

**SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY MEETING****February 10, 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 Hanehan; Arthur Johnson; Glenn Rockwood; Rodney Sutton

Staff & Guests: Michael Toohey, Agency Counsel; John Murray, CFO; James Carminucci, Bond Counsel; Michael Valentine, Sr. Planner; Jim Angus, SEDC; Bradley Birge, City of Saratoga Springs, Peter Faith, Greenman-Pedersen; Stephen Williams, Daily Gazette; Paul Post, The Saratogian

**APPROVAL OF MINUTES**

Mr. Dunn moved to approve the minutes of the meeting of January 13, 2014. The motion was seconded by Mr. Sutton.

Mr. Dunn pointed that on page 5, it states that the motion to approve the Final Operating Budget for 2013 was moved by him and also seconded by him, but it should have stated that it was seconded by Mr. Hanehan.

The motion to approve the minutes, as amended, was approved with all in favor.

**FINCH PAPER LLC: SALES TAX CERTIFICATE**

Mr. Valentine stated the closing was January 24<sup>th</sup>, and the sales tax certificate was set up. Mr. Carminucci said they asked for a sales tax letter to be out for five years, and Mr. Benton was not comfortable with that. They were concerned that if they needed an extension, the Agency would not grant that. Mr. Benton assured them that assuming construction is still under way when the letter expires, the IDA, in normal course of business, would extend it. Mr. Valentine said this is the first sales tax that comes into effect after the March 28<sup>th</sup> Tax & Finance N13 which says on the ST60 we need two values listed on it rather than one, and there is a claw back provision now in effect. There is a value in there that is established, and if they wind up greater than that amount, which we will find out on their ST340 at the end of the year, then the claw back provision comes in. Mr. Toohey said as you recall from the meeting in Albany, if someone underestimates that, you could come back and request an advance or increase. Mr. Dunn said we could expand it by a resolution of the Board. Mr. Carminucci's paperwork now contains that, so there is that claw back provision. Mr. Valentine said with the closing letter that is sent out to the companies with the sales tax certificate, there is a bold note underlined stating they are to request something in writing in

advance of the date of the expiration of the certificate, because we have had those last minute requests from companies that said their certificate has expired.

### **AUDIT FISCAL YEAR 2013**

Mr. Valentine stated Mr. Benton has been sending information back and forth to Cusack and Associates. He said he met with the Auditor last week, and on Thursday, he sent in a draft of the audit, and he provided that to Mr. Dunn for review. He said he will also give Mr. Murray a copy, and most likely, it will be ready for submittal. Mr. Dunn stated it looks close to final and it should be filed with the State within two weeks. He said he believes Mr. Benton is working on the operating report for the Agency.

### **GLOBAL FOUNDRIES: ANNUAL REPORT FOR 2013**

Chairman Callanan said everyone should have a copy of that. They have exceeded all of our expectations. The second project is moving along very nicely. Mr. Dunn said he thought it was interesting that the 90,000 sf expansion of the clean room was \$336 million in 2013.

### **GRANDE INDUSTRIAL PARK, RAIL SPUR: APPRAISAL**

Mr. Valentine said the appraisal has been completed. Mr. Toohey said he assumes the direction we are going in is to attempt to sell and transfer it to McNeary. He asked if they have received a copy of the appraisal, and Mr. Valentine said he did not know. Mr. Toohey said we should acknowledge that we have received the appraisal, and it will be passed on to McNeary.

### **OTHER BUSINESS**

Chairman Callanan stated we have a letter from the City of Saratoga Springs regarding the **intersection of Geyser Rd. and Route 50**. They are requesting that we provide a 20% match (\$40,000) of a Federal grant of \$200,000 that they are applying for for the signalization of that intersection. Mr. Birge said it was the Agency's original support and financial assistance that allowed them to proceed with this project. The project is to engineer traffic improvements at the corner of Geyser Road and Route 50 – a major pinch point for traffic for goods, pedestrians, bicycles and a major point of connection between the southwest portion of the Town of Milton and the City of Saratoga Springs. Nearly 20% of the City's population resides down that southwest section and almost 25% of the youth. We also have a lot of movement with connections from the elementary school, Spa State Park and the YMCA. Greenman-Pederson has been doing an engineering study to define intersection improvements there, and that is just about completed. Major components include a left turn lane to go north to Route 50 at that point, crossing accommodations in that area as well as a replacement of that traffic signal. He said they have identified funding through the Capital District Transportation

Committee to be able to fund those traffic signal replacements. We submitted an application to them seeking up to \$200,000 for that. As part of the application, they are requiring a 20% match, and he said he is respectfully requesting the Agency's assistance.

Chairman Callanan stated the Agency provided \$44,000 towards the initial study. He asked if the City is putting any money in for this. Mr. Birge stated no. He said it is a County road connected to a State road. We have been pleased to try and progress this project forward. Mr. Faith stated the City has put forth money for the design of a Geysers Road trail which connects Geysers Road from the town line to this intersection improvement, and part of the design work that the City has funded is for the trail portion of the intersection improvement. The City will be seeking construction funds from the State for the trail portion. Mr. Dunn asked how close are we to having a final number. Mr. Faith stated they have completed their preliminary designs and our estimates from the overall project are \$750,000 - \$800,000. He said they do not know what CDTA wants to do with their bus stops in the area. They need to have that before they can give this Board and the City a final number. Mr. Hanehan asked if that includes the traffic signal. Mr. Faith said they tried to break that out, and that stand alone project is about \$200,000 for the traffic signal itself combined with relocating some of the guide rail, putting in crosswalk infrastructure and new pedestrian signals that will be required. Chairman Callanan asked if that is separate from the whole project, or will it be done at the same time. Mr. Faith stated the hope is that we do the whole project at the same time. If we can secure the grant monies that will go into the pot, that will be that much less we will have to find from other sources.

Mr. Toohey said the total ballpark project is \$800,000. The grant is for \$200,000, and a matching grant is needed for \$40,000. He stated that leaves a big gap between \$800,000 and \$240,000. He asked where is the rest of that money coming from. Mr. Birge said they are looking for additional State funding and partnership from the Grande Industrial Park, as they are strong proponents of this. Mr. Toohey asked if improvements include from the intersection to the railroad overpass bridge. Mr. Faith said the total project would include 800 feet back. Mr. Toohey said that would bring you back as far as the Bottling Plant. Mr. Faith said that is correct. Mr. Birge said they have asked for up to \$200,000 from the CDTC, and the \$40,000 would be on top on that. Mr. Dunn asked if the engineering cost was in that project, and Mr. Birge said yes. Mr. Dunn stated we do have \$44,000 in this project already. Mr. Johnson asked about the \$75,000 from Quad/Graphics. Chairman Callanan stated that was supposed to expire after a five year period, but we continued to identify that as available. Mr. Dunn said technically, that is off the board. Mr. Valentine stated it is not recorded in our financials any longer. Mr. Dunn said he believes Quad would be in favor of this project also. Mr. Hanehan said he believes everyone in the Grande Park would want to participate as well. Mr. Birge stated yes they have worked with John Munter, and he has identified participation and desire to be part of the project for both of the existing

tenants and as they invite new tenants. Mr. Dunn said it would be nice if the City checked their capital budget to see if they could also put money into this as well. At the end to get to \$750,000, we will need help from the County, City, Grande Industrial Park as well as the Town of Milton. Chairman Callanan said if we approve the \$40,000, we will exceed the \$75,000 we originally committed to this. Mr. Toohey said can we say that if the grant is obtained, and the remaining funding to complete the project is identified, then our money will be committed. Are we applying money to an \$800,000 project or are we applying money to a \$240,000 project? Mr. Faith said it is his understanding that it be all done at once. Mr. Johnson said the \$40,000 is going towards the total project. Mr. Toohey said it is being identified to being applied against this potential grant, but I do not want the Agency to be committed to this and not have the rest of the money identified to go forward. This is seed money for an \$800,000 project.

Mr. Sutton asked what the timetable would be for building this. Mr. Faith said it could be built in a few months. Mr. Sutton asked if it would affect SPAC. Mr. Faith stated they would do it in the Fall or Spring. Mr. Sutton asked if they would be looking for outside contractors or the County to help out. Mr. Faith said this would be put out to bid. Mr. Valentine pointed out this is a federally funded project which will be a DOT process; not the City going out for bid. Mr. Dunn asked how much that changes the cost of the project when you take Federal money? Mr. Faith said it changes the amount of engineering that is required. Mr. Valentine said that brings in a difference of timing also. Would this be a 2014 project? Mr. Birge said they have identified it as a late 2014/2015 project. Mr. Toohey said in the funding we gave originally, didn't we give that money to the City? Mr. Birge stated the Agency funded Greenman-Pedersen directly but identified the City as the oversight agent. The bills come to the City, but the Agency pays Greenman-Pedersen directly. Mr. Toohey said we would like the City to request this for our own internal purposes. He requested that the Agency receive a resolution from the City Council requesting the Agency be the source for the matching of the grant. Mr. Birge stated the City passed a resolution for the application itself, but we will have the Council pass one specifically for this.

Mr. Dunn moved that if the project is fully funded and a grant is given by CDTC for \$200,000 for the signalization of this intersection, upon request of the City of Saratoga Springs' City Council, the Agency will issue a grant in the amount of \$40,000. The motion was seconded by Mr. Johnson.

#### **RESOLUTION NO. 1215**

**Resolved, that the Saratoga County Industrial Development Agency will provide a 20% match (\$40,000) of a \$200,000 grant from the Capital District Transportation Committee to the City of Saratoga Springs for new**

**signalization of the intersection of Geyser Road and Route 50 upon receipt of a resolution requesting this match from the Saratoga Springs City Council.**

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

**NOES – o.**

**Adopted 6-0.**

Mr. Dunn said we have received a letter from the Town of Halfmoon having to do with a project the subcommittee looked at back in February, 2013 and again in January, 2014 for an **assisted living facility** with some type of an Alzheimer's/dementia component to it. It is for private pay assisted living. This is a for profit company that has similar operations down state. The subcommittee decided that it is a project that does not fit our mission statement very well. We turned Home of the Good Shepard in Wilton and one west of Saratoga Springs across from the old Ash Grove Inn that is under construction. The subcommittee decided it is not a direction that we want to get ourselves into. It is like the hotel business; once you do one, you will do many of them. In Saratoga County, we have not wanted to go in that direction. He said Albany County does hotels and Orange County does assisted living facilities. He said they told the applicant that they have the opportunity to come before the full Board, but does the Board want to accept the subcommittee's decision? The resolution of the Town of Halfmoon did not exist back in Feb. of 2013 or Jan. of 2014. It didn't exist until the project had fallen into rocky times. Chairman Callanan asked if there was anything new with this process? Mr. Angus stated he has not heard anything since a couple of weeks ago. Mr. Johnson said it's an obscure type of bonding arrangement that we haven't been involved in before. It was only secured by the equity in the building, and there is not very much. Mr. Valentine said this went through an approval process as part of a PUD, and about two months ago, it was approved by the town. Mr. Carminucci stated originally, they were looking to site a hospital there.

Chairman Callanan asked if the Board wanted to entertain a presentation or accept the subcommittee's recommendation not to get involved. Mr. Johnson said he talked to Supervisor Tollisen and advised him why the subcommittee didn't favor the project, and he understands. He said he reinforced that they could come to the Board if they chose to. Mr. Dunn stated we have done a good job staying out of the residential living and hotel business. Mr. Hanehan said that hasn't stopped the hotels from building. Mr. Angus said as opposed to hotels, etc., you could consider this as a medical facility. These kinds of things are different than hotels. Mr. Murray stated the bonding is different, and you might want to reconsider if it was more traditional. Mr. Carminucci said it one of the rare categories where you can do tax exempt financing for a for profit operation. To qualify, they were agreeing to hold open 20% of their units for residents who meet

certain federal income criteria. There is no credit enhancement coming from a bank for the bonds so the bonds would stand solely on the project. If the project got into trouble, the only protection the bondholders have is the value of the property. Mr. Dunn said he is not so sure that the model seen by the subcommittee showed revenue other than private pay. Mr. Rockwood said it would be up to them to make the appointment to pitch this project. Mr. Dunn said he believes they would need a PILOT to make it work. Mr. Johnson said they are looking for \$29 million in financing. Mr. Sutton said he would hate for them to come in with false hope, as that would delay the project even further. Mr. Johnson said this would be a significant change from our policy, and we have turned down and didn't entertain other similar projects. Mr. Angus stated there is no application at this time. Mr. Johnson said he wouldn't encourage them to file an application. Chairman Callanan stated the record should reflect that the applicant is entitled to make a presentation to this Board if they choose.

Mr. Valentine said at this time of year, Mr. Benton and he review year end and projects that have come about and companies they do **follow up visits** to as far as checking their application numbers once they have completed their construction and are under operation and how the application numbers they had for employment match up with actual numbers. He said he reviewed a long list of projects, and the ones looked at that were new and would be worthwhile to visit are Columbia, the hospital project in Malta and the Creator addition, and Mr. Dunn suggested United Step One. Mr. Dunn stated as you recall, United Step One came in at 50.2%, and the PILOT requires 50%. He said he would be willing to visit there to confirm those numbers. Chairman Callanan asked if we have done an on-site audit of them in the past? Mr. Valentine stated yes twice before, mainly because they were at 50% and with Starfire not being there and with Global moving in. He said with Creatacor, he was there five or six years ago, but with the addition, it all comes under Creatacor and not Marini's project, as Marini was using that as office space previously. He wants to see how the employment numbers match up. He stated Mountain Ledge, where ACC is located, is too new, and WDC in Wilton has not gone beyond the 41,000 sf building. He mentioned the cinema project in Saratoga Springs is all part-time employees. He said most of the projects have been covered. Mr. Dunn stated the auditors actually went in depth in analyzing the Global and Perry Textile PILOTs.

Mr. Dunn said last August and October, we looked at the \$650,000 loan agreement we have with LFTC. We restructured the loan agreement and changed the principal repayment where it was \$50,000 in one year and \$100,000 for the next six years after that. We changed their LIBOR rate which was at 1.4% to the August 1<sup>st</sup> LIBOR which was closer to .69%. There was a clause in there that if they should ever sell any land there, we would receive 75% of the proceeds on any outstanding balance. He said he talked to Tom Roohan, and they would like to make that number for the land sale at 10% to allow them some operating capital. Right now, they are at a bare bones operation.

Mr. Dunn said Mr. Roohan asked if the Board would be willing to change that from 75% on this note to 10% which would put us whole for the principal schedule. If they have a sale this year of \$600,000, we would receive \$60,000 which would put us whole for the current principal schedule. We could change it back if we wanted to in the out years. He said he would like to see LFTC remain in business. Mr. Sutton asked if they had any income stream at all. Mr. Dunn said land sale is about the only way. Mr. Toohey said the time frame on this would not be modified at all, as we are just taking the interest and dropping it to .69% and then taking the 75% down to 10%. Mr. Rockwood asked how much the State is entitled to. Mr. Dunn said he did not know. Mr. Rockwood said that would be an interesting component in this. Continuing to extend the debt further and further is not getting anybody any place. Mr. Johnson said if we want to recover part of the principal on this loan, this would be an opportunity to accomplish that. If we want to extend this out, he does not know if the State will take any part of it. Mr. Rockwood said it would be worthwhile knowing if the State is not going to take any money, and what is LFTC's plan with the remaining balance of the money once they pay us. Mr. Hanehan asked what the total obligation is. Mr. Dunn stated \$650,000 is the total obligation for our loan of which they are current on interest through July 31<sup>st</sup>. Chairman Callanan said another option is to take the 75% and issue a new loan to LFTC. Mr. Toohey said assuming a \$600,000 sale, how would that be split up, because no matter what, our 75% is subordinate to the State anyhow. Mr. Rockwood said if LFTCEDC planned on giving the state \$500,000 of the \$600,000, they could not pay us anyhow. Mr. Carminucci said this could be an attempt to provide information to the State by figuring out what the IDA's position is. Mr. Murray stated that Mr. Roohan said the State was looking for local involvement, and this is the way of us showing cooperation and involvement. Mr. Rockwood said he is not opposed, but it seems we are always the first stop as opposed to the last stop.

Mr. Dunn asked about the status of the **Water Authority's grant/loan**. Mr. Toohey said he has not heard anything since the last meeting. Mr. Johnson said they are still waiting for Brookfield Power to give them an easement for the line. Supposedly, they have agreed to it, but the paperwork is slowly moving along.

Mr. Toohey, Mr. Murray, Chairman Callanan and he went to Albany for an **IDA mini session on January 22<sup>nd</sup>** regarding PARIS reporting in particular, Office of the Comptroller reporting and General Municipal Law reporting. There was a letter written to the Authorities Budget Office in November, 2013 requesting specific changes be made to the PARIS reporting system, and the NYSEDC has received no response from the ABO. Other IDAs are having the same problem with receiving no response from the ABO. Mr. Toohey stated other people there were acknowledging that things were supposed to be supplied to the IDAs that have not been. Mr. Dunn said there was a session on labor agreements and the use of local labor. He mentioned Monroe County farms out the auditing of the use of local labor, costing them \$80,000 for that, and the

head count on the number of employees for about the same amount. Mr. Toohey mentioned that Monroe County includes multiple counties.

Mr. Murray said what he found entertaining is the legislation for the claw back had been approved March, 2013, and as of that meeting, they had no idea what the procedure was going to be. Mr. Valentine said with large projects like Global, there are contracts with addendums, revisions, etc. and doesn't take into consideration how much will that project increase from what was reported. Thankfully for Global, we are not under that time frame. Mr. Murray said someone gave the State Tax Department a document telling them to draw up a procedure. Twelve months later, they are not any closer to having a procedure. Mr. Dunn said the people from IDAs downstate do not mince words when they want to complain.

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

Respectfully submitted,

Elaine M. Sodemann