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STATE OF NEW YORK COUNTY OF NIAGARA,

In the matter of the
Niagara County Industrial Development Agency
public hearing held
on July 11, 2008
at 4:00 P.M.
at Niagara Falls City Hall
745 Main Street, Niagara Falls, New York

APPEARANCES: LAWRENCE WITUL,
Assistant Director for NCIDA.
ANDREA P. EGOLF,
Court Reporter.

1 MR. WITUL: Just as a
2 reminder, I'd ask that everybody sign the
3 attendance sheet; you're not required to speak,
4 but the purpose of the sheet is to testify to
5 the fact that the public hearing was held and
6 you have chosen to attend.

7 My name is Lawrence Witul, I'm
8 the Assistant Director of the Niagara County
9 Industrial Development Agency. I will be
10 serving as hearing officer for this public
11 hearing.

12 It is now 4:02 p.m. A copy of
13 the project summary has been made available to
14 everybody in attendance. I also have the copy
15 of the application for assistance, and as I
16 identified earlier, should you choose, you can
17 review that document.

18 The purpose of this hearing is
19 to solicit comments, both written and oral, on
20 the Ashland Advanced Materials, LLC, Project in
21 Niagara Falls, New York. Comments can be in
22 support of or in opposition to the project or
23 on the nature or location of the project. All

1 comments are to be limited to the Ashland
2 Advanced Materials, LLC, Niagara Falls, New
3 York Project. This hearing is not for
4 accepting comments on environmental issues nor
5 environment determinations and this is not a
6 part of the New York State SEQRA process.

7 Notice of Public Hearing.

8 Notice is hereby given that a public hearing
9 will be held by the Niagara County Industrial
10 Development Agency (the issuer) on the 11th day
11 of August 2008 at 4:00 p.m. local time, at the
12 Niagara Falls City Hall, 745 Main Street in
13 Niagara Falls, New York, 14302, in connection
14 with the following matter:

15 Ashland Advanced Materials,
16 LLC, having offices at 6200 Niagara Falls
17 Boulevard, Niagara Falls, New York, its
18 wholly-owned subsidiary Graphite Mine Holdings,
19 LLC, or any other designated controlled
20 affiliate of Ashland Advanced Materials, LLC,
21 (collectively the company) has presented an
22 application (the application) to the agency, a
23 copy of which is on file at the office of the

1 agency, and again a copy is here, requesting
2 that the agency consider undertaking a project
3 (the project) for the benefit of the company
4 consisting of (A) the acquisition or retention
5 by the issuer of title to or a leasehold or
6 other interest in two parcels of land
7 containing an aggregate approximately 15-acres
8 and known as 6100 and 6200 Niagara Falls
9 Boulevard, Niagara County, New York, (the
10 land), together with the existing approximately
11 49,000 square foot office building and the
12 existing approximately 50,000 square foot
13 manufacturing building respectively located
14 thereon (collectively, the existing
15 improvements); (B) the renovation of the
16 existing improvements (the improvements); (C)
17 the acquisition of and installation in and
18 around the improvements of certain equipment
19 and items of personal property including, but
20 not limited to, manufacturing equipment (the
21 equipment and collectively with the land, the
22 existing improvements and the improvements, the
23 facility); (D) paying certain costs associated

1 with the issuance of bonds (as defined below)
2 (the costs associated with items (A) through
3 (D) above and hereinafter referred to as the
4 project costs); (E) the financing of all or a
5 portion of the costs of the forgoing through
6 the issuance by the issuer of its industrial
7 development revenue bonds, in one or more
8 issues or series in a maximum aggregate
9 principal amount not to exceed \$10,000,000
10 (the bonds); and (F) the sale or lease of the
11 facility financed with the bonds to the company
12 for such other person as may be designated by
13 the company and agreed upon by the issuer.

14 The issuer is considering
15 whether to undertake the project and provide
16 financial assistance (the financial assistance)
17 to the company with respect to the project in
18 the form of (A) the financing of the project
19 and certain incidental expenditures in
20 connection therewith through the issuance by
21 the issuer of the bonds in an aggregate
22 principal amount not to exceed \$10,000,000 or,
23 alternatively, through a straight lease

1 transaction within the meaning of Section
2 854(15) of the General Municipal Law, pursuant
3 to which the issuer will take and hold title to
4 or a leasehold or other interest in the
5 facility for a period of time and sublease or
6 sell such interest in the facility back to the
7 company; (B) an exemption from all New York
8 State and local sales and use taxes with
9 respect to the qualifying personal property
10 included in or incorporated into the facility
11 or used in the acquisition, renovation or
12 equipping of the facility; (C) if necessary,
13 the granting of one or more mortgage liens on
14 the issuer's interest in the facility, (the
15 mortgages) to secure the bonds and/or any other
16 indebtedness incurred by or for the benefit of
17 the company in connection with the project,
18 which mortgages would be exempt from all
19 mortgage recording taxes imposed in the State
20 of New York; and (D) the retention of fee title
21 -- or I'm sorry, (D) the retention of fee title
22 to or leasehold or other interest in the
23 facility by the issuer for a period of time so

1 as to enable the company and the issuer to
2 enter into one or more agreements regarding
3 payments in lieu of real property taxes (the
4 PILOT agreement), pursuant to which the company
5 shall make payments in lieu of real property
6 taxes for the benefit of the affected tax
7 jurisdictions (subject to compliance with the
8 issuer's policies with respect to the PILOT
9 agreements).

10 If the financial assistance is
11 approved by the issuer, (i) title to or other
12 interest in the facility will be acquired by
13 the issuer and will be subleased (with an
14 option to purchase) or sold by the issuer to
15 the company pursuant to a lease agreement or
16 installment sale agreement (the agreement),
17 which agreement will require, if the issuer
18 issues the bonds, that the company or its
19 designee make payments equal to debt service
20 payments on the bonds and make certain other
21 payments, and (ii) the bonds, if issued, will
22 be special obligations of the issuer payable
23 solely from certain proceeds of the agreement

1 and certain other assets of the issuer pledged
2 to the repayment of the bonds, and it is
3 intended that interest of such bonds will be
4 excluded from gross income for federal income
5 tax purposes, pursuant to Section 103(a) of the
6 Internal Revenue Code of 1986, as amended (the
7 code), if such bonds qualify for such exemption
8 under the code. The bonds shall not be a debt
9 of the State of New York or Niagara County, New
10 York, and neither the State of New York nor
11 Niagara County, New York, shall be liable
12 thereon.

13 The issuer will at said time
14 and place provide a reasonable opportunity to
15 all interested persons to present their views,
16 either orally or in writing, on the nature and
17 location of the proposed facility and the
18 proposed financial assistance to be provided
19 the company in connection with the project.

20 This public hearing is being
21 conducted in accordance with Section 147(f) of
22 the Code and subdivision 2 of Section 859-a of
23 the New York General Municipal Law.

1 Dated July 7th, 2008.
2 Niagara County Industrial Development Agency.
3 Samuel M. Ferraro, Executive Director.

4 I will open the hearing for
5 comments. Once you have been recognized,
6 please remember to give your name, address and
7 organization you might represent and direct all
8 comments to the chair, and your comments should
9 be limited to this project. Anyone wishing to
10 comment at this time?

11 ANNETTE HOLMES: I do.
12 Annette Holmes, 768-60th Street, across from
13 Niagara Falls Boulevard, from what used to be
14 SGL Carbon. I think you read it, you are not
15 here for any comments for pollution or
16 anything, is that what you stated?

17 MR. WITUL: Correct.
18 That is under the environment review
19 proceeding, and the company is working with the
20 New York State Department of Environmental --
21 is working with the New York State Department
22 of Environmental Conservation concerning any
23 potential discharges.

1 ANNETTE HOLMES: But can I
2 give my comment?

3 MR. WITUL: For
4 environmental you can comment on it, but this
5 really isn't the forum to address that, but
6 please feel free.

7 ANNETTE HOLMES: That's the
8 reason I'm here, because we've lived there in
9 that area for the last forty years, and when
10 SGL closed down it was truly hand to God that
11 they got rid of all that dust and dirt, and I'm
12 not looking forward to it anymore.

13 MR. WITUL: Again, we
14 don't normally respond, but what I can say to
15 you is the processes that SGL Carbon had
16 followed were really sixty years old. The
17 processes that are now used by the industry and
18 I'm sure by this company certainly do not have
19 the same level of pollutants and discharges
20 that they once had, and anything that is
21 emitted into the air is regulated by the State
22 Department of Environmental Conservation. I'm
23 not an environmental expert, but we will

1 certainly share your comments with the board
2 before they take any action on the project.

3 ANNETTE HOLMES: Okay. Thank
4 you.

5 MR. WITUL: Thank you
6 very much. Anyone else wishing to comment at
7 this time? Again, this forum is for accepting
8 comments both for and against, you're free to
9 make your statement in the form of a statement,
10 but, again, if it is a question, I can relay
11 that to the board.

12 ATTENDEE: I have no
13 comment then.

14 MR. WITUL: Third and
15 final call, does anyone wish to comment? I'll
16 give you a moment to think it over. If there
17 are no further comments, I will now close this
18 hearing. I thank everyone for attending. It
19 is now 4:09 p.m. again, I thank you for your
20 participation and please be careful on the
21 roads.

22 * * * * *

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1 STATE OF NEW YORK)

2 SS:

3 COUNTY OF NIAGARA)

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I, ANDREA P. EGOLF, Notary

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Public in and for the State of New York, County

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of Erie, DO HEREBY CERTIFY that the following

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proceeding was taken down by me in a verbatim

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manner by means of Machine Shorthand on July

10

11, 2008. That the proceedings were taken to

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be used in the above-entitled action.

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I further CERTIFY that the

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above-described transcript constitutes a true,

14

accurate and complete transcript of the

15

testimony.

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ANDREA P. EGOLF,
Notary Public.

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