

PUBLIC HEARING SCRIPT

Welded Tube USA, Inc. Project

Public Hearing to be held on May 29, 2012, 9:00 a.m.,
at the City of Lackawanna City Hall, 714 Ridge Road-Council Chambers,
Lackawanna, New York 14218

ATTENDANCE

Shirley Pauley, Lackawanna City School District
Joel Shapiro, Welded Tube of Canada
Robert Pike, Welded Tube of Canada
Doug Dimitroff, Phillips Lytle
Richard Tobe, Erie County
Mark Poloncarz, Erie County
Peter Anderson, Erie County
Al Culliton, ECIDA
Ralph D. Miranda, City of Lackawanna
Geoff Szymanski, Mayor, City of Lackawanna
Brenda McDuffie, Buffalo Urban League, ECIDA Board
 Members of the General Public

First Option: To be followed when no Members of the Public are in attendance:

Hearing Officer noted that no Members of the Public are in attendance.

ADJOURNMENT.

As there were no comments, the Hearing Officer closed the hearing at _____ a.m.

Second Option: To be followed when Members of the Public are in attendance:

1. WELCOME: Call to Order and Identity of Hearing Officer.

Hearing Officer: *Welcome. This public hearing is now open; it is 9:05 a.m. My name is Grant Lesswing. I am a Business Development Officer of the Erie County Industrial Development Agency, and I have been designated by the Agency to be the hearing officer to conduct this public hearing.*

☒ **2. PURPOSE: Purpose of the Hearing.**

Hearing Officer: *We are here to hold the public hearing on the Welded Tube USA, Inc. project. The transcript of this hearing will be reviewed and considered by the Agency in determination of this project. Notice of this hearing appeared in The Buffalo News on May 19, 2012.*

☒ **3. PROJECT SUMMARY: Description of Project and Contemplated Agency Benefits.**

Hearing Officer: *The proposed project (the "Project") will consist of: (i) the acquisition of a parcel of land located in the Tecumseh Business Park, Lakewinds Site Parcel 3, at the intersection of Route 5 and Ridge Road, City of Lackawanna, Erie County, New York (the "Land"); (ii) the construction of a 100,000+/- SF manufacturing facility, a 30,000+/- SF testing facility, and a 30,000+/- SF pipe threading and coupling facility (the "Improvements") and (iii) the acquisition and installation by the Company of certain items of machinery, equipment and other tangible personal property to be utilized in a new, high speed, efficient steel tube production line for the production of multi-faceted cold formed carbon and HSLA tubular steel for use in the energy tubular industry (the "Equipment", and collectively with the Land and the Improvements, the "Facility").*

The proposed financial assistance contemplated by the Agency includes sales and use tax exemptions, mortgage recording tax exemptions, and partial abatements from real property taxes (in compliance with Agency's uniform tax exemption policy).

☒ **4. FORMAT OF HEARING: Review rules and manner in which the hearing will proceed.**

Hearing Officer: *All those in attendance are required to register by signing the sign-in sheet at the front of the room; you will not be permitted to speak unless you have registered. If you have a written comment to submit for the record, you may do so. Written comments may also be delivered to the Agency at 143 Genesee Street, Buffalo, New York 14203 until the comment period closes on June 13, 2012. There are no limitations on written comments.*

5. PUBLIC COMMENT: Hearing Officer gives the Public an opportunity to speak.

Hearing Officer: *If anyone is interested in making a comment, please raise your hand, state your name and address; if you are representing a company, please identify the company. I request that speakers keep comments to 5 minutes, and if possible, 3 minutes.*

The Hearing Officer calls on those who raise their hand.

Robert Blake. My name is Robert Blake from Welded Tube of Canada, I'm one of the principals. Welded Tube of Canada USA is an affiliate of Welded Tube of Canada, a privately-held tubular steel manufacturer, founded in 1970. Welded Tube employs over 600 people in North America, and operates 5 facilities in Canada and 1 in South Carolina. Welded Tube needs a location for its newly acquired pipe and tube mill. Our preference is to build the facility in the USA. We believe there is value in labeling the product "Made in USA". The new mill must be installed in Q1 2013 and fully operational in Q2 2013. Welded Tube wanted to find a facility with an existing infrastructure in New York State for its mill, but none of the available properties were suitable. As a result, we are now considering building a new facility in Lackawanna at the former Bethlehem Steel site. Another location under consideration is in Welland, Ontario. The chosen site in Lackawanna is owned by Tecumseh Redevelopment and is located to the west of Route 5 in an area near the former basic steel-making operations of Bethlehem Steel, known as Lackawanna Business Park 3. Tecumseh has named Krog Corporation as the developer of the Business Park. Welded Tube is negotiating with Tecumseh and Krog for the purchase and construction of a manufacturing facility that is approximately 100,000 square feet as well as other related improvements. Welded Tube has multi-phase business plan: Phase 1 is the installation of a newly acquired pipe and tube mill. Phase 2 includes the construction of a hydro test facility. Phase 3 includes the construction of a threading facility and Phase 4 is a full scale operation. Phase 1 will employ at least 25 people. The timing of Phase 2, 3 and 4 will be determined by market conditions. Total employment is expected to exceed 120 people when all four phases are fully operational. Of course, Welded Tube will hire qualified workers from the local community. Welded Tube intends to purchase all goods and services for the annual operation from local businesses. Welded Tube's total capital investment for Phase 1 will be in excess of 40 million dollars. An additional 8-10 million dollars will be invested in Phase 2 and 3 combined. An additional 1-2 million dollars of investment is required to update the infrastructure for the business park before construction can begin. For example: sewers have to be built, roads need to be upgraded and or constructed, water and gas has to be brought to the site. The developer has asked that Welded Tube cover the cost of these infrastructure upgrades. However, the Industrial Park 3 will become more marketable to other businesses once the infrastructure upgrades are complete and all businesses that subsequently locate there will benefit from the newly constructed infrastructure. Therefore, Welded Tube strongly believes the cost of the infrastructure upgrade should be borne by others. The site chosen in Welland, already has this infrastructure in place. Despite our desire to bring "steel back to steeltown," and label our product "Made in the USA", these unexpected additional costs have added to the extra costs for transportation, utility and construction make the Lackawanna site less attractive in comparison to Welland. Therefore, Welded Tube is seeking IDA incentives to offset these higher costs. Thank you.

Geoffrey Szymanski. Geoffrey Szymanski and I'm the mayor of the City of Lackawanna. I would just like to thank Welded Tubing for looking at Lackawanna as a potential place of business. We are trying to revive this city and we are trying to revive an area that has been dead for thirty years and I do believe that if we bring this business into Lackawanna, we will have a lot more businesses that follow because industry attracts industry and this city needs industry and we need jobs and I'm looking forward to working with everyone involved in making sure that we get this program moving in a positive direction. It's right for the city, it's right for the area, it's right for the county and I want to thank everyone for working to get this, to bring them here. I'm very excited about that. Thank you.

Mark Poloncarz. Mark Poloncarz, Erie County Executive as well as a member of the Erie County Industrial Development Agency. I fully support this project. We know that there are a number of issues that need to be resolved especially as they pertain to New York State but I think and from the standpoint of Erie County and what we can do to show the community at large that we're working to create jobs and new investments this is a perfect project. As the son of a steelworker who spent over 35 years at Bethlehem Steel and watching this community grow when the steel operation was there, die when the steel operation was left, left I should say, and here we are today with an ability to reclaim this facility for use for further manufacturing in some ways heavy industry, this is a perfect opportunity to say to the public that we are working on behalf of this community to create a better environment not only for the City of Lackawanna but for the County of Erie to restore jobs to this community and the type of jobs that this community was based off of. Many people know that the City of Lackawanna was created as a result of the industry that was upon the Bethlehem Steel site. We are now in what used to be the Town of West Seneca but it left as a result of a tax issue with the Town of West Seneca to create the City of Lackawanna and here we have an opportunity today to resolve some issues that exist with regards to inducements to create a better community by creating new jobs and new industry in our city and our county and that's why I fully support this endeavor and I will be working as best as I can not only to insure that these inducements are passed through the Erie County Industrial Development Agency but that we work to insure that New York State is an equal partner providing assistance that it can to insure at the end of the day that we restore industry back on the Bethlehem Steel site which of course will in the long run create more jobs through other entities that will then use the infrastructure that exists at that place which of course needs to be built so I fully support this project. I look forward to continue to work with our partners from Welded Tube as well as the partners from New York State to insure at the end of the day that by the beginning of the first quarter of 2013 we have a ground breaking on site, an opening I should say, a ribbon cutting on site, a ground breaking before then and we will have 25 new jobs in the short run and hopefully 100 jobs in the long run returning to Bethlehem Steel. It's a far cry from the 20,000 that once existed but I'd rather start with a 100 than zero. Thank you.

6. ADJOURNMENT.

As there were no further comments, the Hearing Officer closed the public hearing at 9:15 a.m.

SIGN IN SHEET

PUBLIC HEARING

May 29, 2012, at 9:00 a.m.
at the City of Lackawanna City Hall, 714 Ridge Road-Council Chambers,
Lackawanna, New York 14218 regarding:

Welded Tube USA, Inc.

Project Location: Tecumseh Business Park, Lakewinds Site Parcel 3, at the intersection
of Route 5 and Ridge Road, City of Lackawanna, Erie County, New York

Name	Company and/or Address