

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY MEETING**May 12, 2014 – 8:00 a.m.****At HVCC Tech Smart Bldg., NYSERDA STEP Park, Malta, NY**

Chairman Callanan called the meeting to order following a presentation by Joseph P. Dragone, Superintendent of the Ballston Spa Central School District, on Clean Technology & Sustainable Industries Early College High School developed by a partnership with HVCC, NYSERDA and the Ballston Spa Central School District.

PRESENT: Members: Raymond F. Callanan, Chairman, Richard Dunn, Charles Hanehan, Arthur Johnson, Glenn Rockwood, Rodney Sutton

Staff & Guests: Lawrence Benton, CEO; Michael Valentine, Sr. Planner; Michael Toohey, Agency Counsel; John Murray, CFO; Dennis Brobston, Jim Angus, SEDC; Paul DiCaprio, Specialty Silicone Products

APPROVAL OF MINUTES

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

Mr. Valentine pointed out Resolution No. 1201 was mistakenly attached to the back of the minutes and should be removed and discarded.

PERRY (SOFT-TEX MANF.): AMENDMENT RESOLUTION NO. 1217

Mr. Toohey stated that Perry continues to reconfigure itself internally. They want permission to change their ownership model by a restructuring of Soft Tex. The banks are fine with this, and he does not see any reason for the Agency to be concerned. The amendments do not alter any of our responsibilities or the company's.

Mr. Johnson moved to authorize this amendment. The motion was seconded by Mr. Sutton.

RESOLUTION NO. 1222 (Amending Res. No. 1217)

WHEREAS, The SCIDA, by Resolution #1217 of April 14, 2014, approved the proposed refinancing of the Perry Realty Associates, LLC (Soft Tex) project and,

WHEREAS, Perry Realty Associates, LLC has subsequently requested by letter dated May 7, 2014 that the Agency explicitly authorize and approve as part of the

refinancing, a proposed restructuring of Perry Textiles, Inc., (the tenant); the related subleasing change and the amended and restated Lease Agreement as described in the May 7th letter to the Agency, Now Therefore be it.

RESOLVED, that the Board hereby approves the amendments stated herein and authorizes any officer to execute such documents necessary to implement the requested project changes and amendments.

AYES - Messrs. Dunn, Hanahan, Johnson, Rockwood, Sutton and Callanan

NOES - 0

Adopted 6-0

APPLICATION: SPECIALTY SILICONE PRODUCTS

Mr. Angus said everyone should have received a copy of the application from SSP Development Corporation. This is to build an addition on to the building and to equip that, and the operator is Special Silicone Products (SSP).

Mr. Paul DiCaprio, Pres. of SSP, said they manufacture a variety of silicone-type material. The biggest product line they have is a product called a Septa which is a silicone rubber on one side and a Teflon coating on the other side. They make this in rolls and punch them and put them into caps. They sell the cap with the Septa to laboratory supply house who then sell this cap with the Septa with a vial and syringe with all types of consumables for scientists. The scientist will fill the vial with whatever chemical they are trying to analyze and screw the cap on. It is then inserted into a machine and the machine has a needle which pierces the silicone rubber, grabs the sample, and the silicone reseals itself and keeps the sample inside the vial. We manufacture a variety of sizes of these caps. He then displayed the various caps. He said when the needle is piercing this silicone rubber, anything in the rubber will transfer to the needle and then the needle will hit the chemical inside it and will dissolve into the chemical that is on the needle. The scientists are asking them to manufacture extremely clean Septa. Today, they are able to manufacture Septa that is relatively clean. The scientists understand that they cannot manufacture 100% contaminant free, but they are pushing them to get cleaner and cleaner. Right now, they manufacture in an industrial setting, and there is no clean room; just open air. He said they struggle with contaminants coming from the atmosphere. He said they are looking to expand their building to take all of their manufacturing of this product into a separate building. They want to put clean rooms in so they can make sure the product is as clean as they can possibly make it. He stated they have to keep up with technology, as their business is growing dramatically.

Mr. DiCaprio said their mission statement is silicones at work with speed, flexibility and service. They have quite a bit of competition, so customers love doing business with them. Last year sales grew 13% and through April, their business is up 22%, and they do not see it retracting. They are under a tremendous competitive pricing pressure mainly from China, India, and Brazil. He said it takes a long time to manufacture this product. They run two full shifts and a partial third shift, and they still cannot keep up. Their customers do not like the fact that their lead times are so long because their processes are manual and antiquated. He stated that they need to expand, automate and purchase new equipment to lower their costs. That is their primary focus and their primary business.

Mr. DiCaprio said they also manufacture a very thin silicone rubber material with a silicone gel adhesive on one side. This product is used to heal and reduce the effects of scars. It is a documented fact that silicone does help to reduce the visibility of a scar. Once a wound heals over, a person would wear this for three to four months over their scar, and it will become less noticeable. It is transparent and sticks to the skin all day long. He mentioned CVS, through another third party, is now marketing this product. We expect this to grow and go into Walgreens, Walmart, Target, Rite Aid, etc. They had an FDA audit come in and said they cannot continue to manufacture this the way they currently are doing. They need cleaner facilities and more documentation control which is another reason for the building.

Mr. DiCaprio also displayed a conductive silicone rubber which they put a nickel graphite metal filler into it. It conducts electricity and prevents and blocks interference from radio waves. The material is used extensively for gaskets with many applications. He said this product can be made in a continuous roll. He stated they need to expand their building for the clean requirements and growth for their silicone rubber. He distributed copies of their proposed floor plan and an artist's conceptual rendering of the building. He said they would like to build an 18,000 sf addition on the existing structure. There will be remodeling inside of the existing structure, but they are not seeking IDA funding for that.

Mr. Dunn asked if they looked at other buildings outside of or within the area. Mr. DiCaprio stated it was suggested they look at North and South Carolina because of the tax rates and incentives. They prefer to remain where they are because they have the land and a trained work force. He said it is a lot lower cost to manufacture down in the Carolinas. Mr. Toohey asked if this addition is required to maintain their competitive position in their market. Mr. DiCaprio said if they do not do this, it will not allow them to manufacture their Septa product and scar healing material. They would end up slowly choking themselves off, and customers would leave them. Mr. Sutton asked what impact would this have on job creation. Mr. DiCaprio stated in the application, they committed to three jobs for next year, three jobs for the year after, and three to five jobs in the next couple of years after that. Mr. Sutton asked how technically skilled do they have to be? Mr. DiCaprio stated their equipment to be brought in is highly sophisticated, and a person would need a two year

degree of electrical and mechanical engineering background. Mr. Valentine asked about their silicone windshield wipers. Mr. DiCaprio stated they sold that business in 2010 because they were not able to be that competitive.

Mr. Benton asked if they designed this so as they continue to grow, that the middle piece could be converted into clean room space. Mr. DiCaprio said yes, all of that will be modular. This building is being built to accommodate the next seven to ten years of growth, and there will be potential to add another 18,000 sf. He said the parcel is 10 acres.

Mr. Hanehan moved to accept the application of Specialty Silicone Products and to set a public hearing. The motion was seconded by Mr. Johnson.

RESOLUTION NO. 1223

Resolved, that the Saratoga County Industrial Development Agency accepts the application submitted by Specialty Silicone Products and authorizes a public hearing be scheduled for June 9, 2014 at 8:00 a.m. at the Ballston Town Hall.

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

NOES – 0.

Adopted 6-0.

RAIL SPUR AT W.J. GRANDE INDUSTRIAL PARK

Mr. Benton stated he met with representatives of Logistics One and walked the rail. There is a need to do repairs and upgrades. The rail is 35 years old, and that is about the life span of a side track that is in use. He said the company had an estimate done by a reputable firm, and last year we approved an investment of \$45,000 to bring it up to where it should be. In the meantime, emergency repairs have been made. He stated we had an appraisal done as a starting point for negotiations. The right-of-way we own that went to the Ball Plant and the Canadian Pacific lead line was estimated to be worth \$30,000. The balance of the rail spur was another \$30,000. Salvage value was \$4,800. He pointed out that we do not own all of the rail that is there or the switch. That is owned by the railroad company, and we lease it from them. We own the 1200 feet that swung around in back of the Ball Plant for the delivery of the raw materials. When Mr. Grande built the second warehouse, there was an understanding that Ball had decided they didn't want to deal with the rail system themselves, they pulled up the track from the Plant back a ways, built the second warehouse and paved over part of the rail. Now the second warehouse serves Ball. The little loop is owned by the IDA. With our permission and DOT's approval in 1992, these changes were made. There is another switch in place where the curve begins that parallels Duplainville Road behind the first warehouse where there is a double track. Those are not

in our right-of-way. He said he is giving this history because when we start to talk price, it needs to be understood the price we received from the appraiser included everything. This needs to be discussed with the subcommittee at some point.

Mr. Benton said the need for repairs is critical at this point. We would have to go to bid or have a contract with Logistics One that includes a universal solution to all of these issues. The IDA would make Logistics One our agent to undertake these repairs, and Logistics One would pay the bills and voucher the IDA for reimbursement. He stated when we reach the point of a negotiated sale, we want everything to be clean. This has no value to anyone except Logistics One. We need to move forward with a contract to have the repairs done. It's more upgrades rather than repairs. We have up to \$45,000 approved, but that was based on an engineering study that included everything, but we do not own all of it. Mr. Toohey said under the lease, isn't it their responsibility to maintain this? Mr. Benton said yes. Mr. Toohey said have we had a serious conversation with them that if we do this, it will be part of the purchase price? Mr. Benton said no, he has not discussed price. Mr. Dunn said would the \$45,000 include their agreement to settle the other two bills, and Mr. Benton said absolutely. He mentioned when the derailment took place, Canadian Pacific went in and made the repairs and gave us the bill for \$19,000. They didn't give us the opportunity to see if it could have been done at a lesser price. Mr. Dunn said on the other hand, a rail car could have been blocking a roadway that was critical to the Park, and time was of the essence. He added that he did believe they should have notified us. Mr. Benton said we want a confirmation from Logistics One, before we get into this repair issue, that they recognize that it's their obligation. He said if Mr. Toohey is fine with this proposed contract, we can start to work on the details. It would be good to have the approval to execute it today.

Mr. Sutton asked if there was another form of egress on that road other than through that spur. Mr. Dunn said you would have to go through the Quad property to get there. Mr. Sutton said if that spur was to be blocked off for any time frame, there would be a business interruption problem, and this begs the question of an insurance claim.

Mr. Dunn moved to authorize a contract for the prior approved expenditures of the rail spur improvements which is a reaffirmation of everyone's obligations. The motion was seconded by Mr. Sutton.

RESOLUTION NO. 1224

WHEREAS, the SCIDA had previously, by Resolution #1205 of 11/12/13, authorized the expenditure of up to \$45,000. for upgrades to the Agency rail spur at W.J. Grande Industrial Park now therefore be it,

RESOLVED that the Agency hereby approves a contract appointing Logistics1 as agent for the Agency to undertake the improvements under contract and authorizes any officer to execute said contract subject to counsel's approval as to form and content.

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

NOES – 0.

Adopted 6-0

OTHER BUSINESS

Mr. Sutton stated he is part of a group called Concerned Citizens for Racing that formulated a policy for racing five or six years ago. Members of the business community gave their thoughts as to where racing should go or where it should be. It prompted the IDA to formulate an **Economic Impact Study** that we solicited. The New York Racing Association has used that at length to indicate to the State and to the general public how much of an impact racing has on Saratoga County and the region. He said in recent discussions with Charles Wait and a few members of the business community, we were looking to revisit the Concerned Citizens for Racing because once the City of Saratoga Springs and the Casino was no longer a viable entity coming to Saratoga County, we thought the emphasis should revert back to horse racing as being the economic engine that draws tourism to Saratoga County. He said the New York Racing Association has access to the tracks for the next 25 years, but when the State formed the newest Board of New York Racing, they have a three year pact to have the operation up and under control, but the State wants to privatize the racing industry within the next three years. Mr. Wait is requesting the IDA to revisit the Economic Impact Study for racing in the County reflecting the years 2011 through 2013. He said whether you were for or against the casino, a small group of people were able to change the vote and thought process of the Saratoga Springs City Council. If we show the general population what effect the Racecourse has on Saratoga County, we have to emphasize horse racing as a primary tourist attraction in our County. Our last study was done for 2007 through 2009 when the economics in the State and County were down. If this is revisited, you will see that it's even more of an impact on Saratoga County than the five year period of study. The whole thing would center around agribusiness and the effect on tourism. The request is to see what the cost would be and the length of time it would take. He stated he would send the letter that he received from Charles Wait to the Board.

Mr. Benton said H&R, a firm out of New York, did the last study. He said if we were to do this again, there is at least one local firm with expertise in economic development studies, Camoin Associates, which was our consultant for the tax cap study. He said he has some

thoughts to make this more straight forward. There should be a broader emphasis on the breeding program in New York State which has grown tremendously since they received VLT revenues. Many farms from Kentucky have brought their mares to New York. There is a dollar value there plus the open space preservation of which tens of thousands of acres of land are preserved for agriculture. He stated there should be a clear explanation of how horse racing is different from casinos in terms of the overall economic benefits. He said a local firm would be more helpful to us.

Mr. Sutton stated the Impact Study that was conducted before was shared with so many people, and the Chamber of Commerce gave it to Chris Kay who was new to NYRA at that time. He used this document to introduce himself on what the effects racing has on Aqueduct, Belmont and Saratoga. He said with the State government creating an RFP for casinos, they will be doing the same thing for the continuation of the track. That RFP will be very critical to see who will run racing. The track could be privatized to an individual, so we have to be on top of our game, not only as a County but as a City, to continue the viability of racing in Saratoga. Regardless of who runs the track, they must be aware of how important it is to the economy of Saratoga County. Mr. Toohey asked what the end game of this report is. Mr. Sutton stated it is to emphasize that this is a growing industry for Saratoga County as opposed to what it looked like five years ago when we went through a downturn in our economy. The emphasis is horse racing now that we don't have a casino. We want the general business population to keep it out of the hands of self interest groups in trying to dictate where this industry might be going.

Chairman Callanan requested Mr. Benton to develop an RFP with Mr. Sutton. Mr. Sutton said they can look at the old study and boil it down to what is more pertinent at this time. It will be an update of the existing document. He mentioned Mr. Benton provided quite a bit of local information to the last firm. Mr. Benton stated any study that provides facts and figures is very important. We own the study, and a new firm may be a lesser cost. Chairman Callanan requested Mr. Benton and Mr. Sutton to put a plan together to see what the cost will be. Mr. Sutton mentioned he will provide Charles Wait's letter to the Board members.

Mr. Benton stated he is receipt of an **invoice from counsel** for the Water Authority project. Payment to counsel has already been approved by resolution for the fund balance which on some of our projects requires extensive legal work. The rail work also requires a number of hours of Mr. Toohey's time and as a special project that will be billable under the previously approved resolution approving payment for counsel.

Mr. Dunn asked when the **CEO's contract** comes up for renewal, and Mr. Benton stated that can be addressed next month.

Chairman Callanan asked if the **Water Authority project** has started. Mr. Johnson stated there is still one outstanding permit that they need to have, but everything else is done. He stated that Brookfield is holding them up. The contract is contingent upon having all of the permits in place.

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

Respectfully submitted,

Elaine M. Sodemann