any other board member
 7 questions or taxing jurisdiction questions?
 8 MR. MANKTELOW: I have to ask another
 9 question. The IDA will lease back some of the stuff
 10 to Midland? Is that the way it's going to work?
 11 MS. CHURCHILL: Everything.
 12 MR. MANKTELOW: This is not so much a town
 13 question as it is an IDA question. Will there be any
 14 liability if something happens? To the IDA.
 15 MR. MILLER: I can outline quickly the
 16 nutshell of how the transaction works, maybe.
 17 MR. MANKTELOW: Well, let's say -- you're
 18 saying it can't get into the water, and I don't think
 19 it can.
 20 Worst-case scenario, say it does. Will
 21 our county IDA be held liable in that situation?
 22 MR. MILLER: No. The short answer is no.
 23 What happens is, the company leases the entire
 24 facility and all the equipment to the IDA. We

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1 immediately lease it all back to them and that's
 2 necessary to get the property on section 8. The
 3 IDA has to have an interest in real estate and the
 4 equipment exempt.
 5 Under the lease-back agreement, the second
 6 agreement -- and then there's a separate environmental
 7 compliance agreement -- the company indemnifies all
 8 activities and all liabilities associated with the
 9 project. And on top of their indemnity -- and they're
 10 a strong company, which we can look at their indemnity
 11 and feel that that's meaningful -- we get liability
 12 insurance on top of that with fairly high limits.
 13 This IDA, I think, is unique in very high
 14 insurance amounts. With regard to environmental
 15 contamination issues, we similarly get a hard
 16 indemnity from the company. So if anything bad
 17 happens, if someone gets hurt on the job, there's a
 18 death in construction, environmental contamination,
 19 the IDA may be notified regarding that, but we simply
 20 look over and say, "John, fix it." That's not our
 21 problem. Thanks.
 22 MR. SPICKERMAN: Thanks.
 23 MR. MILLER: Thanks for your questions.
 24 (TIME: 12:45 p.m.)

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CERTIFICATION

STATE OF NEW YORK:
COUNTY OF MONROE:

I, MOLLY PRICOLA, being a Freelance Court Reporter and Notary Public in and for Monroe County, New York, do hereby certify that I reported in machine shorthand the foregoing pages of the above-styled cause, and that they were prepared by computer-assisted transcription under my personal supervision and constitute a true and accurate record of the proceedings.

I further certify that I am not an attorney or counsel of any parties, nor a relative or employee of any attorney or counsel connected with the action, nor financially interested in the action.

WITNESS my hand in the City of Rochester, County of Monroe, State of New York.

MOLLY PRICOLA,
Freelance Court Reporter and
Notary Public No. 01PR6210086 for
in and Monroe County, New York.