

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY MEETING

May 11, 2015 – 8:00 a.m.

At 50 West High St., Ballston Spa, NY

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

PRESENT: Members: Chairman Raymond F. Callanan, Mary Beth Hynes-Walsh, Arthur Johnson, Michael Mooney, Glenn Rockwood, and Rodney Sutton.

Staff & Guests: Lawrence Benton, CEO; Michael Toohey, Agency Counsel; James Carminucci, Bond Counsel; John Murray, CFO; Michael Valentine, Administrative Assistant; Dennis Brobston and Ryan VanAmburg, SEDC; Richard Ferguson; Thomas Wood (Supervisor, town of Saratoga); Ace Hardware reps Frank Nesbitt (Retail Support Mgr), Timothy Cassidy (Facility Mgr), Taylor Oswald (consultant, Development Advisors); John Lawler, Saratoga Co. Water Authority; Stephen Williams, Daily Gazette.

APPROVAL OF MINUTES

Mr. Mooney moved to approve the minutes of the meeting of April 20, 2015. The motion was seconded by Mr. Sutton, with all in favor.

APPLICATION: ACE HARDWARE

Mr. Brobston introduced Taylor Oswald who serves as a consultant to Ace on their current review process to decide which warehouse facilities will be selected for reinvestment and expansion. The existing 800,000 square foot Ace Hardware distribution facility in the town of Wilton is being considered for a 400,000 sf addition along with upgrades. Mr. Oswald indicated that the selection process for where to locate new or expanded facilities from regions within the state or other states is very competitive. What tax or incentive benefit packages are offered at various locations is being carefully considered by the Company as they will ultimately impact the project cost. He and company representatives had questions regarding the Agency's Labor Policy as found in Attachment E of the Application, particularly as there was a

concern regarding the roof construction. Over the years Ace has developed a relationship with a specific company which is under contract to construct the seamed metal roofing system on all of its facilities. These contracts include a very strong warranty by the company.

Mr. Oswald indicated that if the site in Wilton is selected construction of the addition would begin in April, 2016. Mr. Brobston said the construction cost would total 18 million dollars, with another \$8 million expended on new equipment. Over five years, the project would add 25 new jobs to the existing workforce of 308. Over those first five years the proposed PILOT Agreement would provide for a 100% abatement on property taxes associated with the new assessment (no tax on the assessed value of the addition). The existing building would be taxed at full value. Beginning in Year 6 the Company would pay taxes on the full value of the existing facility plus 50% of the assessed value of the addition. Each successive year of the PILOT Agreement the assessment for billing would increase by another 10% of the addition's value, ultimately increasing to full value or 100% by Year 11. According to the application, the value of savings in property taxes is estimated at 2.1 million dollars, with an additional \$1.2 million in savings from the sales tax abatement.

Mr. Rockwood raised a question on the application regarding the salary information and Mr. Brobston said that would be corrected. He also confirmed that a part of the improvements involved new HVAC for the existing building. A discussion was held and the Board agreed that improvements to the existing facility should not receive the benefit of a sales tax exemption. Mr. Johnson asked Mr. Oswald to confirm that Saratoga County (the Wilton site) is competing with locations within other states. Although he cannot divulge the specific locations, Mr. Oswald did confirm that there are other locations being considered. Mr. Sutton asked staff if the Company has met its job projections over the years and Mr. Benton confirmed that they had, beginning with the initial hire of 250 FTE's under the 1996 application. The proposed PILOT has been positively recommended by the subcommittee which determined that the total amount of incentives offered needed to be in the two (2) million dollar range to insure Saratoga County was competitive with sites in other states.

As there were no further questions, the Chairman asked for a motion to set a public hearing on the proposed project in to be held on Monday, June 8th at 8:00 a.m. in the town of Wilton town hall. Mr. Rockwood moved to set a public hearing and Mr. Sutton seconded the motion.

Resolution# 1255

WHEREAS, Ace Hardware Corp. has submitted an application for financial assistance to construct a 400,000-s.f. addition to its existing facility, and

Whereas, The SCIDA finds the application to be eligible for further consideration now therefore be it,

Resolved, that a public hearing be set for June 8, 2015 at 8:00 a.m. at the Wilton town hall and that the staff is directed to notify all affected tax jurisdictions of the hearing by notice with a copy of the application enclosed.

The results of a roll call vote were as follows:

AYES: Mr. Mooney, Mr. Johnson, Ms. Hynes-Walsh, Mr. Rockwood, Mr. Sutton and Chairman Callanan

NOES: 0

ADOPTED: 6-0

HISTORIC HUDSON & HOOSIC RIVER PARTNERSHIP

Thomas Wood, town supervisor of the town of Saratoga, continued with the presentation of additional financial and project information based upon the presentation and questions raised by members at the April 20, 2015 meeting of the IDA. It was at that meeting that a request was made for financial assistance associated with the design and construction inspection of the Gateway Regional Visitors' Center in Schuylerville. Mr. Wood said he is aware the Agency is restricted

from making loans and grants to third parties and this request is structured in such a way that the IDA would be contracting directly with an engineering firm (Saratoga Associates of Saratoga Springs) for design drawings for a visitors' center in the village of Schuylerville. The Partnership will establish a subcommittee to provide administrative oversight of the contract and the project design process. The original request submitted to the IDA was estimated to be around \$177,000. Mr. Wood provided information in which the costs are split into a Phase One for design (\$130,485) and a Phase Two for bid and construction administration and overview, with costs noted to be \$43,501. The higher cost amount of the first phase is largely due to the difficulty of the site which was a former landfill and will require construction of a subsurface support system to a depth of 35 feet.

The Board asked about the likelihood of construction following the design phase and Mr. Wood said they were very confident this would go forward because of the extensive support from many sources and the number of entities in the Partnership. Construction is anticipated for 2016, he added. Mr. Johnson asked if they were still asking for the full \$175,000 and Mr. Wood responded that the first phase is the priority as without it they cannot move forward. The Partnership conducted a thorough RFP and received five separate bids. Saratoga Associates was one of the highest bids, but one other bid was only \$40K as the firm appeared to have misunderstood the full scope of the RFP. Several other bids were in the range of \$135,000. Mr. Rockwood asked for clarification on the Partnership's project budget and the grant fund amounts the Partnership anticipates receiving. Mr. Wood explained that most grants require a 50% match, except for the federal highway program which is 20% local match (80 fed/20 local). Mr. Wood said they intend to use the IDA expenditure for contractual costs associated with the project design. As for the local match the Partnership is looking toward potential funds from Saratoga, Washington, Rensselaer and Warren counties. Mr. Wood noted that Mr. Richardson should have a better handle on the status of grants and matches over another few months. He also gave examples of local in-kind services that will be used for the match (such as bookkeeping). Mr. Rockwood suggested that there appears to be a shortfall on the local matches and the Chair agreed that while there was support for the project, this was a concern. The Chairman said the Board could consider making its financial participation contingent on the Partnership lining up the required local match to various grants.

The Chairman asked for a motion on the question which was then moved by Mr. Johnson and seconded by Ms. Hynes-Walsh. The motion was made to adopt a resolution committing funds to a design study of a proposed visitor's center. During discussion Mr. Benton suggested the resolution include a clause that the commitment is being made with the understanding that it is in compliance with state statute, the

Attorney General's opinion on loans/grants, and guidelines issued by the Authorities Budget Office on the use of IDA monies. Mr. Toohey added that the resolution should authorize the Agency to enter into a contract with Saratoga Associates. Mr. Rockwood said that the first request had the Agency participating in Phases 1 and 2 at 50% but this proposal is 75/25.

After discussion among the Board, Mr. Rockwood moved to amend the motion to allocate Agency funds toward Phase 1 in the amount of \$130,000. Mr. Mooney seconded the motion.

Resolution# 1256

WHEREAS, the Historic Hudson & Hoosic River Partnership has requested the IDA fund an engineering design study of design of a visitors' center in the village of Schuylerville at a cost of \$130,000; and,

Whereas, the Agency finds that the project meets the goals and objectives of its Mission Statement which is to stimulate the economy and create new jobs; now therefore, be it

Resolved, that the SCIDA hereby allocates \$130,000 of its unrestricted fund balance and agrees to enter into a contract with the firm of Saratoga Associates for that amount subject to the Partnership's demonstration that it has identified the needed local financial match for approved grants necessary to bring the proposed project to completion; and, be it further

Resolved, that this financial commitment is made with the understanding that the expenditure of Agency funds will be made in accordance with state statute; in accord

with the opinion of the Attorney General; and within the guidelines of the ABO as all relate to the Agency's authority to expend its funds.

The results of a roll call vote on the resolution were as follows:

AYES: Mr. Mooney, Mr. Johnson, Ms. Hynes-Walsh, Mr. Rockwood, Mr. Sutton and Chairman Callanan.

NOES: 0

Adopted 6-0

SARATOGA COUNTY WATER AUTHORITY: SALE/LEASEBACK AGREEMENT

Mr. Toohey reviewed his concern regarding the commitment from Saratoga County that it would provide a guarantee within the proposed Installment Sale Agreement on the required repayment. He explained that he had examined the section of the service agreement on which the county attorney relied in regard to a default. That section addressed any bond debt and costs of operations. Neither would seem to relate to the proposal being considered here. Mr. Murray said the installment sale was a long term liability and didn't appear to fall within "operations" of the Authority. Mr. Mooney and Mr. Johnson said that they saw this construction project as a direct and necessary link to the operations of the treatment facility and recognized the input of Mr. Schachner (as counsel with the Authority) that the installment sales payments are on ongoing requirement of operations. Mr. Toohey said he had asked this item to be placed on the agenda so he could confirm the Board's comfort level with the County guarantee. As no further action was required Mr. Toohey would have the Chairman execute the Agreement.

N.FRASTRUCTURE TECHNOLOGIES, INC.: FEE WAIVER

Mr. Benton stated that it was his intent at last month's meeting to recommend that the Board waive the administration fee of \$20,700 on the application then approved. When he reviewed the minutes he realized he had forgotten to bring that to the Board and subsequently emailed the members explaining the justification for a waiver. The only benefits received by the Company through assignment of rights from Fortress Partners to e.nfrastructure Technologies, Inc. are associated with the last two PILOT payments. He explained that these benefits had been granted nine years ago and noted that a fee of \$20,700 would reduce the overall benefits significantly. In addition, we do anticipate a second application by the Company that would generate a fee. The Board had unanimously agreed by email to waive the fee and Mr. Benton asked for a resolution to confirm that on the record.

Mr. Rockwood moved to amend Resolution# 1251 and confirm that the Agency does hereby waive its administration fee of \$20,700 for the n.frastructure project. Mr. Mooney seconded the motion, with all voting in favor.

Resolution# 1257

Resolved, that the SCIDA hereby waives the administration fee for the nfrastructure project application approved on April 20, 2015 by resolution # 1251 and that resolution is so amended.

PERRY ROAD DEVELOPMENT, LLC: ASSIGNMENT

Mr. Benton said he had received a request from Perry Road Development, LLC to assign its rights as agent to Perry Road Project, LLC. Mr. Rockwood asked if the ownership of the two LLC's is the same and Mr. Benton said that was not addressed in the letter. Mr. Carminucci suggested that if there was any change in ownership from what was previously approved by the IDA, such change would require approval of the Board prior to an assignment of the agent designation. The Board decided to act on

the request with the contingency that the applicants provide confirmation that each LLC has the same ownership.

Mr. Rockwood moved to approve the assignment and Mr. Mooney seconded the motion.

Resolution# 1258

Resolved, that the SCIDA hereby approves the assignment of rights as agent that were previously appointed to Perry Road Development, LCC to Perry Road Project, LLC contingent upon verification that both LLC's share the same ownership.

AYES: 6

NOES: 0

Adopted 6-0

The Chairman asked for a motion to enter into executive session to discuss a personnel matter. Mr. Rockwood made the motion to do so which was seconded by Ms. Hynes-Walsh, with all in favor.

The Board returned to open session on a motion by Mr. Rockwood. The motion was seconded by Ms. Hynes-Walsh, with all in favor.

Mr. Sutton moved to appoint Richard Ferguson as Chief Executive Officer for the Agency. The motion was seconded by Mr. Rockwood.

Resolution# 1259

WHEREAS, a Committee of the Board has interview several potential candidates for the position of CEO, and

Whereas, after careful consideration the Committee has recommended Richard Ferguson be appointed as CEO. Now, therefore, be it

Resolved, that the Board hereby appoints Richard Ferguson as CEO of the Saratoga County IDA for a period of one year at an annual salary of \$33,000 to be paid quarterly in accordance with a service contract for an independent contractor.

The results of a roll call vote were as follows:

AYES: Mr. Mooney, Mr. Johnson, Ms. Hynes-Walsh, Mr. Rockwood, Mr. Sutton and Chairman Callanan.

NOES: 0

ADOPTED: 6-0

Mr. Benton asked the Board for reimbursement of his cost associated with the expense for lunch at a meeting held by the committee in its search of a replacement CEO.

On a motion by Mr. Rockwood that was seconded by Mr. Mooney, the Board approved reimbursement of an expense submitted by Mr. Benton in the amount of \$80.00.

Resolution# 1260

Resolved, that the SCIDA hereby approves reimbursement of an \$80.00 expenditure submitted by Mr. Benton for a luncheon interview associated with the CEO position and authorizes repayment from the Agency checking account.

As there was no further business the meeting was adjourned on a motion by Mr. Sutton, seconded by Mr. Rockwood, with all voting in favor.

Respectfully submitted,

Lawrence D. Benton