

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY MEETING
40 McMaster Street
Ballston Spa, NY 12020
July 12, 2022 – 8:30 a.m.

PRESENT: Members: Chairman Rod Sutton, Phil Klein, Yvonne Manso, Kevin Tollisen, Mike Mooney and Erinn Kolligian.

STAFF & GUESTS: Scott Duffy, CEO; Jeff Many, CFO; James Carminucci, Counsel to the Agency; Michael Valentine, Administrator; Dennis Brobston; SEDC; Steve Bulger, County Administrator; George Hubschmitt, CTI Properties; and Lori Eddy.

ABSENT: Tom Lewis.

Chairman Sutton called the meeting to order at 8:40 a.m.

Approval of Meeting Minutes: March 8, 2022, May 10, 2022 & June 14, 2022:

Chairman Sutton stated the first order of business is the approval of the meeting minutes of March 8, 2022, May 10, 2022 & June 14, 2022. Chairman Sutton asked if there were any changes to the meeting minutes. Mr. Klein made a motion to approve the minutes for March 8th, May 10th & June 14, 2022 as presented. The motion was seconded by Mr. Mooney. As there was no further discussion, all were in favor and the minutes were approved.

Application: CTI Properties:

Chairman Sutton stated Mr. Hubschmitt has been before our Board a couple of times now and he has had a very successful business model that he keeps expanding and that is good for Saratoga County and us. The application is for mortgage recording tax abatement of \$19,500. The sales tax abatement of about \$201,000 depending on what the construction costs are going to be in the next six months and property, the PILOT Program, \$289,740. Mr. Hubschmitt has had the ability to add jobs to his facilities. Over the next three years, the projections add another ten jobs. He is not new to our Board. He has had some hiccups along the way to get this thing approved and the good news is that he is staying in Saratoga County as opposed to looking someplace else. Chairman Sutton asked Mr. Brobston if he had anything to add. Mr. Brobston stated he had nothing significant to add at this time. The main thing is that it took so long to get through the approval process. The Town had finished a moratorium and they were concerned about site preference. Mr. Hubschmitt had a company that was willing to work with him and just give him a fair delivery time and that was how the project got done. Mr. Hubschmitt stated business is still good. The forecast and the bookings are there. Besides the power industry, there is strong growth in the solar farms and energy storage. We have a specific customer with flywheel energy storage which is different than battery energy storage and the facilities needed specifically for those markets as well as the bookings we had in the more traditional gas turbine power industry. We are seeing growth and demand up. The last six months is a little bit of a delay, a little bit of a challenge but he thinks it is doable. Mr. Brobston asked Mr. Hubschmitt how his hiring has been going? Mr. Hubschmitt stated they have never had trouble with hiring pretty good people. Mr. Brobston stated that is just a big subject during these days of low employment. Mr. Hubschmitt stated lately it is tougher to retain people, they seem to work for a month or two and then maybe don't want to work, he doesn't know. Chairman Sutton stated then

you are basically at a footprint at that property, you would have to go up now if you were to expand some more. Mr. Hubschmitt stated the site plan pretty much that got approved maximizes and is done for that site. This will be an 18,000 square foot high bay with 80-ton crane capability. Then there is another space to the south on the lot for a 12,000 square foot that might be more warehousing or office space. But the 12,000 square foot is not going to be built at this point, but it is already approved for the lot development. Chairman Sutton stated okay. Mr. Brobston questioned, have you taken back all of the spaces you had rented out to Tri-Nova or is there place still built, I can't remember. Mr. Hubschmitt stated so they are scheduled to move out of our main building on a September timeframe. They built their own building in Clifton Park. We have another company coming in, a solar farm developing company called Active Solar. They are moving in on maybe a 12-18-month basis while they build their own building. We share some resources together and enhance some business together, so it worked out. And then we will be in the position after they move out to either replace them with a tenant or take over that space. Chairman Sutton questioned how many people will be occupying your space from them? Mr. Hubschmitt stated 15-20. They are hiring right now, and they are in a heavy growth mode. They ran pretty bare bones with 4 or 5 people for quite a long time now. He thinks their projection is 15-20 people. Chairman Sutton questioned, when is your projected end date of construction. Mr. Hubschmitt stated we are going to start construction as soon as possible in the next couple of weeks. We hope to be in December or January 10th. Ms. Manso questioned, are you only building one of the buildings? Mr. Hubschmitt stated yes, the building to the north, the 18,000 square foot high bay building. Chairman Sutton asked if there were any questions of Mr. Hubschmitt or Mr. Brobston? Mr. Klein stated it is an ambitious project and he wishes Mr. Hubschmitt luck. Mr. Hubschmitt stated we have been through it a couple of times.

Chairman Sutton then asked for a motion to approve the Resolution for CTI Properties as presented. Mr. Tollisen made a motion to approve the Resolution. The motion was seconded by Ms. Kolligian. Chairman Sutton asked if there was any further discussion. There was no further discussion.

RESOLUTION #1517

RESOLVED, THAT the Saratoga County IDA accept the motion to approve the Resolution for CTI Properties as stated and discussed be acted upon. The results of the roll call vote were as follows:

AYES: Mr. Klein, Mr. Tollisen, Mr. Mooney, Ms. Kolligian, Ms. Manso, and Chairman Sutton.

NOES: None

ADOPTED: 6-0

Mr. Hubschmitt stated he would like to thank the Board. He thinks one of the most pleasant experiences is working with you all and he is looking to develop more industry and commerce in Saratoga County. Everybody on the Board here has been fantastic to work with through the years and he thinks if he looks back on his career working with some of you folks has been one on the highlights. Very easy to work with. He apologized for being late. He always gets confused where these are being held. Chairman Sutton thanked Mr. Hubschmitt and thanked him for staying in the County.

Chairman's Notes:

Chairman Sutton stated the next agenda item is Chairman's notes. He has been in contact with Rachel Seckley from Camoin Associates and she has done a lot of preliminary work to contact the major players

for the Economic Impact Study that we've contracted with Camoin. She has been in touch with Skip Carlson. He had a chance to talk with Skip and all of the information and the inquiries that she has sent to him, Skip has already done. He has got a team of people that will be giving her the information to put together the study on their part. Jeff Cannizo from New York Racing Association has been assigned the project for New York Racing and he too has subbed out some of this to the Horse Breeders Association. So, all of that is being covered. As far as SPAC is concerned, he believes Elizabeth Sobel has been contacted as well. Chairman Sutton asked Mr. Bulger if Rachel has reached out to the County at all. Mr. Bulger stated yes, we had a conference call with her, and it was very productive. Chairman Sutton stated very good. It is probably going to be in a little hiatus now because this is their season. We are getting into the track season but certainly it will be picked up again and they are going to work diligently on this, and we should have a report by late Fall. That is what we are shooting for. We think it is going to take about four months to do this project. There is a lot of cooperation from our County Administrator Steve Bulger. He contacted NYRA for us, and they are very enthusiastic about the project itself. He has asked them for a bill for a down payment and they haven't done anything with it at this point. As soon as we do, he will forward that to Mr. Many.

CEO Report: CHPE Pilot Update Report: Revised Application:

Chairman Sutton stated the next agenda item is the CEO Report, CHPE updated report revised application. In the midst of putting together the contract with the Champlain Power Express, we have had a lot of discussions with our County Administrator in putting together this project. We have received a letter from the County basically indicating that the project is going to be a host community project administered by the County over the duration of the 30 years and that we've received a letter from Todd Kusnierz who is the Chairman of Board of Supervisors. The indication that we have is that our Board, and if we have had a chance to read over some of the information, our Board will follow through with the application process for CHPE to come through and put together the project. What will happen is that the County Administration will then, when the monies are allocated over the 30-year period, they will allocate the monies as a host benefit for the jurisdictions that are being used for the electrical lines. We think this is the smoothest way of putting this thing together. Again, one of the thought processes we have had in our discussions that we don't know where IDA's are going to be in the next 30 years. We do know that the County is going to be in existence 30 years from today. We won't be here, but the County will, and we felt that this is the easiest and most effective way so everyone gets a piece of the action, and it is approximately \$2,000,000, maybe \$2,500,000 for the next 30 years that the County will then distribute through the Towns and the School Districts and other entities within the County. Mr. Duffy stated it grows, it starts there, but it ends up over six, so it is pretty dramatic. \$126,888,000. Chairman Sutton stated he would read their letter into the record when CHPE comes in with their formal application. Chairman Sutton then asked Mr. Carminucci to go over the semantics of how the process is going to work as we go through this with the County and his discussions with the County Attorney and their attorney as well.

Mr. Carminucci stated just to summarize, we did preliminarily approve this project about a year ago. The applicant was in a hurry to try to get some certainty in terms of real property taxes or payments in lieu thereof. They didn't have all of their information, so we did move forward and had a public hearing and approved the 30-year payment scheme which totals about \$127,000,000. Since then, he thinks everybody has received a copy of the supplement to the application that was submitted in January by the applicant and identifies their mortgage recording tax exemption request as well as sales tax. They also estimated what they might be saving in real property taxes annually depending upon how this line gets assessed.

Then, subsequent to that, as Chairman Sutton indicated, we have been having conversations with the County and the conclusion is that as opposed to the IDA receiving PILOT payments over 30 years, the County and the applicant would enter into a host community benefit agreement and the money will be remitted to the County which will take the place of PILOT payments that might have come to us that we would then redistribute. Mr. Duffy stated but the IDA will get the fee. Mr. Carminucci stated yes, the IDA will still receive the administrative fee and we will still take an interest in property which is yet to be identified and that will allow property to be removed from the tax rolls but there won't be any PILOT payments required between the IDA and the applicant.

The applicant is hoping to have us move this forward and schedule a public hearing in August because they are hoping to close on the financing as early as September and they need everything solidified in order to do that.

Chairman Sutton questioned if they could get an updated application and fill out the blanks because he did go through that application last night and there is really nothing there. Mr. Carminucci stated he thinks what they are saying, and you'll have to confirm this, is that you take the original application and then supplement that with the letter that was received in January, that combined gives them the application. Whether we agree with that or not, we have to determine. Mr. Duffy stated there are actually two letters. Mr. Carminucci stated the second letter that was recently submitted he thinks it was dated July 8th. Then there was the letter dated in January that identified the exemption amounts. Chairman Sutton questioned, can we have that done by August, we only have about three weeks before our next meeting. Mr. Duffy stated they submitted it to us. They offered it as a supplement. Mr. Carminucci stated he doesn't think our application really works well with this type of project and that is why a lot of the information wasn't submitted initially. So, he thinks we have to determine with Mr. Valentine and Mr. Duffy whether the application we received last year combined with the two letters that we've received this year are sufficient for us to move forward. Then the request would be to schedule a public hearing at our August meeting and then move forward.

Mr. Klein questioned so would you and the County Attorney more or less get together and see if that suffices? Mr. Carminucci stated the County Attorney's role is only relating to that agreement that it describes that they are going to be entering into with the County. So, that is going to be a two-party agreement between the County and the applicant. It will require them to make annual payments consistent with that schedule attached to the application. We won't be a party to that; however, we will have a control mechanism so that if they ever default in their payments with the County, we would have the ability to terminate our ownership interest in the property which would put the property back on the tax rolls. That will hold their feet to the fire in terms of them not defaulting on those annual payments. Mr. Klein stated okay. Chairman Sutton questioned if we have any idea of what other Counties are doing or have they closed in any areas. Mr. Carminucci stated they have closed in escrow with a few and that is what they are proposing to do with us until they get all the real property interests identified. But they still have a few that they haven't closed with.

Chairman Sutton stated their construction dates are way out in the future at this point. Mr. Carminucci stated yes, he thinks they are hoping to get started as quickly as they can. They have a few things to deal with and to get their financing closed on and they need to identify and negotiate all of the real property interests with the railroad and whoever they might be coming from. Mr. Duffy stated they could potentially break ground in certain areas this year, late in the third or fourth quarter. It will be a three-year build process after that.

Chairman Sutton questioned, so Towns like the Town of Wilton, they will get, because of the host community, they will be getting some subsidy that they normally would not have gotten had we gone through a regular PILOT Program as the distribution would be coming from the County. Mr. Duffy stated the normal taxing jurisdictions that were involved with the line and where it was going to go, Towns like Wilton with no Town tax would get zero. Now the County has had a different idea, and he is not going to speak for Mr. Bulger. Mr. Mooney stated it would be up to the County to disburse it whatever way they want to. Mr. Duffy responded that maybe Mr. Tollisen could speak to that if he knows more about it. Mr. Tollisen stated he thinks it is still under discussion at this point. Obviously, it is going to benefit all of the County, but he thinks it is still under discussion at this point. Chairman Sutton stated okay.

Mr. Carminucci stated and there will be a three-year delay before those payments start coming in because nothing is required during the construction. Construction is estimated to take three years. Mr. Duffy stated he is sure there are a number of Towns on this line in other Counties too that don't have a Town tax, and the way we decided to do this gives us an opportunity to make it more equitable for Towns that don't have that to get some benefit.

Mr. Valentine questioned if we will still be reporting to the State and are we still going to be doing ST forms. Mr. Carminucci stated it is still a project, and we are still granting a sales tax exemption if it is approved. Mr. Valentine stated so we are still going to have to keep track of sales tax exemptions. Mr. Carminucci replied right. Mr. Duffy stated to just bring up what that last letter dated July 8th, and your point yesterday Mike with this *ad valorem* and the PILOT payment connected. Why did they make that statement? Mr. Carminucci stated what they are basically saying is that their proposed payments are intended to take the place of PILOT payments as well as normal tax payments. If there are any special district taxes that would attach to any portion of the line, we can exempt those from payment based upon ownership, so they'll still have to pay those. Mr. Duffy questioned will there be any special language that we'll have. Mr. Carminucci stated that is usually stated in our PILOT Agreement, but it's also the law so we can't alter that. It is what it is and if they are subject to advance pay.

Mr. Valentine stated but if they are still working through with individual communities, is that something they would have to address with each Town going through there recognizing that whatever Town's got a sewer district, a lighting district, a stormwater district and things like that, there would be a tax payment due. Chairman Sutton stated he assumes they are not going to do any construction until all of the Counties have signed in on this, correct, when they get the financing? Mr. Carminucci stated he does not know. Wherever they get to get in the ground first he thinks that is what they will do.

Chairman Sutton asked if there would be a default of some kind, and will the County have any liability on this in terms of finance? Mr. Carminucci stated no. The County is not involved with financing, the IDA is not involved in financing, if their project runs amok then that is that. Chairman Sutton stated then we just don't get paid. Mr. Carminucci stated right. You will get your fee as long as they close. Mr. Duffy stated but there might be some extra pipe in the ground that never gets used if something like that ever happens, but it will be buried. Our closing will be at whatever point they are able to identify any real estate interests, so we'll have a closing, we'll acquire an interest in some portion of the line and then there may be subsequent closing type events where they transfer more interest in as they figure out the balance of the line. That is how they described it. But that is going to be different in each County. So, with us, at

the point we are closing, it is possible that they might have all of their real estate interests identified and we'll just have one conveyance.

Ms. Kolligian questioned as they cut through Towns, do they still have to go through the Planning process at each of these areas? I know they are following a lot of the lines. Chairman Sutton stated they went through that early on, he thinks they got approval from all the jurisdictions. Mr. Mooney stated he thinks most of it is in the public right-of-way. Mr. Duffy stated most of it is in the rail right-of-way, CP Rail. Ms. Kolligian stated she doesn't remember them going through the Planning Board. Mr. Mooney stated he thinks they don't need to go through the Planning if they are working in the public right-of-way. Mr. Duffy stated but there was a letter from the Town of Wilton approving. They had letters from every one of them that it was a favorable project.

Mr. Bulger questioned Mr. Carminucci, regarding the special district payments that you referred to, will they be separate from the agreement with the County? Mr. Carminucci replied yes. Mr. Bulger questioned if the applicant will negotiate those with the Towns. Mr. Carminucci replied right, if there are any that are due, they would then get paid directly by the applicant to the taxing jurisdictions.

Chairman Sutton asked if there any other questions from the Board members and if everybody understands the project and the process that we are going through.

Mr. Duffy stated we would be able to have a public hearing here, isn't that the plan? Chairman Sutton questioned and you think we can do that in time for the next meeting. Mr. Duffy stated yes, he thinks there are supplements, there are two letters here that give us the information that we asked the applicant to give us. We'll just make it part of it and that will be the package. Mr. Valentine stated as part of the public hearing, it may pay for us in one way or the other, to read that supplemental information into the record so it is there in one place. We don't have an application like you said. We've got a lot of TBD's and blanks. Mr. Carminucci stated he doesn't know if you need to read it because we would not normally read an application in, he just thinks that we need to make sure it is available on the website before the public hearing occurs and people will have it. Mr. Duffy stated we can refer to the two dated supplemental attachments made a part of the application. Mr. Carminucci stated we'll be sending out notices to all of the taxing jurisdictions as we typically do that, we are having a public hearing. Chairman Sutton stated he would like to read in Mr. Kusnierz's letter to us for the public hearing to memorialize what the County wants to do. The public hearing could be in one location obviously then, right? Mr. Duffy stated we don't have to do it in every single jurisdiction is what he is told. But we could do it here because it is a County thing. Chairman Sutton questioned do we have to notify each jurisdiction? Mr. Carminucci replied yes, as we did last year by sending out a letter. Chairman Sutton stated the School Districts and the Towns were notified. Mr. Carminucci stated yes, and we will be putting a notice in the paper for a public hearing.

Mr. Bulger stated he knows we talked about this earlier, but, for the record, the County does not have to present their final plan of distribution, they have time to work that out the host approval. Mr. Duffy replied yes. Mr. Carminucci stated the only thing the applicant wants to know is what their annual payments are going to be so that is all they care about right now. Mr. Bulger stated so as long as the County figures that out before those payments start. Mr. Carminucci stated yes. What they are looking to do, based upon their conversation with the County Attorney, is to try to get the host benefit agreement approved in August or September based upon your schedule. Beyond that, you don't need to have anything else identified and they will start receiving payments.

Mr. Valentine questioned so if we have a public hearing, we will have a Resolution. Mr. Carminucci stated right. Mr. Valentine continued then after that, then we identify to the State that we will have Sales Tax Exemptions. Mr. Carminucci stated right. Mr. Valentine questioned when would there be a closing? Mr. Carminucci replied there should be one in the Fall, an initial one.

Mr. Duffy stated they have to identify what we are going to own. Mr. Carminucci stated right, we have to identify what they are conveying to us. It could be a multiple step process. Mr. Valentine stated and then we will have a fee at closing. Mr. Carminucci replied yes.

Mr. Bulger questioned will the Board of Supervisors need to pass a resolution to approve this prior to final closing in September? Mr. Carminucci replied yes, he thinks that is what they are hoping for.

Chairman Sutton questioned Mr. Valentine, for the annual reports, like the PARIS Report, how is that going to be monitored? Do you have to do it each year? Mr. Valentine stated yes, that is what he was thinking, we will. Then also, one of the things that is missing in here is jobs, which is going to be what their big criteria is. Chairman Sutton and Mr. Duffy both stated it is going to be construction jobs. Mr. Duffy stated it will be three or four years of construction jobs. Outside of that, you are going to get maybe a half dozen guys that run up and down these things just checking. That is going to be their job. Chairman Sutton stated he thinks at the end of the project there is going to be at least 40 permanent jobs throughout that line, but then there are supplemental jobs for electricians and things go wrong and you they are going to have a lot of supplemental jobs over the course of the lifetime. Mr. Valentine stated to go to your question, when we send out the year-end report to all companies and they are going to wind up reporting back. It is going to ask about jobs. They do have construction jobs, and there is going to be a go back and forth with the applicant on that. Mr. Duffy stated the other consideration wasn't just jobs on this, it was a benefit. Ms. Kolligian stated one of the questions we had asked was to use local vendors during construction. Who are they hiring to do this line? Chairman Sutton stated he doesn't think we know. Mr. Duffy stated they will probably put an RFQ out. Ms. Manso stated there is already bidding out there. Mr. Duffy stated and that is going to happen up and down the whole line.

Chairman Sutton asked if there were any further questions? Mr. Duffy stated his question was does August 9th work for this Board for our next meeting and obviously the public hearing would be a part of that. Chairman Sutton stated that is a short window. Maybe we should put it later in the month. Do we have much on an agenda coming up. Mr. Brobston stated we may have one other project. Discussion continued on the date for the next meeting. Mr. Mooney stated as far as notice goes, what is the timing on that. Mr. Carminucci stated we can do a normal notice which is a deviation, but it doesn't extend our notice period, but we may just need to have some time to get that together. Chairman Sutton stated why don't we look at the 16th. Mr. Brobston stated the County Board of Supervisors meeting is the afternoon of the 16th, but he doesn't think they need to have anything done by that time, just before closing. Mr. Carminucci confirmed this. Chairman Sutton questioned if August 16th was in agreement with everyone on the Board? The Board was in agreement.

CEO Report:

Chairman Sutton stated the next agenda item is the CEO Report. Mr. Duffy stated the only thing he would state on the CEO Report is that the PARIS Report has been submitted and he has a sub-committee meeting after the Board meeting. Chairman Sutton stated we will have a sub-committee meeting

afterwards with the Active Solar Development, LLC and we will be talking about that after we adjourn our meeting.

CFO Report:

Chairman Sutton stated the next agenda item is the CFO Report. Mr. Many stated we set up our \$500,000 CD. He actually had a couple of banks that chose not to send a bid in. Thankfully, Saratoga National offered 1.25% on \$500,000 to be set up. Ballston Spa and NBT chose not to bid at all. We also had our first closing in August which is good news. Everything else is pretty much unchanged. There are very few liabilities. We have written three checks so far this month. Assets are at \$4.5 million still so everything is good. Chairman Sutton asked if there were any questions of Mr. Many. There were no further questions. Chairman Sutton thanked Mr. Many.

Agency Counsel Report:

Chairman Sutton asked Mr. Carminucci if he had anything to report. Mr. Carminucci replied he had nothing further to report at this time.

Other Business:

Chairman Sutton asked if there was any further business to come before the Board. Mr. Valentine stated that we just had about five projects that we have to keep track of the certificates of insurance to make sure their liability falls within the project. So, we had five of them roll over into the end of July. Also, as Mr. Many mentioned, 113 Tabor Road, LLC closed and that will be coming on but that one doesn't have its first PILOT billings until a year from this September. The way they start, they close now, taxable status date is March 1st and then the next PILOT bill in line would be school taxes in September of 2023. To that point, Mr. Many and he will start working on PILOT bills after the August meeting for school bills. Mr. Valentine stated that is all he had.

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

Respectfully submitted,

Lori A. Eddy