

**COUNTY OF CATTARAUGUS  
INDUSTRIAL DEVELOPMENT AGENCY**

**BOARD MEETING MINUTES-(SPECIAL BOARD MEETING)**

**May 11, 2015**

**CCIDA OFFICE**

**9 East Washington Street  
Ellicottville, New York  
9:30 a.m.**

**Roll Call: -Taken-**

**Members**

**Present:**

Mr. Mr. Thomas Buffamante - Chairman  
Mr. Joseph Higgins  
Mr. Brent Driscoll  
Mr. Gregory Fitzpatrick  
Mr. James Boser  
Mrs. Crystal Abers  
Mr. Michael Wimer

**Excused: None**

**CCIDA Staff:**

Mr. Corey R. Wiktor – Executive Director  
Mr. Gregory Cregg, Jr. – Hodgson/Russ LLP (IDA Legal Counsel)

**Presenters/Guests:**

Mr. Ronald Kraemer – *National Fuel Gas Supply Corp.*  
Ms. Karen Merkel – *National Fuel Gas Supply Corp.*  
Mr. Rick Miller – *The Olean Times Herald*

Chairman Thomas Buffamante called the Special Meeting to order at 9:30 a.m. This Special Meeting is being called to take action on the proposed National Fuel Gas Supply Corp. project in Hinsdale, New York. A roll call of the Board of Directors of the CCIDA was conducted all members were present.

Mr. Wiktor introduced representatives of National Fuel Gas Supply Corp. Mr. Ron Kraemer and Ms. Karen Merkel to answer any questions in regards to the proposed Hinsdale Project. Mr. Wiktor stated that National Fuel Gas Supply Corp. has been excellent to work with thus far.

Mr. Wiktor stated the tax benefit of this particular project and significant capital investment of \$42 million dollar project will positively benefit the Community of Hinsdale, New York, Cattaraugus County and the Hinsdale Central School District due to almost doubling the taxable base in the Town.

Mr. Wiktor asked Mr. Ronald Kraemer, Vice President of National Fuel Gas Supply Corp. to do a brief presentation/update in regards to the Hinsdale Compressor Station Project. Mr. Kraemer stated that this Hinsdale Compressor Station Project is just part of the Northern Access 2015 Expansion Plan. The Capital Cost that is being anticipated is \$66 Million total, with \$42.5 being spent on the Hinsdale Compressor Station. An additional project is planned for 2016 in the amount of \$125 Million which will affect several Communities in Cattaraugus County in the next few years.

This project will create 100 (+,-) local construction jobs with \$6.8 million in labor costs and there will be an additional 220 temporary construction jobs. There will be \$19.3 million in local and regional spending on supplies, services and materials using local providers whenever possible. The annual economic impact of ongoing operations will be \$767,000 with three (3) long term jobs with one (1) permanent on site (already hired). National Fuel plan already is and looks to continue to be a long term corporate taxpayer in Cattaraugus County. There will be no additional demands on local infrastructure, services, or programs. The low prices regionally produced natural gas will be introduced into the interstate pipeline grid spurring local Economic Development.

Mr. Kraemer also stated that added benefits to the County/Town/Region will be that National Fuel will be paying full Real Property Taxes to the township of Hinsdale, Cattaraugus County and the Hinsdale Central School for a total amount of Real Property Taxes of \$1,747,397.00 in 2015 in Hinsdale, New York.

National Fuel will also be using local manufacturers and machine shops in connection to this project. FlowSafe, Inc. and MJ Painting have contacted National Fuel in support of this project.

Mr. Kraemer stated that when National Fuel and the CCIDA were unable to put together a PILOT Agreement that would be beneficial to the Town of Hinsdale and Hinsdale Central School District, hence, National Fuel Gas Corp. formally rescinded their request for a PILOT Agreement. (Please see attached letter for reference). National Fuel Gas Corp. was not going to do anything that would have a negative effect on the Community of Hinsdale. Mr. Kraemer

noted that nothing was brought up at the Public Hearing in regards to Sales Tax abatement in regards to this project, therefore National Fuel Gas Corp. is only asking the CCIDA Board to consider Sales Tax Abatement on the Hinsdale Compressor Station Project.

Mr. Wiktor stated that a lot of time and energy has been expended in regards to the effect this project will have on Hinsdale and Cattaraugus County. Mr. George Cregg, Jr. has had his Property Tax Attorney work on this project by doing six different models in regards to a PILOT Agreement. The main stumbling block was the 2% Property Tax Cap and the fact that Hinsdale has a Property Tax base of roughly \$52,000,000 and when you propose to add \$42.500,000 into the tax base it throws everything out of proportion. Mr. Wiktor stated that the Application and Cost Benefit Analysis has been amended to reflect that no PILOT is being sought and that only Sales Tax abatement is being requested.

Mr. Wiktor next reviewed the Mission Statement of the CCIDA and one of the main focuses of the IDA is to improve utilization and development of local infrastructure. The CCIDA has been involved in two Energy related projects in the past. Mr. Wiktor mentioned that this will not only involve the Hinsdale Compressor Station but several other investments in Cattaraugus County in the near future. Mr. Wiktor stated that this project fits our mission and the scope of the CCIDA.

Mr. Wiktor reviewed with the CCIDA Board the PowerPoint Presentation that he put together for the CCIDA Board with information provided by National Fuel Gas Corp. This project is located at the crossroads of the pipeline network serving the Northeast, NFG owns and operates 2,300 miles of pipeline network. National Fuel Gas Corp. plans to have the Hinsdale Compressor station in operation by November 2015. The Hinsdale Station was designed to strict noise and emissions standards, the condensate storage tank will be double-walled, all site runoff will be controlled through storm water retention facilities, and daily inspection and monitoring program will be in place.

Mr. Kraemer touched on the reason why IDA benefits are needed in this situation. One of the items that Mr. Wiktor mentioned is that the current low commodity pricing has put a strain on the project economics. A strong project is necessary for consideration of residential and commercial customers in the area/region. This project will allow NFG to compete for Corporate Capital required to pursue additional expansions in Cattaraugus County including a \$125 million project planned for 2016. Mr. Wiktor stated that “\$19.3 million in local and regional spending on supplies, services and materials. I know that Mr. Kraemer mentioned this earlier however, I believe it should be mentioned once again that NFG will pay \$1,747,397.00 in Real Property taxes in the 2015 Tax Year. Also, there are only two states that tax this type of project as real property and they are New Jersey and New York. This is significant to the Town of Hinsdale, Hinsdale Central School, and Cattaraugus County”.

Mr. Wiktor stated that he had a very good conversation with Mike John of MJ Painting in regards to this particular project. Mr. John stated that his biggest growth in this profession has been in natural gas and that he has just recently hired seven (7) new employees. Mr. John advised that he just signed a ten (10) year exclusive contract with National Fuel as a preferred contractor for National Fuel which will also grow his workforce in the near future. Mr. John would like to have the CCIDA Board’s support of this project. Mr. Wiktor also spoke with

FlowSafe, Inc. in Orchard Park they have approximately 64 employees and they are also asking for the CCIDA Board's Support of this project. FlowSafe, Inc. uses two (2) machine shops in Cattaraugus County for safety release valves, machining jobs on well heads and lines this is just another Company that will benefit from this local investment.

Mr. Wiktor stated that he spoke with Brad Gill of IOGA who stated that these projects are what the industry is representing at this time, and this project was brought up and discussed at the recently held seminar by Hodgson/Russ at Holiday Valley. Mr. Wiktor also spoke with the Buffalo and Pittsburgh Railroad which has seen a surge in business for the small rail lines in Pennsylvania all due to the Natural Gas boom in the Southern Tier/Western New York and most of the credit would go to National Fuel Gas Corp. Mr. Wiktor stated that he has been working with National Fuel Gas Corp. for approximately two (2) years on how Cattaraugus County can be a welcome spot for future growth. Mr. Wiktor discussed that Natural Gas is the wave of the future and can be beneficial to not only Commercial use but also residential use in our County.

Mr. Wiktor reviewed a report that he recently found in regards to long-term industry employment projections for 2010-2020 in the Western New York Region. Under the mining, quarrying, and oil and gas extraction you will notice that the percent of increase is 157.1% in employment. The Oil and Gas extraction is the number one growing market as per this report not just for current but for ten (10) years into the future.

Mr. George Cregg, Jr. stated that the Town of Hinsdale's assessed value will be increased by approximately 50% so they will be receiving a bigger share of the sales tax distribution that Cattaraugus County hands out based on property assessed valuation. The town of Hinsdale stands to get approximately \$140,000 additional sales tax revenue each year from the Cattaraugus County distribution of 1 ½% of funds in the sales tax pool based on property assessments in the Town of Hinsdale.

Mr. Cregg, Jr. stated that several Communities have realized that there is a problem with the 2% tax cap when it comes to PILOT Agreements. The Governor is reluctant to make any change at this time however legislation is being looked at. The problem is that PILOTS were thrown into the Property tax calculation which makes the numbers out of whack in many instances.

Mr. Kraemer stated that they have to replace the pipeline that is currently in place for safety issues, this pipeline runs through farmland and not next to the main roads. Mr. Kraemer also mentioned that the energy service people were sent out to conduct a survey was done and very few homeowners were interested in signing up for service in the area – Town of Hinsdale and surrounding areas. Another thing that Mr. Kraemer mentioned is that NFG may or may not be franchised in some of the towns, however Mr. Kraemer is in the gas storage area and not from the individual consumer area of the business.

A Motion was made by Brent Driscoll, seconded by Greg Fitzpatrick **RESOLUTION DETERMINING THAT ACTION TO UNDERTAKE A PROJECT FOR THE BENEFIT OF NATIONAL FUEL GAS SUPPLY CORPORATION WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.**

A Roll Call vote was taken with Mr. Buffamante, Mr. Higgins, Mr. Wimer, Ms. Abers, Mr. Boser, Mr. Driscoll, and Mr. Fitzpatrick voting yes. **Motion – Carried.**

A Motion was made by Mr. Wimer, seconded by Joseph Higgins **RESOLUTION AUTHORIZING EXECUTION OF DOCUMENTS IN CONNECTION WITH A LICENSE/SALEBACK OR LICENSE/LEASEBACK TRANSACTION FOR A PROJECT FOR NATIONAL FUEL GAS SUPPLY CORPORATION (THE “COMPANY”)**. A Roll Call vote was taken with Mr. Buffamante, Mr. Higgins, Mr. Wimer, Ms. Abers, Mr. Boser, Mr. Driscoll, and Mr. Fitzpatrick voting yes. **Motion – Carried.**

**ADJOURNMENT:**

A **Motion** to adjourn the CCIDA Board Meeting was made by James Boser, seconded by Brent Driscoll at 10:50 a.m. **Motion Carried.**

**The next CCIDA Board Meeting: Tuesday June 9, 2015 at 11:15 a.m.**