

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

September 4, 2014

Meeting Minutes

CALL TO ORDER

Chair Robert Hanft called to order the meeting of COIDA at 8:00 a.m. at the COIDA offices located at 189 Main Street, Suite 500, Oneonta, NY. Voting members present were Robert Hanft, Jeffrey Lord, Joseph Bernier, Hugh Henderson, James Jordan, Craig Gelbsman and James Salisbury.

Also in attendance were staff Sandy Mathes, Elizabeth Horvath (who joined the meeting at 8:30 am), Dawn Rivers and Ashley Rounds, and agency counsel A. Joseph Scott and Kurt Schulte. Guests included Alex and Barbara Shields, and Jim Kevlin.

WELCOMING ASHLEY ROUNDS

The Chair introduced Ashley Rounds, who has recently joined the COIDA staff as Executive Assistant. Ms. Rounds, a recent graduate from SUNY Oneonta and now a resident of the City of Oneonta, was cordially welcomed by Chair Hanft and the Board.

MEETING MINUTES

Minutes for the August 7, 2014 meeting of COIDA were presented to the Board. After brief discussion, Mr. Bernier moved to accept the minutes. Mr. Jordan seconded and the motion passed unanimously by voice vote.

TREASURER'S REPORT and BILLS TO BE PAID

Mr. Lord presented the Treasurer's Report and reviewed July's financial statements. Chair Hanft reviewed the Bills to be Paid and the Payroll reports. Mr. Lord noted that the expenditures documented in the July 2014 balance sheet were routine and that the Board would gain a clearer sense of the assets shortly. Ms. Horvath has been working through the COIDA loan portfolio, making personal contacts with delinquent debtors, and would be reporting on her findings at the Audit and Finance Committee meeting scheduled to take place after the full Board meeting. An appropriate recommendation for Board action should be forthcoming at the October Board meeting. Mr. Salisbury moved to accept the Treasurer's Report, Mr. Bernier seconded, and the motion passed unanimously by voice vote. In reporting on the Bills to be Paid, Chair Hanft drew the attention of the Board to the COIDA "burn rate," and noted that a recommendation on what

the Board should do about the Foothills loan should be expected from the Audit and Finance Committee. Mr. Jordan asked whether anyone reviewed the COIDA credit card statement each month and Mr. Mathes replied that he believed the accountant performed that review each month. Chair Hanft added that COIDA policy with respect to review of the monthly credit card statement would be taken up at the Audit and Finance Committee meeting. He also noted that the Payroll Report was for informational purposes only since those expenditures had already been approved by the Board in the annual budget and did not need to be approved again. Mr. Bernier moved to approve the Bill to be Paid, Mr. Salisbury seconded and the motion was passed unanimously by voice vote.

COMMITTEE REPORTS

Project Committee

Chair Hanft reminded the Board that most members were present at the last meeting of the Project Committee, which was largely educational and covered the various instruments and means available to COIDA for purchasing sites. He then turned the report over to Mr. Mathes to briefly review.

Mr. Mathes noted that there were three action items that came out of the last Project Committee meeting: (1) approval of an amendment to the Delaware Engineering contract to cover the costs of the cultural resources requirements at the Richfield Springs site; (2) approval of a new administrative fee structure; and (3) authorize Chair Hanft to execute the appropriate documents to exercise the option on the Kozak land in Richfield.

CFA Grant Application

Mr. Mathes reminded the Board that we are expecting CFA grant award announcements during the second week in October. He is working with elected officials – NY Senator James Seward, Assemblyman Bill McGee and Assemblyman Pete Lopez – to advocate for Otsego County's projects. Chair Hanft suggested that members of the Board could peruse the Mohawk Valley Regional Council 2014 Progress Report, available in hard copy or online (at <http://regionalcouncils.ny.gov/themes/nyopenrc/rc-files/mohawkvalley/MVREDC-2014PR.pdf>). The document is very useful in that it clearly outlines the MVREDC funding priorities. Mr. Mathes additionally noted that the heavyweight in the Mohawk Valley region is Oneida County, with the cities of Utica and Rome. Fortunately, the MVREDC Chair is supportive of Otsego County as long as we come to the Council with viable projects.

Hartwick College StartUpNY

Mr. Mathes noted that there are currently some difficulties with the Hartwick site, some structural difficulties and some problems with the surrounding community (NIMBY issues). In addition, Hartwick College will have to spend money to handle SEQR requirements. Delaware Engineering will submit a proposal to Hartwick to handle those requirements. In response to a question from Mr. Bernier, Mr. Mathes said he has conferred with the StartUpNY people and

found that there is flexibility with respect to the allowable distance between the physical school site and the company. They will make this up as they go along, on a more or less case-by-case basis, but Mr. Mathes has been assured that if there will be jobs created, and if the company satisfies the connection-to-curriculum requirement, the StartUpNY funding would flow. For example, the Pony Farms site is already in the SUNY Oneonta plan.

Chair Hanft reminded Board members that any of them are welcome to come to Project Committee meetings or any other Committee meetings.

RESOLUTIONS

Northern Eagle Beverage/George Allen

Mr. Scott prepared an outline for the Board to outline the Northern Eagle project, what actions have already been taken by the Board or by COIDA staff and what actions needed to be accomplished through Board action at today's meeting. After the public hearing resolution was adopted by the Board at the August meeting, Ms. Horvath publicized the Notice of Public Hearing by sending it to the affected taxing jurisdictions, causing it to be published in the Daily Star and posted in a public place. There were between five and eight people at the hearing, which was held on August 28th, and all their comments were positive and supportive of the project. Mr. Scott added that Mr. Allen's presentation at the hearing illustrated a sophisticated, well-researched and substantial business plan. Finally, Mr. Scott noted that the PILOT deviation letter was mailed on August 25th.

Resolution Confirming SEQR Determination

Mr. Scott presented a resolution acknowledging that COIDA has been informed that the Town of Oneonta planning board was designated as "lead agency" on this project and that the planning board issued a Determination of Non-Significance with respect to the environmental impact of the proposed Northern Eagle project. The resolution confirms notification as described above and concurs with the SEQR determination of the Oneonta Town planning board. Mr. Bernier moved to approve the resolution, Mr. Jordan seconded and the motion was approved by unanimous voice vote (Mr. Gelbsman was not present for this vote).

PILOT Deviation Resolution

Mr. Scott presented a resolution authorizing a deviation from the COIDA uniform tax exemption policy with respect to the proposed PILOT agreement between COIDA and Northern Eagle. Mr. Bernier moved to approve the resolution, Mr. Salisbury seconded, and the motion passed by unanimous voice vote (Mr. Gelbsman was not present for this vote).

Approving Resolution

Mr. Scott presented a resolution ratifying all the actions taken so far with respect to the Northern Eagle project, and authorizing the Chair to execute any remaining required documents to affect

the transactions for this project. Mr. Bernier moved to approve the resolution, Mr. Henderson seconded, and the motion passed by unanimous voice vote (Mr. Gelbsman was not present for this vote).

Resolution to Amend Fee Structure

Proposed changes to the COIDA fee structure were discussed at the last Project Committee meeting at length. The Chair asked that Mr. Scott and/or Mr. Mathes review the language that would add an annual administrative fee to COIDA PILOT projects and OCCRC bond issues. Mr. Scott then noted that more IDAs are looking at incorporating such an administrative fee, and Chair Hanft pointed out that the fee would be COIDA's seed capital and revenue stream for operating expenses. Chair Hanft moved that the Board accept a resolution that

- a) OCCRC would charge a fee of 1% of the par value of the debt for bond issues, plus 3.5% of the original fee, paid annually, over the term of the bond; and
- b) COIDA would charge a fee of 1% of the total project cost for PILOTs, plus 7% of the original administrative fee for the term of the PILOT agreement.

Chair Hanft also moved that the annual administrative fees on all PILOT and loan transactions going forward would be January 15th. Mr. Salisbury seconded, and the motion passed by unanimous voice vote (Mr. Gelbsman was not present for this vote).

Resolution to Amend the Delaware Engineering Contract

Referring back to the Project Committee report, Mr. Mathes reminded the Board that it needed to approve an amendment to the Delaware Engineering Contract in order to cover the costs of an archaeological/cultural review, which has been required for the Pony Farm site due to its proximity to a Revolutionary War era cemetery. Delaware Engineering will subcontract the work and COIDA will be charged whatever fee Delaware Engineering has had to pay the subcontractor. Mr. Bernier moved to amend the Delaware Engineering contract. Mr. Jordan seconded, and the motion passed by unanimous voice vote. (Mr. Gelbsman was not present for this vote).

Resolution to Exercise the Kozak Land Option (Richfield Commerce Park)

Mr. Mathes explained to the Board that there are three parcels of land totaling 137.97 acres and COIDA seeks to obtain a two-year option on the property. The first year would be at no cost, during which time COIDA would spend the money necessary for SEQR evaluations. After that, COIDA could extend the option for 6 months for \$25,000, and then for a final 6 months if necessary for another \$50,000. Both of those payments would be non-refundable but would be applicable to the purchase price if COIDA proceeds with the purchase. The total purchase price for the property would be \$886,440, which is higher than market value but would be covered if the State accepts the CFA funding recommendation of the Mohawk Valley Regional Economic Development Council. Mr. Jordan stated that it would be important to get the cultural review and needed zoning change as soon as possible, and Mr. Mathes responded that the village board (which acts as planning board) is supportive of the project, and COIDA will work with the town

board as well. Mr. Mathes expressed confidence that the business park could host supply-chain businesses for the growing Utica-based high-tech sector, plus a data center, a distribution and warehousing center and ag/food processing firms. Mr. Jordan moved to approve a resolution authorizing the Chair to execute the documents required to exercise the option on the Kozak property. Mr. Henderson seconded, and the motion was passed by unanimous voice vote (Mr. Gelbsman was not present for this vote).

UPDATE FROM COUNSEL

Mr. Scott advised the board that A.O. Fox Hospital is moving forward with bond refinancing and can be expected to come to COIDA toward the end of the year. Their plan is the secure bank financing in order to pay off their old bonds early, and then use a new bond to pay off the bank financing.

UNFINISHED BUSINESS

CFO for Hire

Chair Hanft introduced Jim Lozano of CFO for Hire to the Board. Mr. Lozano briefly described his background and some of the clients with whom he currently works. Ms. Horvath mentioned that Mr. Lozano is incredibly knowledgeable and extremely patient with those who have no accounting background. Chair Hanft repeated that Mr. Lozano and Ms. Horvath are working together to adjust COIDA's financial reporting (this may require a change of software) so that the monthly financial report will be more information rather than consisting of mere data points. Their current and pressing project is to complete COIDA's 2015 budget in time for ABO reporting requirements.

COIDA Budget

Chair Hanft reminded the Members that Ms. Horvath and Mr. Mathes would be working on the COIDA budget, which is due to be submitted to the Authorities Budget Office by October 31, 2014. Ms. Horvath and Mr. Mathes will be reporting to the board on the budget prior to that deadline and Chair Hanft asked them to include some text in the budget about next year's priorities.

COIDA Board Committee Structure

Chair Hanft informed the Board that he has been pondering the structure of the COIDA committees because in some instances they do not operate according to corporate governance best practices. For example, Chair Hanft currently chairs a couple of the Committees, which is not appropriate now that he has assumed the Board Chairmanship upon Ms. Oberriter's resignation. In addition, the Audit and Finance Committee should be separated into the Audit and Compliance Committee and the Finance Committee to avoid conflicting interests between those

two areas. The Chair advised the Board that he would discuss these issues with Mr. Scott and Mr. Mathes in order to proceed.

Branding initiative update

Ms. Horvath reported that the staff had been working with Paperkite Creative to assemble an advisory committee to assist with the branding effort. The kickoff meeting for the advisory committee would take place on September 16th and would include committee members plus Chair Hanft and COIDA staff members Mr. Mathes, Ms. Horvath and Ms. Rivers. The initial meeting is scheduled to run from 8 am until noon and the purpose will be to get all ideas out and on the table. Paperkite will use that input to develop initial images, color schemes, taglines, etc. The goal for launching the web site and the new brand is mid- to late-January 2015.

Susquehanna Regional Center for Growth

Chair Hanft reported that he had reviewed the most recent revision of the overview for the Susquehanna Regional Center for Growth that Mr. Mathes will be forwarding to the presidents of both Hartwick College and SUNY Oneonta. Chair Hanft noted that he intends to meet with Mr. Mathes and Ms. Horvath to discuss the material in the overview. Chair Hanft said that the document demonstrated to him that the SRCG would be taking COIDA into program areas that lay outside its traditional initiatives, so he wants to have an interim meeting of the Board so that the Members can be properly informed prior to that document's dissemination.

ADJOURNMENT

Chair Hanft once again took a moment to thank the Board for their participation, which can sometimes become difficult during the summer vacation months.

The next meeting of the COIDA Board will take place on October 2, 2014. There being no further business, at 9:08 a.m., the meeting adjourned.