

**SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY MEETING**

**July 17, 2017 – 8:00 a.m.**

**Arnoff Moving & Storage & Rigging  
10 Stonebreak Road, Malta, NY 12020**

**PRESENT:** Members: Chairman Rod Sutton, Tom Lewis, Patrick Greene, Phil Klein, Arthur Johnson.

**STAFF & GUESTS:** Richard Ferguson, CEO; Jeff Many, CFO; Michael Valentine, Administrative Assistant; Michael J. Toohey, Esq., Counsel to the Agency; James A. Carminucci, Esq., Bond Counsel; Jim Angus, SEDC; Marty Vanags, Saratoga Prosperity Partnership; Jennifer Smith, Saratoga Prosperity Partnership; Michael Arnoff; Craig Arnoff; Don Sagliano, CFO, Arnoff Moving & Storage & Rigging; Tedi Foster, Universal Preservation Hall; and Lori Eddy.

**ABSENT:** Andrea DiDomenico, Michael Mooney.

Chairman Sutton called the meeting to order at 8:08.

**APPROVAL OF MINUTES:**

Chairman Sutton asked for a motion to approve the meeting minutes of June 12, 2017. Chairman Sutton asked if there were any changes to the minutes. Mr. Valentine questioned a possible typo on the second to the last page, paragraph two, the word “eluded” should be changed to “alluded”. Mr. Ferguson stated that change would be made. Mr. Greene made a motion to approve the minutes with the stated change to “alluded”. The motion was seconded by Mr. Johnson. All were in favor and the minutes were approved.

**APPLICATION: Universal Preservation Hall:**

Chairman Sutton asked Mr. Vanags to discuss the application for Universal Preservation Hall. Mr. Vanags stated he is presenting an application for Universal Preservation Hall to provide assistance in their rehabilitation of the Universal Preservation Hall. He stated Mr. Morris could not make it this morning, but they are aptly represented today. Mr. Vanags stated in essence their mission is to provide and preserve a historic venue for performing arts, cultural, educational community events and to promote and enhance economic vitality of the greater Saratoga Springs region and to serve citizens of that region and the use of its facilities for appropriate events including private rentals. UPH has teamed up with Proctors to develop a rehabilitation plan for UPH.

Originally constructed in 1872, by 2000 it was slated for demolition. Leaders in the community were able to save it and raised \$3.7 million dollars and are ready to do the rehab. Because of this they were able to host over 325 events alone in 2015. In 2016, he questioned Ms. Foster if it was the same? Ms. Foster replied yes, it has been growing over time. Mr. Vanags stated the project will result in a 200-seat performance venue with additional event spaces within the location. It will provide improved heating and cooling system for year-round use. An elevator as well as full accessibility for patrons. Complete restoration of the building, new pre-function areas and a sustainable business model to earn and contribute to income. UPH and Proctor’s has acquired \$2.15 million in historic tax credits and using those tax credits for the project to raise additional funds. This will be done using a private sector partner who will purchase those tax credits at a discounted price. Because the private sector company can only partner with another private sector entity, UPH Proctor’s must transfer the deed to a private subsidiary. Doing so triggers property taxes and so for that reason they are asking to have a PILOT

through the next ten years so they can not only redevelop the property but maintain that tax-free status.

The assistance request based on the Agency's tax exemption policy this is an eligible commercial service project. It meets the Industrial Development Authority criteria in the following ways. One, it demonstrates that the assistance will induce the location or expansion of the project. Indeed, Proctor's and UPH needs the inducement to complete the project in Saratoga County. This is not a locational decision much like a private sector company might make, but this is one that has historical significant cultural and economic impact on the City and County. Financial assistance from the IDA will induce the completion of the project in Saratoga County. Number two, demonstration of the need for the project and the economic benefits its represents. We, the Partnership commissioned on behalf of Proctor's and UPH, an in-plan input output model. That is just an economic modeling software. What we found is that the UPH would generate an annual County wide impact of over \$6.1 million in total output including 53.27 jobs and \$2.4 million labor income in 2017-2018. This employment projection also includes 30 full time equivalent jobs and 22 indirect jobs because of the project.

Number three, demonstration that the project will not cause substantial disruption of existing employment for similar facilities in Saratoga County. Because there is not a project anywhere like this it is unlikely that this project will cause disruption. Number four, demonstration that the project will provide employment for Saratoga County residents or provide a service that is demonstrated to be in the best interest of the public and the taxpayer. Again, it will do both. It will create 30 full time equivalent jobs. It will support indirect and induce jobs and it is a project that is important to the cultural level of the community. Number five, demonstrate that the project involves the development of new facilities. As we said it is a total rehabilitation of a 135 year old building and the funds being expended towards rehabilitation is within the magnitude of new construction.

The request on behalf of UPH/Proctor's is a 10 year 100% tax abatement on real estate improvements to the property in Saratoga Springs. The total amount of tax relief abatement credited the Company for the Organization is estimated to be \$1.1 million over 10 years. Exemption number 2, exemption of the sales tax and the purchase materials, supplies, tools, equipment and services as provided in the UTEP. Based upon estimates in the application, the total amount of exemption benefit due the company would be about \$245,000.00. Under the IDA policy that the Agency and all its projects receive full exemption of New York State mortgage tax allowed by law. We estimate that to be \$22,500.00. The total benefit received by UPH/Proctor's received on this application would be \$1.3 million after the payment of the application fee, bond counsel fee, IDA Counsel and IDA fee.

You have the full application. Mr. Vanags stated they have worked with Mr. Valentine and Mr. Ferguson to make sure the t's are crossed and the l's are dotted. If they are not, they will make sure it is by the time we are ready to go to closing. Mr. Vanags stated if there are any further questions, we have a representative here as well as himself and Jennifer Smith from his office is here. She has worked on the technical aspects of the application. Mr. Lewis questioned when you said an entity purchased the tax credits at a discount, what is the discount, so that he knows how that works. Mr. Vanags stated it is a \$6,000,000 tax credit and it results in about \$2.15 million in total. Mr. Lewis questioned if he knew what the percentage was. Mr. Vanags stated that is approximately what we were told. Mr. Toohey questioned if the private entity that ultimately owns the building been formed yet? Mr. Vanags stated it was originally going to be an entity that Proctor's already had, but no it hasn't yet.

Ms. Foster further stated we haven't gotten approval on our historic tax credits yet. We expect those by August 1<sup>st</sup>. Once we have got that then we will move forward, then we will start looking for our partner. Mr. Toohey questioned he assumes you will need approvals from at least one if not more municipal boards, have you received those yet? Ms. Foster stated we got approval from Design Review last month and we passed the Planning Board last week. Mr. Toohey stated that is very good. Chairman Sutton questioned Ms. Foster what the payroll was about what now. You are talking about 30 full time jobs. Ms. Foster stated right now there is just her full-time and her assistant MaryBeth, who is part-time. It is small. It is not a lot right now. We are anticipating an additional to increase to 6 within the building full-time and various part-time. Mr. Vanags stated on page twelve of the application it shows the salary and fringe benefits for the jobs. It will be an annual payroll of about \$90,000. After project completion, it will go up to \$225,000.00. Chairman Sutton stated basically they are part-time jobs, the 30 people. If you talk about 30 jobs, \$225,000 is about \$7,000. Ms. Foster stated a lot of the technical expertise and things she does not have, they will be managed out of Proctor's. Their technical director will come up and spend some time with us. He will have somebody he can tell what to do. For sound, technicians, that is easy to do on a part-time basis. She suspects they will have a couple of house managers, they will have a building supervisor, but any Marketing, fundraising, financing, all of that goes to Proctor's.

Chairman Sutton stated we are fortunate in Saratoga Springs right now to have the Universal Preservation doing all the rehab and things that you are doing. We have also had a regeneration of Café Lena, we've got Shakespeare in the Park and the Arts Council. Ms. Foster stated that Elizabeth Sobol has been a game changer, she is just lovely to work with. We have always been about collaboration at UPH because many times it is the only way we could survive, just trying to make friends and get some more things out there to the public. But it is really nice. All of the Arts entities are working together now. Specifically, SPAC, Café Lena, UPH, Yaddo, Hyde, Skidmore, we are all starting to form these partnerships and meet with each other because our goal really is to elevate the Arts in Saratoga. That is what they are hoping to do. She thinks that once UPH is finished, they will be the hub of that all year round. That is what she thinks. Ms. Foster further stated that they are also talking with the Arts Commission because they are going to apply for a grant together to have Washington Street become an Arts corridor to Beekman Street Arts District. It has been a dream of hers for a long time. It is not pedestrian friendly. When they are done it will become much more pedestrian friendly and then we can light the way over the little hump there towards Beekman Street and maybe mark out a pathway to help revitalize business.

Mr. Valentine questioned Mr. Vanags if he had a meeting last week with the Assessor. Mr. Vanags stated yes. Mr. Valentine questioned if anything has been established through that. Ms. Smith stated the amount of the new building is assumed to be about \$4.3 million. Mr. Vanags stated upon completion. Mr. Valentine questioned if they had an established value for it now. Mr. Vanags stated yes. Mr. Toohey questioned Ms. Foster when do they anticipate construction or rehabilitation? Ms. Foster stated if we get approved with our historic tax credits then we will move forward. Their construction drawings are almost done so they are hoping they will go out to bid in August, maybe early September and start right after that. Projecting a grand re-opening night of at the late Fall of 2018. Chairman Sutton questioned Mr. Carminucci if he has seen something like this before. Mr. Carminucci stated yes, we did this down in Schenectady for Proctor's. Metroplex was involved so the structure was a little bit different in terms of how they gained tax exemption, and this has been done in Ulster County as well. He hasn't been involved with that. Chairman Sutton questioned Mr. Carminucci if we are not breaking any grounds with this. Mr. Carminucci stated no.

Mr. Valentine questioned Mr. Vanags as far as l's and t's, remember the attachments that go along with that. Mr. Vanags stated he thought there was initially a Phase I but it isn't quite located yet. He stated whatever attachments there are he will make sure they are there. Mr. Ferguson stated to Mr. Vanags that they will need the last three years' financials for 990's and they will have to be reviewed before the public hearing. Chairman Sutton asked if there were any further questions.

Chairman Sutton stated the next step will be a public hearing. Mr. Ferguson stated the next meeting date would be August 14, 2017 in the City of Saratoga Springs. Chairman Sutton stated we will see you at the next meeting on August 14<sup>th</sup>. Ms. Foster stated if anyone has the opportunity to see the building to please give them a call and she can give a tour. Ms. Foster thanked the Board.

### **FINANCIAL REPORTS as of June 30, 2017:**

Chairman Sutton asked Mr. Ferguson to discuss the financial reports as of June 30, 2017. Mr. Ferguson stated Jeff Many and he have met on a couple of occasions. Mr. Many has been guiding him through some changes to our financial reporting bringing us more on line with an accrual basis. Mr. Many volunteered to give a presentation today. Mr. Many stated first we have the balance sheet. Basically, the cash position remains strong, nothing has changed in that regard, we have a very solid balance sheet with the cash. The first item of significance on the balance sheet that he sees is the rail assets. Mr. Many was talking with Mr. Ferguson about that and it sounds like that actually should be written off realistically as it doesn't really have any value to us. It is up in the Town of Moreau and nothing is going to be done with that property. Mr. Many didn't know what the Board's thoughts were on that.

Mr. Valentine stated there are two aren't there? Mr. Ferguson stated there are two. There is also one in the WJ Grange Industrial Park and he thinks we need to get a more current valuation on that. Mr. Many stated we would take off the cost of that in the Town of Moreau that has historically been carried, if it doesn't have value as a non-profit we would reduce it to fair market value. Mr. Valentine stated for Board members review, that was purchased for \$150,000 in 1997 maybe. Mr. Klein questioned if the rail lines and ties are still there? Mr. Valentine stated they are there but it is questionable if they are usable. Mr. Klein questioned if we wanted to salvage some of it. We could write it off on the books it is still physically ours and if we still have something in the bank that we could possibly use to make it more shovel ready for lack of a better term, those would have to be removed sooner or later. Mr. Valentine stated we have a study by Clough, Harbour that was done years ago with a cost estimate to do just that. It is dated, but we do have that study. Mr. Klein asked if we should think about doing that. Mr. Ferguson stated there are two competing interests to that property. The County of Saratoga itself has expressed some interest in purchasing that from us for \$1.00 possibly to be used as a trail system. Then there is another individual, a rail consultant, who is looking to make application to New York State for grant dollars to refurbish the entire thing. We are still looking at those. Mr. Klein asked if we had any kind of estimate on when we might hear something back or work something out with the rail consultant and get an up-to-date value.

Mr. Ferguson stated he doesn't necessarily know if he would be providing us with a value but he is very energetic and persistent in his desire to move forward his plan. We have discussed this before, Chairman Sutton and he has, as well as previous Sub-committee and have shown some reservation in that project based upon liability issues with other folks working on the property. We are still investigating it. Mr. Ferguson stated the County, again, has expressed an interest, and he needs to follow-up with them on that. Mr. Klein stated maybe if there is a Committee formed, maybe that Committee could meet and discuss the different avenues that we have presented before us. Right now,

it is just sitting. Mr. Ferguson stated correct, right now the rail line is just sitting and it is overgrown with vegetation and it is not usable. Mr. Carminucci stated when it was purchased, doesn't it terminate at the paper plant at South Glens Falls. The concern was that if we didn't buy it then it would be abandoned and the paper plant might need it at some point. Mr. Valentine stated that has a spur going up to the old Chase Bag Company. That was a mile spur. The cost on that was \$1,000,000 to restore that spur. The five miles going into the Village was estimated at the time at \$3,000,000 to rehab that. It does have that two miles to it, overall six miles, five right into the Village. Mr. Carminucci stated that line that runs through the Village it does go over to where. Mr. Valentine stated it ends just over by Second Street, just short of their Mills. Mr. Toohey stated when we did this originally it was to retain the ability to have a rail line. We realized if something didn't get done it was either going to be broken up in pieces somehow no longer being held as an intact right-of-way. That was the rationale. Chairman Sutton asked Mr. Ferguson to keep us informed.

Mr. Many continued that the next item on our balance sheet are two loans receivable, there are some activity with both of those continuing. What is not here, and he mentioned this to Mr. Ferguson, we don't have any payables per se, but we do have expenses to accrue mostly for our attorney, to himself as CFO, secretarial services, so we are going to start putting in an amount monthly as an accrued expense and as we get the bills we will pay them. So, you will see that going forward. In the equity section, we broke out our net assets. We broke out the capital reserve fund that the Board set up last year from the total unrestricted net assets. He can't combine them with QuickBooks but we did want to separate our assets from our unrestricted and you can see that the 168 there is the rail assets because we can't really use those because they are literally in the ground. Mr. Many asked if there were any questions on the balance sheet.

Mr. Many stated the next report is the year-to-date numbers. They are very similar to last month. If you go to the last page, there happened to be only one disbursement for the month and that was to himself for three months of Chief Financial Officer services. Last month was a very quiet month banking wise. There really is nothing significant on the income and expense side that happened in June. We did put the budget along-side so that we can compare it to what we budgeted. Mr. Many asked if anyone had any questions? Mr. Many further stated we did not budget in PILOT information, those are basically ins and outs, we may relocate those on our financial reports. Mr. Many stated page three is our budget, the same as what you had set up for the year done in a QuickBooks format. Page four is the payment to Mr. Many. One thing he did want to mention was that we corrected our beginning net assets to tie out to our audited financial statements. There were some payables that we had not recognized on our internal financial statements that related to 2016. It was roughly \$10,000. They all flowed back through this year's statements, so he did want to let you know that we did change the beginning of the year net asset balance to reflect that we did have payables at the end of 2016 in the amount of approximately \$10,000. Mr. Many asked if there were any further questions.

Chairman Sutton thanked Mr. Many. Chairman Sutton asked Mr. Ferguson if he had anything to add to that. Mr. Ferguson stated he would just like to thank Mr. Many. He is bringing us more in line with true accurate reporting on an accrual basis and it is help that is greatly appreciated.

#### **Arnoff Moving & Storage & Rigging: Sales Tax Exemption:**

Chairman Sutton stated the next item on the agenda is the Arnoff Moving & Storage & Rigging Sales Tax Exemption Extension.

Mr. Ferguson stated Mr. Angus is here to present that to us. Mr. Angus stated on behalf of the Arnoff's. He does not know if everyone has met Richard Arnoff, CEO, Craig Arnoff, Vice President and Don Sagliano, Chief Financial Officer and Vice President. Mr. Angus stated they have been working hard to get all of this done, but it is not completely done and their request is to extend their sales tax exemption until the end of September. It had expired on the 30<sup>th</sup> of June from what he understands. There are just some closing up things that should be done by the end of September. Mr. Toohey asked if the request was to retroactively extend that? Mr. Ferguson and Mr. Valentine stated that you cannot do that. Mr. Toohey questioned what happens for the gap. Mr. Valentine stated that would be Mr. Sagliano's thing to keep an eye on that there are no claims made in that period. Mr. Sagliano stated there hasn't been. Mr. Sagliano further stated basically what they wanted to do was to finish up some loose ends for their tenant. They are expanding their access to the parking lot from the loading dock end so there are some tail end expenses. Actually, since they have increased their head count so rapidly they have had to buy more furniture to support the staff here. Mr. Valentine questioned Mr. Carminucci if we would do a new ST60 ST123. On the ST60, we pick up today's date for the start. Mr. Carminucci stated provided you pass the resolution. Mr. Carminucci stated from today through September 30<sup>th</sup>? Chairman Sutton questioned Mr. Arnoff if that would be enough time. Mr. Arnoff stated yes. Chairman Sutton asked if there were any further questions.

Chairman Sutton asked that the Resolution presented regarding the Arnoff Moving & Storage & Rigging Sales Tax Exemption Extension dated July 17, 2017 through September 30, 2017 be acted upon. Mr. Lewis moved to act upon the Sales Tax Exemption Extension as presented. Mr. Greene seconded the motion.

#### **RESOLUTION #1372**

The results of the roll call vote were as follows:

AYES: Mr. Lewis, Mr. Greene, Mr. Klein, Mr. Johnson and Chairman Sutton.

NOES: 0

ADOPTED: 5-0.

Chairman Sutton stated the next agenda item is the amended and restated PILOT Agreement for Arnoff Moving & Storage & Rigging. Mr. Lewis was excused from the meeting at this time. Mr. Ferguson stated Mr. Valentine and Mr. Carminucci did a lot of work on this and this Agreement has been crafted and sent out to the proper parties and it is being reviewed. Mr. Ferguson stated that is just an update to the Board. Mr. Ferguson thanked Mr. Carminucci and Mr. Toohey for their work on this. Mr. Valentine stated for Mr. Sagliano's persistence as well. Mr. Valentine questioned Mr. Carminucci is we needed any vote on that. Mr. Carminucci stated he thought that was discussed at the previous meeting. Mr. Valentine stated we did discuss that. Mr. Carminucci stated if it wasn't done last time we should probably just have a Resolution adopted and authorizing Chairman Sutton to sign it. It is literally a correction of what we did previously to reflect what the true intention of the PILOT was. Chairman Sutton asked if we should have that at the next meeting. Mr. Valentine stated we could have that today because the Arnoff's have that to be executed today.

Chairman Sutton asked for a motion to authorize the Chairman to sign the restated PILOT Agreement. Mr. Johnson made a motion to authorize Chairman Sutton to sign the restated PILOT Agreement as presented. The motion was seconded by Mr. Klein. All were in favor and the motion was approved.

Mr. Lewis rejoined the meeting.

Chairman Sutton stated the next agenda item is the rewording of the UTEP. Mr. Ferguson stated that a few months ago Mr. Carminucci alerted him that there was some language in our Uniform Tax Exemption Policy, particularly in the recapture and claw back sections that needed work, rewording, so that they were more in line with our new application. The work was done by Larry Benton originally. Mr. Carminucci sent the proposed wording to Mr. Ferguson for review and he has offered to walk us through that. Mr. Carminucci stated Mr. Benton had proposed a Recapture Policy years ago and it ended up being incorporated into our UTEP. When he sat down and started trying to have it reflected in the Uniform Project Agreement that we are now having signed at closings he realized that there was language missing from, he presumes, had been dropped from what Mr. Benton originally prepared. Mr. Carminucci had to go back and tried to reconstruct what he believes his intent was and that was reflected in what was sent around. He thinks that the two concepts that may not have been crystal clear and what was attached in the UTEP is that an applicant is deemed not to be in compliance if it doesn't meet 80% of the employment projections. So, it doesn't have to be 100%, it is an 80% figure. The other concept that seems to have shown up but wasn't clearly defined is that an applicant has until June 30<sup>th</sup> to try to cure a violation if, in fact, based upon a review of the employment information submitted to the Agency, the Agency determines the non-compliance. Mr. Carminucci stated what you have, he thinks, expresses the full intent of what was put out several years ago. The other thing he thinks we have to be mindful of is that Mr. Benton's Policy keyed on full-time equivalents in terms of employees. When we are re-doing an application, he wanted to make certain that what we are asking applicants to project is consistent with what is in this Policy so that we are actually able to try to enforce something that matches up with what is in the Policy. Mr. Carminucci stated to Mr. Valentine he thinks his PARIS Reporting is a little bit different, they ask for different information than FT's. Mr. Valentine stated they go through FT's, but they had the Best Practices, they provided a way to take part-time and full-time. Mr. Carminucci stated there is a definition of a full-time employee in this Policy. When you send out employment request information at the end of the year, to the extent our Policy doesn't jive with what you are reporting through PARIS, then we have to make sure we are gathering two different sets of employment information, one to satisfy PARIS and two, to satisfy the Policy. Mr. Valentine stated you've got June 30<sup>th</sup>, and if we send that thing out in mid-December, late December asking for a three-question sales tax employment. June 30<sup>th</sup> will give that cure period. That will meet that from when our first request for the information is. But, Mr. Ferguson, when he submits PARIS, that has to be by March 31<sup>st</sup>. Mr. Carminucci stated if you look at the language here it says that the Company shall be deemed to satisfy the employment obligation as of the beginning of the year subsequent to the year for which the Company files employment report. So, it is almost persepective, it's not in the same year, you would look at it a year after and look back for that calendar year. Mr. Ferguson stated we ask for year-end information and by the time we get it we are looking back. Mr. Carminucci stated that is what the Policy seems to have you do. Obviously, any of this can be changed. This is the thing that Mr. Benton originally proposed and what the Agency intended to adopt. It is obviously subject to modifications. Mr. Ferguson stated if this is approved, he will amend and incorporate it into our existing UTEP. Mr. Carminucci stated typically if we are modifying the UTEP, we would have to go through a Public Hearing Process but he thinks this is more of a technical correction because we are just fixing what he believes the intent was and that is what should be reflected in the minutes so we don't trigger the need to have a Public Hearing. Chairman Sutton asked if there were any further questions. Chairman Sutton stated we are basically changing the definitions on the UTEP. Mr. Carminucci stated it is actually adding a few concepts. There were definitions in there, but there wasn't steps that brought the definitions into the Policy. Mr. Toohy added it is merely clarifying it.

Chairman Sutton asked for a motion to accept Mr. Carminucci's modifications to the UTEP as stated this morning. Mr. Klein made a motion to accept the modifications to the UTEP as stated. The motion was seconded by Mr. Greene. All were in favor and the motion was approved.

Chairman Sutton stated the next agenda item is other business: Stone Bridge Iron and Steel. Mr. Ferguson stated that just to update everyone, their construction project is done and he anticipates that shortly there will be a closing. Mr. Toohey questioned if Mr. Carminucci had a conversation with their attorney? Mr. Carminucci stated this was Northumberland, correct. Mr. Valentine stated we talked about closings and it is a good point with both Mr. Vanags and Mr. Carminucci both here. We talked about closing on that one. As Mr. Ferguson stated that construction is done so we would look at anticipating closing soon and we are far enough away from the March 1<sup>st</sup> date. We have just a couple of other closings out there to look at. Mr. Valentine questioned Mr. Vanags if he had an anticipated closing with MJ. Mr. Carminucci, Danforth is outstanding as is CoreTech. CoreTech was supposed to close three months ago. Mr. Carminucci stated we came within a week of closing and they said they were having discussions with their lender and he never heard back. Mr. Valentine stated they had a May 31<sup>st</sup> expiration on their Sales Tax and they still haven't closed yet. Mr. Carminucci stated he thinks the building is done because the loan was intended not to be a construction loan so he thinks it was supposed to close after the building was completed he believes. Mr. Carminucci stated that is one we will have to take a look at. Mr. Valentine questioned Mr. Vanags regarding MJ. Mr. Vanags stated we are working on it. Mr. Valentine questioned Mr. Angus regarding Danforth and CoreTech. Mr. Angus stated he would look into that. Mr. Carminucci stated generally that the issue becomes we approve a project and then we wait to hear from someone that they want to close. What we don't want to happen is to have a closing after the building has been completed and a tax status date has passed because then the property ends up being taxed and by the time we can implement the PILOT we are actually taking money away from one of the taxing jurisdictions have been receiving for a year. Mr. Valentine stated or the applicant is paying a year of full taxes. Mr. Carminucci stated he doesn't know what we can do to fix that going forward. Mr. Toohey questioned if we could put that in the application? Mr. Carminucci stated we can. He thinks it ultimately becomes a communication thing. For him, once we approve a project, he kind of goes back to doing what he is doing until somebody says ok we are ready to close. Sometimes that doesn't happen as quickly as it probably should. Mr. Toohey stated that the important part as we are presently discovering is that there can be some confusion as to when the Industrial Development Agency benefits kick in. Some kick in relatively on the front end. Others don't kick in until in fact we control the property. We have no right to exempt places from taxation until we are in control of them. Until someone tells us we want you to be in control of them we are not bird-dogging these things. Mr. Vanags questioned if there is a time period post public hearing. Mr. Carminucci stated we would easily put two years in the resolution to give time for a project and really that is intended to deal with a situation where the project gets delayed. In this situation, we are dealing with projects that actually move forward and get done but they don't reach out to us and we are not having a closing that is timely. He thinks that is the situation with one project that is floating out there. Mr. Vanags stated his second question is once we know with a client that want to close and we are communicating with them, how much time do you need? Mr. Carminucci stated we can usually move fairly quickly. Often times we need to have the Agency adopt a final resolution. If there is financing involved we usually wait until we know the lender to make certain there isn't any conflicts with Agency members not being able to vote. That usually is the time sensitive part of this. If they are ready to close but if we have to wait for an IDA meeting to come and go. Other than that, usually two or three weeks he can have it done. Mr. Toohey stated it is also dependent upon them getting us the data that we need to have. It is a concept of either we are taking over as a lease holder or very often as owners of the property. So all of the things that need to be generated by them has to come in, title

work, things of that nature. Mr. Carminucci stated it is a complicated process and he thinks what typically happens is the applicants don't quite understand all the intricacies and the timing, so they just go ahead and do the project and then sometimes we have a problem. Mr. Toohey further stated up to and including a new building or an expanded building, we are going to want to see a survey of that because the lender usually is, the title company usually is, and we are going to want to have this thing certified that the building that is in fact constructed is properly placed on the property. Mr. Johnson questioned Mr. Valentine if we had some type of checklist that an applicant can review when the project is done what they need to do. Mr. Toohey stated we don't and that is a good idea. Mr. Carminucci stated we could probably devise something. Mr. Valentine it would be something on the side to have and it would both be something that we would have and actually that we would wind up giving both to Saratoga County Prosperity Partnership and SEDC to utilize. They are the first step in line with the applicant at that time as far as scheduling a closing and we are reacting to what they are requesting. Mr. Vanags stated he would recommend working with Mr. Valentine and Mr. Ferguson in completing a flow chart that kind of shows the steps. That way we can communicate what steps and the timing. Mr. Vanags stated they would be happy to help with that.

Chairman Sutton stated the next agenda item is the Luther Forest Technology Campus amended loan agreement. Mr. Ferguson stated at the last Board meeting we approved the terms to amend the Luther Forest Technology Campus loan. A document was crafted. It was reviewed by counsels and it was signed by both representatives of Luther Forest and the IDA. That is the update on that.

Mr. Ferguson stated the next agenda item update is Victory Mills – Uri Kaufman. Mr. Ferguson stated we had spoken previously about timing. Mr. Ferguson questioned Mr. Carminucci stated two years and then something has to happen. Mr. Ferguson reached out to Mr. Kaufman a couple of months ago and said it's been two years, what is going on. His reply was we are amending the project. We are working on changes to make it economically feasible. Mr. Ferguson's response was we look forward to your next application. Mr. Lewis stated he is surprised it is still alive. Mr. Ferguson stated he just wanted to update the Board and that is not going to be on our pending closing list. Chairman Sutton questioned if the Town's well aware of what is taking place. Mr. Valentine stated the Village is aware. The Town, yes, because they call and ask me. Mr. Valentine told them the same thing Mr. Ferguson said, we have that two year, report to us what you are doing. The Town of Saratoga is concerned about it as is the Village of Victory. They know that the project is in limbo with us. Mr. Lewis thought it had been denied by the Village Planning Board at least a couple of years ago. Mr. Lewis stated that doesn't mean they can't come back. Mr. Angus stated if he may, he thinks two years ago when this project came before us and we had a public hearing, the Village was very much in favor of what he was doing at that time. Mr. Angus thinks the Town and the School District was on board at that time also. Mr. Lewis stated he thought the Village flipped because he actually had calls on that. Mr. Angus stated he talked with the Mayor and the Mayor still wished that project would get done. They are talking about changing the project, and he doesn't know the details of that. He doesn't think they were in favor of how he or somebody was proposing to change the project, but that wasn't an official thing.

Mr. Ferguson handed out a July 7<sup>th</sup> correspondence received subsequent to the Board packet being mailed. Mr. Toohey stated the letter that you are looking at came from Driver Greene, it is signed by Jennifer Greene, Pat Greene's partner and he has had conversations with both of them with regards to what is going on. Mr. Toohey stated Mr. Greene is recusing himself from this portion of the meeting. Mr. Greene then left the meeting. Mr. Ferguson asked Mr. Toohey to update the Board on his conversations that he has had.

Mr. Toohey stated this is the second notice of this nature from SEFCU to Mountain Ledge and all of the guarantors of that obligation. The first one said basically you are violating some of the rules of our lending. The land that the IDA owns or has an interest in we thought was wholly different to what they are referring to. In a conversation with Pat and Jennifer Driver, they said they are cross-collateralized. Our land is in fact involved in this. He can check that out. But what is going here is that Mountain Ledge and all of the guarantors have gotten notice that is on the second page that SEFCU hereby demands immediate payment in full of the indebtedness. This is the secondary letter that says we now hereby make demand for those sums. In the conversation that he had with Pat and Jennifer he said what is SEFCU going to do. They were literally going to speak to the lender at that point as to how aggressive they want to be. A question then came up as to how long and in conversations with Mr. Ferguson and Mr. Valentine, the PILOT payments for us are current. There is nothing wrong on our end of this thing.

The PILOT payments for this project end with the 2018 real property tax payment in January. So, we have a school tax payment and one more to go on our run of this and then it gets converted backwards. The Bank has not decided what they are going to do. They have indicated to me that even after that first letter which was pretty straightforward, they have not heard from Mountain Ledge or any of the guarantors on this. That seemed odd to him because getting a letter like that he would think would at least prompt a phone call. It is a \$7,000,000, almost \$8,000,000-dollar number on this. The other question that was brought up, and again this has to do with the other side, is this is the property on which Adirondack Community College is located and he is told that there is a triple net lease on that. The obligation is not that the principal and interest hasn't been paid, the problem is that the taxes haven't been paid. He does not know how you have a triple net lease with a primary tenant like that and not have your taxes being paid. He does not understand that. He thinks what is bothering SEFCU as much as anything else is nobody is responding, nobody is calling up and saying this is what is going on. That is the conversation that he had with Pat. He does not think there is anything we have to do at the moment. He thought when he received this it was important to talk to Pat and let the members of the Agency know what was going on.

Mr. Carminucci questioned if the mortgage was on other property other than the property the College occupies. Mr. Ferguson stated there is an adjacent parcel which has the McGregor Village office complex. Mr. Carminucci questioned if that is the one they are delinquent on real property tax. Mr. Ferguson stated correct. Mr. Valentine stated that is the one ACC used to be in. Mr. Ferguson stated somehow there was a second mortgage placed on our property so it was cross-collateralized. Chairman Sutton questioned if the properties that we have title to are up-to-date with the property tax. Mr. Toohey stated we are up-to-date on ours. He said there are some pretty prominent people on this list that appear to be guarantors of the obligation so he would have thought something would be going on, some level of conversation. Chairman Sutton stated he would ask that the Board be kept informed as it proceeds, to keep us in the loop as to what is going on.

Mr. Greene rejoined the meeting.

Chairman Sutton asked if there was any further business to come before the Board. Mr. Valentine stated Global Foundries had submitted to him requests for four new ST60's and he sent them to Mr. Carminucci last week. These are their admin 1 section which was their original building and what they have been doing is an addition to that. That has been ongoing. That renovation or reuse of that facility is the ongoing thing. They have caught up with construction. The TDC is completed and its internal addition. So, they are at a point where construction activity is winding down. Construction employment has wound down. They are at, right now, 3,100 is their employee number for their staff, their people.

One of the things that comes about is we started off with an annual report, then we went every six months because they had so much activity. He talked with Tom Lane who is their Tax Manager and he said Tom, from our point, he said we can go back to the annual report on there because they are not going to tell us anything different in two consecutive reports. We will get another report in December on that. Further construction or activity has sort of come to a steady point.

Chairman Sutton thanked the Arnoff family for hosting the IDA meeting today. This is a true partnership between the IDA and the Arnoff family. They have done a wonderful job with the building to date and the IDA wishes them the most success as you proceed in your projects here. Again, welcome to Saratoga County.

Chairman Sutton asked for a motion to adjourn the meeting. As there was no further business, the meeting was adjourned at 9:08 a.m. on a motion made by Mr. Lewis, seconded by Mr. Klein, with all voting in favor.

Respectfully submitted,

Lori A. Eddy