

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY MEETING

January 8, 2018 – 8:00 a.m.

County Planning Offices #5

50 West High Street, Ballston Spa

PRESENT: Members: Chairman Rod Sutton, Arthur Johnson, Patrick Greene, Andrea DiDomenico, Tom Lewis.

STAFF & GUESTS: Jeff Many, CFO; Michael J. Toohey, Esq., Counsel to the Agency; James A. Carminucci, Esq., Bond Counsel; Dennis Brobston, SEDC; Michael Valentine, Administrator; Marty Vanags and Shelby Schneider, Saratoga County Prosperity Partnership; and Lori Eddy.

ABSENT: Mike Mooney, Richard Ferguson, CEO.

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

Chairman Sutton stated the bylaws of the IDA, Section 5.1 of the Saratoga County Industrial Development Agency state that the Board shall annually appoint, re-appoint, or elect from among its members a Chairman, Vice Chairman, Secretary, Assistant Secretary, Treasurer and Assistant Treasurer. Chairman Sutton asked if there were any nominations for Chairman for 2018. Mr. Johnson stated he would like to nominate Rodney Sutton to serve another term as Chairman. Mr. Lewis seconded the nomination.

RESOLUTION #1389

RESOLVED, THAT the Saratoga County IDA elects Rod Sutton for the position of Chairman.

The results of the roll call vote were as follows:

AYES: Mr. Johnson, Ms. DiDomenico, Mr. Lewis, Mr. Greene, and Mr. Sutton.

NOES: None.

ADOPTED: 5-0

Chairman Sutton thanked the Board for their vote of confidence.

Chairman Sutton stated the next order of business is the election of officers for 2018. Those positions are as follows:

Vice Chairman – Andrea DiDomenico

Treasurer – Mike Mooney

Secretary – Tom Lewis

Assistant Treasurer – Patrick Greene

Assistant Secretary – Andrea DiDomenico

CFO – Jeff Many

Ethics Officer – Art Johnson

Subcommittee – Rod Sutton, Art Johnson, Patrick Greene. The substitute to the Subcommittee would be Andrea DiDomenico

Governance Committee – Mike Mooney as Chairman, Tom Lewis, Art Johnson, Andrea DiDomenico, and the Chairman is Ex Officio

Audit Committee – Mike Mooney as Chairman, Patrick Greene, Art Johnson and Jeff Many

Finance Committee – Full Board of members

Marketing/Website Committee – Andrea DiDomenico as Chairperson, Tom Lewis, Patrick Greene and the Chairman as Ex Officio

Chairman Sutton asked for a motion to accept those members and their positions as proposed. The motion was made by Mr. Greene. The motion was seconded by Ms. DiDomenico. There was no further discussion.

RESOLUTION #1390

RESOLVED, THAT the Saratoga County IDA elects the slate of officers for the various positions and Committees as stated by Chairman Sutton.

The results of the roll call vote were as follows:

AYES: Mr. Johnson, Ms. DiDomenico, Mr. Lewis, Mr. Greene, and Mr. Sutton.

NOES: None.

ADOPTED: 5-0

Mr. Toohey asked for a discussion on a Resolution that all Officers could sign documents on behalf of the Agency. We have been writing that into documents for years and, every once in a while, we will have that motion in case the Chairman is out of town or we are running around trying to complete a project and have somebody to sign them. He would like to have the authorization to do that as a Resolution.

Chairman Sutton questioned if it was to have any of the officer's sign? Mr. Toohey stated yes. This is for closings. There are a lot of documents to be signed and we don't want to be the reason that it is being held up. Chairman Sutton stated that is probably the smart thing to do.

Chairman Sutton asked for a motion to have any of the Officer's to have the ability to sign any closing documents for projects that come before the Board. The motion was made by Ms. DiDomenico. The motion was seconded by Mr. Johnson. There was no further discussion on the motion.

RESOLUTION #1391

RESOLVED, THAT the Saratoga County IDA approves any of the Officers of the IDA have the ability to sign any closing documents for projects that come before the Board.

The results of the roll call vote were as follows:

AYES: Mr. Johnson, Ms. DiDomenico, Mr. Lewis, Mr. Greene, and Mr. Sutton.

NOES: None.

ADOPTED: 5-0

Approval of Minutes:

Chairman Sutton asked for a motion to approve the meeting minutes of December 11, 2017. Chairman Sutton asked if there were any changes to the minutes. Mr. Johnson made a motion to approve the minutes. The motion was seconded by Mr. Greene. All were in favor and the minutes were approved.

Financial Report as of December 31, 2017:

Chairman Sutton asked Mr. Many to discuss the financial report as of December 31, 2017. Mr. Many stated he wanted to give the December 31st year-end tentative financial report. The one thing he will mention is we did not have a chance to reconcile the bank accounts through December 31st but he thinks we have all transactions except some interest income that will be on that statement when we reconcile. Obviously, our cash balance is still very strong, \$3.5 million plus. If you look at the next line, the receivable there is a closing with Universal Preservation Hall but we did not collect our administrative fees by agreement with them so that is recognized as a receivable to us. There are no changes in any of our other assets. We have a list of payables which includes administrative fees that we will pay out to the Saratoga County Prosperity Partnership when the fees are collected from UPH. That is one of the schedules in the back of your packet. There are also a couple of staff bills payable. He also accrued the expenses for time that our staff works but they haven't actually billed us yet, Mr. Toohey has a half a month, he has a month and half and Mr. Ferguson has a month and half and that is the \$6,150.00 under accrued expenses. You can see at the bottom our year-end net income or surplus, \$90,000.00, we had a very strong November and December. We had three closings and our finances for the year turned out very well and obviously historically we are in excellent financial shape. The next page is the year-end reports. You can see he eliminated a lot of the PILOT stuff so in the future you won't see any of these zeroes. We did have five closings during 2017. Interest income and a few transcript fees that we collected for revenues, mostly obviously administrative fees. We will pay out or owe \$167,000.00 in administrative fees to SEDC and Prosperity Partnership. A couple of anomalies in case you had any questions, if you look at the CEO salary, he did not get paid a salary of \$45,000.00 but there was an under-accrual from 2016. At the end of the year he tried to have all of our balance sheet in order and in order to do that he had to bring, it kind of distorts the income statement here, but going forward, Mr. Ferguson only had four checks but the year before his CEO salary was under-reported slightly. That is why it was caught up in this calendar year. The one other item you will see, the \$1,846.43, the PILOT late fee reimbursement, we had to pay that out but we have put that in the prior year we had billed Mountain Ledge who was late with their PILOT fees and we had charged them for that. That was recorded in 2016 and we finally collected that and paid it out in 2017. That is a little confusing perhaps. Mr. Many asked if there were any questions at this point. The next page is the receivable from UPH. He would just like to list the expenses that we have for the Luther Forest land development Project. There were no disbursements during December. The list of our payables for \$29,000.00 and how it is broken up is obviously Prosperity Partnership receives 50% of what we will collect from UPH. The accruals basically on our professional staff, Mr. Toohey, Mr. Ferguson and himself. He also wanted to show the five projects that we closed on and the revenue that was generated there. He also included the 2018 budget since we are starting 2018. Mr. Many asked if there were any questions or discussion. Ms. DiDomenico questioned when UPH fee that they owe us gets paid. Mr. Toohey stated the first quarter of this year. There is an agreement to that effect. We got a phone call a couple days before this closing and they pushed the closing into 2017 because they were fearful of the impact that the new tax law would have on this. As a result, we did our portion of the closing this year and they are doing their portion of the finance closing this quarter. They asked if there was a way that we could delay this. He questioned the Chair about that and the rehabilitation of that building in Saratoga Springs is an extraordinarily good thing. It has to be on or before March 31st. Ms. DiDomenico stated that is good as long as it helps them out. Mr. Toohey stated they were very appreciative of the entire system that they went through regarding the IDA. Chairman Sutton questioned if they believe they are getting their tax benefit? Mr. Toohey stated they believe that the tax credits that they are dependent upon with regard to the rehabilitation of that structure are still in play. That was their goal because that was where the monies were coming from. Chairman Sutton stated it is a good project and has had a lot of publicity over the last couple of months and it is a good economic benefit not only for Saratoga Springs but the whole art community in County. Thanks for the effort guys. Mr. Valentine stated one thing to think about on that is because we are in the beginning of January and that project, when we say first quarter as far as payment, payment is not issued

first quarter, it is with the City and having on the roll as a wholly exempt project for March 1st. He and Mr. Carminucci were talking earlier and the Assessor did call on Friday and was sort of baffled by what it is all about. Mr. Carminucci stated it is really confusing. Mr. Valentine continued with they are going from a not-for-profit to another not-for-profit but it hasn't gotten there yet and then having a for-profit entity in there to maintain that gap period. That is just going to have to have some work to make sure that takes place with the City. Chairman Sutton questioned if the Assessor is aware of that? Mr. Valentine stated yes, he read the PILOT and it says in one of the first sentences in one of the paragraphs we will not be billed for any taxes on the project but then another paragraph says we still have the right to sue for the assessed value. It was just something like that just says what is going on. Chairman Sutton questioned Mr. Vanags if he would stay on top of that? Mr. Vanags stated he has met with the Assessor. It is confusing to think about the fact that here is a property that has never been assessed and you want to put it in a project to continue not to assess it. That is the hard part. He is trying to pull it together. Chairman Sutton asked if there were any questions on the financial reports. There was no further discussion.

Financing Resolution: MJ Properties:

Chairman Sutton asked Mr. Carminucci to discuss the Financing Resolution for MJ Properties. Mr. Carminucci distributed copies of the Resolution. Mr. Carminucci stated this project was originally approved in October of 2016. It involves the construction of a 25,000 square foot warehousing and light manufacturing building at 7 Stonebreak Road in Malta. MJ Properties of Clifton Park, Inc. is the applicant. At the time the project was preliminarily approved it was approved as a spec building. We did impose upon them certain requirements in terms of lease up and that was an attachment to the Inducement Resolution sent out earlier as well. It essentially requires that the applicant must report to the Agency any potential tenant and they need to establish that the entity prior to provision is not in violation with respect to that tenant. So, what is happening now is that Mark Rekucki notified us that he is moving forward with a loan transaction for the project borrowing approximately \$1,280,000 from the Adirondack Trust Company and the Resolution to Authorize and Officer to sign all of the necessary documents in order to make that happen most likely before March 1st.

Chairman Sutton asked if there were any questions of Mr. Carminucci. Mr. Toohey stated the minutes should reflect that our firm represents the Adirondack Trust Company. Chairman Sutton stated he does as well but not on the banking side. Mr. Toohey stated we are going to submit a waiver as he does not think their firm is going to do the closing, it will be one of the other attorneys for the Adirondack Trust Company. He just wanted to disclose that we do have a relationship and that his suggestion would be that of the five members voting, assuming that there is four, that there be recusal by the Chair. Chairman Sutton stated we will do that. Mr. Valentine stated Mr. Carminucci has sent a disclosure letter also. Mr. Carminucci stated right.

Chairman Sutton asked for a motion to accept the Financing Resolution presented for MJ Properties. The motion was made by Mr. Greene. The motion was seconded by Ms. DiDomenico.

RESOLUTION #1392

RESOLVED THAT the Saratoga County IDA agrees to approve the Financing Resolution for MJ Properties as presented.

The results of the roll call vote were as follows:

AYES: Mr. Johnson, Ms. DiDomenico, Mr. Lewis, and Mr. Greene.

NOES: None.

ABSTAIN: Chairman Sutton

ADOPTED: 4-0-1

Mr. Valentine questioned if he could ask Mr. Vanags who, in this case from this office, does he wind up dealing with on this project? Mr. Vanags stated MJ Properties. Mr. Valentine stated his dealings an application with our office? Mr. Vanags stated he is not sure of the question. Mr. Valentine stated who does he deal with on this application as he would with any other application going forward? Mr. Vanags stated it is with us.

Chairman Sutton stated the next agenda item is project updates. Chairman Sutton asked Mr. Vanags for the outlook for 2018. Mr. Vanags stated rosy. Chairman Sutton questioned Mr. Brobston about project updates. Mr. Brobston stated we still have three projects that haven't closed yet, Stonebridge, Greenfield and Coretech. Those three are in process. Mr. Carminucci has been working on Stonebridge. Coretech changed their financing. Mr. Carminucci stated he thinks they are looking to close around the middle of the month, he is guessing sometime in January on Coretech and Stonebreak, which is Carmer, he spoke to their attorney last week and they resolved the last issue. That should get back this month as well. He hasn't heard anything on Greenfield yet. Mr. Brobston stated he thinks Greenfield is probably waiting on the City Planning process. The IDA already owns the property. Mr. Toohey stated that is the Munter project. Mr. Valentine questioned about Danforth in Halfmoon? Mr. Carminucci stated he heard from their attorney in the Fall. He sent out a closing checklist and hasn't heard back. Mr. Brobston stated their building is done. He went and visited with the General Manager there and explained the situation and he said someone from Rochester was handling it. Mr. Carminucci stated he kind of disappeared on me after that initial thing. Mr. Carminucci stated to Mr. Brobston that he might want get in touch with them to get that done before March 1. Mr. Brobston stated yes, he will. Chairman Sutton stated if anyone happened to drive by the SKS project, if you drive in there, it is huge. He did not realize how large the parcel of property that they took over was. Mr. Valentine stated they subdivided it into three lots.

Chairman Sutton stated it is not on the agenda for the project updates, he just wanted to give the IDA Board a little update on the Luther Forest. Obviously, this year is critical for us because we have entered into an agreement with Luther Forest to purchase the 20 acres and we have the established price of approximately \$1.7 million dollars. The thing that we would like to continue to do is stay vigilant with Murfa to make sure that the infrastructure is being done once the weather breaks this year and it is hopeful that we can close on the properties sometime by the end of the summer, if nothing else, the third quarter of 2018. It has been a project, as everyone knows, that we have been doing for a couple of years now. We are going to stay on top of that. In that regard, our CEO Richard Ferguson has assumed another job as we have talked about in the past. He has accepted the challenge of staying on with the Luther Forest project so as not to break in another person on this and he will stay with this project as we go through until its completion. We will be looking at a new CEO in hopefully the next month. In the same light with the Luther Forest project, we entered into an agreement with Aztech Technologies to do the ground penetrating radar and Mr. Toohey has been in on the chain of description of what they found or didn't find. Mr. Toohey stated there are two things that are going on with regard to moving that project forward. One is there will be a presentation to the Planning Board of the Town of Malta on the 23rd of this month with regard to the subdivision of the property. We've got to get the 20 acres squared away from the rest of the pod to be able to do that. That has already been submitted and that is the date that it is on for. Chairman Sutton questioned if that was January 23rd. Mr. Toohey stated yes, 7:00 at the Town of Malta. Chairman Sutton asked who was going to lead that? Mr. Toohey stated they hired the LA Group to do that. Matt Brobston is his contact person. He will be present during that meeting so that Mr.

Toohey can report back to the Board exactly what went on. With regard to Aztech, there are a couple of good things. One, as they were using the ground penetrating radar to determine if anything was in there, they didn't find anything. That was a positive outcome of that. It was not an inexpensive dollar amount to spend for this kind of analysis, but based on the history of the site, where it is located, buying it without having some assurance that there is not something in the ground in his mind would have been too risky. Chairman Sutton asked if there were any further questions on the Luther Forest project as we go forward. Are there any thoughts or suggestions on how we should move this forward on a more rapid basis? Again, with Mr. Ferguson's background knowledge on the Luther Forest, he has agreed to stay on top of that and to talk to the Murfa folks and making sure that the infrastructure gets set and in place. Chairman Sutton asked Mr. Johnson if he knew of any hiccups at all with the Sewer District or anything like that? Mr. Johnson stated not that he was aware of. Mr. Toohey stated the other benefit that you have on the buying side is you have two people who are involved in the transaction, both of whom want this transaction to be completed. As a result, it is not just us looking at and the seller making sure the infrastructure is in place, it is the other seller that wants this to go forward because they don't get paid until it is in place. The closing is longer than most transactions because it was framed so that all of the infrastructure that is needed has been designed into this and has to be in place and dedicated by the time we buy it. Very often we will buy something and there will be expectations or contingencies that the infrastructure will be completed after the acquisition. We front end loaded all of that so that we know that we have a completed project from the source of the infrastructure to our site and all around and in between will have the tangent benefit of having that go by it by the time we spend any of our money. Chairman Sutton questioned if we were overly optimistic to have this done in 2018? Mr. Toohey stated no, he thinks the timeframe that you suggested was fine. Mr. Lewis questioned if he recalls how the process works, does a portion of the \$1.7 million dollars go to the State? Mr. Toohey stated we pay Luther Forest and we pay Murfa. They are dividing it up. Part of Luther pays money to the State. Mr. Lewis questioned if it was 40%. Mr. Toohey stated he did not know what the number was. Chairman Sutton stated he understood the thinking that maybe 2/3 of the monies would go to the State. Mr. Lewis stated he thought it was either 40% or 60%. Mr. Toohey stated it is a pretty high number. Mr. Carminucci stated he thinks it varies. Mr. Lewis stated obviously that Agreement is in place already. Mr. Toohey stated between Luther Forest and the State. Chairman Sutton stated that has nothing to do with us. Mr. Toohey further stated to bring everybody up-to-date, the reason that we kind of got into this is Murfa has a option on all of the land that is kind of along the way here from Luther Forest. Murfa is the only one that fiscally and physically has the capacity to put the infrastructures in place. So, the idea that we are dealing with both of them gives us an entity that can build infrastructure plus the same entity has an option to buy this land. They can waive that off and then the two of them can split the money that we are going to pay. It benefits Luther and it benefits Murfa. Ultimately it benefits Murfa because they now have land that is in fact marketable by these guys. Ms. DiDomenico questioned Mr. Toohey if he wanted any of the Board members present at the Planning Board meeting? Mr. Toohey stated that is not necessary. His sense is that the Town of Malta is very much in favor of this. This is not something that they would be opposed to in any way, shape or form. But it is the process. You have to get the land subdivided before you can in fact sell it. That is moving ahead, as far as he knows, very smoothly. The Supervisor of the Town knows precisely and exactly what is going to go on. Chairman Sutton questioned if the LA Group is representing Luther or Murfa on this? Mr. Toohey stated he did not know. He does know we are not getting a bill for it.

Chairman Sutton asked Mr. Valentine to discuss the update on the County and Town Tax PILOT Billing. Mr. Valentine stated he and Mr. Many met last week to start going through the PILOT bills and they are waiting for when we get done here to reconvene. January billing is for Town and County bills so we are just going through without Mr. Ferguson involved. We will have those out probably out by next Friday to the municipalities. He is going to, as a follow-up, meet with Mr. Carminucci on a couple of these because of the fact that we have projects that were built as additions to or expansions of existing and what we have done is come on and do them as additions. Some are nice and clean cut for him administratively such as

Ace Hardware where we just did a 400,000 square foot addition to an 800,000 square foot building. The addition, in itself, is the only thing that the IDA has title to and is concerned with billing. Some others we have had that we still have a project standing. For example, when the closing is done on Carmer an existing building was built and then we have a new building that encompasses around the old building. It is sort of a nightmare on the logistics with the Assessor about how do we do that. We did the same with McNeary. Some of these things just take some time to go through and he will sit down with Mr. Carminucci and go through them. One in particular we are looking at is MJ. Arnoff had an existing building that they purchased on a parcel and then they put an addition on it and came through the IDA. How do we handle that addition with the existing building and the large parcel? On that large parcel that the IDA took title to now they put another addition on and then, again, a stand-alone building somewhere. So, with having two PILOTs' on that one parcel, existing and another structure, we just need to get the billings right. He will go through this with Mr. Carminucci. He has been on the phone with the Assessor regarding Arnoff and he will be doing the same thing with MJ Properties too. The other items on the agenda are an update. The last one, AJH (Precision Valve) Mr. Valentine would ask Mr. Toohey to discuss the update on that. Mr. Toohey stated AJH, Mountain Ledge, he and Mr. Carminucci were just talking about contacting Randall Beach today who is the attorney for AJH and ask that he prepare the documentation with regard to re-conveying it back to the Company. He is going to do the same with Mountain Ledge. They have gone through their full spectrum of benefits and they are now 100% taxable. As a result, control of the property should go back to them. Mr. Valentine stated the same relates to Perry Realty on Route 4 and 32 in Halfmoon. Mr. Toohey stated Perry Realty is not on this list though. Mr. Valentine stated that is a different one. The one you have is for additions. They took an old building and just renovated it. Perry and Mountain Ledge come off the tax roll with this bill right now. AJH's bill which I sent to them is at full value. They are still on, all Section 8, fully exempt, and they are still in title to the IDA, so our bill to them would be for the full value of their taxes. Mr. Valentine asked if there were any questions. Chairman Sutton stated along those lines with this PILOT billing, he has had meetings with Mr. Many, our CFO, and he has been working closely with Mr. Valentine so that we have continuity in the billing process for the municipalities, Villages and/or School Districts. It is something that the CFO has not really been involved in prior to this year. He and Mr. Many had a meeting back in December to review that to see if this is additional responsibilities that he would want to pick up. In light of the fact that we would be hopefully naming a new CEO in a short period of time, some of those financial responsibilities would be taken off of the CEO's position and then handed over to the CFO. Mr. Many, Mr. Ferguson and Mr. Valentine have been working together and we will have more about that at our next meeting. Chairman Sutton thanked Mr. Many for working with these folks on this. The main purpose of this is to have continuity as we go through for years forward, whoever sits around this table, won't have to worry about if the billing and paperwork is done on a timely basis. Chairman Sutton asked if anyone has any input or thoughts on that to please discuss it with him in the next couple of weeks. Mr. Valentine stated the sheet he has passed around reiterates some of what he and Chairman Sutton said. You will note these seven companies, the first three have been re-conveyed already. It is after the three, those five are the ones that Mr. Toohey just mentioned. AJH is in the process. Perry Realty, notifying them in our PILOT billing, we will send them a note saying that by March 1st we want to have that Quit Claim deed and other paperwork. The same with Mountain Ledge. The last two, CreateACore and Finch Waste have one more year to go in their abatement period and we will be doing the same thing with a reconveyance with them before March 1st of next year. Chairman Sutton asked if there were any questions of Mr. Valentine. Mr. Johnson questioned with the sale of Finch, how does that affect this? Mr. Valentine questioned Mr. Carminucci if we received some paperwork on that? Mr. Carminucci stated they did a transfer of the membership interest in the entity to Waste Management which then triggered a Consent Requirement. We do have a guaranty from Finch. Initially they were going to substitute with a guaranty from a Waste Management entity. They decided not to do that, so that guaranty remains in place. The project hasn't changed any. When it was originally approved it was for both paper sludge as well as municipal solid waste. Chairman Sutton questioned if that has been closed. Mr. Carminucci stated yes.

Chairman Sutton asked Mr. Many to discuss the update on the Annual Report/Audit for 2017. Mr. Many stated we are close to getting all of the information necessary to send to our auditor. He did speak to him last week. He does not see any problems with getting that done in the usual timeframe. He is hopeful it will be done by mid-February. It is going smoothly going forward.

Chairman Sutton asked if there was any further business to come before the Board? Ms. DiDomenico asked for the next meeting that we put on the Agenda to get everyone's feedback on our new website. Mr. Valentine sent out the email last month. Ms. Schneider had sent out the proposed new website and the interaction and to make sure everything is as it should be. Maybe we could put that on the agenda and have a discussion and officially get it to launch. Mr. Valentine stated that is a good point because he followed up on that and Ms. Schneider called and stated he should wait until the Board or whatever. She will be at the next meeting to discuss it.

Chairman Sutton asked if there was any further business to come before the Board. Chairman Sutton stated Phil Klein was not reappointed to our Board. Chairman Sutton stated he would like to put on record that we thank him for his services, not only as a Board member, but his past services with the County Board of Supervisors. He has been an elected official in the County and he has dedicated much of his life to public services. As a group, as the IDA, we would like to thank him for all of the work he has done for us.

Chairman Sutton asked for a motion to adjourn the meeting. As there was no further business, the meeting was adjourned at 8:50 a.m. on a motion made by Ms. DiDomenico, seconded by Mr. Johnson, with all voting in favor.

Respectfully submitted,

Lori A. Eddy