

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY MEETING

September 10, 2018 – 8:00 a.m.

Saratoga County Chamber of Commerce Offices

28 Clinton Street, Saratoga Springs, NY

PRESENT: Members: Chairman Rod Sutton, Arthur Johnson, Michael Mooney, Andrea DiDomenico.

STAFF & GUESTS: Scott Duffy, CEO; Jeff Many, CFO; Michael Valentine, Administrator; Michael J. Toohey, Counsel to the Agency; James Carminucci, Bond Counsel; Dennis Brobston, SEDC; Tori Riley, SEDC; Marty Vanags, Saratoga County Prosperity Partnership; Margaret Smith, Airosmith, Inc.; and Lori Eddy.

ABSENT: Patrick Greene, Walter Wintsch, Tom Lewis.

Chairman Sutton called the meeting to order at 8:10. Chairman Sutton stated we have a quorum.

Approval of Meeting Minutes: August 13, 2018

Chairman Sutton asked if there were any additions or changes to the August 13th meeting minutes and seeing none, asked for a motion to approve them. Ms. DiDomenico made a motion to approve the minutes of August 13, 2018. The motion was seconded by Mr. Mooney. As there was no further discussion, all were in favor and the minutes were approved.

Airosmith, Inc.: Application and Inducement Resolution

Chairman Sutton stated we have before us the application from Airosmith, Inc. located and headquartered in Saratoga Springs. The applicant is looking for a ten-year tax abatement with an estimated savings of \$283,452 in property taxes, approximately \$110,000 in sales tax exemptions and an \$18,000 exemption from the state mortgage recording tax. He stated that Mr. Brobston had previously noted that nine new jobs will be created within the next couple of years. Chairman Sutton asked if there were any comments or suggestions by members.

Ms. DiDomenico stated she had a couple of questions and asked Mr. Brobston if all of the nine new jobs over the project's first three years are guaranteed to be placed in Saratoga County. Mr. Brobston stated, yes, that it is planned that they are. Mr. Toohey stated that - on behalf of the applicant, whom he represents - we stated that specifically because the Company is going to expand nationwide at a significantly greater rate, but we have never counted those other jobs as being Saratoga County-based. He explained that the application, and what Mr. Brobston has said, keys into the number of jobs that will be permanent jobs here in Saratoga. Ms. Riley of SEDC stated that the folks who are not headquartered here will often be at the Saratoga Springs headquarters for significant training and corporate meetings. Regardless, if they are not from our area they will actually be here for six months for both training and then again back and forth for corporate meetings.

Ms. DiDomenico stated her other question was with regard to the second floor where you are going to house your employees who come in for training, what will we do as an IDA to monitor that process so that that is a met condition of the approval process? If it is converted to additional office space, that is great because that means the business is doing wonderful and it is growing in leaps and bounds; but, what if things become static and you say ok, look I am not going to bring in any more employees but I am going to rent it out for the month of August and make thousands of dollars. How do we monitor something like that as an IDA? Mr. Toohey stated that as a part of any resolution is the requirement that

the applicant has to report on employment on an annualized basis, including the use and utilization of the apartments. He indicated that Ms. DiDomenico keyed in on something that is very important: that the size of the apartments as they are presently configured have been designed so that they can become smaller thus allowing that space to evolve into corporate space. The concept of having people train at the location of the business is in fact very unique as far, but the business is primary, the apartments are the secondary thing. The aspect of housing for training purposes is part of the business operation, but he explained that they will never be used for general apartments. Again, any resolution can carry that. Ms. DiDomenico stated to Mr. Carminucci that we will have to modify the resolution then. Mr. Carminucci stated it doesn't sound like they are contemplating using the second floor for rentals which is good because he does not know what you would do with a PILOT if in fact that happened. But, it is like any other project wherein we require that if there is a change in use, the applicant has to come back, but in terms of monitoring it, that is a hard thing to do. Mr. Valentine stated it could wind up being essentially very similar to what we have with the leased spaces used for private physicians that Saratoga Hospital facilities have out on Route 50 in Wilton or at Exit 12 in Malta. At those facilities we needed to/continue to monitor square footage usage (we presently don't do it so much for the Saratoga Hospital in Wilton). Mr. Carminucci stated the only difference with the current application is that it could evolve into a real change in use and the IDA doesn't generally do market rate rental apartment projects. He added that unlike space being leased to private physician versus overall hospital/building space that is exempt, this approach is a little bit different. But it doesn't sound like you are going to end up there and it doesn't sound like that is what is in mind. Mr. Toohey stated again that we understand the uniqueness of the project that is being presented and we also understand the IDA's requirements, so we would be more than glad to have that absolutely monitored on an annualized basis.

Mr. Valentine asked Mr. Brobston to reference both jobs and the building's square footage so that it is in the public record because the resolution that we are going to look at today and the initial application both stated that the size of the facility is 9,000 s.f. In talking with Mr. Carminucci he recommended leaving the 9,000 in the resolution but the transcript will reflect the 10,000 square feet as what is being built. Mr. Brobston had noted the fact that that additional square footage will not increase building cost nor will it affect, at this point, sales tax exemption associated with construction. Mr. Carminucci stated the reason that we want to keep the reference to 9,000 in the resolution because it was what was in the original public hearing notice and he wanted to be consistent. The resolution notes the size as being approximate and it is not unusual to have the square footage off and it doesn't seem to have an impact on the benefits.

Mr. Mooney questioned if there was any mention of merging a couple of properties last time? Ms. Smith stated there are three parcels being considered; one parcel the applicant now owns, which is 318 West Avenue. Mr. Toohey demonstrated on the map the abutting properties that are owned by the YMCA for which the applicant has a contract to purchase. As a result, you end up with two parcels of land which are 0.227 acres and the second one is 0.29 acres so you have a little bit more than a half-acre of land. They not only have a contract with the YMCA, they also have an agreement that will be submitted with the special use permit to the city allowing a lot line adjustment, requiring no subdividing of land, merely the merging of some property. Chairman Sutton asked if there are any delays to city approvals due to the lightning strike on City Hall and flooding. Mr. Toohey stated that the Planning Department and the Police Department were not subject to the flood being that they are a separate building from City Hall. The function of that part of the building is fine.

To a question from Mr. Mooney, Mr. Toohey explained that the lands being merged will still be partially in the inside tax district and part in the outside tax district, even though the merger will result in one tax parcel. That is a line that is set without regard to zoning criteria but impacts assessed values. Mr. Mooney asked if this would result in two tax rates and Mr. Toohey stated yes. The other good part about this is that the building structure is not going to go straddle over that inside/outside district line so it makes for assessing purposes easier for City Hall. Mr. Valentine stated the only thing that he and Mr. Toohey did

talk about was that when it comes time for a PILOT bill, the land which will form the base value of an assessed value will have two different tax rates for land. He stated that this is something that Mr. Carminucci will have to write into Section 2.01 of the PILOT Agreement in regard to computation.

Chairman Sutton asked if there were any further questions? Ms. DiDomenico stated she has a question for Mr. Carminucci. Where in the resolution can we put about monitoring? Mr. Carminucci stated he would add something probably somewhere in section three or in section two. He made a note to do so. He will put it in the correct place.

Chairman Sutton then asked for a Resolution to approve the application for Airosmith, Inc. for a ten-year PILOT as presented. Ms. DiDomenico made the motion to approve the Resolution as presented. The motion was seconded by Mr. Johnson. There was no further discussion.

RESOLUTION #1406 (Attached)

The results of the roll call vote were as follows:

AYES: Mr. Johnson, Ms. DiDomenico, Mr. Mooney and Chairman Sutton.

NOES: 0

ADOPTED: 4-0.

CFO Report: (Monthly Financials):

A) Financial Reports:

Chairman Sutton asked Mr. Many to discuss the CFO Report. Mr. Many stated that for the month of August we took in no revenue. He should point out that we did not record the interest income for the month of August that we received because we needed to get the financial reports out and the bank statement had not yet arrived. There is a little bit more money in the bank than what shows on the report. The only expenses that we incurred were our professional staff fees and we also received our invoice for our annual Officers and Directors insurance. So, we paid our first installment of that. Other than that, there was no other financial activity for the month. We continue to run a small deficit for the year. There is not much to report on the for the month of August.

B) Update on Bid Process for CD Investments:

Mr. Many stated the other part of his report is he did send out requests for proposals for certificates of deposit. He heard back from all financial institutes that he sent the proposals to and he summarized them on a spreadsheet which has been distributed. The rates offered generally were around 2%. Saratoga National was the highest at 2.05% for a 12-month CD. Adirondack Trust, a 13-month CD for 2%. Ballston Spa National Bank came in with a 15-month at 1.85%. He also requested longer terms and some of the banks adjusted, as you can see on the sheet: for instance, Saratoga National for 18 months went up to 2.1%, for two years they are at 2.35%. Those are the kind of rates he thinks they will be looking at if the Board decides to set some reserve funds aside into some certificates of deposit. He would also mention that a few other people gave him some other ideas as to what we could do with our reserves. Mr. Mooney stated we have this implied with General Municipal Law, these have to be collateralized and invested in certain banks. Mr. Many stated yes. The one that was interesting was the New York State Liquid Asset Funds and he didn't really want to get into that today, but he did want to mention that he did receive some information on it. Key Bank also does offer shared CD's and would comply but would have to be in a different department than the Banking Department. He thinks we have enough to go on with

three banks right around 2% to at least consider that. Mr. Johnson asked Mr. Many what we were getting now? Mr. Many stated 0.1%. Key Bank is paying us 0.85% on \$250,000. Chairman Sutton questioned Mr. Many what are the amounts of monies that we would want to possibly invest in the CD's? Also, how much is FDIC guarantee? Mr. Valentine stated he thought it was \$250,000. Mr. Many concurred. Chairman Sutton questioned how much are we considering? Mr. Many stated initially at least \$250,000 up to \$500,000, perhaps going to \$750,000. After we close on the Luther Forest property we will still have \$1,500,000 left. He thought we would cut it in half and still have \$750,000 which is probably still more than enough frankly. He would say \$750,000 would be the number. Mr. Johnson questioned Mr. Many if he was recommending the highest at 2.05%? Mr. Many stated yes, he guesses if someone wanted to go for a longer term, although he is kind of against the longer term as he feels interest rates are going to rise. He thinks long term the rates are going to go up. He thinks the one-year at 2.05% is not a bad way to start. Ms. DiDomenico stated maybe put \$500,000 in first and then see where the rates go. Mr. Duffy stated he agrees with Mr. Many, he thinks rates are going to go up, so why put away \$750,000. Just go with the \$500,000 now and at least we are better than where we are now. Then, we can go ahead and move up the ladder later. Mr. Mooney stated we have plenty of cushion with \$750,000 though. Mr. Valentine stated if we do that we should do it as a roll call resolution.

Chairman Sutton then asked for a Resolution to approve the investment of \$500,000 into a certificate of deposit with Saratoga National Bank for a period of twelve months at 2.05%. Mr. Johnson made the motion to approve the Resolution as presented. The motion was seconded by Mr. Mooney. There was no further discussion.

RESOLUTION #1407

The results of the roll call vote were as follows:

AYES: Mr. Johnson, Ms. DiDomenico, Mr. Mooney and Chairman Sutton.

NOES: 0

ADOPTED: 4-0.

PILOT Billings for School/Library Taxes in Mid-September:

Chairman Sutton asked Mr. Valentine to discuss the next agenda item which is the PILOT Billings for the 2018/2019 School/Library Taxes in Mid-September. Mr. Valentine handed out a sheet which he stated is mainly just informational at this point. He started to pull his information together to start the PILOT bills for school taxes anticipated to send out in late September. Then in January we will send out the town, city, village and county bills. On the sheet distributed to everyone he showed those Companies billed in January 2018 for town/county taxes and which will be billed again in September for school taxes, those being MGrove Holdings in the Grande Ind. Park, Albatross, Land Remediation in Waterford, Finch Waste which has one more year, Fred's Tents, 19 Railroad, Fortress Partners which is Creatacor, SSP Development (Specialty Silicones on McCrea Hill Road off Route 50 in Ballston), Agro-Chem is at the Grande Industrial Park and PeroxyChem which is right next door, Columbia HPS is what we referenced before as the medical facilities at Exit 12, then WDC of Upstate New York is DA Collins in the Wilton Developmental Center, followed by Enfrastructure which is the previous Marini project in Halfmoon that is still assessed at the same value as when commenced from its purchase from Marini/Fortress Partners. He asked Mr. Brobston if they had done any more interior fitups and Mr. Brobston stated that they had not. Mr. Valentine stated that they haven't then exercised that sales tax exemption yet. Ace Hardware in Wilton is another active project being billed again this year and the thing to note about this in the first five years there is no PILOT that is due or owed by ACE because he set that up so that the 400,000 square foot addition stands by itself and the land underneath it is already taxed. So, the improvement has no tax

payment coming to any of the tax jurisdictions. That is in the first five years. Then it will pick up in year six, seven, eight, nine and ten ratcheting up on a certain percentage of the building cost.

Regarding the Wilton Developmental Center (WDC), he, Mr. Carminucci and Mr. Duffy need to get together on that one because they had two different PILOTs at one point. One was in 2003 and it didn't go anywhere and then we picked up again he thinks in 2009 or somewhere in there. But, they have never done anything as far as he knows except the 41,000 square foot office and maintenance facility, nothing inside that we have exercised our sales tax exemption on. So, in effect, and we brought this up a couple of meetings ago, that sort of lies dormant and at this point defunct. So, we probably want to turn that back over. They pay full taxes, but it is in our name. That is something that we want to get out of our name, out of Title and get that back on the tax roll with the Town Assessor. Mr. Johnson questioned Mr. Valentine on that, they are close to getting a new tenant in there, how will that affect? Mr. Valentine stated that is a different story then. Mr. Duffy stated we should talk with DA Collins about that. Mr. Valentine stated that depends. The tenancies are divided in two ways. One that would fit a formula for IDA as far as a use that would be we would look at it. One that is not, the PILOT is not really affected at all. There is no benefit from a PILOT there. Mr. Carminucci stated the problem is isn't there a fixed term on that PILOT? Mr. Valentine stated no, that is funny about this. The PILOT does not have an end date in it. It says beginning such and such a date and it doesn't say an end date. Mr. Carminucci stated there has to be an end date in the lease agreement. Mr. Valentine stated in the lease agreement there is an end date. Mr. Carminucci questioned if it was coming up? Mr. Valentine stated it is past. Mr. Carminucci stated then we almost have to unfortunately start over. Mr. Valentine stated that was what he wanted to discuss with Mr. Carminucci and Mr. Duffy. Do we just do it again, but it has to go through a process here at the Board. The sales tax exemption on that is expired also. Mr. Toohey stated they should come back in and do what you have to do. We should reconvey the property. Mr. Valentine stated he did call Mr. Manz about that the other day to have him talk with somebody there. Going back in history Meg, from Jim's office, put together a three-page email going through this whole thing and the project process was so complicated that we never did anything.

The next three projects he noted as making PILOT payments last year were recently (relatively) reconveyed, with title going back to the companies. Two of them (AJH and Perry Realty, both in Halfmoon) were reconveyed prior to March 1st of 2018 and one (Mountain Ledge of Wilton) was after the March 1st taxable status date and the town assessor agreed to do a corrected assessment. Those three are off the books now.

Lastly, his chart indicated those new projects that will be coming on-line for the first time with the September billing for the school taxes. There are quite a few new projects there, reflecting our backlog of applications and approvals. The projects are Twinbrook (SKS), 9 Stonebreak Rd, LLC, Carmer Properties (Stone Bridge), CTI (Core Tech), John W. Danforth Company, Tivoli (Arnoff) and UPH (Universal Preservation Hall). The last one, UPH, causes confusion and consultation with Mr. Carminucci's office with regard to what is going on with it as it has no PILOT payment. We have gone from a church property, to a lease and then to another lease. But, the way the PILOT is written and the Assessor is agreeable to it, there was no PILOT bill at all on that one. Mr. Carminucci stated it went from church to not-for-profit to a for-profit and then back. He indicated that the IDA never conveyed the property to the UPH. The church actually owned the property and leased it to UPH so when they did that conveyance before they transferred it to the for-profit for the purposes of obtaining tax credits for construction, kind of creating confusion.

Mr. Valentine stated he was going to talk about Global Foundries as well. They pay full taxes but because they are under the Empire Zone they have a credit going back against income taxes. There is no impact to what we just saw in the newspaper reports over the last two weeks about jobs. We are still billing at the assessed value. That assessed value per the agreement there has incremental decreases in the

assessed value. So, little bit by little bit the tax revenue collected each year is less than the year before. We had a high of thirteen point something million before and schools and everybody will get somewhat less now. He did talk with people at Global that he deals with for the tax department. We still wind up with our reporting that used to be semi-annual when construction was going strong. That is now an annual report. That annual report comes to us in late December/January. That report will be the basis of reported jobs and as we will see 400-something jobs eliminated starting in November, we should probably at some point have a letter out to Global. The IDA recognizes job changes like this that are market driven or industry driven. To be specific we had it with Quad Graphics before. We should probably have some letter going to Global saying that we recognize there are job changes and asking that the Company give us sort of an explanation. They are now at a point where, he thinks you have read the news, that they are making a change in the way that they will do their production. Rather than pursuing the R&D aspect, they are going to produce chips and supply them to the retail market. Chairman Sutton questioned Mr. Valentine if they still exceeded the job market from what we originally approved. Mr. Valentine stated yes and no. Even while there is a job loss the Company is ahead of projections that they gave us. Mr. Brobston stated that he thinks the proposed or projected 8.2 facility showed a job number that was somewhere around 2,100. Mr. Valentine stated he understands 8.2 to now be dead, we are not even considering it, it is just not going to happen. Mr. Brobston further stated he still thinks it is about like 2,000 or 2,100. Chairman Sutton stated if we send out a letter lets make sure that everybody is on the same page with the job growth. Mr. Valentine stated ok. Mr. Brobston questioned where are they at? Mr. Valentine stated 3,400. Mr. Vanags stated they are right around 3,000. They have 90 jobs openings. It has to do with the existing production line they are discontinuing. Chairman Sutton stated it is still growing in another division. Mr. Duffy stated they are going to be growing on the manufacturing side, the production side.

Chairman Sutton asked Mr. Brobston and Mr. Vanags if there was any further business to discuss before the Board today? Mr. Brobston and Mr. Vanags stated no.

Chairman Sutton asked if there was any further business to come before the IDA today?

Chairman Sutton asked for a motion to adjourn the meeting. As there was no further business, the meeting was adjourned on a motion made by Mr. Johnson, seconded by Mr. Mooney, with all voting in favor.

Respectfully submitted,

Lori A. Eddy