

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

January 20, 2015

Meeting Minutes

CALL TO ORDER

Chair Robert Hanft called to order the meeting of COIDA at 8:05 a.m. at the COIDA offices located at 189 Main Street, Suite 500, Oneonta, NY. Voting members present were Joseph Bernier, Craig Gelbsman, Robert Hanft, Hugh Henderson, James Jordan, Len Marsh, Devin Morgan, and James Salisbury.

Also in attendance were staff members Sandy Mathes, Elizabeth Horvath, and Dawn Rivers; agency counsel A. Joseph Scott and Kurt Schulte; and guests Susan Green of Paperkite Creative and Lisa Nagle of Elan Planning.

MEETING MINUTES

Minutes for the December 4, 2014 meeting of COIDA were presented to the Board. After brief discussion, Mr. Bernier moved to accept the minutes. Mr. Marsh seconded and the motion passed unanimously by voice vote.

TREASURER'S REPORT

Mr. Lord was unable to attend the meeting due to a previously scheduled conflict. Ms. Horvath noted that there was nothing remarkable in the financials, that they were fairly static at this time. She reminded the Board that the financial reports would shortly be presented in a different format that would convey less data but more information. Mr. Marsh reminded the Board that there would be a \$7,000 transfer of funds representing the last of the soccer property monies. Mr. Bernier moved to accept the Treasurer's Report. Mr. Salisbury seconded and the motion was passed unanimously by voice vote.

Loan Portfolio Review

The Audit and Finance Committee conducted a review of the loans in the IDA portfolio to assess whether the reserves on a number of unhealthy loans in the portfolio should be raised. However, Ms. Horvath felt that if the Committee believed a 100% reserve was necessary on an unhealthy loan, it might be more sensible to simply write that loan off. She recommended that such write-offs should be discussed with the auditors. Chair Hanft congratulated Ms. Horvath on the progress that had been made over the last year in cleaning up the IDA loan portfolio.

BILLS TO BE PAID and PAYROLL REPORT

Ms. Horvath presented the Bills to be Paid report to the Board, noting that it appeared to be longer than usual but that was only because the Board had not met since December 4th and the current report therefore covered approximately seven weeks. Mr. Bernier moved to pay the IDA bills. Mr. Salisbury seconded, and the motion was approved unanimously by voice vote.

Ms. Horvath then advised the Board that a new appraisal was needed for the soccer complex and the building on that property. Since the IDA did not acquire the property at fair market value, such an appraisal would be needed in order for the asset to be added to the IDA books appropriately. Ms. Horvath therefore requested that the Board approve an expenditure of up to \$2,600 to the Olin Group LLC for the required appraisal. Mr. Marsh so moved, Mr. Salisbury seconded, and the motion passed unanimously by voice vote.

COMMITTEE REPORTS

Project Committee

Chair Hanft and Mr. Mathes noted that the work of the Project Committee was very important for the overall work of the IDA, and Chair Hanft reiterated his invitation to those Board members who were not seated on the Committee to attend meetings. Mr. Mathes then reported on the last meeting of the Project Committee, which took place on January 15th.

Training Center – Mr. Mathes reported that Ms. Rivers had given the Committee a spirited update on progress with the Center.

Richfield Business Park – Mr. Mathes advised the Board that the next few months would be spent building support for the business park in both the town and village of Richfield Springs. He will offer to meet with Town Board members in one-on-one sessions in order to answer questions one on one. Mr. Mathes then plans to begin the public process in February, and would shortly form a working committee composed of members from the Town and Village Boards.

Pony Farm – Mr. Mathes reported to the Board that we are on track to getting past the last phase of collection, although the final archaeological surveying probably would not be able to be completed until March. Once that was done, Mr. Mathes said, the site would be certified “shovel ready.” Mr. Mathes then asked for Board approval to amend the contract with Delaware Engineering to include up to an additional \$25,000 for the final archaeological studies. Mr. Jordan so moved, Mr. Henderson seconded and the motion passed by unanimous voice vote.

Siemens – Mr. Mathes informed the board that Siemens has requested a fourth one-month lease extension, which was a positive development.

Hartwick/StartupNY – Mr. Mathes and Ms. Horvath recently met with Dr. Margaret Drugovich to discuss development of the Hartwick StartupNY site at Table Rock. The primary issues that need to be assessed are access to the site and adequate power supplies for potential site occupants. The proposal by Delaware Engineering to complete the assessment called for a cost of \$15,000, which Dr. Drugovich agreed to split with the IDA. Mr. Mathes recommended to the Board that they approve the \$7,500 expenditure. Chair Hanft reminded the board that he is a member of the Hartwick Board of Trustees. Mr. Jordan made the motion to approve spending \$7,500 towards this study and Mr. Salisbury seconded it. The motion was approved unanimously by voice vote.

West Oneonta – Mr. Mathes is working on creating another development at the southern end of the county. There are two potential sites in the State Highway 205/23 corridor.

Ommegang – Effective last Wednesday, all paperwork concerning an \$8 million grant request with Empire State Development has been submitted. Now, all parties are waiting for ESD. Mr. Mathes noted that both the Senate and the Assembly have unappropriated funds, and that Senator Seward has been very helpful in moving this process forward.

Audit and Finance Committee

Ms. Horvath reported that the Audit and Finance Committee met on January 8th and reviewed November 2014 financials. They were unable to review the December financials because they were not yet prepared. In addition, as a result of the loan portfolio review, Ms. Horvath has three items that required Board action.

Foothills – the matter of the loan to Foothills has been dragging on for months. Now that Foothills has a new executive director, Luisa Montanti, Ms. Horvath hopes the organization will be able to address its cash flow issues effectively. She therefore recommended to the Board that the IDA defer repayment of the loan until July 2016. Mr. Marsh so moved. Mr. Henderson seconded and the motion was approved by unanimous voice vote. Mr. Schulte will amend the loan documents accordingly.

CompDirect – Ms. Horvath advised the Board that Christian Soller of IDA counsel sent a demand letter to Michael Spagnola of CompDirectUSA, who responded negatively by email to Mr. Soller. A large majority of the board expressed a desire to pursue this matter aggressively. Ms. Horvath informed the Board that the next legal steps in pursuing repayment by CompDirect would involve an expense of approximately \$2,500. Mr. Jordan moved to approve this expenditure. Mr. Marsh seconded and the motion passed by unanimous voice vote.

IOXUS – Mr. Mathes reported that IOXUS CFO Henry Barber reached out to the IDA recently and indicated to Mr. Mathes that they would like relief with respect to their rent and their loan payments. Mr. Mathes proposes offering to allow them to pay 50% of lease payments and 50% of loan payments for six months, with the unpaid balances added to the back end of the lease and

the loans respectively. Mr. Marsh suggested that the IDA could also use IOXUS's \$15,000 security deposit to cover the other 50% of the lease payments. Mr. Mathes endorsed the idea and requested Board approval. Mr. Bernier moved to allow IOXUS to make 50% of their regular lease payments for six months, with the 50% balance to come from their initial deposit of \$15,000, and 50% of their regular loan payments for six months, with any outstanding balances to be added to the back end of the obligations. Mr. Salisbury seconded and the motion was approved unanimously by voice vote.

Branding Committee

Due to other time commitments, Susan Green of Paperkite Creative delivered her report to the Board as soon as the meeting was called to order. She informed the Board that the Committee had been making good progress in the branding process.

Firstly, a strong name has been selected (Otsego NOW) that conveys urgency and suggests action, a commitment to making things happen, on the part of the IDA. Secondly, a descriptive secondary title ("Hub for Economic Progress") has been selected that presents the IDA as the center of the action, communicates smart, progressive development, and does the work of explaining what Otsego NOW does. This frees the tagline up to be more evocative and punchy.

Finally, some matters still need to be finalized, such as the tagline, logo and colors. In addition, staff at Paperkite are working on "website wireframes," design layouts for different types of pages on the forthcoming web site. Other next steps include developing various visual elements to support the brand.

There was some further discussion of the web site and, in particular, its purpose. Ms. Green and Mr. Mathes both reiterated that it will be important that the new brand message conveys a positive message to both community stakeholders, and corporate and site selector communities that are concerned about local acceptance.

RESOLUTIONS

Brooks BBQ Realty LLC

Ms. Horvath introduced the two resolutions for the Brooks PILOT application by noting for the board that this PILOT was different from the usual IDA PILOT agreement, as it concerns a recently completed project, and would serve a retention purpose. She further explained that the PILOT was offered in order to provide some financial relief to a successful, well-loved local business that employs 100 people year-round, and which has incurred massive and unexpected costs across the past year.

Ms. Horvath then explained that the proposed PILOT would freeze property taxes for Brooks Bottling for 10 years, then increase incrementally for the following 10 years, with taxes returning to full assessed value by year 20.

Mr. Scott then introduced the two resolutions before the board. The first resolution would authorize staff and counsel to perform the administrative tasks necessary to hold a public hearing regarding the proposed PILOT agreement. After some discussion, Mr. Bernier so moved, Mr. Salisbury seconded and the motion was approved by unanimous voice vote.

Mr. Scott then brought forward a resolution to notify the effected taxing jurisdictions of the proposed PILOT deviation. Ms. Horvath and Mr. Scott explained that the proposal would use a fixed allocation with fixed numbers that would be attached to the PILOT application. Mr. Bernier moved to approve the resolution amended to include the option to incorporate all parcels belonging to Brooks into the PILOT. Mr. Gelbsman seconded and the motion was passed unanimously by voice vote.

Ms. Horvath then made a recommendation that the Board permit Brooks to pay the PILOT fee in 10 installments over a 10 year period, with the first payment due one year after closing. Chair Hanft, noting that the object was to provide relatively immediate relief to Brooks, instructed Ms. Horvath to compute what the payments would be if Brooks were required to pay the fee over 5 years instead of 10 years, so that the Board could choose between the 5-year or 10-year option when the PILOT agreement was finalized. After considerable discussion, Mr. Salisbury so moved and Mr. Henderson seconded the motion. The motion was approved by voice vote. Mr. Marsh opposed the motion.

Finally, Ms. Horvath proposed that Brooks' loan agreement be modified to allow the company to make interest-only payments for the next 12 months. After further discussion of Brooks' situation, Mr. Bernier moved to amend the Brooks loan agreement as proposed. Mr. Salisbury seconded and the motion was passed by unanimous voice vote.

CEO's REPORT

Cooperstown Comprehensive Plan & Downtown Revitalization Strategy

Mr. Mathes introduced Lisa Nagle of Elan Planning to provide an update on the Cooperstown planning project for the Board.

Ms. Nagle advised the board that Phase I of the planning project had been completed. Project organization had been accomplished with the assistance of the advisory committee co-chaired by Ms. Horvath and Village Trustee Cynthia Falk. In addition, Ms. Nagle received a great deal of valuable input from both the seasonal tourists and the regular residents of the village, which she reviewed briefly for the Board. The project is now ready to proceed to Phase II.

During Phase II, Elan Planning will complete the Comprehensive Plan and develop the Revitalization Strategy, which will include a precise implementation plan. Mr. Mathes added that preliminary investigations had already indicated that there were two major potential development sites that had been identified by Elan's work so far. Once the plan is completed, the IDA will

have a document that should provide everything needed to begin discussions with developers and to start pursuing funding opportunities.

ADJOURNMENT

The next meeting of the COIDA Board will take place on February 26, 2015. There being no further business, at 10:05 a.m., the meeting was adjourned.