

Lago Resort & Casino Project

Questions and Answers

February 12, 2015

Note: Please note this is a working document. The following responses are based on what we know today and answers are subject to change.

<p>Why did the IDA consider financial assistance for the Lago Resort & Casino project?</p>	<p>The proposed Lago Resort & Casino development seeks to invest up to \$425 million in Seneca County, making it the largest economic development proposal for our community ever.</p> <p>If approved, the project would create, conservatively, 1,000 operations jobs (full-time equivalent) and 1,200 construction jobs. In addition, the project would create an additional 1,040 indirect jobs, 600 of which would be during construction.</p> <p>A study commissioned by the IDA estimates the project will have a \$1.8 billion economic impact in Seneca County.</p> <p>The project would also generate \$45.3 million in payments to Seneca County; the Waterloo Central School District; infrastructure improvements; and more over 20 years.</p> <p>As part of the proposed agreement, Seneca County would receive \$3.83 million more than it would expect thanks to efforts by the joint IDA and County project advisory committee. . This level of payment would exceed the level that would be projected to be paid under the already available New York State statutory 485-b property tax exemption program ,</p>
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	<p>that this project would qualify for. For nearly 40 years, New York State has offered this 50 percent property tax exemption to businesses that invest \$10,000 or more per year on building enhancements.</p> <p>All of this is in addition to the Host Community Agreement with the Town of Tyre that will generate a projected \$10.5 million in payments over 20 years to provided additional services such as fire, ambulance, and sheriff.</p> <p>These are all important points that cannot be taken lightly as the IDA considers a financial assistance package for the proposed Lago Resort & Casino.</p>
<p>How much financial assistance is Wilmorite seeking for the project?</p>	<p>The focus should not be on the financial assistance for the project but instead what alternative the county could be faced with and mostly on the tremendous benefit - an estimated \$1.8 billion additional revenue / positive economic impact to the county and local municipalities.</p> <p>This said, Wilmorite has applied for a tax agreement covering sales, mortgage and property taxes. These include \$16 million in New York State, regional and local sales tax exemptions, and \$3.35 million in New York State and Seneca County mortgage tax exemptions.</p> <p>As part of the accord, the developer has committed to purchasing construction materials and supplies from Seneca County vendors whenever possible, offsetting the local sales tax exemption.</p> <p>In addition, as part of the accord, Seneca County would receive payments in future</p>

	<p>years, offsetting the mortgage tax exemption.</p> <p>In the independent cost-benefit analysis, the benefit of this project far outweighed the cost, by a ratio of 51 to 1.</p>
<p>Some critics say financial assistance may be fine for business attraction or retention projects that are at risk of locating elsewhere.</p> <p>With Lago, there is no risk of the project locating somewhere else. So why would the IDA consider financial assistance for this project?</p>	<p>One of the most basic reasons is project financing. Any bank that works with Wilmorite will demand a level of certainty regarding the project’s annual tax expenditures.</p> <p>As we know, property assessments can increase or decrease from year to year. With this agreement, payments would be defined for 20 years, enabling Wilmorite to secure project financing.</p> <p>This, in turn, positions the project for long-term financial success, benefitting Seneca County for years to come.</p>
<p>Some community members oppose the Lago Resort & Casino proposal and are taking legal action in an effort to stop the project.</p> <p>Shouldn’t the IDA wait until the legal action is resolved before voting on a financial assistance package?</p>	<p>The IDA cannot speak to the ongoing legal action between Wilmorite and certain community members. We are not a party to the legal action. We would have to defer to Wilmorite and the community members.</p> <p>We can say, however, that the ongoing legal action has no effect on the IDA’s timeline for considering a financial assistance package for Lago.</p>
<p>Some New York State lawmakers, as well as the owners of Finger Lakes Gaming & Racetrack and Turning Stone Casino, are opposed to the Lago project, saying it will cannibalize their operations.</p> <p>What is the IDA’s response to them, and how does their opposition affect the IDA’s financial assistance package for Lago?</p>	<p>The owners of the other entities and their supporters in the New York State legislature are focused on their individual constituent communities.</p> <p>We at the IDA need to focus on our mission — to support economic development in Seneca County and grow our local tax base.</p>

	<p>The Lago Resort & Casino project is the largest economic development project in our community ever.</p> <p>The project is expected to create 1,000 new operations jobs and 1,200 construction jobs. The per-job average salary is expected to be \$42,000, or \$6,304 more than Seneca County's current per capita income of \$35,696.</p> <p>In addition, Wilmorite has pledged to use local labor and local vendors whenever possible.</p> <p>These are all important points as the IDA considers a financial assistance package for Lago.</p>
<p>Some in the community oppose the project based on religious and/or moral grounds. They are morally opposed to gambling, describing it as a scourge on society.</p> <p>What is the IDA's response to these critics?</p>	<p>The IDA is sensitive to those who oppose the project based on religious and/or moral grounds. We understand their concerns and respect their beliefs.</p> <p>We also understand that Lago has plans for an on-site gambling resource center and is partnering with Seneca County Mental Health. Lago's developers recognize that gambling can become an addiction and they are working to address the issue. We respect those efforts.</p> <p>In addition, our independent cost/benefit analysis estimates a cost of approximately \$700,000 annually for problem gambling. The developer contends that the \$500 per machine fee that's earmarked for problem gambling plus additional funds allocated for Seneca County Mental Health would total more than these costs.</p>
<p>Developers of other projects in other communities fall behind in their payments. How can you be sure that</p>	<p>We can't speak to those other projects. However, Wilmorite does have a good track record with its projects (i.e. Eastview</p>

<p>Wilmorite will make its payments in a timely manner?</p>	<p>Mall) and we are confident the developer would make timely payments under any approved agreement.</p>
<p>The Board of Supervisors requested the IDA create a taxpayers protection committee to weigh in on this Lago proposal.</p> <p>Was the committee ever created?</p>	<p>The IDA created an advisory work group, not a formal committee. The advisory work group is comprised of three members of the Board of Supervisors and three members of the IDA board.</p>
<p>Harris Beach serves as counsel for Lago Resort & Casino. Harris Beach also serves as counsel to the IDA. Isn't this a conflict of interest?</p>	<p>Harris Beach informed the IDA early on that it would be representing Wilmorite with regards to the Lago Resort & Casino development.</p> <p>Knowing this, the IDA hired outside counsel, attorney Rob Halpin, on all matters related to Lago. Halpin previously worked for Harris Beach, but has been an independent attorney in private practice for seven years, so there is no conflict of interest in this matter.</p>
<p>Some question the Jan. 29 public hearing, saying the public was not properly notified and the public did not have an opportunity to ask questions and hear responses.</p> <p>Some have requested a second public hearing, at the County office building, with an opportunity for Q&A.</p> <p>Is the IDA considering this request?</p>	<p>The IDA held a public hearing on Jan. 29, providing attendees with an opportunity to learn more about the project.</p> <p>At this time, the IDA is not planning to schedule a second public hearing.</p>
<p>Did the IDA board review the notes from the public hearing?</p>	<p>The advisory group and the IDA board both thoroughly reviewed the public hearing notes and are very sensitive to the concerns of the public. The accord was finalized only after the input from the public hearing.</p>