

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY MEETING

February 12, 2018 – 8:00 a.m.

County Planning Offices #5
50 West High Street, Ballston Spa

PRESENT: Members: Chairman Rod Sutton, Patrick Greene, Andrea DiDomenico, Michael Mooney, Walter Wintsch.

STAFF & GUESTS: Jeff Many, CFO; Michael Valentine, Administrative Assistant; Michael J. Toohey, Esq., Counsel to the Agency; Dennis Brobston, SEDC; Mark Rekucki, MJ Properties; Erica Anderson; Scott Duffy, CEO Elect; and Lori Eddy.

ABSENT: Tom Lewis, Arthur Johnson, Richard Ferguson, CEO.

Chairman Sutton called the meeting to order at 8:00.

Chairman Sutton introduced the new Board member, Walter Wintsch and asked that all of the members introduce themselves.

Application for MJ Properties:

Chairman Sutton asked Mr. Brobston to discuss the application for MJ Properties. Mr. Brobston asked if anyone needed a copy of the application. Mr. Brobston stated we are here today to talk about a building that is right next to one that you did a PILOT with, 9 Stonebreak in Malta. You did a PILOT for that about a year and a half ago as a spec building. Today Erica Anderson is here and she is going to be starting a brewery. When that building was first conceived and she was working on approval of a financing package to begin a start-up brewery. As things went about the building got put up with your support and the building started to get filled. In the position where they wanted to do the business, that site was taken. It needs to be a certain spot in Malta. All of their financing is based on a Malta site. They went through the Small Business Administration and NYBDC. They finally got approval a few months ago. He and Mr. Rekucki were talking and he said we've got an issue where that building is full where they needed to be and we needed to talk about the second building in this complex. In the application towards the back is a map. That is numbered number 7 and you have previously done is 9. It is a 25,000 square foot building exactly the same type of building that you have talked about before and approved. It is almost a \$2.5 million dollar project. The sales tax, mortgage tax and PILOT, we are requesting a five and five PILOT, total ten year. Five years at zero percent. The improvement for the first five and then starting in year six at 50% and ramping up each year at 10%. Erica and her business which is Unified Beer Works, if all of this works out, will be taking a quarter of the building, 6,250 square feet. This is on a 2.82 acre site. It is a simple project in that we are asking again as a spec building that this building be approved for PILOT and that it will attract others. You saw recently there was a CB Richard Ellis, now calling themselves CBRE Real Estate, a study that they had done they talked about a week ago, that our vacancy rate in industrial properties in Saratoga County is less than 2 ½%. Vacancy rate, those 2 ½% are unfortunately harder to fit. As you know, you have to have product in order to attract. This particular business is taking 25% of it if this goes well. They are looking for a site that they can be a community brewery. Very similar to what we have seen, Common Roots in South Glens Falls and Druthers started off with a restaurant and a brewery. It is in that mode of type of business. Mr. Toohey questioned if it was a brewery or a restaurant? Mr. Brobston stated it is a brewery which will have a tasting room. Mr. Toohey questioned Ms. Anderson if they were serving food. Ms. Anderson stated no, we are going to work with food trucks and other local restaurants to help provide food services because people will be able to bring food in with them. Mr. Brobston at the very small front end of the facility will be the

greeting where you can do the tours. Very similar to what the distillers are doing today. They bring you in and show you what they do and then they want you to taste it and hopefully you will buy a little bit while you are there. The capacity they are looking to brew for is local bars for distribution in the Town of Malta and Saratoga County. Anybody outside they could supply would be great. Mr. Valentine questioned Ms. Anderson that Mr. Brobston stated Unified Beer Works and the application says Unified Brewers within it. Ms. Anderson stated Beer Works. Mr. Valentine questioned as it shows up in ST60's forms. Mr. Toohey questioned Ms. Anderson if she had an option on any other space? Ms. Anderson stated they had looked at other options down around Albany County and also talked to some folks about some projects they were working on in Schenectady County. They settled on the Malta location because they have lived in Saratoga County for over 10 years now, and specifically around the Malta area, and they love the Community and they want to be part of the Community and that is one of the biggest things about local breweries is that they are a fixture within the Community. They really felt it would be appropriate when they found this building, they thought it was perfect. Mr. Toohey questioned if 6,250 square feet was enough room for expansion? Ms. Anderson stated it was plenty, yes. Mr. Brobston stated he was thinking the same thing as well if they wanted to expand. Mr. Brobston stated there are warehouse opportunities and logistics places close to where they are, Arnoff is across the street things of that nature that might be able to take their storage as they need it if they grow too fast. You never know with the way the leases go and with the spec building it could be a five year. But at the end of the first five years they might need another section of it that is attached and might be able to get that set up. Mr. Brobston stated Mr. Rekucki is the owner of the property and he is here today to answer any questions. Town of Malta, everything has been approved at this point from the Planning and site plan and those types of things. They did some site work and foundation work in the past. He hates to go too much into detail only because it is something you have seen before and talked about. It is a flex building, it is a metal type facility, 25,000 square feet, breaks down into four 6,250 square foot facilities if you want it. Some people could take the rest of the building. There are people looking. Mr. Rekucki has done well with the first building. It is almost full if he is not mistaken and there are negotiations going on with that. It has been a good attractor. We have very little of this type of building available. And, it also fits into the old Luther Forest Industrial Park which the Mackey family owned at one time. Chairman Sutton asked Mr. Rekucki how long the construction would take? Mr. Rekucki stated around three months. Mr. Brobston stated we figured around the time, Dave had worked out the paperwork and things with the financing to make sure, if this gets approved in March then that fits into the criteria that they needed as well for the agreement of the letter of intent to be in place. Chairman Sutton questioned Mr. Rekucki about the prospects for filling up the balance of the building, are people knocking on your doors? Mr. Rekucki stated yes, the first building they are full. The whole key he has found, Malta has dragged a little bit, the project taken several years, was National Grid. People wanting to know when they could move in. We couldn't get a commitment from National Grid. As soon as we were able to get those dates, it was incredible. He wishes he had four or five more buildings like this. They didn't see the demand in that area and since National Grid has come on board and we can tell people, the economy is good. Mr. Brobston stated the history thing with National Grid the original thought was to go behind the properties and bring the power in. When the property owner next door was a little disturbed that he didn't get to buy the piece of property that Mark ended up with wouldn't let them cross the property. So National Grid and Malta had to discuss going through the road and public right of way. It took longer than they expected. It wasn't as simple as thought. Mr. Toohey questioned Mr. Rekucki if 9 was a separate tax parcel? Mr. Rekucki stated yes, it is. Mr. Toohey stated you are going to need to have a right of way, an easement, with regard to ingress and egress and probably utility lines through 9 for 7. Mr. Rekucki stated that has been done already. Chairman Sutton stated then you are looking at about 10 construction jobs for that three or four months that you are under construction and they are your employees? Mr. Rekucki stated subcontractors, some are his, he has four that work for him so they will be on pretty much full time for that job. They have subcontractors that are Saratoga County primarily. Mr. Brobston stated one of the things on this is knowing that there will be fit up costs, we figured into the sales tax fit ups for future tenants. The sales tax exemption may need to be longer than a normal six month because it may take

another month or two to get people in and they are looking at that being an opportunity for being a sales tax exemption. Mr. Valentine asked Mr. Brobston to go through the mechanics of that a little as that was one of his questions. Mr. Brobston stated he thinks that what normally happens and we have had experience with Mr. Rekucki in Clifton Park as he has done some spec buildings. We usually do a year on the sales tax exemption and we pay attention to make sure as it fills. If it is not full for any reason, we may come back and say hey we need another as we are working on some things. It is just a typical construction period where they will get them in first and hopefully other people will come in and do it all so we don't have to get extended. It is that type of thing. You build it for what you have and then need a little bit of extension on it to cover the others. Mr. Valentine stated we have dealt with extensions on projects with fit ups and they are difficult tracking, keeping record. You say United Step in Malta, or Quad Graphics eleven phases, or something like that. So, at one point we have a brewery in here taking the 25% and then we've got to know who is coming in next. Mr. Brobston stated they also have to fit the criteria of the IDA for light manufacturing, warehouse distribution, the type of construction and service projects that fit a commercial service type policy as well. We also have to make sure they are eligible for that. Mr. Valentine stated his question to the Board to consider is what we do if the project goes for two years and we are still fitting up. Or we bring another applicant in. Do we come in and look at a new sales tax exemption, do we have to do that or do we add on to the expiration date of the existing and how do we separate what may be applicable to the brewery versus somebody new coming in. Mr. Brobston stated it is a paperwork and a monitoring of that. He thinks if there is going to be an extension, if we are talking about a year to get everything done, if there is an extension to be done he doesn't think it will be for much longer than another six months. If the economy changes and things happen, there is always that possibility and we need to discuss time. He thinks that the big concern you have is continuity. You have to get it approved for an extension before the other one falters and closes. Mr. Valentine stated that and the fact that we will have, an agent would be MJ, the sub agent in this case will be the brewery, and there will be others down the line as sub-agents and they will be new ST60's and then what is our end date with the State is what really plays into it. Mr. Rekucki stated based on the interest he has had he feels pretty confident that it will not go beyond a year. Chairman Sutton questioned Mr. Rekucki on the first project on the build out, how many jobs do you think were created in that first phase of the project that we approved a year and half ago? Mr. Rekucki stated we are still fitting up. Right now, based on the tenants who are looking to sign their last lease, 15 or 20. Mr. Mooney questioned so it is not filled right now? Mr. Rekucki stated the last space we are negotiating right now. Mr. Toohey questioned in the southwest corner of lot number seven, there is a 5,000 square foot building, that is not where we are talking about at all. Mr. Rekucki stated that is for future expansion. Mr. Toohey stated his concern that he has is with regard to a PILOT we have over a 25,000 square foot building that is a finite number of years. What is going to happen if and when Mr. Rekucki wants to build the 5,000 and comes out with that application. Mr. Rekucki stated he would build it without assistance. Mr. Valentine questioned Mr. Brobston on page 12 you have estimated sales tax is \$82,600 but if you take your figure up above, \$1,080,000 it is times 7% is \$75,600. Mr. Brobston stated the other piece of that is we had another additional soft cost in there. He would have to go back and look at that. He believes that is another bumped up number to cover fit up that should have been in soft costs. Mr. Valentine stated fit up is in there, right? Fit up is in the calculation of project cost. At \$200,000 on page 10. Mr. Brobston stated when you are looking at \$1,080,000. Mr. Valentine stated when you take \$1,080,000 time 7% is \$75,600. Mr. Brobston stated there is an extra \$5,000 but he honestly doesn't know without going back to his calculations. The number is higher so we wouldn't go over. He would have to look at it and he doesn't have it in front of him. Mr. Valentine stated on page 13 FF&E, \$250,000 but then again on the budget sheet, your FF&E what is that? Mr. Brobston stated we do have four spec buildings, thinking about future tenant, who will be coming in. They may be buying some equipment, they may not be tax exempt for their facility. It is an unknown at this point but the maximum that is available is that. Mr. Valentine stated that could be applicable to the first tenant as well as others. Mr. Brobston stated we know what they are buying and what they are doing. We do have their financial work. The nice thing about the brewery stuff and what they are buying, that is all tax exempt. We already know they are ok in there and their fit up is figured into the initial. Mr.

Valentine stated and your equipment that is listed on your budget page. Mr. Brobston stated that is for the next client that comes that may need something. Again, that is spec. Mr. Valentine questioned equipment, it is not manufacturing, is it exempt. Mr. Brobston stated it would not be. The State on a warehouse on a pallet rack machine today, is not tax exempt even though it sits next to the manufacturing where they package it. He is going from what we understand with the State. It could be something of that nature but we don't know what that is going to be until we meet the clients. We are building some extra for the clients coming in for an unknown in the same way. Mr. Mooney questioned if the employment numbers are based on the whole project? Mr. Brobston stated that is correct. Just from their experience with the 25,000 square foot, that he put up, the five or six of them, we get between 50 and 30 in the three years depending upon the type of business. We keep on the low side being conservative in that nature because we need to start somewhere. Some businesses could come in and say that we only need this for storage and we are going to have two people. But they are growing their business. Mr. Valentine stated on page 15, payroll, there is a lot of to be determined's. Mr. Brobston stated that is correct. Mr. Valentine yet there is annual payroll for year one and year two. Mr. Brobston stated that is looking at their payroll for the first two years and an expected client coming in. Again, looking at to get to an average of \$60,000 for other employees coming in. We use that number between manufacturing and warehousing and different things, but it seems like that is an average that gets done in this location. We don't know the type of management, but the average has been \$60,000 so that is why they say see below or TBD as a spec deal. But, we do have their salary for the first couple of years and what we expect the next client to come in to be on an average. It is a number that is projected. Mr. Valentine on page 30 of 30, the last one, you just gave me the executed application. Is page 30 on the executed completed and signed? Mr. Brobston and he did not go over that so it does need to be signed and forwarded. He knows that he is responsible for the local construction, the local contractor. That will be forwarded. Ms. DiDomenico questioned on page 14, it talks about job creation, can Ms. Anderson tell us what she projects, if the construction is completed in July of this year, when do you expect to open your business, what is the timeframe for number of employees and type of employees? Ms. Anderson stated they are hoping the construction will be done somewhere between June or July. She would hope to be open within a month of that. A lot of it depends on the State Liquor Authority. Because they have to come in an inspect. You essentially have to be ready to open your doors to give all of their certifications. Initially, it will be she and her husband working as full-time employees and they are also going to have a third employee doing handling, brewing and working with us in that capacity. The three of them will be doing brewing, maintenance of equipment, tap room, sort of jack of all trades type of thing. Then, in the coming years, we are planning on hiring more brew specific people so they will only work in the brewery and then we will also be hiring people to have more help with the tap room, bartenders essentially. Mr. Brobston stated that she has gone to do training on brewery and things of that nature. For someone who has never been a brewer and you haven't been a brewer in the past. What kind of training or instruction have you and your husband had for this? Ms. Anderson and her husband both went to classes at HVCC and found some invaluable resources through that class and they have all helped us gain some industry specific knowledge. She has been working with Common Roots for the past year and she and her husband have helped them with various stages of the brewing process, helped with the clean-up, helped with the maintenance. She has specifically worked mostly in the tap room so she's gotten to see a lot of the functions of tap room management and she is also currently taking some certification classes for management within the brewing industry and then they are also doing a week-long event where they are going to work with people within the industry that have been established for 10 to 20 years, people from all over the country. It is going to be an emergent in brewing. You can walk away with people's business cards and we can call them whenever we have an issue etc. Ms. DiDomenico stated this is a new venture for you and your husband then? Ms. Anderson stated yes, we have been working in the corporate world for a very long time and we are ready to go off and do our own thing. They are very passionate about craft brewing. Ms. DiDomenico questioned if they envision yourself being open to the public. Ms. Anderson stated yes. Ms. DiDomenico questioned if they are going to sell their beer to local bars and restaurants? Ms. Anderson stated yes, they are going to do self-distribution. They are only going to do

limited to places like Powers in Clifton Park, Henry Street Tap Room in Saratoga. Those are some of the places that they will definitely be bringing product to. Those are also places that have had our samples of beer so we are constantly coming up with new recipes and bringing samples out to the public. They have all said they are also very interested in carrying our product once they are open. They will also do growler fills. Ms. DiDomenico does not know what that is. Ms. Anderson stated a growler is a big glass bottle and they come in 32 ounces or 64 ounces and you can have it filled from the direct line with whatever beer you want and then people can take off premise to enjoy at home. Mr. Greene questioned Ms. Anderson the establishments you mentioned, Henry's and Clifton Park, do they currently purchase craft beers from other areas outside Saratoga County? Ms. Anderson stated yes. Mr. Greene stated you would be competing with craft breweries located across the border into Vermont. Ms. Anderson stated what she thinks is great about places like Henry Street and Powers in particular and Mohawk Tap Room in Scotia. They all want to support local. There is not a lot of local breweries providing product right now that they can carry. They don't have a lot to invest in yet when it comes to local. So, yes they are sourcing a lot from Vermont or Colorado or California. But, when they can get their hands on good product like Common Roots, you will usually see at least one product line from them. Chairman Sutton asked if there were any further questions. Mr. Wintsch asked Mr. Rekucki questioned he knows number 9 is already complete and you are just waiting for the last leg of financing. Mr. Rekucki stated the last tenant is debating size. Mr. Wintsch asked how many tenants do you have in 9? Mr. Rekucki stated 4. Mr. Wintsch questioned if 7 more or less going to follow the same pathway where you are expecting to have the building split into 4 pieces more or less? Mr. Rekucki stated yes, the buildings are designed for specific tenants. We do the plumbing and try to get everything done as much as possible so they can give people 30 day, when the building is up and done, they can say we can have you in 30 days, they pre-design the plumbing, underground, sprinkler systems, everything they can possibly do so when someone says how quickly can they be in. Mr. Wintsch questioned it is more or less designed for 4 tenants? Mr. Rekucki stated yes but depending on the tenant they will make it work. If it makes sense for everybody we will adjust. Mr. Mooney stated somebody could take the whole thing. Mr. Rekucki stated yes. The last tenant for number 9 is a bakery. There is a local restaurant that has a great baking side of things. They want to open a bakery to market their product. It is a restaurant local that wants to expand a baking part. Chairman Sutton questioned how many square feet do they want? Mr. Rekucki stated they are talking about them in number 9 but they made need a bigger space. We are negotiating. Chairman Sutton asked if there were any further questions? Mr. Brobston stated he wanted to say how much their investment in the brewery by itself. The facility we are talking about is \$2.5 million dollars. They are investing almost \$500,000 between equipment and fit up. They have a quote from Munter's on their specific fit up that has to be done for brewery. Munter's have done work with Schmaltz and Druther's and things of that nature. There are specific things that Mr. Rekucki's team won't be handling if this goes in. That is a quarter million dollars and then they have about a quarter million dollars worth of equipment. So, another half million dollars on top of that. Ms. DiDomenico questioned if Mr. Rekucki was paying for that or the tenant? Mr. Brobston stated the tenant. Mr. Toohey stated for the record James Brayman is the attorney for Mr. Rekucki's firm. He is an attorney for Lemery, Greisler. Jim Carminucci is an attorney for Lemery, Greisler. By the time we have the meeting, we will figure out conflict. We have done this before and will do it the same way as in the past. Chairman Sutton stated Mr. Toohey has sent him a letter indicating that his firm represents the Adirondack Trust Company. The lending company is The Adirondack Trust Company that is represented by Mr. Toohey's firm. As full disclosure, he just wanted that in the record please. Chairman Sutton asked if there were any further discussions on MJ Properties. Chairman Sutton stated the subcommittee met about two weeks ago, Mr. Johnson, Mr. Greene and himself and went through the same series of questions that we just had and we are looking at offering a PILOT program of a five-year full PILOT with a five year decreasing. At year eleven will get into full value for the property. Chairman Sutton asked if there were any further questions. Chairman Sutton stated we would need to have a public hearing next month in the Town of Malta on March 12th. We would have a public hearing if this approved on March 12th at 8:00 a.m.

Chairman Sutton asked for a motion to set a public hearing for March 12, 2018 in the Town of Malta. Mr. Mooney made a motion to set the public hearing for March 12, 2018 in the Town of Malta. The motion was seconded by Mr. Greene. All were in favor and the motion was approved.

APPROVAL OF MINUTES:

Chairman Sutton asked for a motion to approve the meeting minutes of January 8, 2018. Chairman Sutton asked if there were any changes to the minutes. Ms. DiDomenico made a motion to approve the minutes. The motion was seconded by Mr. Mooney. All were in favor and the minutes were approved.

FINANCIAL REPORT:

Chairman Sutton asked Mr. Many to discuss the financial report. Mr. Many stated he has the January financial reports. The first month of the year our cash balance is roughly \$340,000 which is up \$29,000 from last month. We had a closing during January and we have had a closing in February so far which is obviously helping up on a financial basis. Accounts receivable, UPH will be paying us he believes by the end of March for the deferred administrative fees that they were assessed in December. Nothing has changed in our fixed assets or other assets. There were no lay out of funds related to the Luther Forest project this month. Accounts payable are up because of the closing. We did not write the check to SEDC for the closing we had in January. That has been paid since in early February. Accrued expenses are up mostly because we accrue Rich Ferguson bills as quarterly. He does not get into the payables. He should also mention on the spreadsheet for accrued expenses that is actually two and half months for his salary, not one and one half, so that represents two and a half month's expense on the accrued expense schedule. Everything else, a solid month again. \$8,000 of net surplus. On the income statement, you can see the administrative fees that we received. A little bit of bank interest. The accounts payable to the SEDC for the \$17,000 and we paid a dues payment, we paid an insurance premium and recorded our payments to our professional staff. Mr. Mooney questioned what did we pay the LA Group for? Mr. Many stated for the Luther Forest project. He liked to print out what we paid out for the Luther Forest project. Nothing was paid out during or incurred through January 31st. He did want to mention that as far as Aztech, we have not received a final bill for their work yet. He has recorded it as the full amount, the maximum amount of the contract was \$91,000, but we would have to pay them and we still have not seen a bill yet. Mr. Mooney questioned if they found anything? Mr. Toohey stated no. It is one of those things when you sit there and you are spending \$91,000 and you go holy smokes and then you sit there and you don't spend the \$91,000 and you get involved in this thing and you find something. Mr. Many continued that our list of payables, SEDC we sent that check out. Prosperity we will pay them when UPH pays us. He included the budgets showing both the PILOT's for 2018 and both schedules are the same result. He wanted to show the amount of PILOT payments that we estimate which is over \$13,000,000. Mr. Wintsch was asking about Global Foundries, they paid into us last year \$12,000,000 in PILOT payments. Mr. Many asked if there were any questions. Chairman Sutton thanked Mr. Many.

Chairman Sutton stated the next agenda item is the update on the purchase of the Luther Forest project. Mr. Toohey and he has been talking over the last couple of weeks about where the project is and where we stand. As you know, we signed contracts back in November with the three parties involved, Murfa, Luther Forest and ourselves to proceed with the purchasing of 20 acres of land. Since that time, the property has got approval for subdivision through the Town of Malta. Mr. Toohey, as our counsel, has been attending these meetings. He has had quite a bit of discussion with Theresa Skayne, who is the attorney for Luther Forest. Mr. Toohey again we did get the subdivision approval. We are four months into the contract that was entered into in November. We have an obligation to spend \$1,681,660.00 to

buy a 20 acre parcel of land in the Luther Forest subdivision. What Mr. Many just discussed with Aztech is we have done some due diligence with regard to the site because the site itself is in close proximity to the testing grounds so there could have been fuel samples, oil samples and munitions and we didn't really want to buy a piece of property that had that. We have undertaken that. We have done our part of this. The question is that Luther Forest Technology owns the land, Murfa has an option for the land they have agreed to do the infrastructure improvements that we require. The deal is that we don't buy the land until the infrastructure improvements are extended to our property line. The purpose for that was if it is extended to our property line it is extended all the way through the park and that is the real purpose for our undertaking this process is to get infrastructure in the park so that SEDC, Prosperity or whoever can in fact, market this property. Theresa apparently is the spokesperson for both the organizations because we haven't heard much from Murfa. She has indicated that they have had conversations with National Grid and NYSEG. The other party that would be the other major player would be the County Sewer District. Those entities have to agree as to what the infrastructure is going to be and who is going to pay for the infrastructure and who is going to build the infrastructure. There are three different components. He had an email from Theresa over on Friday and yesterday and it is a slow process for them to get those approvals. One of the things that she said that struck him was that it is difficult for these organizations to be able to size what it is they want to have when they don't have anybody who is going to be the end recipients. We are asking them for extensions without any purchasers. His suggestion would be that, with Mr. Brobston here, and he would communicate this with Mr. Vanags, one of the things that we have heard over the course of the years is that the property has not sold in this particular central part of the County is because there is no infrastructure. It is just too darn expensive for anybody else other than Global to extend that kind of stuff. Well, they can begin to market however they would do that, that this infrastructure will be in place so that we in fact, can have parallel runs that the infrastructure and the development that can run side to side. That would be really something that is ideal for us to have. They have gotten a timeframe that is extended. It is more extended than he would have preferred to have and he thinks the agency would prefer to have, but it may be six months for them to be able to get all of this in place. Art Johnson, a member of the Agency, has talked to him about he has taken an interest in the Saratoga Sewer aspects of this. They are having meetings with him. We've got a member of the Agency that is involved in this. Mr. Mooney may know some of this stuff better than he does. That is going forward. There is progress being made. He would suggest that we may want to have representatives of Luther Forest and Murfa to our meeting in March so that they can explain to us exactly what they are doing and their timeframes and you, the members of the Agency, can ask any questions that you may have. Chairman Sutton stated we have had a financial commitment of almost \$200,000 with the studies that we have made. We made an advance payment to Luther Forest to continue on. So, we are out of pocket close to \$200,000 after we did that testing on the site, the radar testing on our 20 acres that we are looking to purchase. We have skin of the game at this point. Right at this point, Luther Forest is selling property and Murfa is basically on board but they are doing the due diligence of putting this whole thing together in terms of the utilities. He did have a discussion with Bob Manz who is the President of DA Collins on Friday afternoon. He did indicate to us they were having a fair amount of discussion with the Sewer District and nobody really knew at this point who is going to do the engineering, whether it is going to be Murfa or the sewer district themselves. There is a little bit of confusion. He tried getting back to Mr. Manz yesterday and they kept missing each other. He was hoping Mr. Johnson would be here today. He will give Mr. Johnson a call and see if he can get a meeting between the Sewer District with Mr. Johnson, himself and Mr. Toohey so that we have a better understanding of what the County and the Sewer District is proposing as we can move this project forward. Again, we don't have a lot of control over NYSEG and National Grid. They can go at a snail's pace at times. What we were trying to do was have this close sometime in the calendar year of 2018. With the correspondence he has received back from Mr. Toohey and his correspondence with Theresa Skayne, that is going to be very optimistic at this point. That is unfortunate. We will push as hard as we can, again, because we have allocated monies and we have already spent a fair amount of money. Mr. Mooney questioned if Murfa is involved because they have a purchase option. Mr. Toohey stated yes. Mr. Toohey stated Luther Forest is the landowner and

Luther Forest has no money and little expertise with regard to this. Murfa has an option for a significant amount of the land and they have the construction expertise. So, we have entered into a contract that allocates the \$1.6 number that he gave before between land, acquisition and infrastructure improvements and they have agreed to jointly, there is a three-party contract, jointly undertake that work. Murfa is really the entity that is building the infrastructure or organizing the construction of the infrastructure. One of the things, for example, there is a discussion, and they would be better to tell you the discussion, does the Sewer District make the physical improvements and Murfa pays them or does Murfa do the physical improvements and the County pay them. There were those two options. His understanding was, that the County Sewer District, and he is picking on them just because they are a name, you could do either one of these. They are not in the construction business, they are in the approval kind of business. Mr. Mooney stated that is pretty accurate. They won't build it. That would be Murfa's responsibility. Chairman Sutton stated therein lies the negotiation between Murfa and the Sewer District and he will reach out to Mr. Johnson this week to see if we can set up a meeting with the Sewer so that we have all three parties online. We have two of the parties online now but unfortunately it is not to our liking at this point. We will push as hard as we can to finish this project up. Mr. Toohey stated again if the direction of the Agency is to invite them to the March meeting in Malta he thinks that would be helpful from our point of view. Chairman Sutton stated that the two Towns that are in the Luther Forest, Stillwater and Malta, they have been quite supportive over the past two years that we have discussed this. Chairman Sutton asked if there were any further questions on Luther Forest. There were no further questions.

Chairman Sutton stated the next agenda item is CEG annual investment \$5,000. The Center of Economic Growth. We have been a member through the Saratoga County and through the Partnership where there was a commitment a year ago of \$25,000 to participate in the Center of Economic Development. Our contribution of the \$25,000 was \$5,000. He doesn't remember what the break down was. The renewal came up at the end of November. We kind of tabled it. We did ask the Center for Economic Development to come in to talk to us. They did back in September to give us an overview of what they do and how they do it. They were very informative but it was a more global look at the area as opposed to just focusing on Saratoga County. Obviously, if there is anything that comes up and there is an opportunity in Saratoga County, supposedly they would have the applicant look at our geographic area. To date, we haven't received anything, at least this Board hasn't received anything. But the question comes up now is this Board willing to expend \$5,000 for the coming year. Mr. Mooney questioned if they do lobbying stuff on behalf of the IDA's in the State. Chairman Sutton stated yes, he thinks it is a 13 County district that they represent and obviously to this geographic area. They center on those 13 Counties. Mr. Wintsch asked who funds their operations. Chairman Sutton stated he would assume the State of New York. Chairman Sutton stated he did attend the dinner that they had at the Hall of Springs late fall. It was well attended. Every major company and organization in the Capital District as a participant. They support the CEG for any number of reasons. They have more of the major corporations of the Capital District as their head. If Mr. Vanags was here he could tell us a little bit more about that because he believes he is on their Executive Committee. The question here is does the IDA want to expend the \$5,000 as we have in the past. Mr. Wintsch questioned he knows the total sum is \$25,000. Who are the remaining organizations that donated the remaining funds? Chairman Sutton stated he is not sure of all of the participants. Mr. Wintsch stated the real discussion is it worth the \$5,000. Chairman Sutton stated what will we get for the \$5,000 we expend. Mr. Wintsch questioned if they would still represent us if we don't give them \$5,000. Chairman Sutton stated it will put the burden of the extra \$5,000 on the other organizations to come up with the amount. Mr. Greene stated so this ensures a place at the table. Chairman Sutton stated yes, it is a stepping stone for us in the event that we have discussion, if we want to talk to these folks, they have offered to come back to our Board and give us an update to see where the Economic Development Program is pertaining to our geographic area. It would give us a seat at the table if something comes our way. Mr. Valentine stated they were central to a study that was done, a Saratoga County regional transportation study that was done, and CEG was the center focus on that as far organizing and had representatives met at Malta, met at Round Lake, and did a study that looked at

impacts to and from Global Foundries, intersections going out, looked at the possibility was there another need for another exit on the Northway. Long range plans. We contributed \$17,000 to that study. Again, we were there at the meeting. That was one thing that probably came out of that and says that some of the funds were used for this. It was a Regional study for Saratoga County. Chairman Sutton stated it is money, \$5,000, we are in a financial position where it does not harm us at all by donating and it gives us an opportunity to stay in the know and have a seat at the table as suggested. Mr. Mooney stated and that expense is certainly within our mission.

Chairman Sutton asked for a motion to approve the expenditure of the payment of \$5,000 to the Center for Economic Growth as discussed. Mr. Mooney moved to act upon the approval to expend \$5,000 to the Center for Economic Growth as presented. Mr. Greene seconded the motion.

RESOLUTION #1393

The results of the roll call vote were as follows:

AYES: Ms. DiDomenico, Mr. Wintsch, Mr. Mooney, Mr. Greene and Chairman Sutton.

NOES: 0

ADOPTED: 5-0.

Chairman Sutton asked if the check could be sent to them. We are late on this as they asked for it back in November.

Chairman Sutton asked a discussion on project updates. Mr. Brobston stated he has a couple of things they are working on. A light manufacturer is looking for about a 60,000 square foot of space. They really want existing buildings. We are kind of low on those. There is a site on the Grande Industrial Park that could very well work. They could be at about 100 employees. They already are in the Region. The problem that they are finding is they need to be close to logistics people to help them. The Grande site could be one because Logistics One is there. Other than that, they have had, recently you may have noticed about Mechanicville that we had a business incubator that was going to buy the old DiSienna site. On Friday we got some bad news that the contamination we were talking about and the cost of cleaning up. DEC's cleanup program on that brown field, it's been contaminated by the rail line, the railroad. That is really the easiest. But they found PCB's the other day. Now they are talking about an investment of \$1.6 million dollars on buying the property, it could be almost \$5,000,000 to clean up the property. Right at this point they have decided not to buy that facility and are looking for another in Mechanicville. What concerns us the most is what that means for the future of that site. The family wanted to sell it. If you don't want to do anything else but run it, fine. But, they wanted to put another building up and do some other things. It becomes a real issue. We are working towards finding out what needs to be done with brown fields. We have a few brown fields around the County, IP being one. International Paper Corinth. Again, this is something that is coming up and we are now finding the more work they do on contamination and they are now testing for different things as well. There is going to be a day that we will see PFOA's somewhere in our County just because people have used these things. He does not know how it is going to affect us. He just wanted to let you know. That really hasn't been communicated. It will be communicated today. We are disappointed in that. Chairman Sutton questioned if that has been leaching from the rail area? Mr. Brobston stated yes. Unfortunately, the DiSienna family when they bought some extra property from the railroad, Angie was never worried about contamination and she signed away the rights to have it go back. She has been gone for a while now. Mr. Mooney stated they cannot go back to the railroad. Ms. DiDomenico stated she knew somebody that bought land adjacent to the railroad and you have to sign off on it, they will not reserve any rights to sue, it is right in the contract and the deed. Mr. Brobston stated when the City bought that piece of property in 1996 that sits in the City from the railroad for a couple hundred thousand dollars and they had to sign that waive the right to

go back and get them. The question is where the PCB's came from. The Anthony Kill is right there. This alerts the DEC to some other things. This is just an update on some strange things happening. The phones are ringing. People seem to be moving forward. Regardless of what the stocks have done in the last couple of weeks. People have still been looking forward and looking at different projects. Mr. Brobston stated that is what is going on here.

Chairman Sutton asked if there were any further questions. Mr. Toohey stated the Danforth project is going to close certainly before our next meeting. We will have had two closings in February. Mr. Valentine asked what was the other one. Mr. Toohey stated Coretech is going to close as well.

Chairman Sutton asked for a discussion on the County and Town tax PILOT billing. Mr. Valentine stated we have just gone through. They have been sent out. We will start getting payments coming back in the next two weeks. We will pull the together until it is time to do a distribution back out to the municipalities. We also have a couple that their last PILOT bill. We have Perry Realty on Route 4 in Halfmoon Mechanicville area, Mountain Ledge and AJH. Those last three. If we can do reconveyances by March 1st. Talking with Mr. Toohey it does not look like on the company sides as far as counsel being responsive for a March 1st closing.

Chairman Sutton asked for a discussion on the Audit Report. Mr. Many stated the Audit is going well. We have the accountants here doing testing on Friday. He has a received a draft of our financial statement via email yesterday and has not had a chance to look at it yet. We should be having the Audit complete relatively soon. Then the annual reports we will get on that right after that.

Chairman Sutton stated the review of the Global Foundries annual report. He thinks you may have received this in your packets. Good news. As of the end of December, 2017 they had a total head count of 3,300 employees. The sales tax exemption that we approved for those folks estimated a savings for them of \$1.2 million dollars. The subcontractors, there are almost 500 people working as subcontractors on the site. Those are good numbers to look at. It has been a project that we have been intimately involved in for the past ten years. Initial projections were about 1,800 jobs. Mr. Mooney asked what did they actually pay? Mr. Valentine stated \$12,000,000 in PILOTS for property taxes. Remember, they are an Empire Zone project so in effect they are paying their full taxes. The PILOT is used as a credit back to them through the State. One of the things he did want to follow up with Tom Laine on that is the fact that he put down the total sales taxes exempted but he does not know if he included manufacturing and equipment in there which is already exempted. Those are big numbers. Chairman Sutton stated those are very big numbers and very encouraging numbers. They have a very strong foothold in the County. Mr. Toohey stated the employment numbers are in excess of 1,000 more, and he thinks it is 1,200 more than what they originally estimated. Mr. Valentine stated the other thing is Chairman Sutton stated there is 497 subcontractors. That does not mean a subcontractor like you have come to your house. These are subcontractors who are, they really would be company employees, Global Foundries, but for them they go out and have contracts set up with different levels of experience of what they need. Mr. Mooney stated so these 500 people are there full time basically. Mr. Valentine stated more or less. Mr. Brobston stated then there is another 1,000 people that move in and out every day, just different companies doing different things. Chairman Sutton stated with the Global Foundries and the initiative of IDA to purchase those 20 acres of land and make that infrastructure, we think this is money well spent from this agency as we go forward because we have seen what Global has done. It has been dormant because of that lack of infrastructure. It is hard for Mr. Brobston or Mr. Vanags or the County Economic Development to entice people to come over here. We felt very strongly that if we got involved in this, we are not using taxpayer dollars. The monies that we have generated are fees that we have collected over the years. Many of the fees came from Global Foundries itself. What we are doing is reinvesting in the facility so that we can further develop in the Global Foundries area so that we attract other businesses that might be able to work with Global Foundries as we go along. Mr. Wintsch stated he knows that we paid for the environmental

audit. Does the IDA actually own the land? Mr. Toohey stated the theory is we are under contract to buy the land. We did our due diligence with regard to the \$200,000 that Chairman Sutton has said. We had an unusual provision in it. There was a \$25,000 deposit and we allowed Luther Forest to utilize that money to get the subdivision. We are heavily invested in this. We will close that deal when the infrastructure is in place. Mr. Wintsch stated he thought that was the case.

Chairman Sutton stated the last order of business. The gentleman sitting in the corner. As you know Rich Ferguson has taken on another position with the bank that he has worked with for a number of years. Our subcommittee along with Counselor Toohey and we have interviewed for a CEO position. The gentleman in the corner is Scott Duffy. He is from the Town of Wilton and we have talked to Scott about taking on the position of CEO.

Chairman Sutton asked for a motion to go into Executive Session to discuss Personnel matters. A motion was made to go into Executive Session by Ms. DiDomenico and it was seconded by Mr. Mooney. All were in favor and the meeting was adjourned to Executive Session.

Chairman Sutton reconvened the meeting to regular session by motion from Mr. Mooney and seconded by Mr. Greene. All were in favor and the motion was carried.

Chairman Sutton stated we have a new CEO, Scott Duffy. Chairman Sutton offered his congratulations on behalf of the Board to Scott Duffy. We have discussed all of the particulars about your contract. You will be talking to Mr. Toohey about that and we welcome you as our new CEO. We will be working along side with you. Mr. Ferguson gave you a lot of homework. In any event, we have also made the decision that Mr. Ferguson will be helping you along and giving any tutorial information that you might need as you go through the process. We have the meetings on second Monday of each month at 8:00 a.m. Welcome on board. The next meeting will be Malta Town Hall. Mr. Duffy thanked the Board. He looks forward to being a part of this group and helping out in this role. He knows a few of the people on this Board in the past from his time in the Saratoga. He is looking forward to being a part of what everyone does and the role that you produce for the County is something that he enjoys so he is looking forward to it. Chairman Sutton asked if he knows everyone in the room at this point. Mr. Duffy stated he knows Mr. Valentine and Mr. Toohey.

Chairman Sutton asked if there was any further business to discuss.

Chairman Sutton asked for a motion to adjourn the meeting. As there was no further business, the meeting was adjourned on a motion made by Mr. Mooney, seconded by Mr. Greene, with all voting in favor.

Respectfully submitted,

Lori A. Eddy