

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY MEETING

August 11, 2014 – 8:00 a.m.

At 50 West High Street, Ballston Spa, NY

Chairman Callanan called the meeting to order.

PRESENT: Members: Raymond Callanan, Chairman; Richard Dunn; Charles Hanchan; Arthur Johnson, Michael Mooney, Glenn Rockwood and Rodney Sutton

Staff & Guests: Lawrence Benton, CEO; John Murray, CFO; Michael Toohey, Agency Counsel; James Carminucci, Bond Counsel; James Angus, SEDC; Fred & Linda Tracy, Fred's Studio Tents and Canopies, Inc.; Daphne Jordan, Town of Halfmoon Council Member; Stephen Williams, Daily Gazette

APPROVAL OF MINUTES

Mr. Dunn moved to approve the minutes of the meeting of July 14, 2014. The motion was seconded by Mr. Mooney and approved with all in favor.

APPLICATION: FRED'S STUDIO TENTS AND CANOPIES, INC.

Chairman Callanan stated they are planning on moving from Stillwater to a building formerly occupied by Yankee Dollar on the Waterford Road in the town of Halfmoon. Mr. Angus said this is an expansion project, as they will be moving from 20,000 sf to 80,000 sf in Halfmoon. More importantly, it is a retention project, as they do have an opportunity to go elsewhere, and this application will, hopefully, induce them to remain in Saratoga County. He introduced Fred and Linda Tracy.

Mr. Tracy stated he is the owner of Fred's Tents and has been in business for 28 years in Saratoga County. They have seen continuous growth. They purchased their current facility in 1996, but they are out of room. Another Saratoga County-based company, Damn Good Beef Jerky, will be moving into their current facility at 7 Tent Lane. He stated they ship all over the U.S. They have shipped to all 50 states and nine countries. They have a tent named after Stillwater, and hopefully, they will have one named after Halfmoon. Mrs. Tracy said it is very difficult to increase employment where they are currently located because it is off the beaten path. The property in Halfmoon will bring them much closer to a larger labor pool. Mr. Sutton asked if most of their employees are located in that geographic area. Mr. Tracy said they have employees from Queensbury, Amsterdam, and 70% from Saratoga County. They have also looked at locating to Montgomery County in the Amsterdam Industrial Park, and they have been offered many incentives. Mr. Sutton asked if their employees would follow them there. Mr. Tracy said they would lose 1% or 2% of their employees. He said in their current location, they were taken off of the CDTA bus route. He said with the Waterford/Halfmoon property, they could hire some of their work force out of Troy.

Mr. Toohey asked if there would be room for expansion on the site they want to locate to. Mr. Tracy said it will be 80,000 sf with some room for expansion. There is a lot of sf that is not in this deal that Yankee

Dollar owns if they do need to expand, but they do not want to overextend themselves. Mr. Toohey asked if it zoned for what they want to do there, and Mr. Tracy said yes it is. They have been through the process in Halfmoon, and have been approved for that location.

Mr. Benton asked what the skill set is of their employees. Mr. Tracy said they have a fabric location in one building and a metal fabrication in another building. They have skilled welders, punch process and lathe shop. They make the components for the frame system for the tent. In the new building, they will combine them under one roof. Those are the skilled people. On the fabric side, they weld the fabric together and sew it together, and they are trained positions. It takes about six months to train a person for that process. There are laborers who fold the tents, but there is some skill to that. Once they move into the new building, they want to gauge what their costs will be and then go from 50 to 70 employees. Mr. Benton asked what benefits are provided to their employees. Mr. Tracy said profit sharing, 401K, health insurance, and paid vacation and holidays. He mentioned that years ago, this building was occupied by Imperial Wall Covering. He stated 28 years ago, the company started out with 6,000 sf.

Mr. Carminucci mentioned this building was an IDA project before with Yankee Dollar. Mr. Dunn said they are requesting mortgage tax relief, sales tax relief and to fix the present assessment for ten years. Mr. Benton said any increase in assessment resulting in any improvement they may make over the ten year period would be exempt. The current assessed value would be frozen. The PILOT would give them that certainty. Mr. Carminucci said what about a town revaluation? Mr. Benton said that is not changing the assessment just equalizing things throughout the town. Chairman Callanan asked if anyone has talked to the Town Assessor regarding this, and Mr. Angus said no. Mr. Carminucci stated on the application on page 8, No. 2, the answer should state yes rather than no.

Mr. Rockwood said he is confused on the assessment and if there is a revaluation. Mr. Benton stated when a town does a reval, it is because there are inconsistencies throughout the town with older and newer properties. He said he believes this would be pretty well protected. He said he believes this is probably a fairly stable tax revenue for this property year in and year out regardless if a reval is done. So if this is \$1.1 million now, and the town did a reval and somehow this went to \$1.5 million, how would the PILOT address that? Mr. Carminucci stated usually our PILOT says it will adjust if it is a result of a town-wide change as opposed to a specific change on the property as a result of additional improvements being made. He said the likelihood of that is probably not high. Mr. Johnson said a reval is redistributing the same levy. Mr. Benton said the PILOT can contain language on a reval. Mr. Benton said we will talk to the assessor as this goes forward.

Mr. Angus introduced Daphne Jordan, member of the Halfmoon Town Board. Ms. Jordan stated that the Town of Halfmoon is in full support of Fred's Tents relocating to the Town of Halfmoon. She said it is businesses such as this that they are so desperately looking for and welcoming to their town. She hoped the IDA will give them their full consideration. She presented a resolution of support of this project adopted by the Town of Halfmoon last Wednesday. Mr. Tracy mentioned they have been trying to find property in Stillwater for the last three years knowing that they would need to move at some point, but he was unable to locate any. Mr. Toohey said they are constrained by the existing zoning and development pattern around their current plant, so there is no place for them to expand there.

Mr. Dunn moved to accept the application of Fred's Tents and to set a public hearing in the Town of Halfmoon. The motion was seconded by Mr. Johnson.

RESOLUTION NO. 1231

Resolved, that the Saratoga County Industrial Development Agency accepts the application submitted by Fred's Studio Tents and Canopies, Inc. and sets a public hearing on this project for Monday, September 8, 2014 at 8:00 a.m. in the Town of Halfmoon.

AYES – Messrs. Dunn, Hanehan, Johnson, Mooney, Rockwood, Sutton and Callanan.

NOES – 0.

Adopted 7-0.

NIAGARA MOHAWK (NATIONAL GRID): CONSTRUCTION EASEMENT FOR MOREAU RAIL

Mr. Toohey stated we granted an easement a couple of months ago based on what they wanted which is a permanent easement for their line as it cuts through the rail spur area, and they wanted a temporary construction easement to the west. When they were there, they figured they would need the same thing to the east. All we are doing is expanding what the Board has already done by a very small temporary easement - .19 acres.

Mr. Hanehan moved to approve a temporary construction easement to the east of the Moreau Rail Spur for Niagara Mohawk (National Grid). The motion was seconded by Mr. Dunn and approved with all in favor.

SARATOGA RACE COURSE STUDY UPDATE: APPROVE CONTRACT

Mr. Benton said that Mr. Sutton and he met with Rob Camoin. The initial contract proposal was around \$30,000, and they discussed the scope and the strategy with him. Essentially, we will take the second update that was done in 2011 which has all of the handle, attendance, expenditure-type charts, etc. and update those into a set of attachments to this proposed update rather than redoing the whole study. The assumption is that NYRA will provide, in a timely manner, all of the updates on the handle, attendance, etc. We will then focus on the impact of VLT's on the New York breeding industry which is very significant impact. People realize outside of New York State that if you are an owner of a New York bred, there are many opportunities and very high purses available to you to run that horse in a restricted New York State company. There is a lot of money to be made, and that is what generates the expanding market. We want to take another look at that and personalize it by meeting some of the breeders locally and have them tell the story. This may be the only way we can move Albany to do something positive for horse racing. They have to realize there are other aspects of this industry that are not available in other forms of gambling. An important one is the agricultural benefit. He said he believes there are over 100,000 acres involved with the breeding operation. That would be one of the focuses of the update. He said having met with Mr. Camoin and redoing the scope, it went from \$30,000 to \$19,500. He said Board members were contacted to get the approval because the key element for NYRA is to do a survey of its customers. Mr. Mooney asked if the survey will be done this year, and Mr. Benton stated it is being done now. Mr. Mooney asked how this survey is being done. Mr. Benton said he does not have the details. Mr. Sutton said they will be calling the Chief experience Officer to find out what the survey process will be. He said some people will be going out with a formal questionnaire.

Mr. Sutton stated Fasig Tipton just finished with a tremendous New York bred sale. It was a big as the select sale they had the week prior. They also have an October sale, and they have stalls for 300 horses, and they are selling 500 horses in October. They are looking to expand into the Oklahoma track to use some of the barns in that area. The New York bred are resonating, and the VLT money is very critical for the New York bred to continue to subsidize the farms and the farms to continue to produce the foals. He said when it comes to racing, the Fasig Tipton is much like the straw the stirs the drink. It is extremely important to Saratoga. Mr. Toohey stated he does work for Fasig Tipton, and the New York bred program was so successful, they had to figure out how to put a tent on the lot next to the feed store on East Ave. because there were not enough stalls. He said the City did cooperate with this.

Mr. Sutton said he appreciates everyone's support on this project. The current NYRA board has been revised in the past couple of years, and many of those appointments have been made by the Governor. Hopefully we can convince the NYRA board to show the State Legislature how important the AgriBusiness and the industry are not only to Saratoga County but to the State overall.

Mr. Mooney moved to approve a contract with Camoin Associates in the amount of \$19,500 to complete an update on the Saratoga Race Course Study. The motion was seconded by Mr. Dunn.

RESOLUTION NO. I232

Resolved, that the Saratoga County Industrial Development Agency approve a contract with Camoin Associates in an amount of \$19,500 for the purpose of completing an update to the existing Saratoga Race Course Study last completed in 2011.

AYES – Messrs. Dunn, Hanehan, Johnson, Mooney, Rockwood, Sutton and Callanan.

NOES – 0.

Adopted 7-0.

UTEP: PROPOSED AMENDMENTS

Mr. Benton said he received some comments from Mr. Toohey with some minor revisions, and he has sent them to the Board members. He stated a summary was provided by e-mail to everybody. With current manufacturing, we allow 100% abatement on any new assessed value with a qualified manufacturer for a ten year period. In a few rare occasions, we shortened the term for manufacturing because the nature of the company was not clear cut manufacturing but was in a sense close to manufacturing or reflected a new form of manufacturing such as software development. We are proposing for over the first five years, instead of 100%, we would go from 50% to 100% abatement. For the second five years, the abatement would be from 0 to 100%. That gives the Board greater flexibility in its decision making.

Mr. Benton said we had an issue with our notice period to deviate from the standard policy. It was 30 days, but that has been dropped from the statute. We are changing that to ten days for the legal notice or to whatever the statute says at the time of the notice. We are sending this to 50 separate taxing entities throughout the County.

Mr. Benton stated another major change would be a modified claw back that we had found from Oneida County. The claw back allows you to go backwards in time. It's a higher percentage claw back in the

earlier years if promised job levels are not met. The way this Board makes its determination initially has probably protected us from having this kind of a situation. We don't take inflated figures and we work closely with SEDC. This Board isn't interested in looking good with a high job number that is not realistic. That has put us in a position where with over 100 projects, we have had very few cases of this sort of thing except for a few cases of default where companies could not be successful in the economic climate. He said he is not quite sure how to reconcile the claw back with the modification policy. He said he believes we really need a claw back at this stage. That is an actual question on the PARIS report that we submit each year to the Comptroller. Mr. Carminucci told Mr. Benton that when he tried to modify the Oneida County claw back, some of the definitions are off with the 20% loss of jobs. Mr. Benton said Oneida County had a shortfall and a major shortfall, but he will review that again and make some amendments. Mr. Carminucci said this is important because this is a map for litigation. Mr. Benton stated in our legal notice for our taxing jurisdictions, we did a summary. We are ready to go on this. Mr. Carminucci said if you are not ready to send these amendments out as yet, before the public hearing, would you be able to put in on the website. Mr. Benton said yes. Mr. Toohey stated a copy can be sent to them prior to the public hearing if they wish. Mr. Benton stated a public hearing has been set for October 14th on the UTEP amendments in this building.

RAIL SPUR TRANSFER: STATUS

Mr. Toohey stated Mr. Benton and he have been spending significant time with this. He said he has found three different ownership components to the rail spur. There is a right hand side (west of County Road #44), that we have some level of ownership in. There is a part in the middle of the road that has different criteria, and on the east side there is a small section owned by the Railroad Co. and leased to the Agency. There is a section that that used to go to Ball Metal Container, but the rail was removed and relocated around 1993 when Saratoga Warehouse constructed their sidetrack. A section of the Ball access still remains on the Logistics parking lot. There have been some derailments, and Mr. Benton and he are attempting to determine specifically where the derailments took place, because rights and responsibilities will be different for each one. They may or may not have happened on our property. He said within 70 yards, there are three different sets of rules that he sees as to who does what for whom. Mr. Benton said the way Canadian-Pacific operates, they have to call a crew from Massachusetts to come here with equipment to lift the cars back onto the track, and that can be quite expensive. He said we have asked for incident reports so that we can negotiate these issues to a successful conclusion.

OTHER BUSINESS

Mr. Hanehan asked if anyone has heard anything definitive from Uri Kaufman on the Victory Mill project. Mr. Carminucci stated that he is trying to get his financing done. He has a broker and has reached out to a few banks for financing.

Mr. Dunn asked Mr. Angus if they have any upcoming projects, and Mr. Angus said they are working on some.

Being no further business, Mr. Hanehan moved to adjourn the meeting. The motion was seconded by Mr. Johnson and approved with all in favor.

Respectfully submitted,

Elaine M. Sodemann