

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

Board Meeting Rescheduled

Date: December 7, 2018

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

From: Donald C. Alexander

Re: Rescheduled Board of Directors' Meeting

=====

The Jefferson County Industrial Development Agency will hold their December Board Meeting on **Thursday, December 13, 2018 at 8:30 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
Joseph Russell, Esq.
Media

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

BOARD MEETING AGENDA
Thursday, December 13, 2018 - 8:30 a.m.

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Privilege of the Floor**
- IV. Minutes of the Meeting of November 1, 2018**
- V. Audit Report for 2017-2018 – Bowers & Company**
- VI. Treasurer’s Report – as of November 30, 2018**
- VII. Committee Reports**
 - a. Loan Review Committee**
 - i. Resolution Number 12.13.2018.01 for Robert L. Gould – UPS Store in Alex Bay, NY**
 - ii. Resolution Number 12.13.2018.02 for William & Debra Gaudette – Above Reality Virtual Sports Complex**
 - iii. RC Spot LLC**
- VIII. Unfinished Business**
 - 1. Updated Status of Galloo Island Wind Project – Neil Habig**
- IX. New Business**
- X. Counsel**
 - 1. Consider Environmental Resolution Number 12.13.2018.03 for Scott C. Sauer and Shannon J. Sauer**
 - 2. Consider Preliminary Inducement Resolution Number 12.13.2018.04 for Scott C. Sauer and Shannon J. Sauer**
 - 3. Opal Lawsuit (David Geurtsen, Conboy, McKay Bachman & Kendall LLP)**
- XI. Adjournment**

**Jefferson County Industrial Development Agency
Board Meeting Minutes
November 1, 2018**

DRAFT

The Jefferson County Industrial Development Agency held their board meeting on Thursday, November 1, 2018 in the board room at 800 Starbuck Avenue, Watertown, NY.

Present: David Converse, Chair, John Jennings, William Johnson, W. Edward Walldroff, Paul Warneck, Robert E. Aliasso, Jr.

Also Present: Joseph Russell, Esq., Kent Burto, Christine Powers, and Marcus Wolf of the Watertown Daily Times

Staff Present: Donald Alexander, David Zembiec, Lyle Eaton, Peggy Sampson, Jay Matteson

Excused: Lisa L'Huillier

Absent: None

- I. Call to Order:** Mr. Converse called the meeting to order at 8:37 a.m.
- II. Privilege of the Floor:** Mr. Converse invited guests to speak. No one spoke.
- III. Minutes:** Minutes of the regular meeting held October 4, 2018 were presented. A motion to approve the minutes as presented was made by Mr. Aliasso, seconded by Mr. Jennings. All in favor. Carried.
- IV. Treasurer's Report:** Mr. Aliasso reviewed the financials for the period ending October 31, 2018 along with the delinquent loans. Mr. Aliasso pointed out that 2 PILOT payments are still due for Metro Paper. Mr. Eaton reported that Wright Brothers is caught up on their interest payments.

The Board advised Mr. Eaton to provide information to Attorney Russell since RC Spot is three months behind and it was confirmed that equipment was moved from the Mall location with no notification, and no response to Mr. Eaton's attempts to contact them. Therefore, Attorney Russell will send a default letter.

After discussion, a motion was made by Mr. Aliasso to accept the financial report of October 31, 2018 as presented, seconded by Mr. Jennings. All in favor. Carried.

V. Committee Reports:

a. Audit Committee

- i. Engage Bowers & Company for the 2017-2018 Audit** – Mr. Jennings said that the audit committee met on October 11th to discuss the yearend financial statement and the engagement of Bowers & Company for the 2017-2018 Audit. Mr. Aliasso pointed out that the JCCFDC is included in the IDA Audit. After discussion, a motion was made by Mr. Jennings to approve the engagement with Bowers & Company, seconded by Mr. Aliasso. All in favor. Carried.

b. Governance Committee

- i. Summary Results of Confidential Evaluation of Board Performance** – Mr. Walldroff said that the governance committee met on October 11th to review and discuss the board evaluations, recapture policy, and the IDA application. He said that two areas that need attention are communications and setting clear and measureable goals. He pointed out that there were better results than last year.

After review and discussion, a motion was made by Mr. Warneck to approve the attached resolution, seconded by Mr. Jennings. All in favor. Carried.

- ii. Recapture Policy** – Attorney Russell said that he still needs to complete his review and indicated that it would be ready for next month's meeting.
- iii. Proposed Application** – The proposed application was recently amended by Mr. Aliasso and reviewed at the governance committee. He made some formatting changes and removed duplications. It was noted that the letter L was missing in the lettering sequence, so once that has been addressed, the board told staff to start using the application.

VI. Unfinished Business:

1. Mr. Alexander said that he recently held a meeting at BOCES that included many area school superintendents, school board members, several of our board members, the NYS Education Department and a representative from the Comptroller's Office. He said that the purpose of the meeting was to discuss the impact of PILOTs on the 2% tax cap and the impact of PILOTs for school aid formulas.

Mr. Warneck suggested using real time data all the way through the process instead of pulling numbers from thin air. He said that schools need to be concerned with what happens at the end of a PILOT, which could have a negative impact on them.

VII. New Business:

1. **Aubertine & Currier Proposal for Archive Grant Bid Process** – This item belongs to the JCLDC.
2. **Discuss BCA Engineers & Architects proposal for the Business Complex at the Airport** – Mr. Zembiec said the contract is not ready since they are still clarifying the scope of work and timeframe, but expects it to be ready for next month's meeting.

VIII. Counsel:

1. **Resolution Number 11.01.2018.01 to terminate the Metro Paper PILOT Agreement and authorize the re-conveyance of real property** – Attorney Russell said that Metro Paper is in the process of selling their facility in Carthage, NY. He indicated that the numbers in the resolution may not be correct, but informed board members that Mr. Eaton calculated the

DRAFT

prorated amount for this year's payment. He said that there have been some glitches in respect to the sale including an old delinquent tax bill. He said the PILOT started in 2005, but the actual deed to the JCIDA was not recorded until April 2005 and the village created a tax bill that has been unpaid for all of these years. He said that it was re-levied in 2006 and it has been confirmed that the County of Jefferson made the Village whole, but Metro still has to pay the County. He said that he is not sure what the County will do regarding penalties and interest.

After discussion, a motion was made by Mr. Warneck to approve the attached resolution that is subject to recalculation of the PILOT payments due and to be approved by counsel, seconded by Mr. Aliasso. Roll call vote was taken. Mr. Converse – Yea, Mr. Jennings – Yea, Mr. Aliasso – Yea, Mr. Walldroff – Yea, Mr. Warneck – Yea, Mr. Johnson – Yea, and Ms. L'Huillier – Absent. Carried.

Mr. Matteson left the meeting at 9:44 a.m.

2. **Galloo Island Wind LLC – Interrogatory/Document Review** – Mr. Aliasso said that all questions were satisfied in that the response from the developer was not a draft and was sent to the PSC; therefore, he wondered if the board felt it could send the letter originally approved at the September meeting. Board Members agreed to update the date of the letter and send it to the PSC.

- IX. **Adjournment:** With no further business before the board, a motion to adjourn was made by Mr. Aliasso, seconded by Mr. Walldroff. All in favor. The meeting adjourned at 9:48 a.m.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

RESOLUTION

A meeting of the Jefferson County Industrial Development Agency (the "Agency") was convened in public session at the offices of the Agency located at 800 Starbuck Ave. in the City of Watertown, Jefferson County, New York on November 1, 2018 at 8:30 a.m., local time.

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

PRESENT: David Converse, John Jennings, Robert E. Aliasso, Jr., W.
Edward Walldroff, Paul Warneck, and William Johnson

ALSO PRESENT: Donald Alexander, David Zembiec, Lyle Eaton, Peggy Sampson,
Jay Matteson, Joseph Russell, Esq., Kent Burto, Christine
Powers, and Marcus Wolf from the Watertown Daily Times

ABSENT: Lisa L'Huillier

The following resolution was offered by Mr. Warneck seconded by Mr. Aliasso to wit:

Resolution No. 11.01.2018.01

RESOLUTION TERMINATING THE PAYMENT IN LIEU OF TAXES AGREEMENT WITH METRO PAPER INDUSTRIES OF N.Y., INC. AND AUTHORIZING THE RE-CONVEYANCE OF REAL PROPERTY

WHEREAS, the Agency and the affected taxing jurisdictions entered into a Payment in Lieu of Taxes Agreement ("Pilot Agreement") with Metro Paper Industries of N.Y., Inc. ("Metro Paper") effective as of September, 2005, and in furtherance thereof Metro Paper conveyed to the Agency certain real property located in the Village of Carthage, Jefferson County, New York (the "Facility") and the Agency subsequently leased the Facility back to Metro paper; and

WHEREAS, Metro Paper is in the process of selling the Facility to a third party, and has requested that the Agency re-convey the Facility to Metro Paper and terminate the Pilot Agreement; and

WHEREAS, the Agency is willing to comply with Metro Paper's request pursuant to the terms contained herein.

NOW, THEREFORE, BE IT RESOLVED by the members of the agency as follows:

Section 1. Metro Paper is currently in arrears in its Pilot payments in the amount of \$63,333 representing the Pilot payment due and payable as of September 1, 2017. In addition, the Pilot payment which was due and payable on September 1, 2018 remains unpaid, and of that payment of the sum of \$34,973.53 represents the prorated amount to be applied towards real property taxes from the date of re-conveyance by the Agency until the property is placed back on the tax rolls as nonexempt.

Section 2. Upon payment by Metro Paper of the Pilot arrearages and prorated payments in the total amount of \$98,306.53, together with the Agency's legal fees and expenses the Agency shall re-convey the Facility to Metro Paper.

Section 3. The Chief Executive Officer of the Agency is hereby authorized to execute all documents necessary to effectuate the purpose of this resolution.

Section 4. This resolution shall take effect immediately.

The question of the adoption of the foregoing resolution was duly put to a vote on rollcall, which resulted as follows:

David J. Converse	VOTING	<u>YEA</u>
John Jennings	VOTING	<u>YEA</u>
Robert E. Aliasso, Jr.	VOTING	<u>YEA</u>
W. Edward Walldroff	VOTING	<u>YEA</u>
Paul Warneck	VOTING	<u>YEA</u>
William Johnson	VOTING	<u>YEA</u>
Lisa L'Huillier	VOTING	<u>ABSENT</u>

The foregoing resolution was thereupon declared duly adopted.

STATE OF NEW YORK)

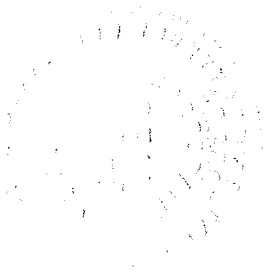
COUNTY OF JEFFERSON) ss.:

I, the undersigned Chief Executive Officer of the Jefferson County Industrial Development Agency (the "Agency"), DO HEREBY CERTIFY, that I have compared the foregoing extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on November 1, 2018 with the original thereof on file in my office, and that the same is a true and correct copy of such proceedings of the Agency and of such Resolution set forth therein and of the whole of said original so far as the same related to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Agency had due notice of said meeting; (B) said meeting was in all respect duly held; (C) pursuant to Article 7 of the Public Officers Law (the "Open Meetings Law"), said meeting was open to the general public and due notice of the time and place of said meeting was duly given in accordance with such Open Meetings Law; and (D) there was a quorum of the members of the Agency present through said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 1st day of November, 2018.



A handwritten signature of Donald C. Alexander in black ink, written over a horizontal line.

Donald C. Alexander
Chief Executive Officer

DRAFT

**JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Resolution Number 12.13.2018.01**

**RESOLUTION FOR AUTHORIZING A MICRO ENTERPRISE LOAN TO
Robert L. Gould – UPS Store, Alex Bay, NY**

WHEREAS, Robert L. Gould has requested by application to this Agency a Micro Enterprise Loan in the amount of Forty Thousand Dollars (\$40,000.00) to establish a new UPS Store in Alexandria Bay, NY, and

WHEREAS, Staff reviewed this request and recommended approval of a loan in the amount of \$40,000 for a five year amortization with a rate of 5%. The owner anticipates 2 employees in year one and adding 2 additional employees in year two and 1 more employee in year three. A personal guarantee of Robert L. Gould will be required along with assignment of life insurance equal to the amount of the loan. Approval of the loan is contingent upon Bank participation and securing adequate collateral, and

WHEREAS, on November 27, 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 Forty Thousand Dollar (\$40,000.00) loan to Robert L. Gould for the UPS Store in Alexandria Bay, NY 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.

W. Edward Walldroff
Secretary

DRAFT

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY Resolution Number 12.13.2018.02

RESOLUTION FOR AUTHORIZING A MICRO ENTERPRISE LOAN TO William and Debra Gaudette - Above Reality Virtual Sports Complex

WHEREAS, William and Debra Gaudette requested by application to this Agency a Micro Enterprise Loan in the amount of Forty Thousand Dollars (\$40,000.00) to establish a Virtual Reality Sports Complex in Watertown, NY, and

WHEREAS, Staff reviewed this request and recommended approval of a loan in the amount of \$40,000 for a five year amortization with a rate of 5%. The owner anticipates 1 PT employee in year one, 1 additional employee in year two and 1 more employee in year three. Collateral will be a co-proportional first position on the assets of the business and personal guarantees of William and Debra Gaudette. Key man life insurance equal to the amount of the loan is required on William Gaudette. Approval of the loan is contingent upon participation by the Watertown Local Development Corporation of \$40,000 (lead lender), and

WHEREAS, on November 27, 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 Forty Thousand Dollar (\$40,000.00) loan to William and Debra Gaudette for Above Reality Virtual Sports Complex 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.

W. Edward Walldroff
Secretary

DRAFT

ENVIRONMENTAL RESOLUTION

A meeting of Jefferson County Industrial Development Agency (the "Agency") was convened in public session at the offices of the Agency located at 800 Starbuck Avenue in the City of Watertown, Jefferson County, New York on December 13, 2018 at 8:30 o'clock a.m., local time.

The meeting was called to order by the Chairman and, upon roll 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:

Resolution No. 12.13.2018.03

RESOLUTION DETERMINING THAT ACTION TOWARD THE ACQUISITION, RENOVATION, INSTALLATION AND LEASING OF A CERTAIN COMMERCIAL PROJECT FOR **SCOTT C. SAUER and SHANNON J. SAUER** ("SAUER") WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.

WHEREAS, Jefferson County Industrial Development Agency (the "Agency") is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 369 of the 1971 Laws of New York, as amended, constituting Section 892-e of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of commercial facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and

DRAFT

economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct, reconstruct and install one or more “projects” (as defined in the Act) or to cause said projects to be acquired, constructed, reconstructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, Sauer has presented an application (the “Application”) to the Agency, a copy of which was presented at this meeting and copies of which are on file at the office of the Agency, requesting that the Agency consider undertaking a project (the “Project”) consisting of the following: (A) (1) the acquisition of an interest in land located at 0 Dock Street, Carthage, New York (the “Land”) and the existing building thereon (the “Existing Facility”), the renovation and reconstruction of the Existing Facility (the Land, the Existing Facility, and the Equipment being collectively referred to as the “Project Facility”), such Project Facility to be used to convert an abandoned warehouse into a restaurant and banquet hall; (B) the granting of certain “financial assistance” (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including exemption from certain sales and use taxes, real estate transfer taxes, mortgage recording taxes (except as limited by Section 874 of the Act) and real property taxes (the “Financial Assistance”) and; (C) the lease (with an obligation to purchase) or sale of the Project Facility to Sauer or such other person as may be designated by Sauer and agreed upon by the Agency; and

WHEREAS, the Agency is a local agency pursuant to the New York State Environmental Quality Review Act (“SEQRA”), ECL Section 8-0101, *et seq.*, and implementing regulations, 6 NYCRR Part 617 (the “Regulations”); and

WHEREAS, undertaking the Project is an Action as defined by SEQRA; and

WHEREAS, a short-form Environmental Assessment Form (“EAF”), dated December 3, 2018, was submitted to the Agency to facilitate a review of the potential environmental impacts of the Project; and

WHEREAS, the Agency has considered the Project and the EAF, together with the Agency’s knowledge of the area surrounding the Project, and such further information as is available to the Agency; and

WHEREAS, the Agency has reviewed the classifications of actions contained in the Regulations; and

WHEREAS, the Agency has determined that the Action is an Unlisted Action, as that term is defined in the Regulations, and that coordinated environmental review is not required under SEQRA; and

DRAFT

WHEREAS, the Agency has applied the criteria for determining significance contained in 6 NYCRR Part 617 in order to determine whether the Project may result in a significant environmental impact; and

WHEREAS, the Agency has determined that the Project will not result in a significant environmental impact;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. The Project is an Unlisted Action pursuant to SEQRA.

Section 2. The Agency assumed responsibility as Lead Agency for its own uncoordinated environmental review of the Project.

Section 3. The Project will not result in a significant adverse environmental impact.

Section 4. Preparation of an Environmental Impact Statement is not required.

Section 5. The basis for this determination is set forth in Part 2 of the Environmental Assessment Form, attached as Attachment A hereto and incorporated by reference herein.

Section 6. A Negative Declaration of significant adverse environmental impact shall be prepared, filed, distributed and published in accord with 6 NYCRR shall be filed at the Agency as required by 6 NYCRR Section 617.12(b)(2).

Section 7. 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:

David J. Converse	VOTING	_____
John Jennings	VOTING	_____
Robert E. Aliasso, Jr.	VOTING	_____
W. Edward Walldroff	VOTING	_____
Paul Warneck	VOTING	_____
William Johnson	VOTING	_____
Lisa L'Huillier	VOTING	_____

DRAFT

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
COUNTY OF JEFFERSON) ss.:

I, the undersigned Chief Executive Officer of the Jefferson County Industrial Development Agency (the "Agency"), DO HEREBY CERTIFY, that I have compared the foregoing extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on December 13, 2018 with the original thereof on file in my office, and that the same is a true and correct copy of such proceedings of the Agency and of such Resolution set forth therein and of the whole of said original so far as the same related to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Agency had due notice of said meeting; (B) said meeting was in all respect duly held; (C) pursuant to Article 7 of the Public Officers Law (the "Open Meetings Law"), said meeting was open to the general public and due notice of the time and place of said meeting was given in accordance with such Open Meetings Law; and (D) there was a quorum of the members of the Agency present through said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 13th day of December, 2018.

Donald C. Alexander
Chief Executive Officer

Project:

Date:

Short Environmental Assessment Form
Part 2 - Impact Assessment

Part 2 is to be completed by the Lead Agency.

Answer all of the following questions in Part 2 using the information contained in Part 1 and other materials submitted by the project sponsor or otherwise available to the reviewer. When answering the questions the reviewer should be guided by the concept "Have my responses been reasonable considering the scale and context of the proposed action?"

	No, or small impact may occur	Moderate to large impact may occur
1. Will the proposed action create a material conflict with an adopted land use plan or zoning regulations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Will the proposed action result in a change in the use or intensity of use of land?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Will the proposed action impair the character or quality of the existing community?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Will the proposed action have an impact on the environmental characteristics that caused the establishment of a Critical Environmental Area (CEA)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Will the proposed action result in an adverse change in the existing level of traffic or affect existing infrastructure for mass transit, biking or walkway?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Will the proposed action cause an increase in the use of energy and it fails to incorporate reasonably available energy conservation or renewable energy opportunities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Will the proposed action impact existing:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
a. public / private water supplies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. public / private wastewater treatment utilities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Will the proposed action impair the character or quality of important historic, archaeological, architectural or aesthetic resources?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Will the proposed action result in an adverse change to natural resources (e.g., wetlands, waterbodies, groundwater, air quality, flora and fauna)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Will the proposed action result in an increase in the potential for erosion, flooding or drainage problems?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Will the proposed action create a hazard to environmental resources or human health?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

PRINT FORM

Project: Date:

Short Environmental Assessment Form Part 3 Determination of Significance

For every question in Part 2 that was answered “moderate to large impact may occur”, or if there is a need to explain why a particular element of the proposed action may or will not result in a significant adverse environmental impact, please complete Part 3. Part 3 should, in sufficient detail, identify the impact, including any measures or design elements that have been included by the project sponsor to avoid or reduce impacts. Part 3 should also explain how the lead agency determined that the impact may or will not be significant. Each potential impact should be assessed considering its setting, probability of occurring, duration, irreversibility, geographic scope and magnitude. Also consider the potential for short-term, long-term and cumulative impacts.

- ☐ Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action may result in one or more potentially large or significant adverse impacts and an environmental impact statement is required.
- ☒ Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action will not result in any significant adverse environmental impacts.

Jefferson County Industrial Development Agency

Name of Lead Agency

Donald C. Alexander

Date

CEO

Print or Type Name of Responsible Officer in Lead Agency

Title of Responsible Officer

Signature of Responsible Officer in Lead Agency

Signature of Preparer (if different from Responsible Officer)

PRINT FORM

DRAFT

PRELIMINARY INDUCEMENT RESOLUTION

A meeting of Jefferson County Industrial Development Agency (the "Agency") was convened in public session at the offices of the Agency located at 800 Starbuck Avenue in the City of Watertown, Jefferson County, New York on December 13, 2018 at 8:30 o'clock a.m., local time.

The meeting was called to order by the Chief Executive Officer and, upon roll 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:

Resolution No. 12.13.2018.04

RESOLUTION TAKING PRELIMINARY OFFICIAL ACTION TOWARD THE ACQUISITION, RENOVATION, INSTALLATION AND LEASING OF A CERTAIN COMMERCIAL PROJECT FOR SCOTT C. SAUER AND SHANNON J. SAUER ("SAUER") AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PRELIMINARY AGREEMENT WITH SAUER WITH RESPECT TO SUCH TRANSACTION.

WHEREAS, Jefferson County Industrial Development Agency (the "Agency") is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 77 of the 1974 Laws of New York, as amended, constituting Section 902 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of commercial facilities,

among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct, reconstruct and install one or more "projects" (as defined in the Act) or to cause said projects to be acquired, constructed, reconstructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, Sauer has presented an application (the "Application") to the Agency, a copy of which was presented at this meeting and copies of which are on file at the office of the Agency, requesting that the Agency consider undertaking a project (the "Project") consisting of the following: (A) (1) the acquisition of an interest in a parcel of land at 0 Dock Street, in the Village of Carthage, Jefferson County, New York and identified on the latest completed assessment roll for the Village of Carthage as Tax Parcel #86.49-2-1 (the "Land"), (2) the renovation of the existing building on the land to contain approximately 4400 square feet of space (the "Facility"), and (3) the acquisition and installation thereon of certain machinery and equipment (the "Equipment"), all of the foregoing to constitute a restaurant and banquet hall located in a highly distressed area to be operated by Sauer and occupied by Sauer (the Land, the Facility and the Equipment being collectively referred to as the "Project Facility"); (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including exemption from certain sales taxes, real estate transfer taxes, and real property taxes (collectively, the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to Sauer or such other person as may be designated by Sauer and agreed upon by the Agency; and

WHEREAS, the Agency has given due consideration to the Application and to representations by Sauer that (A) the granting by the Agency of the Financial Assistance with respect to the Project will be an inducement to Sauer to undertake the Project in Jefferson County, New York, (B) the completion of the Project Facility will not result in the removal of a plant or facility of Sauer or any other proposed occupant of the Project Facility from one area of the State of New York to another area of the State of New York or in the abandonment of a plant or facility of any proposed occupant of the Project Facility (other than Sauer) located in the State of New York and (C) although the completion of the Project Facility may result in the abandonment of one or more plants or facilities of Sauer located in the State of New York, such abandonment is reasonably necessary to preserve the competitive position of Sauer in its industry; and

WHEREAS, the Agency desires to encourage Sauer to preserve and advance the job opportunities, health, general prosperity and economic welfare of the people of Jefferson County, New York by undertaking the Project in Jefferson County, New York; and

DRAFT

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act"), and the regulations (the "Regulations") adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, "SEQRA"), by resolution adopted by the members of the Agency on even date herewith (the "SEQR Resolution"), the Agency has determined that the Project will not have a significant effect on the environment and, therefore, that an environmental impact statement is not required to be prepared with respect to the Project; and

WHEREAS, pursuant to the Act, any approval of the Project contained herein is contingent upon a determination by the members of the Agency to proceed with the Project following satisfaction of the public hearing and notice requirements and other procedural requirements contained in Section 859-a of the Act that relate to the Project; and

WHEREAS, although the resolution authorizing the Project has not yet been drafted for approval by the Agency, a preliminary agreement (the "Preliminary Agreement") relative to the proposed undertaking of the Project by the Agency has been presented for approval by the Agency.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. The Agency has reviewed the Application and based upon the representations made by Sauer to the Agency in the Application and at this meeting and, based thereon, the Agency hereby makes the following findings and determinations with respect to the Project:

(A) The Project constitutes a "project" within the meaning of the Act; and

(B) The completion of the Project Facility will not result in the removal of a plant or facility of Sauer or any other proposed occupant of the Project Facility from one area of the State of New York to another area of the State of New York or in the abandonment of a plant or facility of any proposed occupant of the Project Facility (other than Sauer) located in the State of New York and, although the completion of the Project Facility, may result in the abandonment of one or more plants or facilities of Sauer located in the State of New York, such abandonment is reasonably necessary to preserve the competitive position of Sauer in its industry; and

(C) Although the Project Facility will constitute a project where facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities constitute more than one-third of the

total cost of the Project, the Project qualifies for assistance pursuant to Section 862 (B) of the Act; and

(D) The granting of the Financial Assistance by the Agency with respect to the Project, through the granting of the various tax exemptions described in Section 2(D) of this Resolution, will promote the job opportunities, health, general prosperity and economic welfare of the inhabitants of Jefferson County, New York and the State of New York and improve their standard of living, and thereby serve the public purposes of the Act; and

(E) Upon compliance with the provisions of the Act, the Agency would then be authorized under the Act to undertake the Project in order to promote the job opportunities, health, general prosperity and economic welfare of the inhabitants of Jefferson County, New York and the State of New York and improve their standard of living.

Section 2. If, following full compliance with the requirements of the Act, including the public hearing requirements set forth in Section 859-a of the Act, the Agency adopts a future resolution (the "Future Resolution") determining to proceed with the Project and to grant the Financial Assistance with respect thereto and Sauer complies with all conditions set forth in the Preliminary Agreement and the Future Resolution, then the Agency will (A) acquire an interest in the Project Facility from Sauer pursuant to a deed, lease agreement or other documentation to be negotiated between the Agency and Sauer (the "Acquisition Agreement"); (B) renovate the Facility and acquire and install the Equipment in the Facility or elsewhere on the Land; (C) lease (with the obligation to purchase) or sell the Project Facility to Sauer pursuant to a lease agreement or an installment sale agreement (hereinafter the "Project Agreement") between the Agency and Sauer whereby Sauer will be obligated, among other things, (1) to make payments to the Agency in amounts and at times so that such payments will be adequate to enable the Agency to timely pay all amounts due on the Acquisition Agreement and (2) to pay all costs incurred by the Agency with respect to the Project and/or the Project Facility, including all costs of operation and maintenance, all taxes and other governmental charges, any required payments in lieu of taxes and the reasonable fees and expenses incurred by the Agency with respect to or in connection with the Project and/or the Project Facility, and (D) provide the Financial Assistance with respect to the Project, in accordance with the Agency's uniform tax exemption policy, including (1) exemption from sales taxes relating to the acquisition, renovation and installation of the Project Facility, (2) exemption from deed transfer taxes and real estate transfer gains taxes on real estate transfers to and from the Agency with respect to the Project, and (3) exemption from real estate taxes (but not including special assessments and special ad valorem levies) relating to the Project Facility, subject to the obligation of Sauer to make payments in lieu of taxes with respect to the Project Facility, all as contemplated by the Preliminary Agreement and the Future Resolution.

DRAFT

Section 3. If the Agency adopts the Future Resolution, the undertaking and completing of the Project by the Agency, and the granting of the Financial Assistance with respect to the Project as contemplated by Section 2 of this Resolution, shall be subject to: (A) the determination by the members of the Agency to proceed with the Project following a determination by the members of the Agency that all requirements of SEQRA that relate to the Project have been fulfilled; (B) execution and delivery by Sauer of the Preliminary Agreement, which sets forth certain conditions for the undertaking and completing of the Project by the Agency, and satisfaction by Sauer of all the terms and conditions of the Preliminary Agreement applicable to Sauer; (C) agreement by the Agency and Sauer on mutually acceptable terms for the conveyance of the Land to the Agency; (D) agreement between Sauer and the Agency as to payment by Sauer of payments in lieu of taxes with respect to the Project Facility, together with the administrative fee of the Agency with respect to the Project; (E) a determination by the members of the Agency to proceed with the granting of the Financial Assistance with respect to the Project following a determination by the members of the Agency that the public hearing and notice requirements and other procedural requirements contained in Section 859-a of the Act have been complied with; (F) the Agency's uniform tax exemption policy or if any portion of the Financial Assistance to be granted by the Agency with respect to the Project is not consistent with the Agency's uniform tax exemption policy, the Agency must follow the procedures for deviation from such policy set forth in Section 874(b) of the Act prior to granting such portion of the Financial Assistance; and (G) the following additional condition(s): None.

Section 4. The form, terms and substance of the Preliminary Agreement (in substantially the form presented to this meeting and attached hereto) are in all respects approved, and the Chairman of the Agency is hereby authorized, empowered and directed to execute and deliver said Preliminary Agreement in the name and on behalf of the Agency, said Preliminary Agreement to be substantially in the form presented to this meeting, with such changes therein as shall be approved by the officer executing same on behalf of the Agency, the execution thereof by such officer to constitute conclusive evidence of such officer's approval of any and all changes or revisions therein from the form now before this meeting.

Section 5. From and after the execution and delivery of the Preliminary Agreement, the officers, agents and employees of the Agency are hereby authorized, empowered and directed to proceed with the undertakings provided for therein on the part of the Agency and are further authorized to do all such acts and things and to execute all such documents as may be necessary or convenient to carry out and comply with the terms and provisions of the Preliminary Agreement as executed.

Section 6. Joseph W. Russell, of the law firm of Barclay Damon LLP of Watertown, New York is hereby appointed Counsel to the Agency with respect to all matters in connection with the Project. Counsel for the Agency is hereby authorized, at the expense of

DRAFT

Sauer, to work with Sauer, counsel to Sauer and others to prepare for submission to the Agency, all documents necessary to effect the transactions contemplated by this Resolution.

Section 7. The Agency hereby authorizes the Executive Director of the Agency, prior to the granting of any Financial Assistance with respect to the Project, after consultation with Counsel, (A) to establish a time, date and place for a public hearing of the Agency to hear all persons interested in the location and nature of the Project Facility and the proposed Financial Assistance being contemplated by the Agency with respect to the Project, said public hearing to be held in the city, town or village where the Project Facility will be located; (B) to cause notice of such public hearing to be given to the public by publishing a notice of such hearing in a newspaper of general circulation available to residents of the governmental units where the Project Facility is to be located, such notice to comply with the requirements of Section 859-a of the Act and to be published no fewer than thirty (30) days prior to the date established for such public hearing; (C) to cause notice of said public hearing to be given to the chief executive officer of the county and each city, town, village and school district in which the Project Facility is or is to be located no fewer than thirty (30) days prior to the date established for said public hearing; (D) to conduct such public hearing; and (E) to cause a report of said public hearing fairly summarizing the views presented at said public hearing to be promptly prepared and cause copies of said report to be made available to the members of the Agency.

Section 8. The Chairman and Executive Director of the Agency are hereby authorized and directed to distribute copies of this Resolution to Sauer and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

Section 9. 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:

David J. Converse	VOTING	_____
John Jennings	VOTING	_____
Robert E. Aliasso, Jr.	VOTING	_____
W. Edward Walldroff	VOTING	_____
Paul Warneck	VOTING	_____
William Johnson	VOTING	_____
Lisa L'Huillier	VOTING	_____

DRAFT

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
COUNTY OF JEFFERSON) ss.:

I, the undersigned Secretary of Jefferson County Industrial Development Agency (the "Agency"), DO HEREBY CERTIFY, that I have compared the foregoing extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on December 13, 2018 with the original thereof on file in my office, and that the same is a true and correct copy of such proceedings of the Agency and of such Resolution set forth therein and of the whole of said original so far as the same related to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Agency had due notice of said meeting; (B) said meeting was in all respect duly held; (C) pursuant to Article 7 of the Public Officers Law (the "Open Meetings Law"), said meeting was open to the general public and due notice of the time and place of said meeting was given in accordance with such Open Meetings Law; and (D) there was a quorum of the members of the Agency present through said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 13th day of December, 2018.

Donald C. Alexander
Chief Executive Officer

PRELIMINARY AGREEMENT

THIS PRELIMINARY AGREEMENT made as December , 2018 between **JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (the "Agency"), a public benefit corporation organized and existing under the laws of the State of New York, and **SCOTT C. SAUER AND SHANNON J. SAUER**, ("Sauer"), a business corporation organized and existing under the laws of the State of Delaware;;

WITNESSETH:

WHEREAS, the Agency is authorized and empowered by the provisions of the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of the State of New York, as amended (the "Enabling Act") and Chapter 77 of the 1974 Laws of the State of New York, as amended, constituting Section 902 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to undertake the acquisition, construction, reconstruction and installation of one or more "projects" (as said quoted term is defined in the Act) and to lease (with an obligation to purchase) or sell the same upon such terms and conditions as the Agency may deem advisable; and

WHEREAS, the purposes of the Act are to promote industry and develop trade and thereby advance the job opportunities, health, general prosperity and economic welfare of the inhabitants of Jefferson County, New York and the State of New York, to improve their prosperity and standard of living and to prevent unemployment and economic deterioration; and

WHEREAS, by resolution adopted by the members of the Agency on December 6, 2018 (the "Preliminary Inducement Resolution"), the Agency made a preliminary determination, subject to numerous conditions, to accept an application (the "Application") from Sauer requesting that the Agency undertake a project (the "Project") consisting of the following: (A) (1) the acquisition of an interest in a parcel of land (the "Land") located at 0 Dock Street in the Village of Carthage, Jefferson County, New York, (2) the renovation of the existing building to contain approximately 4,400 square feet of space (the "Facility"), and (3) the acquisition and installation therein and thereon of certain machinery and equipment (the "Equipment"), all of the foregoing to constitute a restaurant and banquet hall to be operated by Sauer and occupied by Sauer (the Land, the Facility and the Equipment being collectively referred to as the "Project Facility"); (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales taxes, real estate transfer taxes, and real property taxes (collectively, the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to Sauer or such other person as may be designated by Sauer and agreed upon by the Agency; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act"), and the regulations (the "Regulations") adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, "SEQRA"), by resolution adopted by the members of the Agency on December 6, 2016 (the "SEQR Resolution"), the Agency has determined that the Project will not have a significant effect on the environment and, therefore, that an environmental impact statement is not required to be prepared with respect to the Project;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Agency and Sauer agree as follows:

Article 1. Representations. Among the representations which have resulted in the execution of this Preliminary Agreement are the following:

Section 1.01. Sauer hereby represents to the Agency that:

(A) The completion of the Project Facility will not result in the removal of a plant or facility of Sauer or any other proposed occupant of the Project Facility from one area of the State of New York to another area of the State of New York or in the abandonment of a plant or facility of any proposed occupant of the Project Facility (other than Sauer) located in the State of New York and, although the completion of the Project Facility may result in the abandonment of one or more plants or facilities of Sauer located in the State of New York, such abandonment is reasonably necessary to preserve the competitive position of Sauer in its industry.

(B) Although the Project Facility will constitute a project where facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities constitute more than one-third of the total cost of the Project Facility, the Project Facility is located in a highly distressed area as contemplated by Section 862(b) of the Act.

(C) The Project site is located entirely within the boundaries of Jefferson County, New York.

(D) The granting of the Financial Assistance by the Agency with respect to the Project, through the granting of certain exemptions from taxation with respect to the Project, as further described in Section 2(D) of the Preliminary Inducement Resolution, will encourage and assist Sauer in locating the Project Facility in Jefferson County, New York, and thereby serve the public purposes of the Act by promoting job opportunities in Jefferson County, New York.

(E) It is estimated at the present time that the costs of the planning, development, acquisition, construction and installation of the Project Facility (collectively, the "Project Costs") will be approximately \$1,300,000.00.

(F) Sauer will ensure that the acquisition, renovation, installation and operation of the Project Facility will comply with all applicable federal, state and local laws, ordinances, rules and regulations (the applicability of same to be determined both as if the Agency were the owner of the Project Facility and as if Sauer and not the Agency were the owner of the Project Facility), and Sauer will obtain all necessary approvals and permits required thereunder.

Section 1.02. By the Preliminary Inducement Resolution, the Agency has approved the execution of this Preliminary Agreement. The Agency intends this Preliminary Agreement to constitute its official binding commitment, subject to the terms hereof, to accept the Application; provided, however, that this Preliminary Agreement shall not commit the Agency to undertake the Project or to grant to Sauer any Financial Assistance with respect to the Project unless and until the Agency shall decide to undertake the Project and to grant such Financial Assistance following a determination by the Agency that the procedural requirements of Section 859-a of the Act that relate to the Project have been fulfilled.

Section 1.03. Pursuant to SEQRA, the Agency has made a preliminary determination that the Project will not have a "significant effect on the environment" (within the meaning of SEQRA) and, therefore, that an environmental impact statement is not required to be prepared with respect to the Project.

Article 2. Undertakings on the Part of the Agency. Based upon the statements, representations and undertakings of Sauer and subject to the conditions set forth herein, the Agency agrees as follows:

Section 2.01. If, following full compliance with the requirements of the Act, including the public hearing requirements set forth in Section 859-a of the Act, the Agency adopts a future resolution (the "Future Resolution") determining to proceed with the Project and to grant the Financial Assistance with respect thereto and Sauer complies with all conditions set forth in this Preliminary Agreement and the Future Resolution, then the Agency will undertake the Project and will grant the Financial Assistance relating to the Project; PROVIDED, HOWEVER, that the foregoing obligation of the Agency to undertake the Project and to grant the Financial Assistance relating to the Project is subject to the conditions hereinafter contained in this Preliminary Agreement including, but not limited to, the following conditions:

(A) An interest in the Project Facility shall be acquired by the Agency from Sauer pursuant to a deed, lease agreement or other

documentation to be negotiated between the Agency and Sauer (hereinafter, the "Acquisition Agreement") which contains terms mutually acceptable to the Agency and Sauer for the conveyance of an interest in the Project Facility to the Agency. Any Equipment acquired by Sauer prior to the execution and delivery of the Project Agreement (as hereinafter defined) shall be conveyed to the Agency by a bill of sale from Sauer to the Agency. After the Project Agreement (as hereinafter defined) has been executed and delivered by the Agency and Sauer then, pursuant to the Project Agreement, any Equipment acquired by Sauer as part of the Project will be acquired by Sauer as agent of the Agency. The lease (with an obligation to purchase) or sale of the Project Facility by the Agency to Sauer shall be effected by a lease agreement or an installment sale agreement (hereinafter, the "Project Agreement") between the Agency and Sauer whereby Sauer will be obligated, among other things, to make payments to the Agency in amounts and at such times so that such payments will be adequate to enable the Agency to timely pay all amounts due on the Acquisition Agreement. The Acquisition Agreement and the Project Agreement and any other documents to be executed by the Agency in connection with the Project (collectively, the "Project Documents") shall, in all respects, comply with the requirements of, and limitations contained in, the Act and shall further specifically provide that the obligations of the Agency thereunder are payable solely from the revenues derived by the Agency from the sale, lease or other disposition of the Project Facility; that the obligations of the Agency thereunder shall not be a general obligation of the Agency and shall not constitute an indebtedness or pledge of the general credit of the Agency; that no beneficiary of the obligations of the Agency thereunder shall have the right to compel any exercise of the taxing power of the Agency (if any), or of the State of New York or any political subdivision thereof, including Jefferson County, New York; and that the obligations of the Agency thereunder shall not create a debt or loan of credit of Jefferson County, New York or the State of New York, but such obligations shall be a special obligation of the Agency secured and payable solely as provided in the Acquisition Agreement or the Project Agreement, as the case may be, and such facts shall be plainly stated in each of such documents;

(B) Sauer shall have executed the Project Agreement between the Agency and Sauer, the terms of which shall be acceptable in form and content to Sauer and the Agency, and pursuant to which, among other things, Sauer shall be obligated to pay all costs incurred by the Agency with respect to the Project and/or the Project Facility, including all costs of operation and maintenance of the Project Facility, all taxes and other governmental charges, any required payments in lieu of taxes, and the reasonable fees and expenses incurred by the Agency with respect to or in connection with the Project and/or the Project Facility;

(C) No event shall have occurred which constitutes (or which after notice or lapse of time or both would constitute) an event of default under the Project Agreement;

(D) Sauer shall provide the Agency with all information and statements which may be required by the Agency in order to facilitate compliance by the Agency with SEQRA;

(E) The Agency shall receive, in form and substance satisfactory to the Agency, such rulings, approvals, resolutions, consents, certificates, opinions of counsel and other instruments and proceedings as shall be specified by the Agency in connection with the Project and the various documents to be executed in connection with the Project, such rulings, approvals, resolutions, consents, certificates, opinions of counsel and other instruments and proceedings to be obtained from counsel to the Agency and such other governmental and nongovernmental agencies and entities as may have or assert competence or jurisdiction over or interest in matters pertaining thereto;

(F) Agreements shall be made as to (1) payments by Sauer to or on behalf of the Agency of amounts in lieu of real property taxes, (2) indemnity by Sauer of the Agency and the members and officers of the Agency, and (3) payment by Sauer of the expenses incurred by the Agency in connection with the Project (including counsel fees and out-of-pocket expenses) and the administrative fee of the Agency, and such agreements shall be satisfactory in form and substance to the Agency;

(G) The Agency shall have made a determination to proceed with the granting of the Financial Assistance following a determination by the Agency that all the public hearing and notice requirements and other procedural requirements of Section 859-a of the Act that relate to the Project have been complied with;

(H) If any portion of the Financial Assistance to be granted by the Agency with respect to the Project is not consistent with the Agency's uniform tax exemption policy, the Agency must follow the procedures for deviation from such policy set forth in Section 874(b) of the Act prior to granting such portion of the Financial Assistance; and

(I) The following additional conditions: None.

Section 2.02. The obligations of the Agency pursuant to this Preliminary Agreement are subject to the conditions elsewhere contained in this Preliminary Agreement and to the additional condition that the Agency shall not undertake the Project, nor grant any Financial Assistance with respect to the Project, unless and until the Agency shall have complied with the provisions of SEQRA.

Section 2.03. Subject to the conditions stated in this Preliminary Agreement, the Agency, from time to time, will adopt, or cause to be adopted, such proceedings and authorize the execution of such documents as may be necessary or advisable for: (A) the authorization, undertaking and completion of the Project; and (B) the sale or lease of the Project Facility to Sauer, all as shall be authorized by law and be mutually satisfactory to the Agency and Sauer.

Section 2.04. The Agency will take or cause to be taken such other acts and adopt such further proceedings as may be required to implement the aforesaid undertakings or as it may deem appropriate in pursuance thereof.

Article 3. Undertakings on the Part of Sauer. Based upon the statements, representations and undertakings of the Agency and subject to the conditions set forth herein, Sauer agrees as follows:

Section 3.01. Contemporaneously with the execution and delivery by the Agency of the Acquisition Agreement, Sauer will enter into the Project Agreement with the Agency containing the terms and conditions described in Section 2.01 hereof. Sauer agrees that Sauer will pay all of the Project Costs and shall not be entitled to any reimbursement for any such payment from the Agency. THE AGENCY MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, THAT THE PROJECT FACILITY WILL BE SUITABLE FOR SAUER'S PURPOSES OR NEEDS.

Section 3.02. Sauer hereby agrees to indemnify and hold the Agency (and its members, officers, agents and employees) harmless from all losses, expenses, claims and liabilities arising out of or based on labor, services, materials and supplies, including equipment, ordered or used in connection with the acquisition, construction and installation of the Project Facility, including any expenses incurred by the Agency (and its members, officers, agents and employees) in defending any claims, suits or actions which may arise as a result of any of the foregoing. Sauer shall not permit to stand, and will, at its own expense, take steps reasonably necessary to remove, any mechanic's or other liens against the Project Facility for labor or material furnished in connection with the acquisition, construction and installation of the Project Facility.

Section 3.03. Sauer hereby agrees to indemnify, defend and hold the Agency (and its members, officers, agents and employees) harmless from any and all (A) claims and liabilities for the loss or damage to property or any injury to or death of any person that may be occasioned subsequent to the date hereof by any cause whatsoever in relation to the Project and/or the Project Facility, including any expenses incurred by the Agency (and its members, officers, agents and employees) in defending any claims, suits or actions which may arise as a result of the foregoing; and (B) claims and liability arising from or expenses incurred in connection with the Project or the Agency's acquisition, construction and installation, owning, leasing and/or sale of the Project Facility, including all causes of action and attorneys' fees

and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. Sauer shall include the Agency (and its members, officers, agents and employees) as a named insured under all public liability insurance policies obtained by Sauer with respect to the Project.

Section 3.04. Sauer will take such further action and adopt such further proceedings as may be required to implement its aforesaid undertakings or as it may deem appropriate in pursuance thereof.

Article 4. General Provisions.

Section 4.01. All commitments of the Agency under Article 2 hereof and of Sauer under Article 3 hereof (excepting the obligations of Sauer set forth in Sections 3.02 and 3.03 hereof, which shall survive the termination of this Preliminary Agreement) are subject to the condition that the following events shall have occurred not later than two (2) years from the date hereof (or such other date as shall be mutually satisfactory to the Agency and Sauer):

(A) The Agency and Sauer shall have agreed on mutually acceptable terms and conditions of the Acquisition Agreement, the Project Agreement and any other agreements referred to in Articles 2 or 3 hereof;

(B) All necessary governmental approvals shall be obtained; and

(C) All other conditions expressed in this Preliminary Agreement shall have been satisfied.

Section 4.02. Subject to the terms and conditions of Section 4.03 hereof, Sauer shall have the right to unilaterally cancel this Preliminary Agreement at any time prior to the time that the Acquisition Agreement is signed by the Agency upon thirty (30) days prior written notice of cancellation delivered to the Agency at the address set forth in Section 4.04 hereof.

Section 4.03. If the events set forth in Section 4.01 hereof do not take place within the time set forth in said Section 4.01, or any extension thereof, or if Sauer exercises its right of cancellation as set forth in Section 4.02 hereof, Sauer agrees that: (A) it will promptly reimburse the Agency (and its officers, members, agents or employees) for all reasonable and necessary direct out-of-pocket expenses (including legal fees and expenses) which the Agency (and its officers, members, agents or employees) may incur with respect to the execution of this Preliminary Agreement and the performance of its obligations hereunder; and (B) the obligations of Sauer set forth in Section 3.02 and 3.03 hereof shall survive the termination of this Preliminary Agreement and shall remain in full force and effect until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the matters described therein may be brought and payment in full or the satisfaction of such

claim, cause of action or prosecution and the payment of all expenses and charges incurred by the Agency (and its officers, members, agents or employees) relating to the enforcement of the provisions therein stated.

Section 4.04. (A) All notices and other communications hereunder shall be in writing and shall be deemed given when mailed by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

(1) To the Agency:

Jefferson County Industrial Development Agency
800 Starbuck Avenue
Watertown, New York 13601
Attention: Donald C. Alexander

With a copy to:

Joseph W. Russell, Esq.
Barclay Damon LLP
120 Washington Street, Suite 500
Watertown, NY 13601

(2) To Sauer:

Scott C. Sauer and Shannon J. Sauer
7024 Beech Hill Road
Lowville, New York 13367

With a copy to:

Kevin McCardle
Campany, McCardle & Randall
Main Street
Lowville, New York 13367

(B) The Agency and Sauer may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates and other communications shall be sent.

Section 4.05. All covenants and agreements herein contained by or on behalf of the Agency and Sauer shall bind and inure to the benefit of the respective successors and assigns of the Agency and Sauer whether so expressed or not.

Section 4.06. The obligations and agreements of the Agency contained herein shall be deemed the obligations and agreements of the Agency, and not of any member, officer, agent or employee of the Agency in his individual capacity, and the

members, officers, agents and employees of the Agency shall not be liable personally hereon or be subject to any personal liability or accountability base upon or in respect hereof or of any transaction contemplated hereby. The obligations and agreements of the Agency contained herein shall not constitute or give rise to an obligation of the State of New York or of Jefferson County, New York and neither the State of New York nor Jefferson County, New York shall be liable thereon and, further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency but, rather, shall constitute limited obligations of the Agency payable solely from the revenues of the Agency derived and to be derived from the lease, sale or other disposition of the Project Facility.

Section 4.07. Notwithstanding any provision of this Preliminary Agreement to the contrary, the Agency shall not be obligated to take any action pursuant to any provision hereof unless (A) the Agency has been requested to do so in writing by Sauer; and (B) if compliance with such request is reasonably expected to result in the incurrence by the Agency (or any member, officer, agent or employee of the Agency) of any liability, fees, expenses or other costs, the Agency shall have received from Sauer security or indemnity satisfactory to the Agency for protection against all such liability and for the reimbursement of all such fees, expenses and other costs.

IN WITNESS WHEREOF, the parties hereto have entered into this Preliminary Agreement as of the day and date first written above.

**JEFFERSON COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Donald C. Alexander, Chief Executive
Officer

Scott C. Sauer

Shannon J. Sauer