

Community Host Agreement Between Micron and the Town of Clay

Starting points

- Micron will build four (4) Chip Fabrication factories in Clay valued at 51 Billion dollars.
- The Town of Clay must issue building permits associated with this construction over the next 15-20 Years.
- Town law requires a building permit fee based on the value of the project being built. (\$100 for the 1st \$1000 in value; \$7.00 for every \$1000 after that).
- State law requires building permit fees to only cover the cost of services provided.

The Challenge

- There is no model for fees associated with private development of this magnitude (Largest semiconductor manufacturing facility in US History)
- The town's formula is very accurate and appropriate for usual development of a traditional size, but it becomes excessive when applied to billion-dollar projects.
- Town Law and State Law are at odds for a project this size.

The Risks

- Micron would have to pay the full amount prior to the issuance of permits and the beginning of construction.
- Micron has timelines and deliverables to New York State and the Federal government and OCIDA to meet to retain the incentives they have been offered.
- The town would get sued to recover the fees and a judge would decide how much it would cost the town to provide the service (the town could end up with less than 1 million dollars if a judge decides) case law supports this.
- The town would incur further cost to taxpayers defending a suit.
- Bad blood between the town, its residents, and Micron.

The Negotiation

- Initial conversation was for a fee based on the 51-billion-dollar value of the entire 4 chip fab project (~273 Million) as required by town law.
- Subsequent conversations challenged the valuation of the project and the length of the agreement, as well as the town's cost for providing the service.
- Initial ask from the town was 150 million over 15 years for the entire project (Would cover the towns cost and compensate residents for the inconvenience of development for the duration of the project)
- Without an agreement no permits would be issued unless the full permit fee was paid.

The Compromise

- The Agreement will only cover the construction of Chip Fab 1 with a construction cost of 8.9 Billion dollars. (62 Million Dollar Fee under the current town code)
- The agreement will last three (3) years at a cost to Micron of 30 Million dollars
- Expenses incurred prior to the agreement would not be included.
- Town law would be changed to allow for community host agreements and fee adjustments/waivers.
- 20 Million over 3 years in three annual payments and another 10 million in dedicated Green Chips Act spending exclusively in the Town of Clay over the same period.

Key points around the agreement

- Its Limits: Issues negotiated and agreed to by OCIDA, NYS and the Federal Government (Environmental Impact Statement, roads, land, environmental offsets etc.) are not part of this agreement.
- The standards of work: The standards for building permits are not changed or waived. The agreement is only for cost.
- How the majority is spent: So long as the Town of Clay's cost of administering requirements around permits is covered, all other money will be used at the town's discretion.

Accountability and Uses

- Fiscal controls for town spending remain in place
 - Continued Independent audits of town finances
 - Budget and spending subject to town board approval and public hearings
 - Public disclosure of all financial records as require by law
 - Annual ethics disclosures by public officials
- Monies to be used to offset taxpayer expense over time and enhance the livability of the town for its residents
- Town retains control over issuance of permits and has the legal authority to order work stoppages.

THANK YOU!

Questions and Comments