

**MINUTES OF THE MEETING
OF THE
MEMBERSHIP OF THE
ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (ECIDA)**

DATE AND PLACE: January 23, 2019, at the Erie County Industrial Development Agency (the “ECIDA” or “Agency”), 95 Perry Street, 5th Floor ESD Conference Room, Buffalo, New York 14203

PRESENT: Hon. April Baskin, Hon. Diane Benczkowski, Rev. Mark E. Blue, Hon. Joseph H. Emminger, Hon. Brian J. Kulpa, Brenda W. McDuffie, Hon. Mark C. Poloncarz, Sister Denise Roche, Kenneth A. Schoetz, and Art Wingerter

EXCUSED: Hon. Bryon W. Brown, James F. Doherty, Dottie Gallagher, Tyra Johnson, Richard Lipsitz, Jr., John J. Mudie, Hon. Glenn R. Nellis, Hon. Darius G. Pridgen, and Charles F. Specht

OTHERS PRESENT: Steve Weathers, Chief Executive Officer; Karen M. Fiala, Assistant Treasurer; Mollie Profic, Chief Financial Officer; Gerald Manhard, Chief Lending Officer; and Robert G. Murray, Secretary

GUESTS: Maria Whyte, Deputy County Executive, Andrew Federick, Erie County Senior Economic Development Specialist

At 12:00 p.m., Ms. McDuffie called the meeting to order, noting that there was no quorum, and the members assembled would proceed with informational items on the agenda.

Ms. McDuffie welcomed new board member the Hon. April Baskin, the new Chair of the Economic Development Committee of the Erie County Legislature.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

2018 Tax Incentive Induced/Closing Schedule/Estimated Real Property Tax Impact. Ms. Fiala presented this report. Ms. McDuffie directed that the report be received and filed.

Policy Committee Update. Ms. McDuffie informed members of the Policy Committee’s deliberations related to the upcoming Unifrax employment discussion and that the Policy Committee has recommended the members accept “Option 2”, to be described at a later time during this meeting, involving increasing the current PILOT payment amount by 11%, an amount equal to the percentage employment deficit.

MANAGEMENT TEAM REPORTS

Mr. Weathers informed members that Assistant Treasurer Michael Alexander will be leaving the Agency to pursue new opportunities at Local Initiatives Support Corporation. Mr. Weathers thanked Mr. Alexander for his excellent work and wished him the best of luck going forward.

At this point in time, there now being a quorum present, Ms. McDuffie called the meeting to order at 12:12 p.m.

MINUTES

The minutes of the December 19, 2018 meeting of the members were presented. Mr. Poloncarz moved and Mr. Blue seconded, to approve of the minutes. Ms. McDuffie called for the vote, and the minutes were then unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Sale of Athenex Stock-Fee Payment. Mr. Weathers reminded members of previous discussions regarding the Board's consideration of whether to, and how to, calculate a fee payment to Insyte Consulting related to its activities associated with the Agency's sale of Athenex, Inc. stock. Mr. Weathers noted, as a follow up to past direction given by members, that the Agency did confirm that other participants in the Western New York Business Development Fund had determined to make the fee payment to Insyte, and as such, staff is now requesting approval to authorize payment of a \$64,821.04 fee to Insyte Consulting as compensation related to the sale of Athenex stock.

Mr. Poloncarz expressed support for the payment and queried as to other stockholdings held by the Agency. Mr. Weathers responded that the Agency currently holds investments in about 20 other companies, said investments received via grant from the Buffalo and Erie County Industrial Land Development Corporation, and these investments date back many, many years.

Mr. Emminger moved and Mr. Wingerter seconded, to approve of the commission fee payment. Ms. McDuffie called for the vote and the following resolution was unanimously approved:

RESOLUTION AUTHORIZING THE PAYMENT OF A COMMISSION FEE TO INSYTE CONSULTING

Unifrax Employment Discussion. Mr. Weathers reminded members that the Agency had provided Unifrax with a sales tax benefit and a real property tax abatement benefit in August 2014. As part of the approval to provide financial assistance, Unifrax was required to retain 268 employees and create an additional 21 positions by June 30, 2018. Accordingly, Unifrax was required to have 289 employees as of June 30, 2018. As of September 30, 2018, Unifrax was compliant with all employment retention and job creation requirements, reporting 323 employees. However, representatives from Unifrax contacted the Agency in late September to indicate that they would be announcing permanent layoffs at its Fire Tower facility. On

October 12, 2018, Unifrax reported the permanent layoff of 45 employees. As such, Unifrax is now reporting a total of 257 employees which is 32 employees short of its employment requirements. Mr. Weathers reminded members that in September 2018, the Agency approved a two-tiered retention goal of 90 or 95%, depending on the number of employees a company has, however, the new policy does not apply to permanently laid off employees. Mr. Weathers noted that staff developed two options which were considered by the Policy Committee as follows: (1) Option 1 would effectively suspend Unifrax's PILOT abatement benefit until it comes back into compliance with its employment requirements such that Unifrax would pay full taxes until it reached its goal of 289 employees; (2) Option 2: Unifrax's PILOT payment amount would be increased based on the percentage that Unifrax is out of compliance with its employment requirement currently representing an 11% payment increase above its 2019 PILOT payment requirement for county, town and school taxes. Mr. Weathers confirmed that after considerable discussion, the Policy Committee unanimously recommended that the Agency consider implementation of Option 2 as just described.

Mr. Emminger noted that these are permanent layoffs and given that the PILOT is being adjusted by only 11%, he expressed his comfort with the Policy Committee's recommendation with respect to Option 2. Mr. Emminger also noted that Unifrax is an outstanding corporate citizen and has invested over \$100 million in the past ten years and confirmed that the company is fully committed to Western New York.

Mr. Poloncarz complimented Agency staff and the Policy Committee on developing an equitable solution, noted that the Agency's recapture policy allows for financial assistance to be recaptured if job commitments are not met and noted that the 11% PILOT payment increase is not significant but at the same time, the Agency can send a message that it does protect Erie County taxpayers. Mr. Poloncarz then moved and Mr. Wingerter seconded, to implement Option 2. Ms. McDuffie called for the vote and the following resolution was unanimously approved:

RESOLUTION AUTHORIZING THE MODIFICATION OF THE AMOUNT PAYABLE UNDER THAT CERTAIN PAYMENT IN LIEU OF TAX AGREEMENT BY AND BETWEEN THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AND UNIFRAX I, LLC RESULTING FROM A JOB COMMITMENT SHORTFALL AND VIOLATION OF MATERIAL TERMS AND CONDITIONS REQUIRED TO BE MET AS A CONDITION OF RECEIPT OF FINANCIAL ASSISTANCE

AMENDATORY INDUCEMENT RESOLUTION

ROAR Logistics Amendment. Ms. Fiala reminded members that ROAR Logistics was approved for a sales tax and real property tax abatement benefit in June of 2018. The company has informed the Agency that project costs have increased over those as originally anticipated and as such, is asking the Agency to approve of an amendment to increase the amount of sales tax exemption benefit that can be provided to the project. In particular, Ms. Fiala noted that the company is asking the Agency to increase the sales tax benefit from \$87,500 to \$140,000 and to approve of an overall project cost increase from \$2,160,000 to \$3,425,000.

Ms. Benczkowski moved and Mr. Emminger seconded to approve of the increase in Agency financial assistance. Ms. McDuffie called for the vote and the following resolution was unanimously approved:

AMENDATORY INDUCEMENT RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZING THE APPROVAL OF THE REVISION TO THE PROJECT DESCRIPTION AND THE APPROVAL OF A REVISED SALES AND USE TAX EXEMPTION BENEFIT WITH RESPECT TO THE ROAR LOGISTICS INC. PROJECT (AS MORE FULLY DESCRIBED BELOW)

MANAGEMENT TEAM REPORT

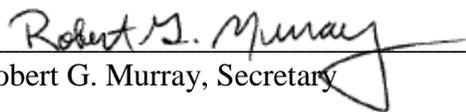
Mr. Weathers encouraged members to return committee survey selection forms so that staff can begin to populate potential committee member positions.

Legal RFP Report. Mr. Weathers provided members with an update of the Legal Counsel and Bond Counsel request for proposal process noting that the Governance Committee will be meeting today to review staff recommendations.

Opportunity Zone Update. Mr. Weathers informed members that the Agency hosted an Opportunity Zone working group meeting on January 9, 2019 attended by over 28 public sector and private sector individuals.

There being no further business to discuss, Ms. McDuffie adjourned the meeting at 12:37 p.m.

Dated: January 23, 2019



Robert G. Murray, Secretary