

## **SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY MEETING**

**March 11, 2019 – 8:00 a.m.**

**City of Saratoga Springs Recreation Center  
15 Vanderbilt Avenue, Saratoga Springs, NY 12866**

**PRESENT:** Members: Chairman Rod Sutton, Michael Mooney, Andrea DiDomenico, Patrick Greene, Walter Wintsch, Tom Lewis.

**STAFF & GUESTS:** Scott Duffy, CEO; Jeff Many, CFO; Michael Valentine, Administrator; Michael J. Toohey, Counsel to the Agency; James Carminucci, Bond Counsel; Tori Riley, SEDC; Marty Vanags, Saratoga County Prosperity Partnership; Robin Cooper, Business Review; Dan O'Rourke, Greenfield Manufacturing; George Hubschmitt, CTI Corporation; and Lori Eddy.

**ABSENT:** Art Johnson.

Chairman Sutton called the meeting to order at 8:00.

### **Approval of Meeting Minutes: January 14, 2019:**

Chairman Sutton stated the next order of business is the approval of the meeting minutes of January 14, 2019. Chairman Sutton asked if there were any additions or changes to the meeting minutes and seeing none, asked for a motion to approve them. Ms. DiDomenico made a motion to approve the minutes of January 14, 2019. The motion was seconded by Mr. Greene. As there was no further discussion, all were in favor and the minutes were approved.

### **M Grove/Greenfield Manufacturing: Application Amendment:**

Chairman Sutton stated the next order of business is the M Grove/Greenfield Manufacturing application and amendments. Chairman Sutton asked if there were questions and thoughts about the new application. Mr. Mooney stated he has one. It looks like the original project, the per square foot cost was about \$250 per square foot. The additional 2,022 square feet is about \$754 per square foot. What is the reason for that? Ms. Riley stated the cost of steel as well as overhead hoists to increase the building height. As well as adding a backup generator for the manufacturing process. Mr. Mooney stated that is significant. Mr. Toohey stated as they expanded the building, what they were going to for business purposes, expanded significantly and they needed internally new equipment such as hoists, generators, and things like that. You are absolutely right that the price per square foot of the expansion is significantly larger. Much of it has to do with what is going on in the building. Mr. Mooney questioned if there were no additional jobs for the expansion then. Mr. O'Rourke stated there would be four to five full time jobs. Mr. Valentine stated this project closed on January 31<sup>st</sup>. Mr. Carminucci spoke at the public hearing it was stated the fact that the project cost increase would result in a higher real property tax benefit than what was initially approved which is why it was necessary to have a new public hearing. The other benefits that the projects received which were mortgage recording tax and sales tax did not change based upon the information that was submitted. There was a higher recording tax than what would have been on the table otherwise, but the applicant paid that difference so there was no additional exemption coming from the Agency and based upon the numbers, even though the project cost increased he thinks it is due to the fact that they estimated high initially on the sales tax savings and the additional project cost did not seem to increase the sales tax savings above and beyond what you initially approved. The only increase would be in real property taxes. Mr. Valentine stated in effect there was a lot of work being done just prior to the closing and there were numbers flying back and forth. The only thing he has as he explained to Mr. Duffy and Mr. Carminucci is, he would like to meet with Dennis Brobston and go through the application and firm up numbers that were transpositions or additions in error, but nothing that is material to what Mr.

Carminucci just said and what we looked at today. Chairman Sutton questioned if they had been getting any benefit prior to this? Mr. Carminucci stated no, and what he wanted to mention was the way they were able to close was there was a provision in the PILOT Agreement that basically said if the IDA did not sign off on the additional real property tax benefits following a public hearing, they would actually have to pay tax on the difference in the assessed value from what was approved versus where we ended up. That enabled us to get to the closing. Mr. Toohey stated the other part is what Mr. Carminucci said before. This is one of the first times he has ever seen this. The mortgage tax benefit, the other benefits, would have been greater if they had told us before. As opposed to holding up the closing, for that purpose, because you needed to have that done at the closing table and had it solidified, they paid the excess. Mr. Valentine stated that was the difference between \$24,000 and \$16,800 roughly. Chairman Sutton questioned when would you say you would have a closing? Mr. Valentine stated it closed January 31<sup>st</sup>. Chairman Sutton questioned ok this is amended and it is still on a ten-year track? Mr. Valentine stated what happens on this is that he and Mr. Carminucci went through it briefly. When Dwayne first made his presentation with the first application and talked to us about a second, at that meeting he had laid out how to meld the two together and there was an overlap between one going through its ten year and the other one picking up a ten-year term at the same time the other PILOT was going on. What Mr. Carminucci has worked out now is that we would have two separate Pilots' to bill. Just like two or three other projects that we have, this second PILOT is based on land value. That land is already being taken care of by the first PILOT, the first facility. There would be no tax involved in that one. Mr. Mooney stated just to be clear on the job creation, this application, he did find it says six. What are the total jobs for the original application plus the new project? Mr. O'Rourke questioned for the addition part? Mr. Mooney stated for both. Mr. O'Rourke stated the original he thinks they had six. They have already hired two on. As things grow, we are in the PILOT process for the new building and they are shaking down equipment and also installing equipment so that when the new building is up, it will be a minimum of four there. Mr. Mooney stated so this should read ten and not six, is that what you are saying? Mr. O'Rourke stated yes, probably total yes. Mr. Valentine stated but what we have in front of us today is just for the addition itself, this is what Mr. Brobston has submitted here in the application we are considering. Unless there is something in here reflecting a total for both. What we are looking at today is just the addition itself. Mr. Mooney stated that contradicts what he said then because it clearly says this. Mr. Wintsch stated there are construction jobs though. Mr. Mooney stated ok. Mr. Valentine stated we have a survey that every mid-December is sent out to all of the companies and M Grove did supply back its information and reported that Mr. Duffy will use in his PARIS Reporting to show how many construction jobs, how many full-time employees, sales tax and mortgage recording tax. Chairman Sutton asked if there were any further questions on the application? There were no further questions. Chairman Sutton asked for motion to approve the amended application. Mr. Valentine stated we don't have a resolution per se on this. Mr. Carminucci stated you don't need to take action today. He thinks Mr. Valentine would like to review the numbers and the application with Mr. Brobston. You could hold off on this. We just need to deal with this before September when Mr. Valentine sends out his first PILOT billing for the project. You might want to wait until next month when Mr. Valentine has had a chance to meet with Mr. Brobston and make certain of the application. Mr. Valentine stated then what we will give you is an updated application for the second one. Mr. Carminucci stated he thinks it doesn't have a material impact on anything. Chairman Sutton stated we will table the motion then until the next meeting. All Board members were in agreement with this.

#### **CTI Corp.: Application for Facility Addition:**

Chairman Sutton stated the next agenda item is CTI Corp. and their application for Facility Addition. Ms. Riley stated she and Mr. Hubschmitt are here to requesting the IDA to review and provide a ten-year manufacturing PILOT, sales tax exemptions and mortgage tax exemptions as shown in the application and associated SEDC spread sheets. This project is for the construction of a 30,000 square foot detached manufacturing facility. The total project cost is \$2,000,000. Mr. Hubschmitt stated as a quick recap on

the current PILOT that they have for building one was a five plus five manufacturing PILOT. They did pretty good after year one. They met and exceeded all of the goals of the original PILOT and they brought another company into the area as well. Today they are requesting a ten-year manufacturing PILOT for a new 30,000 square foot facility. It is kind of key to their growth as a business. The present arrangement that they have with some suppliers out of County are proving to be failing efficiently. They do all of their final assembly out of other people's roofs essentially in their facility and they would like to pull that down to their campus in this new building. It will save them from going up and down the Northway with technicians and people and allow them to hire some folks locally. The new building is targeted for 2 McCrea Hill Road, Lot 8. It is right next door to the building one that they had the five plus five PILOT for. They are estimating hiring 15 to 25 new folks and they would be characterized essentially by high level assembly technicians such as electricians, fitters, pipers, but all on actually fairly high skill levels and pay grade. There will be some shop foremen and management layers added as well. The real key also for this building is to help them market to their customer base. It is a little bit awkward right now going to other people's facilities to show off our large systems. It is not a coretech facility. Just like building one, we expect that with building two they will get immediate hit with new capabilities of their business and customers will fill them with more orders. They already have orders that they will be moving down, but they are expecting to project about 30% growth on top of that. The next few sheets are basically the spread of the building. It is going to be dedicated 100% to manufacturing which is the intent. It is primarily just an open floor warehouse. They are looking to put a 40-ton crane in the middle of the building and it is going to house 20 foot by 8-foot systems and up to 65 by 15 he thinks is the largest system. They have kind of designed the building and ground having six concurrent 65-foot modules on the shop floor as well as six 20-foot modules. There will be some splay down area for inventory and tooling space. That is essentially the project. Mr. Hubschmitt stated he would entertain any questions. Mr. Wintsch stated he wasn't here in 2016 when you got the first PILOT. His question is, he went through the application. It is quite broad everything that your Company supports. Do you assemble things or do you supply technical people or do you put parts in other areas and send them off? How does it work? Mr. Hubschmitt stated it is always tough to characterize the business. Every year he goes through that with the insurance companies and it is like five different codes. They do a range of products. He thinks the best way to characterize them is they are solutions based targeted in the energy market. Primarily turbine OEM's. That would include GE of course. Caterpillars division of solar gas turbines in California, Mitsubishi Power Systems America in Florida. Then aftermarket folks that are active retrofitting turbines like Emerson, Woodward, Wood Group, folks like that. Mr. Wintsch stated you do mention all of your customers in your application but he is just trying to put his finger on what exactly that you supply. Mr. Hubschmitt stated primarily what they do is custom solutions and design work on systems and components for turbine and other energy markets. They are starting to branch off into oil and gas a little bit. Half of their business is fire suppression related. Some of the 20 foot by 8-foot modules are all high-pressure water main systems. They get into other media for fire suppression and monitor CO2. That is a large component of their business over the last five years. It is primarily most of their growth. Mr. Wintsch questioned so the people that you are planning on hiring, they are experts in this field then, or do you train them? Mr. Hubschmitt stated they pretty much have those experts on staff. They have been hired ahead of the curve if you will to sell this. The folks that we are talking about are really the people that put this together on the shop floor, the electricians, the fitters, the pipers. Mr. Wintsch questioned if he was talking about the construction aspect of it then? Mr. Hubschmitt stated yes. Other products would include switch gear packages. They are a UL508 qualified shop so they do a lot of driver cabinets, custom motor starters, fairly large equipment for power plant installations. Mr. Greene questioned Mr. Hubschmitt where he got his start? Mr. Hubschmitt stated at GE, he was at GE for ten years. Most of their staff was at GE. Actually, during some of their layoffs over the last year or two they have added more folks that have needed help and fit our business well. That is probably our biggest investment actually is people. Mr. Greene asked where do they sell now? Mr. Hubschmitt stated it is a global business. Their projects are all over the world. Russia, Middle East, Far East and domestic of course. They have relationships on a global footprint as well helping us sell some

manufacture, some do components that they bring in and put final systems together locally. Mr. Toohey questioned what is the size of the systems. He thinks Mr. Wintsch is asking what goes out the door. Mr. Hubschmitt answered they need a 40-ton crane for this. Mr. Wintsch questioned are you sending a hardware product or is it expertise. Mr. Hubschmitt stated it is all hardware. They do have a field service group that goes out to commission and do annual inspections primarily on fire suppression equipment. Mr. Toohey stated so you load the product on a flatbed. Mr. Hubschmitt stated yes and our customers pick it up at our dock. Mr. Toohey stated he feels nobody has a feel for the size of this. This is big stuff they are manufacturing out of this location and the secondary building which is on a separate parcel will allow them to bring the parts down to this location as opposed to having parts here and there. Mr. Hubschmitt stated they filled the first building up in six to eighteen months depending upon how you measure it. These larger systems, and they are moving more into that area, they need to bring the final assembly down to their campus. It is just awkward going up and down the Northway bringing customers up there. It is all out of County too by the way so there is some advantage there. He stated that one key element that they are looking to do is they are not going to have any of the dirty processes in this new building. It is not going to be grinding, painting, welding. Essentially, it is all going to be final assembly and a test and then load on a truck. So, they will still use local sub-contracting subtier suppliers for those operations. They are going to keep this clean and present their customers with a more high-tech field than they are accustomed to seeing in this kind of facility. Chairman Sutton questioned Mr. Hubschmitt if they wanted to stay at this location, you have looked at other locations? Mr. Hubschmitt replied yes, they are global and their customers are located all over the place. Honestly, this is their first stop. They have kind of committed to the area and they want to stay here locally. There are options to move out. California is a little bit of an option now that their solar gas turbine business is growing. They would probably like to see eventually something near them. But we are keeping them pretty happy. Chairman Sutton questioned if they could find the technical people to work for you out of this location then? Mr. Hubschmitt stated yes, this is a very good area for finding that kind of workforce that they need. They have done really well finding a really good team. On the sales and engineering design side, again GE layoffs have kind of created a pool of people that they had access to. Chairman Sutton questioned you are looking for approximately how many new employees. Mr. Hubschmitt replied he is thinking ten right away. It will grow quickly to fifteen and the high end is probably twenty-five. He thinks they tend to be conservative and under-shoot. Ms. Riley stated on the first application the projection was 28 positions and at this point he is at 48 positions. That kind of indicates the growth that he is experiencing and necessity to retain this company and allow it to expand regionally. Chairman Sutton questioned how long would it take to build the building? Mr. Hubschmitt replied seven months. It is a pretty simple building. They are targeting \$15-\$16 per square foot as a budget. There are some fit-up costs for the crane and other things aside. They are hoping to get going because he thinks the timing is fairly essential. It is a competitive market with some people on the switch gear side from out of state and there is an opportunity to walk through that door now. So, they are really trying to get this completed in 2019. Chairman Sutton questioned if their financing was set up at this point? Mr. Hubschmitt stated yes. It is not finalized but they have three banks that they have already worked out numbers with. Mr. Valentine questioned Mr. Hubschmitt on construction start and you are saying seven months. You are going to start spring time, summer time? Mr. Hubschmitt stated yes, he would probably guess maybe June timeframe at this point. The application went to the Town for the conceptual design approval. The public hearing for them will probably would happen in April. There is a little bit of a wetlands issue that will require them to submit something to the Army Corp of Engineers just to modify 10%. The real core of the building isn't going to touch the wetlands. That will take some time. Mr. Valentine questioned then you will be set up on two separate lots? Mr. Hubschmitt stated yes, they are two separate lots. Ms. Riley stated that this stands on its own merit for this project for Phase 2. Mr. Toohey stated they are two separate parcels adjacent to each other. Mr. Hubschmitt stated there is a rendering in the application. They are trying to keep it kind of friendly to the neighborhood and make sure they don't just see some big manufacturing facility. It will be a fairly quiet operation and clean because they don't intend to bring dirty stuff. It will be self-contained and they not going to have a big laydown with steel and everything. They are trying to be very accommodating to

the neighbors. Chairman Sutton questioned Mr. Toohey if it would be a separate PILOT on this particular piece of property. Mr. Toohey stated correct. Mr. Valentine stated so similar to what we just had is that they will operate independent of each other then. Mr. Toohey stated in theory this thing could be built ten miles down the road. They happen to have the land available to them and it makes it incredibly efficient for them. Mr. Valentine questioned if there was land there for your building three that you said might be. Mr. Hubschmitt stated it is some possibility, but it takes a lot of work. There is some land down the street. This is the last parcel in this PUD. Mr. Wintsch stated you have five different locations as remote sales offices. Do they all report to the Ballston Spa office? Mr. Hubschmitt stated yes, that is correct. Some of those listed are actually subcontractors. Their own entities. For example, the group in Italy is not CoreTech owned. Mr. Wintsch stated so somebody comes to them and says we have a problem and well these people in Ballston Spa can help you. Mr. Hubschmitt replied yes, basically commissioned sales people and they own their own business. The South Carolina and the folks that are in California are direct CoreTech reports. Ms. DiDomenico stated that on page thirteen of your application, have site plans been submitted to the appropriate Planning Department, your answer is no. Mr. Hubschmitt stated no, the answer is yes. They went in last week to the Town of Ballston. Ms. DiDomenico stated then we need a copy of SEQRA form it says here. Chairman Sutton asked if there were any further questions? There being no further questions Chairman Sutton stated we would have to set up a public hearing.

Chairman Sutton asked for a motion for a public hearing for CTI Corp. on April 8, 2019 in the Town of Ballston. The motion was made by Mr. Mooney. The motion was seconded by Mr. Wintsch.

#### **RESOLUTION #1424**

RESOLVED THAT the Saratoga County IDA agrees to set a public hearing for the application of CTI Corp. for April 8, 2019 at the Town of Ballston Town Hall at 8:00 a.m. All members voted in favor.

#### **NYS EDC: Volunteer Dues Assessment:**

Chairman Sutton stated New York State has asked the IDA to volunteer dues, there is an assessment before us for the EDC, the Economic Development Council. They are looking for contributions from our IDA. Mr. Duffy stated you all have a copy of this due's assessment form in your packets. There is some follow-up information here about some of the things that they obviously provide to all IDA's and other agencies and pro-growth people in the County. They are asking for a special assessment to fund initiatives immediately with the current government to push pro-growth ideas and things that would help the IDA. For us, it would be a \$500 dues assessment. Mr. Duffy told them he would bring before the Board at the next meeting to take a vote on that. Chairman Sutton questioned what have we have been doing in the past? Mr. Duffy stated this is a special one and because we are less than 250 in our operating budget, it is just \$500 for us. Mr. Valentine stated we have a regular payment each year to them, so again this one is calling for a special assessment. Mr. Many stated we paid \$1,000 in January. Mr. Toohey stated we paid \$1,000 and they are asking for an extra \$500 for a total of \$1,500. Mr. Duffy stated they feel there is a lot of things going on, there are a lot of bills down there that need to be addresses.

Chairman Sutton asked for a motion to issue payment in the amount of \$500 for an additional volunteer dues assessment as presented. The motion was made by Mr. Mooney. The motion was seconded by Mr. Wintsch.

#### **RESOLUTION #1425**

RESOLVED THAT the Saratoga County IDA agrees to issue payment in the amount of \$500 for an additional volunteer dues assessment as presented. All members voted in favor.

### **Financial Report (Statements as of 12/31/18):**

Chairman Sutton asked for a discussion on the financial report. Mr. Many stated he is going to start with the monthly report first. If you look at the balance sheet on the report, the first line on the report is our Key Bank account. We closed the account out a week ago Friday and brought the money back to Saratoga National in anticipation of setting up our CD with Ballston Spa National for \$250,000.00. That account is closed. All of the other accounts are reconciled with the exception of the interest for February. The one other asset he would like to mention and we will be talking about it as a part of our financial audit, the rail assets valuation keeps coming up each year and we have had some discussions in our minutes about the value of the assets which is why they keep asking about them. We will have to discuss that today after we get through this basic report. On the February balance sheet, he showed PILOT collections of \$103,000 in taxes. Mr. Valentine will go over the PILOT payment situation in detail. Everybody is paid and we are going to issue all of the checks this week. Year-to-date so far, we are running up a positive cash flow of \$6,000. We had one closing. Other than administrative costs and the one dues payment we had and paying for our rail spur property tax, we really have no bills to speak of. Just a couple of other things on the report. He believes at the last Board meeting we did complete the update of our Investment Policy. Our auditor is going to be reporting on the policy as part of our financial statement so we should be good with that. The only issue we really need to talk about is what to do about the rail assets in terms of a valuation and we are supposed to value them at the lower of cost or market. Our cost was \$168,000 plus over 20 years ago. The property is sitting there in the Town of Moreau. Mr. Duffy stated it is not in the same state that it was so from a market perspective we would probably have to get somebody to do an appraisal. Mr. Many stated an appraisal would be good he guesses, but in terms of getting our PARIS Reports done, we are going to have to make a decision. Mr. Mooney stated so its never depreciated along the way, just stayed at that amount over the 20 years. Mr. Many stated yes. Mr. Mooney questioned if Mr. Many had any idea how they usually depreciate our assets and over how many years? Mr. Many stated it is not really in use as a rail spur. Mr. Mooney stated yes, but potentially it could be. You have a building that is vacant. It still has value. Mr. Duffy stated there are parts of it that have been recontoured. The road has actually changed profile. So, if it was actually going to be active again, the whole road has to be redone. Now you are talking about DOT and all that. It is not a simple process. Mr. Valentine stated he thinks it is a basic looking at it and saying ok as it is right now, the five or six miles, it is sitting there, it is in disrepair. It is in a replacement mode more so than trying to rehab. We have been told by Clough Harbour, who did the original study on this value before, and DOT, that the rails are not the rails they would use at this time for carrying the weight out of there. You have that to consider. Also, the Town has an assessment on it, both the Town and the Village. There is that value. You could go back to the Town and ask the Assessors how did you get a value to put it on the books as it is. Mr. Mooney asked Mr. Valentine if he knew what that value is? Mr. Valentine stated he did not. Mr. Wintsch stated so what Mr. Valentine is saying is that in terms of usage by a railroad, it is inadequate. Mr. Valentine stated right now it is, it is inadequate. Mr. Wintsch stated the roads aren't any good either or not appropriate. Mr. Valentine stated the roads are where the crossings were and some of the crossings have been removed and some have just been paved over. Mr. Toohey stated it was acquired in the late 90's to preserve the right-of-way. There was no expectation of us actively having lines running back and forth over them. But if you give away these rights-of-way, you'll never acquire them again. Mr. Valentine stated but as far as future rail use, it depends upon who the end user is, where the business is located along there. Mr. Carminucci stated to Mr. Valentine that serviced the paper company did it not? Mr. Valentine stated yes. That was the main thing to bring it right down into the Village itself proper and then there is a rail spur going off into Moreau Industrial Park also. So, Moreau Industrial Park, there is potential for users in there. That is only 1.1 miles. So, if somebody was going to do that, that could wind up say the lesser of the two as far as cost to reconstruct if it was necessary. Chairman Sutton stated but it is still over a mile. Mr. Valentine stated 1.1 miles. Chairman Sutton stated that would still be pretty expensive. Mr. Mooney questioned as far as our books go, why does it matter because we are non-taxed, it is tax exempt anyways. Mr. Many stated it is overstating the

value of our assets. Not significantly in terms of what we are saying. Mr. Mooney stated maybe. The person that needed that five miles of rail, that doesn't seem like a huge amount of money if they did need it. Mr. Greene stated the question is do we care. Mr. Many stated for the auditor's perspective, unless there is a reason for determining the value as it is, its assessed at fair market value right now. Right now, fair market value may seem like its pretty minimal from what Mr. Valentine is saying. Mr. Mooney questioned have you looked at the assessor's assessment on the property. Mr. Many stated no. Mr. Mooney stated maybe we start with that and that might be a good number or at least a number where you can justify you are not overstating value. Mr. Valentine stated and if it is ever an asset that we sell, we have to have an appraisal done anyhow to do the sale. Mr. Duffy questioned when the report has to be in? Mr. Many stated he would like to give them an answer today because we need to get it for PARIS, that is the main thing. Mr. Greene questioned when that is due? Mr. Many stated March 31<sup>st</sup>. Mr. Valentine stated the other question is why? He does not know what brought Cusack's question to the surface. Mr. Many stated in some of the Board discussions we've had and it is in the minutes, some people are saying it is prohibitive to really do any real work out there to connect to the road or bring it back to where it needs to be. That is why it becomes an issue from an auditor's standpoint. The other flip side to go to a lesser value is it is really an insignificant amount of our fund balance if you will. We have \$5,000,000 and \$170,000 is pretty insignificant when you take a percentage. Mr. Duffy stated the auditor is looking at it from that perspective but Mr. Valentine's point that if a business actually wanted to go in there, they needed that, that is nothing to compared to what they are going to have to spend to make it active. On the other side, there was a time when you were talking about making it a walking trail. Mr. Valentine stated he has it on the program for the MPO up in the Glens Falls area. Here, the County has what is called the Zim Smith Trail. Nine to twelve miles of trail that over the years since 1996, that has developed to say the core spine of mid- to Southern Saratoga County as a bike/ped/equestrian/snowmobiles and cross county trails. And, as other trails go off of that that are done by Saratoga Plan and municipalities. He did look at that as a possibility because of the fact that this had been sitting here for 20 something years. He talked within the County about doing a swap, sort of inner municipal bodies and Saratoga County acquires that right-of-way. The rail then has salvage value. Then you would go in and do an operation of clearing, grubbing, grading and you create a trail through there. That is an option. But what he did to get it on the UPWP, the Work Program for the Metropolitan Planning Organization, would get you into possible funding for federal aid funds to use it as such. That is there as an outside, sort of safety valve, if this thing doesn't go anywhere for another 22 years. Mr. Carminucci stated it sounds like the value is the fact that it is a right-of-way. Mr. Valentine stated that is the main thing right there. Mr. Carminucci stated we should check with assessments pairing and maybe come up with a salvage value for the rail because as a rail line it has no value. Mr. Valentine agreed. Mr. Many stated what he is going to suggest himself to do is go back to the auditor and say we are discussing it, we believe the value is in the right-of-way, that probably we should do an assessment and a formal valuation of the property and see if we can have them put a footnote in and leave it as present value this year. Mr. Valentine stated in doing that, and he knows that Mr. Many is saying you want to do it today or even by the end of the month, just call Peggy Jenkins who is the assessor for both municipalities and she may be able to give you a basis for how she has it assessed already. She is going to say a cost value or a market value. Mr. Many stated he guesses for the sake of argument is to try to leave it as is for this year and let them footnote that we are in the process of getting an appraisal value of the property.

### **2019 County & City/Town Tax PILOT Payments and Distribution:**

Chairman Sutton asked Mr. Valentine to discuss the next agenda item of PILOT payments. Mr. Valentine stated he has distributed the sheet showing the updated 2019 County & City/Town Tax PILOT Payments and Distributions. Mr. Valentine stated this is very simple. He said what did we have for our PILOT Payments in January and February that were related to local taxes, be they Town, City, no Villages and then we had the County. Across the top to give you what is in this by columns, obviously the company names are there. The project numbers on the side are only meaningful to him. The municipality, what he

did was lump them all together for purposes of Mr. Many. When he writes a check, he has each municipality there. Then you have the assessed value based upon the PILOT Agreement. He says that because we have some properties that are at full value because a building was purchased as it was. For instance, Fred's Tents. They went and purchased a building and did interior rehab. Others have a value that would be just the land value. If you look at M Grove on the chart, you will see the land value is \$268,800. Obviously, we just talked about the facilities that he has on there. His PILOT payment is based upon that land value and not the improved value. Town rates, City tax rates, County tax rates listed in there. The next column shows based upon that assessed value and those rates, what is the Town tax, what is the City tax, what is the County tax and then the total PILOT amount. He got \$120,800,000 for the total PILOT. The main things as you go along in this process is, he wrote his letters and did most of the checks January 4<sup>th</sup> to 8<sup>th</sup> so there is 30 days for them to make their payment February. 30 days for us to make the distribution. Mr. Many finalized the checks. You will see in there a date the payment was received. The one that is in there for Mr. Duffy's purpose later on and Mr. Many's is if you look at the PILOT payment versus that column that says payment if no PILOT. That is how the State looks at this and says ok what is your normal tax. So, what the State looks at is ok this is what the tax would be if it was on the tax roll versus what are you doing through your PILOT. That difference is what the State looks at and they compare that. You will see every year we get a report that comes out from the Comptroller's Office and they make a comparison between what are the benefits that IDA projects are getting versus the jobs being produced. Mr. Mooney questioned if that total was on the chart? Mr. Valentine stated no, it needs to be updated. He can get that number to the Board. The last two or three columns are mainly for his benefit. The survey for instance. As he mentioned before, in mid-December he sends out a survey to all of the Companies. We ask what were their sales taxes exempted during the year, how many construction jobs, how many full-time jobs as an operating business and then what was their mortgage recording tax if you took an exemption during the year. There are four questions and then Mr. Duffy takes that and uses it for his PARIS Reporting for the State. As you will note on there, year-end survey returned, that is him just making a note as they come in. Has he received all of those surveys and do Mr. Duffy and Mr. Many have them now. Then the next one that comes out of that, he looks at the next column where there is a letter Y that tells him that that Company, based upon what they have sent him, has to file and ST340. They report that and it goes to the State what did we have for sales tax exemptions during the year. He has noted on here that all of those Y's, he thinks there is 5 of them, where he wrote sent in under the year-end survey, should be in that column with the ST340. So, he has noted the receipt of four of them and then the one other Y at the bottom he has received was TwinBrook and they have sent theirs in since. So, the State has the ST340's. What that is just take a big breath and say ok at the end of the year he is ok with them and the State is not going to send him a letter saying Company "X" did not file with us. The last column, PILOT Status, and he goes through this with Mr. Carminucci and Mr. Toohey, and he asks the Companies that he knows it is their last PILOT payment, he puts a paragraph at the end, by March 1<sup>st</sup> please be in contact. He gives them everything he can on Mr. Toohey and who he is and why they should call him. Nobody has called yet. We have three Companies, very similar to last year, they have not sent in. It is as simple as the deed and transferring it. What that means is that those three Companies that he said ok it is your last bill, he now has to send them a tax bill in September for school taxes based at full value but they are on our books. They are not exempt. That means we don't have anything again until next March. The only thing we wound up with this year which was lucky was the assessor in the Town of Wilton, if you remember, allowed us to place them back on tax roll. There is roll section 1 and roll section 8. One is taxable and one is tax exempt. She allowed that project to go back on the books so that he didn't have to issue a bill for them with the school taxes. It didn't happen with WDC, the very last Company on the list which is DA Collins and Wilton Developmental Center. He thought that she included WDC along with Mountain Ledge, but she didn't. His letter to WDC was like a week later than the others because he found out that they weren't off the tax roll with us. Mr. Valentine asked if there were any questions. Mr. Carminucci stated he had a question. Based upon what he is seeing out there, it might be a good idea going forward to add a column or two showing what the projected job opportunities were in the application versus actual. Because technically,

that is supposed to be reviewed. He knows that Mr. Valentine reviews that. Mr. Toohey stated it is also going to be key to this new legislation. Mr. Valentine stated he could get it on this form and get it back to Board members at some point showing application job numbers versus current job numbers as they reported. The reporting on here is really only going to be for those ones who have just submitted that year-end report, that mid-December survey sort of thing. Mr. Carminucci questioned but you ultimately get that from everybody right? Mr. Valentine stated yes. Chairman Sutton asked if there were any questions of Mr. Valentine. There were no further questions

### **YE Project Surveys:**

Chairman Sutton asked Mr. Duffy the status of projects. Mr. Duffy stated we have gotten all of the surveys back and Mr. Many is involved in doing his PARIS reporting and he is also going to do the same thing and it is due to the State by the end of March. Mr. Duffy sent a copy of the certificate from PeroxyChem. PeroxyChem is a worldwide company. They have locations all over the world and they are being acquired and they are asking for this certificate. The Plant Manager called him on Friday. They are asking for that certificate just to show that they still have interest in the property but they are involved in a lease with the IDA and so they are looking for that document. Mr. Carminucci had a potential concern about number two. Mr. Carminucci stated one of the things he mentioned is he asked to find out what the application involved and if they are acquiring physical assets, we would need a consent to that as opposed to like a stock acquisition. Then, one of the representations may not be accurate if they sign a mortgage for the property. Mr. Duffy made himself a note to talk with Becky about that or if Mr. Toohey would like to have that conversation with her. Mr. Duffy stated that is all he has.

### **Status of Projects:**

Chairman Sutton asked for a discussion on status of projects. Mr. Valentine stated just quickly. More or less we talked about. Albatros, lease termination January 30<sup>th</sup> but on his end that was a little nightmarish because of the fact that we had a PILOT bill going out January 4, 5, or 6<sup>th</sup> and we were looking for these guys to do their termination back in October, November. It didn't happen until January 30<sup>th</sup> and at that time there is a PILOT payment. They got done with their termination and decided they weren't going to make their PILOT payment. This meant they were either going to carry that through and let it go on the County roll and pay it in January, 2020. But meanwhile that would mean he would have an unpaid PILOT so he would have to keep issuing a letter every month saying stating about our initial 5% and 1% every month thereafter. The payment came in just last week. Mr. Many added it to the list we just saw. They are clean with their requirements with us. There is no more PILOT's with that. The next one is WDC which he mentioned that lease termination was done back in the Fall. We received their last PILOT after the fact on that one. Finch Waste is one that he doesn't have anything. He will be following up again to get that one conveyed. Mr. Toohey questioned Mr. Valentine if he had gotten anything from WDC? Mr. Valentine stated yes, it is recorded and everything. Mr. Carminucci stated he has it signed and they did have it recorded, it just happened later than they thought it would. Mr. Valentine stated that Finch Waste is in Northumberland and that was what was going to be the Saratoga County landfill which they acquired from the County. They had a five-year PILOT on that. The five-year PILOT is terminated and he asked for them to contact Mr. Toohey. As he said, nothing has happened with that one. Mr. Carminucci stated he did receive a call from their attorney wanting to talk about something happening there, he doesn't know if it was a request for an extension or something and they have been playing phone tag. That might be why. Mr. Valentine stated that came about out of a conversation he had with somebody at their office and they said oh we are well done, what else can we do. Airosmith is left. Mr. Carminucci sent him the information. He has filed the ST60's, the ST123 and sales tax exemption certificate. We are done on that end. Mr. Toohey is taking it through. Mr. Carminucci stated we have an approving resolution adopted. It looks like their borrowing amount is going up a little. It is not really significant. He was going to have a resolution prepared for this meeting, however, they have some

circumstances involving the property that Mr. Toohey can explain more. They have to re-design it a bit. He is waiting to see if that results in any higher project costs before he brought it back. Mr. Toohey stated the answer to the question is that if you will recall this was an acquisition of a portion of land from the YMCA. That took place on Friday. We have minimally modified the agreement with the City to allow the two lots to be merged. That will take place this week. We are going on the following next Monday for an area variance because there was confusion as to the location of a County water line. We thought it was to the east of the property. It is more central on the Y's property and the building has to be shifted off of that easement and it requires a six-foot setback easement. That seems to be going smoothly. It will be addressed both by the Zoning Board, Planning Board, County Planning Board again and Zoning again by the end of April. Mr. Wintsch questioned if the design of the building was still the same essentially. Mr. Toohey stated the only thing that has happened with regard to the design of the building is it shrunk somewhat. Minimally actually. Minimally and the real shift is that the building in a whole moved out towards West Avenue by six feet. It was twelve feet and now it is six feet. The setback is twelve. We are going to have to get a variance for that. So there has been a minor change to the size of the building. None of the function has been lost.

### **Project Updates:**

Chairman Sutton stated the next agenda item is project updates. Chairman Sutton asked Mr. Vanags if he had any updates. Mr. Vanags stated not at this time. Chairman Sutton questioned if SEDC had any updates. There were no updates at this time.

### **Update on IDA-related Legislation:**

Chairman Sutton asked for an update on IDA-related legislation. Mr. Valentine stated he put this as an unclaimed agenda item for either Mr. Toohey or Mr. Carminucci if they wanted to say anything about it. We will be impacted by a couple of things, but he thinks Mr. Toohey sent a response to an email, and in the last email most of the things that were mentioned in there we do already or we are not involved with at all as an agency as compared to some other IDA's. Mr. Toohey stated there were a lot of functional things that other IDA's are going much broader than we have ever gone in the life of the organization. Layering, PILOT payments, continuing PILOT payments, setting PILOT payments way into the future that we have just never done in the entire history. So, we may not be videoing but we're not utilizing taxpayer dollars to the extent that many of the IDA's are and that seems to be what the headlines are. Mr. Carminucci stated the biggest impact would be the prevailing wage proposal.

### **Other Business:**

Chairman Sutton stated on other business, our subcommittee met with a prospective developer for the Victory Mills site and it is a complicated application that Mr. Duffy has sent you some information on. The Victory Mills project, if everyone is familiar with it, is the old Victory Mills and Uri Kaufmann. It was an approved project about five years. Mr. Valentine stated twice approved and ones with the new submittal that died. Chairman Sutton stated there is a new developer that is coming in that is looking to regenerate the application and take a look at the proposal to make it into an apartment/brewery. They have a lot of approvals from the Villages. It is a complicated PILOT that they have used in other areas of the State. They want us to take a look at it and see if we can mimic some of the things that they have had approvals on. If you have an opportunity to take a look at it, the subcommittee is going to have to meet again a couple of times to review their request. It is a project that is ongoing. He thinks the developers want to have some answers at least by the end of the summer he thinks. If you have any responses, please get back Mr. Duffy or himself.

Chairman Sutton asked if there was any further business to discuss before the Board. As there was not further business, the meeting was adjourned on a motion made by Ms. DiDomenico, seconded by Mr. Greene, with all voting in favor.

Respectfully submitted,

Lori A. Eddy