

# Exhibit 1



PO Box 769 Lake George NY 12845 (518) 685-3088  
[info@protectadks.org](mailto:info@protectadks.org) [www.protectadks.org](http://www.protectadks.org)

STATE CONSTITUTION

length. Notwithstanding the foregoing provisions, the state may convey to the village of Saranac Lake ten acres of forest preserve land adjacent to the boundaries of such village for public use in providing for refuse disposal and in exchange therefore the village of Saranac Lake shall convey to the state thirty acres of certain true forest land owned by such village on Roaring Brook in the northern half of Lot 113, Township 11, Richards Survey. Notwithstanding the foregoing provisions, the state may convey to the town of Arietta twenty-eight acres of forest preserve land within such town for public use in providing for the extension of the runway and landing strip of the Piseco airport and in exchange therefor the town of Arietta shall convey to the state thirty acres of certain land owned by such town in the town of Arietta. Notwithstanding the foregoing provisions and subject to legislative approval of the tracts to be exchanged prior to the actual transfer of title, the state, in order to consolidate its land holdings for better management, may convey to International Paper Company approximately eight thousand five hundred acres of forest preserve land located in townships two and three of Totten and Crossfield's Purchase and township nine of the Moose River Tract, Hamilton county and in exchange therefore International Paper Company shall convey to the state for incorporation into the forest preserve approximately the same number of acres of land located within such townships and such County on condition that the legislature shall determine that the lands to be received by the state are at least equal in value to the lands to be conveyed by the state. Notwithstanding the foregoing provisions and subject to legislative approval of the tracts to be exchanged prior to the actual transfer of title, the state, in order to consolidate its land holdings for better management, may convey to Processed Minerals Incorporated approximately seven hundred fifty acres of forest preserve land located in New York State Lot S, South Tract and contiguous thereto, in the Town of Lewis, and County of Essex, and in exchange therefor Processed Minerals Incorporated shall convey to the state for incorporation into the forest preserve approximately the same number of acres of land located within said county on condition that the legislature shall determine that the lands to be received by the state are at least equal in value to the lands to be conveyed by the state in fulfilling the goals and objectives of the state in acquiring and maintaining its forest preserve, and that the economic interest which the state may have in any mineral deposits thereafter removed from the lands to be conveyed shall be protected by the reservation of royalties thereon in an amount at least equal to the fair market value of royalties on equivalent mineral deposits from privately owned lands, which royalties shall be received by the state and maintained in the forest preserve expansion fund established by section ninety-seven-e of the state finance law.

S.P. 5819 passed at the Regular Session of 1951. To be referred to the Legislature of 1953.

Proposed additions indicated by underline; deletions by [brackets]

MEMORANDUM IN SUPPORT

S. \_\_\_\_\_

A. \_\_\_\_\_

A CONCURRENT RESOLUTION OF THE SENATE AND ASSEMBLY, proposing an amendment to Section One of Article Fourteen of the Constitution in relation to permitting an exchange of certain lands within the Adirondack Forest Preserve.

PURPOSE:

This concurrent resolution will initiate a proposed constitutional amendment to add yet another exception to the general proscription of Section One of Article XIV of the Constitution against the lease, sale or exchange of lands of the State constituting the Forest Preserve, in order to authorize the exchange of certain Forest Preserve lands in Essex County with Processed Minerals Incorporated.

The proposed exchange will convey approximately 750 acres of Forest Preserve land located in and contiguous to New York State Lot B, South Tract, in the Town of Lewis, and County of Essex, to Processed Minerals Incorporated, owner of contiguous lands to the east, thereby enabling it to extend its existing wollastonite mine into those lands. Processed Minerals Incorporated will simultaneously convey to the State of New York an equal number of acres of land located within Essex County for incorporation into the Forest Preserve.

JUSTIFICATION:

The proposed exchange will permit the extraction of a valuable mineral resource from lands currently within the Forest Preserve. (Wollastonite is a unique, environmentally and economically highly beneficial substance for asbestos.) The State shall reserve royalties thereon in an amount equal to the fair market value of royalties or equivalent mineral deposits extracted from privately owned lands, which royalties

shall be received and maintained by the State in its Forest Reserve Expansion Fund.

The lands to be received by the State in exchange for those conveyed shall be of equal or greater value to the State in fulfilling its goals and objectives in acquiring and maintaining its forest preserve. The lands to be acquired by the State will "fill-in" existing gaps in its checkerboard holdings constituting the forest preserve in Essex County, thereby consolidating such holdings for better management. The lands to be acquired by the State may also contain physical features which are of greater value to the forest preserve than the lands being exchanged.

**FISCAL IMPLICATIONS:**

There are only positive fiscal implications to the State from this exchange, resulting from anticipated generation of jobs for approximately 100 employees for the next ten or more years, and substantial royalties for the Forest Reserve Expansion Fund.

**EFFECTIVE DATE:**

This proposal, if passed by the consecutive elected sessions of the legislature, could be placed upon the ballot for voter approval in November of 1983, which if approved could become effective on January 1, 1984. The 1984 legislature could then enact the necessary special legislation to authorize the exchange.

## STATE CONSTITUTION

length. Notwithstanding the foregoing provisions, the state may convey to the village of Saranac Lake ten acres of forest preserve land adjacent to the boundaries of such village for public use in providing for refuse disposal and in exchange therefore the village of Saranac Lake shall convey to the state thirty acres of certain true forest land owned by such village on Roaring Brook in the northern half of Lot 113, Township 11, Richards Survey. Notwithstanding the foregoing provisions, the state may convey to the town of Arietta twenty-eight acres of forest preserve land within such town for public use in providing for the extension of the runway and landing strip of the Piseco airport and in exchange therefor the town of Arietta shall convey to the state thirty acres of certain land owned by such town in the town of Arietta. Notwithstanding the foregoing provisions and subject to legislative approval of the tracts to be exchanged prior to the actual transfer of title, the state, in order to consolidate its land holdings for better management, may convey to International Paper Company approximately eight thousand five hundred acres of forest preserve land located in townships two and three of Totten and Crossfield's Purchase and township nine of the Moose River Tract, Hamilton county and in exchange therefore International Paper Company shall convey to the state for incorporation into the forest preserve approximately the same number of acres of land located within such townships and such County on condition that the legislature shall determine that the lands to be received by the state are at least equal in value to the lands to be conveyed by the state. Notwithstanding the foregoing provisions and subject to legislative approval of the tracts to be exchanged prior to the actual transfer of title, the state, in order to consolidate its land holdings for better management, may convey to Processed Minerals Incorporated approximately seven hundred fifty acres of forest preserve land located in New York State Lot 8, South Tract and contiguous thereto, in the Town of Lewis, and County of Essex, and in exchange therefor Processed Minerals Incorporated shall convey to the state for incorporation into the forest preserve approximately the same number of acres of land located within said county on condition that the legislature shall determine that the lands to be received by the state are at least equal in value to the lands to be conveyed by the state in fulfilling the goals and objectives of the state in acquiring and maintaining its forest preserve, and that the economic interest which the state may have in any mineral deposits thereafter removed from the lands to be conveyed shall be protected by the reservation of royalties thereon in an amount at least equal to the fair market value of royalties on equivalent mineral deposits from privately owned lands, which royalties shall be received by the state and maintained in the forest preserve expansion fund established by section ninety-seven-e of the state finance law.

S.Pr. 5819 passed at the Regular Session of 1981. To be referred to the Legislature of 1983.



Teresa R. Sayward  
 Assemblywoman 113<sup>th</sup> District  
 Essex, Hamilton, Saratoga and  
 Warren Counties

THE ASSEMBLY  
 STATE OF NEW YORK  
 ALBANY

RANKING MINORITY MEMBER  
 Committee on Standing Committees

COMMITTEES  
 Children and Families  
 Correction  
 Education  
 Tourism, Parks, Arts and Sports Development  
 Environmental Conservation

August 17, 2011

Dear Commissioner ~~Martens~~, *Joe*

Enclosed is information regarding NYCO Mineral's interest in the acquisition of Lot 8 located in Willsboro, New York. As we have previously discussed, this acquisition will most likely require a Constitutional Amendment.

After you have an opportunity to review the enclosed information, I would like to set up a meeting to discuss your thoughts about this proposal.

Please feel free to contact me at 569-6155 (cell) or 792-4546 (office) at your earliest convenience.

As always, I greatly appreciate your interest in Adirondack issues.

Sincerely,

*Teresa*  
 Teresa R. Sayward  
 Assemblywoman, 113<sup>th</sup> AD

2011 AUG 19 AM 6:55  
 RECEIVED BY  
 COMMISSIONER  
 NYS DEC.

CCU CORRESPONDENCE #: 201104275  
GOVERNOR'S NUMBER:

Correspondent:  
Honorable TERESA R SAYWARD  
NEW YORK STATE ASSEMBLY  
940 LEGISLATIVE OFFICE BUILDING  
ALBANY, NY 12248

County: Albany

ADDRESSED TO: Commissioner  
CORRESPONDENCE DATE: 8/17/2011

SUBJECT: REQUEST TO MEET - DISCUSS NYCO MINERAL'S INTEREST IN ACQUIRING LOT 8 IN WILLSBORO

ROUTE DATE	ACTION	ROUTE TO	DUE DATE
08/18/2011	Pending	SHERWIN	

Notes:

CC:

New York State  
Department Of Environmental Conservation

OK  
Recommended Yes - for Joe  
if yes - Route to J. Tighe  
to schedule + cc: C. Amato  
R. Davies  
Marc G

## Quotes From Governor Cuomo

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**"Business built New York, and we are declaring that New York is once again open for business," Andrew Cuomo said**

**"Change is possible in Albany, believe it or not, and I say amen because we need change in Albany," Cuomo said.**

**"The State of New York spends too much money. It is that blunt and it is that simple," Cuomo said.**

**"We must turn this crisis into an opportunity to fundamentally remake our state into the progressive capital of the nation," Cuomo said.**

***" Promoting private sector job growth through economic development and restrained government spending is the right tactic to put our country on the right track. As President Obama fully understands, New York and many other states are working hard to address multi-billion dollar deficits. I had the pleasure of meeting with President Obama last week at General Electric's facility in Schenectady, where he announced his new Council on Jobs and Competitiveness. I applaud his foresight in recognizing that it takes a focused approach and a harnessing of private sector resources to fully open our economy to future development and progress".***

**Dear New Yorkers,**

***Recently, I released my 2011-2012 Executive Budget for New York. It is a plan that reduces our state's current year deficit without raising taxes. The budget outlines a broad effort to redesign and reinvent our state government with the goal of producing long term cost savings and better services to our people. To achieve our goals we need to change decade old practices in Albany that have led to unsustainable spending without regard to performance or efficiency.***

***The budget will require some difficult decisions, but if we make the smart choices now, and work together, we change Albany and begin creating good jobs and a better life for our people.***

**-Governor Andrew M Cuomo**



## Conclusion

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- New York State has an opportunity to increase revenue through potential royalties or land exchange.
- Without additional reserves to sustain the life of the company, NYCO's operations in Essex County will cease in less than 20 years.
- Utilizing the Oak Hill reserves will mean higher costs jeopardizing the company's competitive position in the market place.
- The communities within Essex County will lose donations that supported key programs.
- NYCO creates direct, indirect and induced labor income of \$6,070,648 and 147 jobs which contributes 0.8% to the employment rate for New York State.
- NYCO's operations have a substantial effect on Essex County housing values, estimated at \$22,730,677.
- There will also be a reduction in potential state and local taxes (\$2,670,463), property tax (\$568,267) and federal income tax (\$2,372,365).

**Appendix A:**

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**An Analysis of Economic Impacts in Essex County and New York State  
Arising From the NYCO Operations in Willsboro, NY**

By Colin Read, Ph.D. in Regional Economics  
Principal Consultant with Economic Insights  
Plattsburgh, New York

August 8, 2011

### Executive Summary

This study focuses on the direct, indirect, and induced effects of the NYCO Mineral operations on the Essex County economy and on the economy of New York State. NYCO's operations in the extraction and processing of wollastonite Willsboro take advantage of a peculiar aspect of its industry and mineral. Global competitiveness requires either relatively rich ore bodies, to minimize extraction costs, or low labor or transportation costs. In the case of NYCO in Essex County, its ability to maintain competitiveness in the face of discoveries in low labor costs region of the world has been in its advantage of access to superior ore bodies. However, NYCO is on the cusp of a sunset of its high yield ore bodies and is now exploring its ability to maintain global competitiveness in its other properties should it be unable to gain access to Lot 8. NYCO's contribution to the local and state economy is based on its current but declining access to high yield ore bodies.

I find that the NYCO Mineral facility creates direct, indirect, and induced annual labor income of \$6,070,648 and 147 jobs in Essex County alone. This represents .78% of the county-wide labor force and 1.14% of county-wide labor income. The Value-Added to Essex County is \$19,806,879, while the unemployment rate will rise from an average of 9.5% to 10.3% in the absence of NYCO's Essex County operations.

NYCO-generated employment also has a substantial effect on Essex County housing. I find that the rise of employment by NYCO results in an increase of \$22,730,677 million in housing value and, at an average mil rate of 2.5%, approximately \$568,267 in property tax revenues. NYCO also contributes \$2,670,463 million annually in state and local tax revenue and \$2,372,365 million in federal tax revenue.

These estimates may underestimate the value of NYCO's operations should a fall in its activity result in a decline in the level of private and public services indirectly supported by NYCO. This could arise if a fall in economic activity makes it more difficult to sustain economies of scale in such sectors as local education, medical services, etc.

### Introduction

This study calculates the total value of output, income, employment, and value added in Essex County arising from the operations of NYCO. It also predicts the effect of their operations on property values and tax bases in Essex County and New York State.

NYCO's operations in Willsboro take advantage of a peculiar aspect of its industry and mineral. Global competitiveness requires either relatively rich ore bodies, to minimize extraction costs, or low labor or transportation costs. In the case of NYCO in Essex County, its ability to maintain competitiveness in the face of discoveries in low labor costs region of the world has been in its advantage of access to superior ore bodies to date. However, NYCO is on the cusp of a sunset of its high yield ore bodies and is now exploring its ability to maintain global competitiveness in its other properties should it be unable to gain access to Lot 8. This study explores NYCO's contribution to the local and state economy based on its current but declining access to high yield ore bodies.

### Techniques

The principal analytic tool is IMPLAN 3.0, the latest software version of an analytic technique that has become the state-of-the-art in economic impact analysis. IMPLAN performs input/output analysis. While the total budget of a governmental enterprise can offer some measure of the value of the enterprise, it is also relevant to discover the share of the spending that remains local. By using production functions for various types of government agencies, IMPLAN can determine the share of spending that contributes to the local economy, through direct purchases, labor income, etc. In addition, IMPLAN can measure the indirect amount of spending and jobs created by those that supply the operation, and the induced spending that occurs when local workers and suppliers in turn spend their income in the economy. IMPLAN is capable of measuring these "multiplied" effects county-wide, and hence gives a more accurate measure of the advantages an economy enjoys arising from an enterprise, or the cost to the community should it lose such an operation.

I also analyze the effect of an increase in unemployment in Essex County, and predict its effect on local housing prices and the property tax base.


### The Data

Essex County is part of the North Country of the State of New York. It has a land mass of 1,797 square miles and a population of 38,119 in 2007. The average household income in 2009 was

\$43,132 while the 12.4% of the population lived below the poverty line. The 16,140 households had a gross regional product of \$1.126 billion in 2009, and personal income of \$1.209 billion arising from an employed labor force of 18,204 individuals.

There were 24,440 housing units in Essex County in 2008,<sup>1</sup> with an average recent sale price of \$207,990.<sup>2</sup> If recent sales are representative of average housing prices, the value of the housing stock is \$5.038 billion in 2008.

The personal income of \$1.209 billion included employee compensation of \$693 million. Households spent \$1.067 billion in the local economy, and state and local government contributed another \$384 million locally.



www.nyco.com

Model Information	
Model Year	2009
Gross Regional Product	\$1,126,339,960
Total Personal Income	\$1,209,453,890
Total Employment	18,204
Number of Industries	150
Land Area (Square Miles)	1,797
Area Count	1
Population	37,696
Total Households	14,755
Average Household Income	\$81,987
Trade Flow Method	Trade Flow Model
Model Status	Multipliers
Areas in the Model	
New York	Essex County

Gross Regional Product			
Value Added		Final Demand	
Employee Compensation	\$632,835,302	Households	\$1,067,600,376
Proprietor Income	\$80,477,138	State/Local Government	\$384,143,928
Other Property Type Income	\$284,781,019	Federal Government	\$86,733,260
Indirect Business Tax	\$68,186,499	Capital	\$130,224,354
		Exports	\$1,030,596,057
		Imports	(\$1,482,763,781)
		Institutional Sales	\$69,308,289
Total Value Added	\$1,126,339,960	Total Final Demand	\$1,126,339,963

Economic Indicators	
Shannon-Weaver Diversity Index	0.62223

Top Ten Industries - View By Employment			
Description	Employ	Labor Income	Output
* Employment and payroll only (state & local govt. non-education)	3,580	\$177,639,200	\$201,800,604
Food services and drinking places	1,116	\$28,468,930	\$68,720,288
Nursing and residential care facilities	991	\$44,950,770	\$71,216,614
* Employment and payroll only (state & local govt. education)	821	\$43,301,430	\$48,191,044
Hotels and motels, including casino hotels	659	\$25,008,040	\$76,887,334
Paper mills	644	\$55,968,010	\$464,851,600
Construction of other new nonresidential structures	604	\$24,126,910	\$64,019,504
Retail Stores - Food and beverage	426	\$9,064,996	\$17,377,200
Construction of new nonresidential commercial and health care	375	\$14,977,270	\$37,217,784
Private household operations	297	\$3,545,290	\$3,545,290

The top ten industries, in terms of employment, included state and local government, in education and in other government services, food and beverage services and hotels, nursing and residential care, paper mills, retail stores, construction, and federal government employment. Among the private sector employers, paper mills generate the largest single share of employment income and almost half of the value of private economic activity. This sector

<sup>1</sup> Source: US Census Bureau State & County QuickFacts

<sup>2</sup> Essex County Residential Sales from <http://www.co.essex.ny.us/downloads/ResidentialSaleStatistics.pdf>

represented only 644 employees, of the total employed labor force of 18,204 in 2009. The salaries in this sector are relatively high, and the value of the productivity of each worker is very high, at \$721,819 per worker.

Another major employer, based on value-added and output per worker, is mining. Excluding stone and gravel mining and metallic ore mining, this sector produces a very high level of output of \$306,067 per worker

The principal mining operation in Essex County is the NYCO Wollastonite mine and processing facility. Its annual spending in 2010 was:

NYCO Minerals, Inc., Spending 2010	
Payroll	\$5,076,821
NYS Withholding Tax	\$236,113
NYS Unemployment Tax	\$87,893
Employer 401K Match	\$44,953
Taxes	\$233,124
Health Insurance (self insured)	\$1,300,000
Capital Expenditures	\$640,617
Contributions	\$14,407
Goods & Services - New York	\$3,981,815
Good & Services - Vermont	\$161,002
Goods & Services - Quebec	<u>\$1,751,009</u>
Total	<u><u>\$13,527,753.06</u></u>

### **Analysis**

IMPLAN 3.0 was employed to measure the local economic impacts of the NYCO operations. NYCO is one of the world leaders in production of wollastonite, in New York State and in an operation in Mexico.

Wollastonite is an industrial mineral used in ceramics, friction materials, and other production processes. Worldwide production is approximately 600,000 tons per year, with estimated known reserves worldwide that could last for 150 years at current demand levels. While the United States has traditionally been a world leader in its production, China, India, Mexico, Spain, and Finland now compete as major producers. The NYCO operation is the major U.S. producer.

Wollastonite is a material categorized by regional and industrial economists as a weight-losing process. The combination of labor and mining support costs and local processing costs combine with the concentration of wollastonite in the extracted ore to determine economic viability. Weight-loss processes in regions with affordable labor costs are best done as close to the ore body as possible. A good wollastonite deposit may require the extraction of 5 tons of waste rock to access 1 ton of the desired mineral. Consequently, in times of high diesel fuel costs and high transportation costs, extraction and processing are typically comingled.

### **NYCO's contribution to the Essex County and New York State economies**

NYCO currently employs 102 people in an industry economists classify as non-mineral mining. Indeed, NYCO represents almost all employment in the mining sector in Essex County, NY. These direct jobs in that mining sector also create indirect jobs in support industries, such as blasting and transportation. These direct and indirect jobs also induce additional service and related jobs through the labor income and dividends and royalties flowing from the direct and indirect sectors

In addition to the 102 jobs NYCO generates directly, 18.2 indirect and 26.4 induced jobs are created. Below I list the labor income, value added, and value of output flowing from direct, indirect and induced jobs arising from the NYCO operation. I also list the top ten industries supported by these direct jobs:

Dollar Year for Year		Total Impact Summary				
2011		Impact Type	Employment	Labor Income	Value Added	Output
Direct Factor Change	\$0	Direct Effect	102.0	\$6,070,648	\$16,361,650	\$37,644,658
Direct Institution Change	\$0	Indirect Effect	18.2	\$914,361	\$1,737,608	\$3,174,019
LPP Imports	\$0	Induced Effect	26.4	\$913,730	\$1,707,621	\$2,726,379
Activities Included		<b>Total Effect</b>	<b>146.6</b>	<b>\$7,898,739</b>	<b>\$19,806,879</b>	<b>\$43,545,056</b>
Mining and Quarrying 102 job;						
Models Included						
Essex II County NY						
NYS except Essex County						

Top Ten Industries Affected		Top Ten By Employment			
Sector	Description	Employment	Labor Income	Value Added	Output
10	Mining and quarrying other nonmetallic minerals	103.8	\$6,178,872	\$16,653,335	\$31,191,002
413	Food services and drinking places	4.6	\$113,145	\$199,250	\$295,455
335	Transport by truck	2.6	\$91,667	\$117,750	\$303,893
324	Retail Stores - Food and beverage	2.0	\$45,250	\$73,327	\$84,789
363	Architecture, engineering, and related services	1.8	\$87,360	\$33,040	\$175,492
381	Management of companies and enterprises	1.6	\$63,165	\$79,405	\$191,479
354	Monetary authorities and depository credit intermediation activities	1.5	\$85,538	\$180,119	\$349,498
268	Nursing and residential care facilities	1.4	\$64,618	\$69,736	\$106,762
329	Retail Stores - General merchandise	1.4	\$36,089	\$55,641	\$67,437
360	Real estate establishments	1.2	\$15,796	\$117,622	\$180,215

These mining jobs also generate activity in support industries and in the establishments that service the needs of those who derive income from the NYCO operations. These linkages in the Essex County economy induce additional jobs in food services, retail stores, trucking, engineering, management, banking, nursing, and real estate, in that order.

The effects of the NYCO operation are not confined to Essex County. The rest of New York State enjoys 36 additional jobs arising from NYCO activities and their effects that flow across county lines:



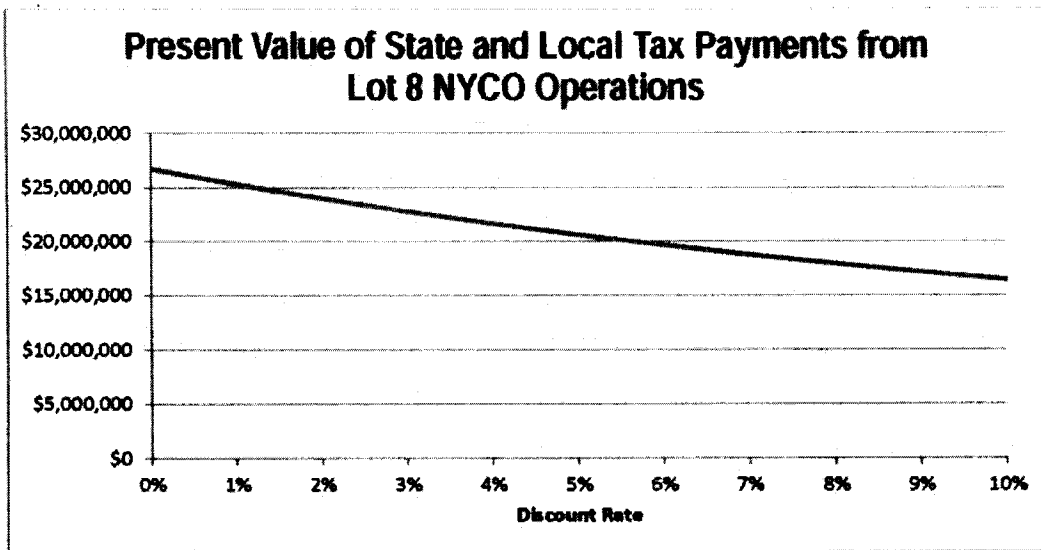
Dollar Year for View		Total Impact Summary <input type="button" value="Copy"/> <input type="button" value="Export"/>				
2011		Impact Type	Employment	Labor Income	Value Added	Output
Direct Factor Change		Direct Effect	0.0	\$0	\$0	\$0
\$0		Indirect Effect	15.1	\$1,375,553	\$2,433,688	\$3,783,133
Direct Institution Change		Induced Effect	21.0	\$1,199,540	\$2,173,624	\$3,433,580
\$0		<b>Total Effect</b>	<b>36.0</b>	<b>\$2,575,093</b>	<b>\$4,607,312</b>	<b>\$7,216,712</b>
LPP Imports:						
\$0						
Activities Included:						
Mining and Quarrying 102 job:						
Models Included:						
Essex II County NY						
NYS except Essex County						
Top Ten Industries Affected <input type="button" value="Copy"/> <input type="button" value="Export"/>		Top Ten By Employment				
Sector	Description	Employment	Labor Income	Value Added	Output	
72	Food services and drinking places	2.2	\$60,426	\$85,141	\$152,874	
363	Architectural, engineering, and related ser.	2.0	\$174,561	\$184,442	\$298,450	
360	Real estate establishments	1.9	\$43,176	\$318,361	\$434,695	
381	Management of companies and enterprises	1.4	\$205,654	\$250,521	\$377,874	
31	Electric power generation, transmission, a	1.4	\$201,984	\$637,076	\$958,011	
319	Wholesale trade businesses	1.4	\$120,200	\$207,216	\$281,814	
335	Transport by truck	1.2	\$67,254	\$66,410	\$184,050	
397	Private hospitals	1.2	\$92,245	\$98,465	\$185,289	
384	Offices of physicians, dentists, and other	1.1	\$82,168	\$87,688	\$143,105	
356	Securities, commodity contracts, investme	1.0	\$196,344	\$218,256	\$214,221	

**State and local tax revenues arising from the NYCO operations**

Local and state governments derive significant revenue from NYCO's activities as well:

Description	Employee Compensation	Indirect Business Tax	Households	Corporations	Totals
Social Ins Tax- Employee Contribution	\$22,077	\$0	\$0	\$0	\$22,077
Social Ins Tax- Employer Contribution	\$54,836	\$0	\$0	\$0	\$54,836
Indirect Bus Tax: Sales Tax	\$0	\$577,088	\$0	\$0	\$577,088
Indirect Bus Tax: Property Tax	\$0	\$729,110	\$0	\$0	\$729,110
Indirect Bus Tax: Motor Vehicle Lic	\$0	\$7,655	\$0	\$0	\$7,655
Indirect Bus Tax: Severance Tax	\$0	\$0	\$0	\$0	\$0
Indirect Bus Tax: Other Taxes	\$0	\$103,023	\$0	\$0	\$103,023
Indirect Bus Tax: S/L NonTaxes	\$0	\$22,410	\$0	\$0	\$22,410
Corporate Profits Tax	\$0	\$0	\$0	\$328,672	\$328,672
Personal Tax: Income Tax	\$0	\$0	\$295,469	\$0	\$295,469
Personal Tax: NonTaxes (Fines- Fees)	\$0	\$0	\$84,801	\$0	\$84,801
Personal Tax: Motor Vehicle License	\$0	\$0	\$5,799	\$0	\$5,799
Personal Tax: Property Taxes	\$0	\$0	\$8,216	\$0	\$8,216
Personal Tax: Other Tax (Fish/Hunt)	\$0	\$0	\$1,262	\$0	\$1,262
<b>Total State and Local Tax</b>	<b>\$78,913</b>	<b>\$1,439,284</b>	<b>\$373,546</b>	<b>\$780,720</b>	<b>\$2,670,463</b>

NYCO operations support tax receipts of \$2.67 million per year to New York State, its counties, towns, and service districts. NYCO is seeking permission to extract on an ore body contiguous to its current operations on Lot 9. This ore body is expected to fuel jobs and tax revenues for ten years. The discounted present values for state and local taxes that would flow from this extraction depends on the chosen discount rate. The range of these receipts is shown in the graph below:



For typical discount rates in the range of 5% to 10%, the present value of these tax receipts ranges from \$20.6 million to \$16.4 million, in 2011 dollars. The present long term treasury bill rate is typically used as a proxy for the discount rate and is currently in the range of 3%. At that discount rate, the present value of the future flow of New York tax receipts is \$22.8 million.

**Federal tax receipts Implications:**

In addition to the fall in potential state and local revenue declines, there is a further decline of \$2,372.365 in Federal tax revenue from various sources:

Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations	total
Social Ins Tax- Employee Contribution	\$579,119	\$87,762	\$0	\$0	\$0	\$666,881
Social Ins Tax- Employer Contribution	\$569,273	\$0	\$0	\$0	\$0	\$569,273
Indirect Bus Tax: Excise Taxes	\$0	\$0	\$73,044	\$0	\$0	\$73,044
Indirect Bus Tax: Custom Duty	\$0	\$0	\$23,632	\$0	\$0	\$23,632
Indirect Bus Tax: Fed NonTaxes	\$0	\$0	\$62,711	\$0	\$0	\$62,711
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$459,053	\$459,053
Personal Tax: Income Tax	\$0	\$0	\$0	\$517,772	\$0	\$517,772
<b>Total Federal Tax</b>	<b>\$1,148,391</b>	<b>\$87,762</b>	<b>\$159,387</b>	<b>\$517,772</b>	<b>\$459,053</b>	<b>\$2,372,365</b>

### Effect on Housing Values

The level of employment related to NYCO operations has some substantial effects on Essex County housing. The assessed total housing stock value is estimated at \$5,354,516,899.<sup>3</sup> Recently, Min and Quigley estimated that a 1% rise in employment results in a .546% rise in housing values.<sup>4</sup> The labor force in Essex County has fallen to 17,492 by May of 2011, of which 147 of these jobs are supported by NYCO operations. These operations represent .78% of the labor force. The NYCO operations is estimated to result in an increase in housing values of \$22,730,677, and a concomitant increase in the local property tax basis. This assumes that the property tax basis for those associated with the NYCO facility are representative of the housing stock on average in Essex County, and the tax burdens in their communities is equally representative.

Assuming an average mill rate of 2.5% in Essex County and its towns, the increased housing value associated with the contributions of income arising from NYCO operations generates approximately \$568,267 in property tax revenues.

<sup>3</sup> From the Essex County database <http://www.co.essex.ny.us/Treasurer/FileCreate.aspx>

<sup>4</sup> Min, Hwang, and John M. Quigley. "ECONOMIC FUNDAMENTALS IN LOCAL HOUSING MARKETS: EVIDENCE FROM U.S. METROPOLITAN REGIONS." *Journal of Regional Science* 46.3 (2006): 425-453

### **NYCO's long term economic viability**

Wollastonite production is a substantial weight loss industry. Consequently, it is highly sensitive to the transportation costs it avoids through local processing, and also the labor costs of a region. A low labor cost region can suffer lower quality deposits and still remain profitable. The NYCO operation in Willsboro, NY, is a relatively high labor cost operation, and hence relies on efficient management and processes and access to high quality ore bodies to retain global competitiveness.


Should the NYCO Essex County processing facility lose access to a high grade ore body, it would still explore the possibility of processing ore from higher grade sites. However, with the increasing cost of transportation and the environmental implications of trucking bulk ore through the Adirondacks from Gouverneur, NY, such processing of ore from high grade sites may not make economic or environmental sense.

For this reason, the economic viability of NYCO is somewhat sensitive to its access to sufficiently high quality ore bodies in the Essex County site for NYCO to remain competitive. NYCO's mineral rights in Willsboro are extensive. However, NYCO made the appropriate economic decision to rely on its highest yield ore bodies first and move to inferior and less globally competitive ore bodies over time. At this point, and with greater competition from China, India, Mexico, and Spain, NYCO requires an ore body such as can be found on Lot 8 to maintain profitability in this global wollastonite marketplace. Consequently, the appropriate measure to Essex County and the State of New York of the value of Lot 8 access may be the current value of the overall NYCO Willsboro operation.

### **Conclusions**

This study focuses on the direct, indirect, and induced effects of the NYCO Mineral operations on the Essex County economy. I find that the NYCO wollastonite facility creates direct, indirect, and induced labor income of \$6,070,648 and 147 jobs in Essex County alone. This represents .78% of the county-wide labor force and 1.14% of county-wide labor income. The Value-Added to Essex County is \$19,806,879, while the operations contributes .8 percentage points to the employment rate in Essex County. Alternatively, in the absence of the NYCO operation, the average unemployment rate would rise from 9.5% to 10.3%.

The employment supported by NYCO has a substantial effect on Essex County housing. The rise of employment induces an increase of \$22,730,677 million in county housing value. Assuming an average mil rate of 2.5% in Essex County and its towns, this increased housing value associated with the NYCO operations generates approximately \$568,267 in property tax revenues to Essex



County and its towns. The operation also generates \$2,670,463 million in state and local tax revenue and \$2,372,365 million in federal tax revenue each year.

CCU CORRESPONDENCE #: 201101764  
GOVERNOR'S NUMBER:

Correspondent:  
Mr. PETER GOODWIN  
NYCO MINERALS INC  
803 MOUNTAIN VIEW DRIVE  
PO BOX 368  
WILLSBORO, NY 12996-0368

ADDRESSED TO: Commissioner  
CORRESPONDENCE DATE: 4/29/2011

SUBJECT: RESPONSE TO THE 4/5/11 MEETING RE: THE BENEFIT OF MINING LOT 8 VERSES OAK HILL

ROUTE DATE	ACTION	ROUTE TO	DUE DATE
05/03/2011	Pending	COMMISSIONER MARTENS	

Notes:

CC:

New York State  
Department Of Environmental Conservation

*Please forward  
copy to Bruce Beards  
and Rob Jones and ask  
for their reaction to NYCO's  
rationale for mining  
under state land rather  
than mining over  
permitted site.  
TJF*



NYCO Minerals, Inc.  
803 Mountain View Dr., P.O. Box 368  
Willsboro, New York, USA 12996-0368  
Tel 518 963-2135 Fax 518 963-4063

Peter Goodwin - President and CEO  
[peter.goodwin@nycominerals.com](mailto:peter.goodwin@nycominerals.com)

April 29, 2011

Commissioner Joe Martens  
625 Broadway  
Albany, NY 12233-1011

Dear Commissioner Martens,

Thank you for meeting with NYCO Minerals, Inc. on April 5, 2011 to discuss the mining on state land known as "Lot 8". Our current mine which has a finite life of 5 years adjoins Lot 8. Our present plan is after 5 years to move to a new, but more costly mine known as Oak Hill.

An outcome of our meeting, at your request was that we describe the benefit to NYCO, New York State and the local community of mining Lot 8 verses moving to Oak Hill. Enclosed please find a summary of benefits to mining Lot 8.

Please review and if you feel appropriate, we would be pleased to discuss this further at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Goodwin", is written over a faint, larger version of the same signature.

Peter Goodwin  
President and CEO

Enclosure

cc: Teresa Sayward  
Tom Congdon  
Dan Votraw

**NYCO Minerals, Inc.  
Willsboro, NY**

**Why Lot 8 and Not Oak Hill**

**Economic Benefit to New York State and Community:**

- **Lot 8 has less overburden. More competitive in the world market. More tax revenue for New York State thru corporate tax.**
- **Preservation of jobs and impact on economy more positive at Lot 8.**
- **Source of revenue to New York State – negotiated royalty.**

**Environmental Impact:**

- **Less disturbed acreage over the next 15 years - 30 to 50 acres at Lot 8 verses 126 acres at Oak Hill.**
- **Fewer air emissions from developing Lot 8 due to less overburden, diesel, drilling fuel and truck haulage. (4 times more at Oak Hill)**
- **All land donated to New York State once Lot 8 is completed – 460 acres.**

**Benefit to NYCO and Employees:**

- **More competitive in world market.**
- **Continuation of good job for employees.**
- **Lot 8 extends life of facilities and benefits local vendors.**