

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY MEETING

December 8, 2014 – 8:00 a.m.

At 50 West High St., Ballston Spa, NY

Chairman Callanan called the meeting to order.

PRESENT: Members: Chairman Raymond F. Callanan; Richard Dunn, Arthur Johnson, Michael Mooney, Glenn Rockwood, Rodney Sutton.

Staff & Guests: Lawrence Benton, CEO; Michael Toohey, Agency Counsel; Jim Carminucci, Bond Counsel; John Murray, CFO; Michael Valentine, Sr. Planner; Dennis Brobston, SEDC; Stephen Williams, Daily Gazette.

APPROVAL OF MINUTES

Mr. Dunn moved to approve the minutes of the meeting of November 10, 2014. The motion was seconded by Mr. Rockwood and approved with all in favor.

SALES TAX REPORTING

Mr. Benton stated there are five companies subject to the new state reporting regulations. He said effective March, 2013, there are new forms that state that companies have to report on sales tax they earned on an annual basis. That may be covered by the ST340. If someone goes over the amount approved by the Agency, we are required to recapture the excess amount. We need to have language in our resolution that the company agrees to repay any overage on sales tax earned. The sales tax letter has been replaced by Form ST-123. Mr. Carminucci said companies have to use Form ST-123, but you could still use your letter. It depends on what the Agency wants to do procedurally. He said it still serves the purpose from the Agency's standpoint. Mr. Benton asked if the letter should indicate that they need to use Form 123, and Mr. Carminucci said yes. Mr. Dunn asked how the Agency would recapture any overage, and if there was any word from the State about this. Mr. Valentine said we do not even have a contact. Mr. Dunn stated Brian McMahon should be able to give him a contact name.

RENEW SECRETARY CONTRACT

Mr. Benton stated that Ms. Sodemann's contract expires at the end of the month, and he requested it be renewed for another year, January 1, 2015 – December 31, 2015.

Mr. Dunn moved to authorize the renewal of the secretarial contract for Elaine Sodemann for one year, January 1, 2015 – December 31, 2015. The motion was seconded by Mr. Johnson.

RESOLUTION NO. 1243

Resolved, that the contract with Elaine Sodemann for secretarial services is hereby extended from December 31, 2014 to December 30, 2015 subject to the same terms and conditions.

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

NOES – 0.

Adopted 6-0.

BOARD EVALUATIONS

Mr. Benton said according to ABO requirements, we have to file an annual summary of the Board members' evaluations of the operations and management of the Agency. He said he has received four completed evaluations. He said it is a list of different categories, and then there is a summary page which he will complete and submit to the ABO. He stated they are confidential.

2015 OPERATING BUDGET: ADOPTION

Mr. Benton said the 2015 Operating Budget was completed a couple of months ago. The 30-day public notice was placed in the newspaper. He said we should be ready to act on that, as the 30-day period has expired. He said this budget lists revenues, expenses and fees. Unless we have a specific project, we use \$112,500, and then we note that is based on an estimate of an issuance of up to \$15 million in projects, lease or bond issuance. From time to time, this budget is amended. He said he did not include Greenfield Manufacturing, as it is not expected to close this year. Mr. Toohey confirmed that PeroxyChem will close this year, and Greenfield Manufacturing will not be closing this year. Mr. Benton said this revenue could be added today, and that would be \$11,000+ on the expense side for 2015 to reflect the fee split with SEDC. For Interest & Earnings, we show \$4,000 which is consistent with what we receive now with our principal in the banks and what the interest rates are paying. We have not done CD's for quite some time due to the low interest rates. Interest on Mortgages is for Luther Forest and the Rossi loans. He said Rossi has one more year on the loan term ending in January, 2016. He said the PILOTS are listed as a revenue and expenditure, and we are estimating \$14.5 million for each of those. He said he also listed the Luther Forest second principal payment which would be \$100,000.

Mr. Benton said Contractual Expenses have been fairly consistent, and he has it listed as \$89,000. General Expenses have been generally consistent which are listed at \$6,000. We pay the County \$22,500 for administrative services. Many of the typical expenses will be provided by the County Planning Department. He said he has listed a Non-Operating

Expense of \$10,000, as it seems we always do something with that (sponsorships, etc.). We also have the SEDC estimated fee split. He said under Grants for Economic Development, there is a line item under Charter of Accounts for IDA for grants for economic development. It lists \$1.525 million for the 1 million dollar loan to the Water Authority and the \$525,000 grant. The budget reflects the \$40,000 grant for the Geysers Road signalization that the Board had committed to. Mr. Dunn said the turn lane project has a chance of coming out of hibernation and could happen as early as 2016. Mr. Valentine stated that the City received \$1.2 million for the Geysers Road path.

Mr. Dunn moved to approve the 2015 Operating Budget as presented with the noted changes. The motion was seconded by Mr. Mooney.

RESOLUTION NO. 1244

Resolved, that the 2015 operating budget, as presented, is hereby adopted.

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

NOES – 0.

Adopted - 6-0.

PARIS BUDGETS FILED

Mr. Benton stated these are five-year projected budgets. It starts with 2013 final budget, 2014 estimated, and it goes out five additional years to 2018. He said this uses the same \$112,000 for revenue as in our operating budgets.

NYEDC “BEST PRACTICE” LABOR POLICY COMMITTEE

Mr. Benton said the Economic Development Corp. has established a committee to develop best practice labor policies for IDAs. One of the IDAs in western New York has a policy for using 100% local labor on a project. He said because they have that requirement, they hired a CPA firm at \$80,000 per year to confirm that companies are complying. He stated we have a labor policy where we do not force a company to hire locally, but we encourage them very strongly to hire locally, and it is in the application. We can go back and modify the abatement we granted to the company if it can be demonstrated that there was insufficient effort to hire locally. We require a detailed construction report at the completion of ~~for~~ every project. Our local labor area is the Capital Region, but in practice, companies hire firms from all over the State. He said he believes the Agency's policy meets its intent to hire locally whenever feasible while remaining realistic. He stated that the western NY IDA has a waiver system, and they also hire a Clerk of the Works to go to each

site to check licenses. He stated in the case of Global Foundries, there is no way you can hire exclusively locally. We would be granting a lot of waivers if we had that procedure in place. He said he suggested this committee develop a base labor policy which is a straight forward rational policy, and if someone wants to add to it, they would have something to start with.

LFTCEDC PDD AMENDMENTS: LETTER OF SUPPORT

Mr. Benton stated that Mike Relyea is still serving as the consultant for the LFTCEDC. They submitted an application to amend the overall PDD zoning of Luther Forest. There are a number of changes that we are familiar with, as we had submitted our recommendations to the County last year. An important change would be to open up the list of allowable uses on the remaining 1,000 acres of prime development land. As of now, it is restricted to nanotechnology companies or closely related to that. There are other issues involved there that are very unusual in terms of planning and zoning, and one is, if a company wants to purchase a lot in there, it has to be subdivided. Malta requires a company to obtain site plan approval of what they want to do before they will consider a subdivision. The company, therefore, has to expend considerable money on site plan approval without any assurance that they will receive subdivision approval. There are development fees charged right up front, and Luther Forest is requesting these fees be stepped up as the project goes through the lengthy review process. He said the key thing they want to change is the prohibition against the granting of tax abatements by the IDA. He said this is not workable. Global is the only company to have located in the campus over the past ten years, and they have the Empire Zone reimbursement on their taxes. They pay the IDA full taxes which are then distributed to all taxing jurisdictions, but it has the same function as a PILOT.

Mr. Benton stated that Empire Zone program is now gone. We have been asked to submit a letter of support. He said if some of these restrictions were softened, the IDA could grant PILOTS going forward, and the IDA could reconsider purchase of one of the development pods. We had discussions a while back regarding investing in Pod 4, and he believes that would address the difficulty of using the IDA's fund balance to create infrastructure through a third party. He said he will draft a letter of support and send it to all members. It is important to include the fact that the IDA has discussed this investment, and there is interest by the Board. We do not have to make a profit, but it has to make sense in terms of that type of investment.

Chairman Callanan said last week, Mr. Dunn made a presentation to the Malta Town Board explaining the changes to the Agency's UTEP. It went over well, but we did not receive any commitment from the Town of Malta. At least they are aware of the flexibility of the UTEP.

Mr. Benton stated this letter will go to each member of the Malta Town Board and he will cc the Malta Planning Board members. Mr. Rockwood said they will be having a series of

workshops to discuss this, and he will keep the IDA updated on when they are if anyone would like to attend.

Mr. Murray pointed out these decisions that were made were done over ten years ago, and things have changed dramatically. We have a better understand of what Global has done, and they have become more partner-friendly. Years ago, the town had no idea what these companies were, and now, they have had ten years of experience. This is the only piece of land in New York State that is so restricted in terms of tax abatements. Mr. Benton mentioned that G.E. has a presence in the United Step Building. Wouldn't you want them to slip into Luther Forest and buy a piece of land to build a factory and create jobs? Under the current zoning, this wouldn't be permitted.

Mr. Toohey asked if the letter of support should also go to the Stillwater Town Board and the Stillwater Planning Board, and Mr. Benton said yes. Mr. Toohey said it is important to have this Board's opinion heard. Mr. Murray said they would like to see greater flexibility in allowable uses because they see the need. Mr. Johnson stated the County is still willing to take ownership of the roads depending on the changes. Mr. Rockwood said there is a stipulation that the Town has to own the roads for ten years.

Mr. Dunn moved to authorize Mr. Benton to draft a letter of support to be sent to the Town of Malta. The motion was seconded by Mr. Rockwood and approved with all in favor.

OTHER BUSINESS

Mr. Sutton stated the update on the Saratoga Race Course is almost completed. Mr. Benton, Mr. Dunn, Camoin and he will be meeting later this week to make edits to the draft. Once that is completed, this will be sent to everyone on the IDA Board. He said Mark Bardack wanted some information on the report so that Chris Kay could take it back to his board. The report is very positive in terms of economic impacts that have been over and above the previous studies. He said Camoin had in depth discussions with breeders, trainers and owners and used data the County and NYRA had furnished. He said NYRA does not have another formal board meeting until March, so there is no sense of urgency to get this out. When we do go public with this study, Mr. Bardack will put together advertising for the news media. Everyone on the IDA Board will see the draft before we go forward with it. Mr. Benton stated the focus was the breeding industry in relation to the VLT revenues which started flowing in 2011. It has raised New York breeding to No. 1 in the country in terms of recent foal production. Thoroughbred horse racing is a \$2 billion industry in New York. The consultant also provided a methodology using daily handle and per capita betting figures to determine total attendance in 2014. This was done in response to NYRA's decision to count 6500 pass holders as attending every day of the meet. The methodology reduces the attendance figure by approximately 26,000.

Mr. Benton stated there is a large parcel in the Town of Stillwater that was purchased by a developer and subdivided, and when the recession came in, they defaulted on it. The bank sold it, and there were two bidders. One was a dairy farm and the other was a NY breeding farm that purchased that piece of land. The end result is that it is a beautiful piece of productive farmland remaining that way well into the future. Mr. Dunn mentioned that is a key parcel to the Battlefield. Mr. Sutton stated that the purse structure went from \$28,000 to \$46,000 per race. We do not know what impact the casinos may have on the VLT program down in Aqueduct. He said we have to continue to press hard for VLT monies. By the time this is completed, the sites for the casinos will have been identified. Mr. Benton stated it was discovered in the research that we have done that almost half of the races run in the winter time at Aqueduct are New York bred races. He said Saratoga cannot stand alone, because the horses that run in Saratoga have already been running at Aqueduct and Belmont. It is all part of an interconnected system. Mr. Sutton stated each group all has a vested interest. There is no central person pulling this whole thing together. Hopefully this study will pull this all together so that the NYRA Board can go to the Legislature and Governor Cuomo's people to show what is going on with this. It is very critical at this stage because of the casinos coming on board. Mr. Benton stated NYRA conducted a survey of about 2300 visitors to the track, and 60% of the people came from outside of our greater region. Previous studies did not have that survey to go by. Mr. Dunn said also, we did not have breeder and trainer interviews before.

Mr. Johnson asked if the report mentioned the potential change in operating structure next year? Mr. Benton said no, but it does mention that is one of the reasons for the updated study. Mr. Sutton stated there was a strong debate by the NYRA Board on the length of the meet. Next year, Labor Day falls on September 7th, so they wanted to move things back into July and go the eight weeks five days per week. They remained with the 40 days, six days, six weeks format at this time. That is subject to change as well. There was also talk about the number of people on the NYRA Board shrinking. There are 17 voting members at this point. He said this report will be very helpful for the decision making. The IDA Board has been very supportive. He said it is money that was well spent. The attendance figures are still over 900,000 people in those 40 days, and it does create over 18,000 jobs in the State of New York. Mr. Rockwood asked if there would be a benefit to doing a side by side comparison of the three different reports? Mr. Sutton said that is a good point, and we can bring that up when we meet with Camoin again. Mr. Benton stated Camoin has done an excellent job. Mr. Sutton said right now, it is a 60 page report.

Mr. Dunn asked about the Comptroller's audit. Mr. Benton stated he has not heard anything on this, and he said Mr. Valentine will handle that when the time comes. He is preparing an outline of financial and procedural documents for the audit which he will forward to the treasurer and CFO.

Chairman Callanan announced that Jim Angus, of SEDC, will be retiring at the end of the month. Mr. Brobston stated they will be having a luncheon for him.

Mr. Brobston said they are working on five different opportunities right now. Some work is being done to finalize a couple of projects with an application forthcoming in January.

Mr. Valentine stated we have received payments from Fred's Tents and Greenfield Manufacturing. Fred's Tents and SSP have had their closings. Greenfield Manufacturing will not be closing at this time.

Mr. Valentine said he sent an e-mail to Uri Kaufman regarding the Riverview project, but he has not received any comments back.

Chairman Callanan thanked everyone for their efforts this year, and he wished everyone a Merry Christmas and a Happy New Year.

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

Respectfully submitted,

Elaine M. Sodemann