

**TOWN OF CLARENCE, ERIE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

MINUTES

January 28, 2010

Present: David C. Hartzell Paul Leone
Clayt Ertel Steven B. Bengart
Christopher Kempton Nathan Neill
Mary Powell Cynthia Rosel
Michael Buettner
Scott Bylewski
David Schuster

Guests: Robert Geiger
James Callahan

Absent: Pam Smith

Mr. Hartzell called the meeting to order at 8:04 a.m.

Mr. Hartzell asked Cindi Rosel to take the roll call. Present were David Schuster, Scott Bylewski, Michael Buettner, Chris Kempton, Mary Powell, Clayt Ertel, and David Hartzell. Also present were Nathan Neill, Steven Bengart, Paul Leone, Cindi Rosel, Robert Geiger and James Callahan, Director of Community Development for the Town of Clarence.

Mr. Hartzell opened the meeting to informal discussion regarding the Strategic Plan-Part II and the possibility of the CIDA having a loan program. He asked the members what they thought about making loans or giving grants, for example, to the Industrial Park that has asked for funds for infrastructure. Mr. Hartzell asked for any ideas they may have and how the CIDA would like to proceed.

Mr. Bylewski said that the Strategic Plan definitely provides for the development of a policy for investment with clear criteria (e.g. infrastructure) and that the measurement should be a financial return. Mr. Bylewski added we need to bear that in mind as part of the discussion, obviously, strategic plan. There is an applicant coming forward and we need look at an over-all policy issue and does it make sense for the CIDA to, one, loan or grant, and two, if so under what conditions, and back it up from there and then take a look at the specific project. Mr. Hartzell agreed and said that as Mr. Bylewski pointed out, this will not be the only applicant to come forward. We are setting the ground work for the rest of the year. Hopefully, if we can come up with a policy it will make it easier to make these decisions in the future.

Ms. Powell thought that grants would be more appropriate when there are specific jobs. Loans would be more appropriate for infrastructure that would create jobs.

Mr. Neill said that he does not know of any IDA that gives loans directly. Mr. Neill added that he and Mr. Bengart spoke regarding what other IDA's do regarding loans. Mr. Neill added that they do not do it directly. Other IDA's have formed a separate entity, an LDC (Local Development Agency), as a vehicle for giving loans. Mr. Kempton added that there is nothing in our policy that allows for the CIDA to give loans and he was wondering if there is anything that prohibits the IDA from giving loans. Mr. Neill added that an LDC would allow the CIDA to do tax exempt financing and create a vehicle to allow for loan programs. Mr. Hartzell asked what it would cost to form an LDC. Mr. Neill said there is a paperwork cost. The procedure would be to that the Clarence Town Board would, first have to authorize the formation of an LDC and second, the Town Board has to appoint the members. The Town Board would also have to specifically say that the LDC can do tax exempt financing. There would have to be policies adopted. The CIDA and the LDC would basically be two separate entities. Mr. Hartzell asked if the members of the LDC and the CIDA be the same. Mr. Neil answered, yes.

Mr. Kempton added that the Town may want to have an LDC for other purposes. There was discussion as to how the LCD would be structured, fees, interest and what types of projects would be considered, what the CIDA would be willing to fund. Mr. Kempton was under the impression that the CIDA would consider infrastructure only, monies for roads, lighting, water, or sewers. Mr. Leone added that the CIDA will have to determine what restrictions they want to impose before them for an LDC. Would other projects be considered other than strictly infrastructure? Mr. Kempton added that we should consider infrastructure only for now. Mr. Kempton said that the CIDA would need to create a policy and that there are three questions that need to be answered - what types of projects are to be considered (would we look at infrastructure), where would the CIDA consider implementing these projects (inside the business parks or go outside the business park) and the how (through grant or loans). Mr. Kempton added that the CIDA is allowed to give grants, but not loans. Mr. Bylewski added that in terms of funding, the LDC would act as a pass through. Mr. Kempton said that it would be structured that the CIDA would give grants to the LDC and the LDC would create a loan program for the projects.

There was further discussion regarding consideration of giving grants. The members all agreed that grants would be considered. Mr. Kempton asked if the Board would consider giving loans. Mr. Buettner was not in agreement. He did not think that there is a need to create another layer of red tape. There are other agencies, entities where people can get a loan. Mr. Bylewski said that fundamentally, the IDA has to decide what to do with its assets. Mr. Hartzell agreed with Mr. Buettner's concern regarding the disbursement of the assets and how does the IDA vet the loans. Mary Powell added that the loans would be riskier and there has to be a policy. Mr. Leone added that a loan package has to be put together to present to the applicant. A credit committee can be formed to review the application and decide whether or not to bring it to the Board. There was further discussion regarding loan repayment, missed payments, policies, and interest rates.

Mr. Schuster thought that there would be administrative costs and fees involved. There was discussion on how this would be done, how it would be structured. Mr. Bengart added that there would have to be a plan set up as to who is going to keep track of payments, keeping track of principle and interest and depositing the funds Mary Powell asked how long it would take to set this up. Mr. Neill said it would be about two or three months.

Mr. Kempton said that we should back up and determine what kind of projects would be considered and where before we get into the how. Mr. Leone added that the funds would be conditioned on job creation that is how the State does it.

Mr. Bengart said that the CIDA has to decide who is going to pay to set up the LDC. There will be filing fees. The members were unanimous in saying that the responsibility would be that of the CIDA to pay to set up the LDC.

Mr. Kempton said that the Town Board may want to use the LDC for other purposes. The CIDA would only look at those projects that come to the CIDA. The amount of the loan would be determined on a case by case basis.

Chris Kempton moved that recommendation be made to the Clarence Town Board for the creation of an LDC that will include appointing this Board to the LDC and the expenses incurred for the creation of the LDC will be borne by the CIDA. There was a second by Clayt Ertel. There was nothing further on the question.

Vote: Ayes: Bylewski, Ertel, Hartzell, Kempton, Powell, Schuster. Opposed: Buettner.
Absent: None Recuse: None. Motion carried.

Mr. Callahan spoke to the Board regarding the Lakeside Industrial Park Project. The project has been approved by the Town Board. It is located within the County Road Industrial/Business Park. This has been through the planning process, has been approved and you don't want to get in advance of that because that creates a lot of issues. It is in conformance with the Master Plan and has Town Board development plan approval as a public road. There is an extension perpendicular to County Road coming off Goodrich Road to create a number of lots for future industrial uses. The drawback with this, getting into priorities, is there is no public sewer located here. The businesses located County Road Industrial/Business Park without sewers as typically been warehousing, contractors, that type of low water volume uses. In terms of priority, we have identified that this area could be sewerred in the future, but it does not have the higher priority in terms of future tax benefits to the community as in the other areas that have sewers or have the potential of getting sewers. Mr. Kempton added he suspects that job impact will not be as high as to job development in this area. Mr. Callahan said that would be correct. Mr. Callahan has the map of the area showing the project. Mr. Callahan answered the questions from the CIDA Board and reviewed the plans. The Board thanked Mr. Callahan for coming in to explain the project.

It was decided that Mr. Bylewski would bring the request from the CIDA that the Town Board consider forming an LDC with the CIDA Board being appointed to same. The next Town Board meeting is February 10, 2010.

There was further discussion regarding the tenants that have interest in locating in the Industrial Park.

Mr. Hartzell added that next meeting will get into the details. The LDC has to be formed first before going forward.

Mr. Leone asked about the Enlighten project. There would be no pilot because it is an existing building. Would the Board consider a small grant to help them purchase the equipment? Mr. Kempton said that this is outside of all the discussion had at this meeting regarding infrastructure. Mr. Ertel has worked with this company before but is not involved in this project. Ms. Powell will to recuse herself because this is her company's building. There was discussion regarding grants and the fact that there is no policy for grants. Mr. Hartzell asked if the Board wanted to consider a small grant. There was further discussion relative to the benefits the CIDA would consider if the company purchases the building. It was decided that Mr. Leone have them submit an application.

Mr. Hartzell thanked everyone for coming.

Adjournment: Informal motion to adjourn meeting. Adjourned at 9:23 a.m.

Next meeting is February 18, 2010.