

Jefferson County Industrial Development Agency
800 Starbuck Avenue, Suite 800
Watertown, New York 13601
Telephone: (315) 782-5865 or (800) 553-4111 Facsimile (315) 782-7915
www.jcida.com

Notice of Board Meeting

Date: January 18, 2018

To: Chairman David Converse
John Jennings
Robert Aliasso
W. Edward Walldroff
Paul Warneck
Lisa L'Huillier

From: Donald C. Alexander

Re: Notice of Board of Directors' Meeting

The Jefferson County Industrial Development Agency will hold a Board Meeting on **Thursday, February 1, 2018 at 9:30 a.m.** in the board room at 800 Starbuck Avenue, Watertown, NY.

Please confirm your attendance with Peggy Sampson pssampson@jcida.com at your earliest convenience.

pss

c: David Zembiec
Lyle Eaton
William Johnson
Joseph Russell, Esq.
Media

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BOARD MEETING
Thursday, February 1, 2018 - 9:30 a.m.

AGENDA

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Privilege of the Floor**
- IV. Minutes of the Meeting of January 4, 2018**
- V. Treasurer's Report – as of January 31, 2018**
- VI. Committee Reports**
 - a. Loan Review Committee**
 - i. Consider Resolution Number 02.01.2018.01 for Painfull Acres**
 - ii. Consider Resolution Number 02.01.2018.02 for Taste of Design**
- VII. Unfinished Business**
 - 1. Consider Resolution Number 02.01.2018.03 for Revised Uniform Tax Exemption Policy and Guidelines**
- VIII. New Business**
- IX. Counsel**
- X. Adjournment**

**Jefferson County Industrial Development Agency
Board Meeting Minutes
January 4, 2018**

The Jefferson County Industrial Development Agency held a board meeting on Thursday, January 4, 2018 in the board room at 800 Starbuck Avenue, Watertown, NY.

Present: David Converse, Chair, John Jennings, Robert E. Aliasso, Jr., W. Edward Walldroff, Lisa L'Huillier, Paul Warneck

Also Present: Donald Alexander, David Zembiec, Lyle Eaton, Peggy Sampson, Donald DiMonda, William Johnson, and John O'Driscoll (IBEW)

Excused: None

Absent: None

- I. **Call to Order:** Mr. Converse called the meeting to order at 9:28 a.m.
- II. **Privilege of the Floor:** Mr. Converse invited guests to speak. No one spoke.
- III. **Minutes:** Minutes of the regular meeting held December 7, 2017 were presented. A motion to approve the minutes as presented was made by Ms. L'Huillier, seconded by Mr. Jennings. All in favor, except for Mr. Aliasso who abstained because he was not at the meeting. Carried.
- IV. **Treasurer's Report:** Mr. Aliasso reviewed the financials for the period ending December 31, 2017 along with the delinquent loans. He said that Metro Paper's PILOT payment is still delinquent, Riverview Plaza and Wright Brothers have made arrangements, and the Carthage Specialty Loan is the biggest risk at the present time. Mr. Alexander said that he has met with Wright Brothers and indicated that they are working on finding solutions and have put their conference center up for sale. After discussion, a motion was made by Mr. Aliasso to accept the financial report of December 31, 2017 as presented, seconded by Mr. Jennings. All in favor. Carried.
- V. **Committee Reports:**
 - a. **Governance Committee**
 - i. **Summary Results of Confidential Evaluation of Board Performance** – Mr. Walldroff said the committee identified areas of concern that will be discussed at the upcoming board retreat. A motion was made by Mr. Walldroff to accept the summary results as presented, seconded by Mr. Warneck. All in favor. Carried.

VI. Unfinished Business:

Board Retreat – Scheduled for Thursday, February 1, 2018 following the board meeting.

Galloo Island (Apex) – Mr. Aliasso asked for an update and wanted to know if an updated application has been submitted. Mr. Alexander said it had not, and indicated that he had sent Neil Habig a summary of the board's requests for updating the application. He said that he would follow up with Mr. Habig.

**Jefferson County Industrial Development Agency
Board Meeting Minutes
January 4, 2018**

Mr. Aliasso voiced his concerns over new development regarding models showing 7500/per mega watt and the overland transmission line that goes right through Henderson, NY.

Mr. Warneck suggested staff reach out to County Officials to see what their position is on the project.

VII. New Business:

- 1. Adopt Fixed Asset Policy** – After review and discussion, a motion was made by Mr. Warneck to approve the policy, seconded by Mr. Aliasso. All in favor. Carried.
- 2. Adopt Uniform Guidance Policy** – Mr. Eaton said that the auditors (Bowers & Company) recommended the policy. He said it is in lieu of doing the old single audit. After review and discussion, a motion was made by Mr. Aliasso to approve the policy, seconded by Mr. Walldroff. All in favor. Carried.

VIII. Counsel: None.

- IX. Adjournment:** With no further business before the board, a motion to adjourn was made by Mr. Aliasso, seconded by Mr. Jennings. All in favor. The meeting adjourned at 10:16 a.m.

**JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Resolution Number 02.01.2018.01**

**RESOLUTION FOR AUTHORIZING A MICRO ENTERPRISE LOAN TO
David and Sherry Cobb d/b/a Painfull Acres**

WHEREAS, David and Sherry Cobb d/b/a Painfull Acres has requested by application to this Agency a Micro Enterprise Loan in the amount of Thirty Thousand Dollars (\$30,000.00) to be used to purchase an existing Amish Furniture Business, and

WHEREAS, Staff reviewed this request and recommended approval of a loan in the amount of \$30,000 for a seven year amortization with a rate of 5%. Personnel will include 2 PT Clerks, 1 PT Driver and 1 FT manager. Collateral will be a second position lien on the assets of the business and personal guarantees of David and Sherry Cobb. Life insurance equal to the amount of the loan will be required on David and Sherry Cobb. The loan will be contingent on a \$10,000 equity contribution and bank financing, and

WHEREAS, on January 23, 2018 the Loan Review Committee of the Jefferson County Industrial Development Agency reviewed this request and recommended approval of the loan and terms to the full Board of Directors, and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Jefferson County Industrial Development Agency that it herein approved the request for a Thirty Thousand Dollar (\$30,000.00) loan to David and Sherry Cobb d/b/a Painfull Acres with all terms and conditions as set forth in this Resolution, and be it further,

RESOLVED, that the Chairman, Vice Chairman, Secretary and/or Chief Executive Officer are authorized and directed to execute any and all documents necessary to carry out the purposes of this Resolution.

This resolution shall take effect immediately.

Donald C. Alexander
CEO

**JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Resolution Number 02.01.2018.02 (Supersedes 12.07.2017.02)**

**RESOLUTION FOR AUTHORIZING A MODIFICATION TO THE MICRO
ENTERPRISE LOAN TO
TASTE OF DESIGN**

WHEREAS, Amanda A. Derouchie as 51% owner and Michael J. Chavoustie as 49% owner are borrowing \$75,000 from the North Country Alliance (NCA) to payoff Community Bank, and

WHEREAS, Prior to the payoff of Community, the order of lien is Community Bank first, Citizens Bank second and JCIDA third, and

WHEREAS, With the NCA Loan the order is NCA first, Citizens second, and JCIDA remains in third, and

WHEREAS, The JCIDA loan had a balloon payment that was due 4/1/17; however, due to the delinquency at that time collection was not feasible, and

WHEREAS, In order to approve the loan, NCA has requested that JCIDA subordinate and remain in a third position, and extend the balloon payment to be coterminous with the NCA Loan, and

WHEREAS, JCIDA still has the personal guarantee of Michael Chavoustie; with this change, we would also require the personal guarantee of Amanda A. Derouchie, and

WHEREAS, on January 23, 2018 the Loan Review Committee of the Jefferson County Industrial Development Agency reviewed the requests and recommended approval to the full Board of Directors, and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Jefferson County Industrial Development Agency that it herein approves the requests and that all other terms and conditions of the original loan commitment remain in effect, and be it further,

RESOLVED, that the Chairman, Vice Chairman, Secretary and/or Chief Executive Officer are authorized and directed to execute any and all documents necessary to carry out the purposes of this Resolution.

This resolution shall take effect immediately.

Donald C. Alexander
Chief Executive Officer

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**Resolution Number
02.01.2018.03**

A meeting of Jefferson County Industrial Development Agency (the “Agency”) was convened in public session at the offices of the Agency at 800 Starbuck Avenue, in the City of Watertown, Jefferson County, New York on February 1, 2018 at 9:30 a.m., local time.

The meeting was called to order by the Chairperson and, upon being called, the following members of the Agency were:

PRESENT:

ABSENT:

FOLLOWING PERSONS WERE ALSO PRESENT:

The following resolution was offered by _____, seconded by _____
to wit;

WHEREAS, The Jefferson County Industrial Development Agency (the “Agency”), has heretofore established A Uniform Tax Exemption Policy (“UTEP”) as required by section 874 of the New York General Municipal Law (the “Act”), and

WHEREAS, the Agency’s Best Practices require periodic review of the UTEP to determine what, if any, revisions should be made thereto, and

WHEREAS, the current UTEP was adopted by the Agency in 2004, and although periodic reviews have been conducted subsequent thereto, no revisions have heretofore been made, and

WHEREAS, the Agency initiated a current review of the UTEP in July, 2016, through its Loan Review Committee, and after a thorough review and detailed discussion at Committee meetings over several months, on or about December 1, 2016, the Loan Review Committee recommended to the Agency Board Of Directors revisions to the UTEP, and

WHEREAS, pursuant to the requirements of the Act, and at the direction of the Board of Directors, the proposed UTEP as revised was forwarded to each and every taxing jurisdiction for a 60 day comment period, and a public hearing was scheduled thereon for February 7, 2017, and

WHEREAS, the notice of public hearing was duly published and posted, and on February 7, 2017, at 10:00 AM, a public hearing was held at the Agency offices, 800 Starbuck Ave., Watertown, NY, and all persons were provided an opportunity to be heard thereon, and

WHEREAS, the Agency received comments from members of the public at the public hearing, received written comments from other affected taxing jurisdictions, and received comments from the Jefferson County Board of Legislators, and

WHEREAS, the agency has reviewed and considered all comments received in connection with the proposed UTEP and has incorporated those comments as appropriate resulting in the proposed UTEP set forth at Exhibit "A" hereto.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Jefferson County Industrial Development Agency that based upon the recommendation of the Loan Review Committee and upon consideration of all comments received, the revised Uniform Tax Exemption Policy at Exhibit "A" hereto is hereby adopted as the Jefferson County Industrial Development Agency Uniform Tax Exemption Policy and Guidelines.

This resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

<u>David Converse</u>	VOTING _____
<u>John Jennings</u>	VOTING _____
<u>Robert E. Aliasso Jr.</u>	VOTING _____
<u>W. Edward Walldroff</u>	VOTING _____
<u>Lisa L'Huillier</u>	VOTING _____
<u>Paul Warneck</u>	VOTING _____
_____	VOTING _____

The foregoing Resolution was thereupon declared and duly adopted.

UNIFORM TAX EXEMPTION POLICY**JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
UNIFORM TAX EXEMPTION POLICY AND GUIDELINES**

The Jefferson County Industrial Development Agency (herein, the "Agency") was established as a public benefit corporation of the State of New York (the "State") by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 369 of the Laws of 1971 of the State, as amended (hereinafter collectively called the "Act"), with purposes and powers that include, among other things, the undertaking of certain "projects" as defined within the Act, including the construction, operation and maintenance of civic, industrial, manufacturing and commercial facilities.

In accordance with the Act, the Agency has adopted this Uniform Tax Exemption Policy with respect to the provision of financial assistance to applicants, which shall generally include (i) real property tax abatements relating to otherwise taxable real property acquired or leased by the Agency and memorialized within Payment-in-lieu-of-Tax Agreements ("PILOT Agreements"); (ii) exemptions from sales and use taxes for taxable materials and services acquired by agents of the Agency; and (iii) exemptions for mortgage recording taxes in connection with mortgage-secured financings in which the Agency may participate. The Agency may grant enhanced benefits on a case by case basis for a project expected to have a meaningful net positive economic impact within the County of Jefferson (the "County") and/or component municipalities as determined by the Agency's members pursuant to the criteria at Section E to this policy.

A. Real Property Tax Abatements.

(i) Industrial and Non-Industrial Projects. The Agency maintains a policy for the provision of real property tax abatements for qualified projects undertaken by the Agency where the Agency acquires a fee or leasehold interest in real estate. The abatement provided by the Agency for qualifying industrial and non-industrial projects shall apply to the value added to real property brought about by construction and/or renovation of qualifying projects (the "Added Value"), above the parcel's assessed value prior to construction or renovation (the "Base Value"). In establishing these values, the Agency shall have the option of relying on data provided by the assessor for the impacted jurisdiction or requiring the applicant to furnish an appraisal from a qualified commercial real estate appraiser, approved in advance by the Agency.

The period of real property tax abatement for a project shall not exceed the period of the respective project financing or lease, and under no circumstances shall the period of abatement exceed fifteen (15) years (the "PILOT Term"). The abatement shall be on a graduated schedule applicable to county, municipal and school real property taxes, and will result in increasing percentages of real property taxes due over the life of the project. Any schedule shall be graduated such that the total abatement provided shall not exceed a fifty percent (50%) abatement over a fifteen (15) year period. Eligible projects include industrial projects (i.e. manufacturing, remanufacturing, assembly, processing, product research and development, etc.); non-industrial projects (i.e.

warehouse, wholesale/distribution, commercial, qualified retail subject to the limitations of Section 862(2) of the Act, office building, hotel, qualified community and civic facilities); and qualified renewable energy projects with a rated capacity of less than 25 megawatts.

B. Deviations.

Any project not listed in this policy or any proposed PILOT Agreement, the terms of which are outside the provisions of this policy, shall be treated as a deviation. In accordance with the Act, the Agency shall notify affected taxing jurisdictions prior to undertaking any proposed deviation from this policy and the reasons therefore. Any deviations from the foregoing standard policy shall require the affirmative consent of each affected taxing jurisdiction and will be made only with the specific approval of the Agency's members based on the factors listed in paragraph E to this policy and those described in Section 874(4)(a) of the Act.

C. PILOT Agreement Approval Process.

All applications for PILOT agreements shall be reviewed and evaluated pursuant to the Agency's existing policies, and the applicant shall be required to adhere to these policies for the duration of the PILOT Term. Failure to do so may result in cancellation of the PILOT at the Agency's sole discretion.

The Agency shall comply with applicable provisions of the Act in connection with the provision of financial assistance to any applicant requesting financial assistance of more than \$100,000, including the scheduling and conduct of a public hearing in accordance with Section 859-a of the Act. In addition to public hearing notice requirements contained within the Act, the agency has established the following practices:

1) Prior to conducting any required public hearings for a project, Agency staff shall work closely with representatives of the affected taxing jurisdictions to discuss the proposed project and shall provide each affected taxing jurisdiction with the following materials: (i) a copy of the application submitted to the Agency, (ii) a cost-benefit analysis relating to the project, (iii) a summary of the terms and structure of financial assistance to be provided by the Agency (including proposed PILOT abatement or payment schedule(s); (iv) whether the Agency is considering a deviation from this policy with respect to the proposed project; and (v) any additional information an affected taxing jurisdiction may deem necessary or appropriate to their deliberations.

2) The Agency's final approval of any PILOT Agreement shall be contingent upon the applicant securing all approvals required for the project from any impacted jurisdiction and providing proof thereof to the Agency.

3) The Agency's final consideration and approval of a PILOT Agreement shall be contingent upon compliance with the New York State Environmental Review Act and the regulation promulgated thereunder (SEQRA). For all actions considered to be Type I under SEQRA the Agency shall be considered an involved agency, and the applicant shall be

responsible to identify the Agency as such in its submittals to the Lead Agency.

4) Each project receiving any abatement from real property taxes will be subject to a PILOT Agreement in a form acceptable to the Agency and in compliance with the Act. The Agency will consider project factors, similar to those described in paragraph E to this policy, when determining the amounts to be paid under the PILOT Agreement.

5) A copy of the PILOT Agreement will be forwarded to each of the affected taxing jurisdictions within fifteen (15) days of execution. In accordance with Section 858(15) of the Act, unless otherwise agreed by the affected taxing jurisdictions, all PILOT Agreements shall provide that PILOT Payments received shall be allocated among the affected taxing jurisdictions in proportion to the amount of real property tax and other taxes which would have been received by each affected taxing jurisdiction had the project not been tax exempt as a result of the Agency's involvement in the project.

6) Prior to the Agency's approval of any PILOT Agreement, Agency staff shall work closely with representatives of the affected taxing jurisdictions to determine whether the affected taxing jurisdictions collectively desire to establish an allocation of PILOT Payments other than pro-rata. If it is desired by the affected taxing jurisdictions to establish a negotiated allocation of PILOT payments for a particular project (other than pro-rata), the Agency shall provide the affected taxing jurisdiction with forms of approving resolutions for consideration in connection with the establishment of an agreed distribution formula.

7) The Agency shall require all project applicants to make commitments with respect to the use of local labor and all such project sponsors shall comply with any and all applicable codes of conduct with respect to ethics and conflicts of interest, and in accordance with all applicable policies of the Agency.

D. Sales and Use Tax Exemptions.

The Agency maintains a policy for the provision of sales and use tax exemptions for qualified projects undertaken by the Agency. Where the Agency authorizes the undertaking of a project in accordance with the Act and has appointed an applicant its agent to undertake same, the Agency may enter into one or more agreements with such applicant evidencing such appointment and allowing the applicant to purchase and/or lease materials, equipment and taxable services as agent of the Agency. The abatement provided by the Agency for qualifying projects shall apply to purchases of construction materials and equipment rentals and purchases of project related equipment, furnishings and services made as agent for the Agency, and are therefore afforded full exemption from local and New York State Sales and Use Taxes until the project is completed (i.e. certificate of occupancy). Operating and maintenance expenses of projects are not eligible for sales or use tax relief and no sales tax exemption shall be provided by the Agency for purchases and rentals after a project is completed.

All project applicants must agree in writing to file with the New York State Department of Taxation Form ST-340, and/or such other forms as may from time to time be required, and annual statement of the value of all sales and use taxes exemption claimed in connection with the facility in full compliance with Section 874(8) of the Act.

E. Mortgage Recording Tax Exemptions.

The Agency maintains a policy to provide mortgage recording tax exemptions for qualified projects undertaken by the Agency. Where the Agency authorizes the undertaking of a project in accordance with the Act and the applicant secures one or more loans to pay for project acquisition or improvements that will be secured against the project with one or more mortgages, the Agency may participate as a non-recourse mortgagor with the applicant for purposes of exempting any mortgage recording taxes that would otherwise be due and payable but for the Agency's involvement with the project. The Agency's Policy is to permit mortgage recording tax exemptions on all project related financing to the full extent permitted by New York State Law, whether or not the Agency has issued its bonds to finance the Project.

The Agency may, in its sole discretion, permit mortgage recording tax exemptions on non-project related financings, (e.g. second mortgages on the project to secure subordinated indebtedness of the project applicant). In determining whether to permit such exemptions on non-project related financing, the Agency shall consider such factors as it deems appropriate, including but not limited to the use of the property, the degree of investment, the degree and nature of the employment and the economic condition of the areas in which the facility is located.

F. Evaluation Criteria.

The determination of whether a project is qualified to receive financial assistance from the Agency shall be based on the criteria identified in the Agency's cost benefit analysis and the Application. In making its determination the Agency may consider any or all of the following criteria, no single one of which is determinative:

- 1) The nature of the proposed project (e.g., manufacturing, commercial, civic, etc.).
- 2) The nature of the property before the project begins (e.g., vacant land, vacant building, etc.)
- 3) The economic condition of the area at the time of the application and the economic multiplying effect the project will have on the area.
- 4) The extent to which the project will create or retain permanent, private sector jobs within Jefferson County, the number of jobs to be created/retained and/or the salary ranges of such jobs.
- 5) The estimated value of tax exemptions to be provided.
- 6) The economic impact of the project and the proposed tax exemptions on affected taxing jurisdictions.
- 7) The impact of the proposed project on existing and proposed businesses and economic development projects in the vicinity.

- 8) The amount of private sector investment generated or likely to be generated within Jefferson County by the proposed project.
- 9) The likelihood of accomplishing the proposed project in a timely fashion.
- 10) The effect of the proposed project upon the environment and surrounding property.
- 11) The extent to which the proposed project will require the provision of additional services including, but not limited to, educational, transportation, emergency medical or police and fire services.
- 12) The extent to which the proposed project when completed will enhance the long term tax base and/or make a significant capital investment.
- 13) The extent to which the proposed project will provide a benefit (economic or otherwise) not otherwise available within the municipality in which the project is located.
- 14) Any other pertinent reasons deemed relevant by the Agency provided said reasons are set further in writing.

G. Recapture of Benefits.

Project applicants must agree that the agency, at its sole discretion and on a case-by-case basis, may determine, (but shall not be required to do so) with respect to a particular project, that a project has failed to meet its intended goals and may recapture the value of any or all exemptions from taxation granted with respect to the project by virtue of the Agency's involvement. The Agency's review and determination in connection with the recapture of benefits shall be conducted pursuant to the Agency's Recapture Policy, as the same may be amended from time to time.

H. Effective Date.

This Uniform Tax Exemption Policy shall apply to all projects for which the Agency has adopted or adopts an Inducement Resolution after February 1, 2018.

I. Amendments.

The Agency, by resolution of its members, and upon notice to all affected taxing jurisdictions as may be required by law, may amend or modify the foregoing policy as it may, from time to time, in its sole discretion determine.