

**Jefferson County Industrial Development Agency
Board Meeting Minutes
September 6, 2018**

The Jefferson County Industrial Development Agency held a board meeting on Thursday, September 6, 2018 in the board room at 800 Starbuck Avenue, Watertown, NY.

Present: David Converse, Chair, William Johnson, W. Edward Walldroff, Lisa L’Huillier, Paul Warneck, Robert E. Aliasso, Jr.

Also Present: Donald Alexander, David Zembiec, Lyle Eaton, Peggy Sampson, Marshall Weir, Joseph Russell, Esq., Kent Burto, Rich Duvall, Don Rutherford, David Geurtsen, Esq., Bruce Wright, and Marcus Wolf of the Watertown Daily Times

Excused: John Jennings

Absent: None

- I. **Call to Order:** Mr. Converse called the meeting to order at 8:48 a.m.
- II. **Privilege of the Floor:** Mr. Converse invited guests to speak. No one spoke.
- III. **Minutes:** Minutes of the regular meeting held August 2, 2018 were presented. A motion to approve the minutes as presented was made by Mr. Aliasso, seconded by Mr. Warneck. All in favor. Carried.
- IV. **Treasurer’s Report:** Mr. Aliasso reviewed the financials for the period ending August 31, 2018 along with the delinquent loans. It was noted that Metro Paper now has two PILOT payments due. After discussion, a motion was made by Mr. Aliasso to accept the financial report of August 31, 2018 as presented, seconded by Mr. Walldroff. All in favor. Carried.
- V. **Counsel:**
 1. **Opal Development LLC v. JCIDA / Car-Freshner Corporation et al v. The Town of Watertown New York et al** – At 8:50 a.m., a motion was made by Mr. Warneck to go into executive session to invite special counsel David Geurtsen to provide update on the Opal Development lawsuit, seconded by Mr. Aliasso. All in favor. Staff, Board Members, Special Counsel David Geurtsen, Rich Duvall and Kent Burto (JCLDC Board Members) remained. Attorney Russell left due to a conflict.

At 9:00 a.m. a motion was made by Mr. Warneck, seconded by Mr. Aliasso to leave executive session to correct the reason for the executive session. All in favor. Carried.

At 9:01 a.m. a motion was made by Mr. Warneck to go into executive session with special counsel David Geurtsen to discuss pending litigation, seconded by Mr. Aliasso. All in favor. Staff, Board Members, and Special Counsel David Geurtsen remained.

At 9:21 a.m. a motion was made by Mr. Warneck to leave executive session and resume the regular board meeting, seconded by Mr. Aliasso. All in favor. Carried.

Ms. L’Huillier left the meeting at this time.

**Jefferson County Industrial Development Agency
Board Meeting Minutes
September 6, 2018**

VI. Committee Reports:

a. Loan Review Committee

- i. Wright Brothers LLC** – Bruce Wright entered the meeting. He shared the history of the business with the board. He said they currently have approximately 80 employees and like to maintain between 80 and 100. Mr. Wright said that Guilfoyle receives over 9,000 calls per year. He said that we are dealing with an opioid crisis with no end in sight, rising healthcare needs, poverty....a society problem. He said that revenue is sought from insurance companies; however, they lose 7% to 10% for Medicare and lose 70% of their costs for Medicaid. Mr. Wright indicated that he works with local officials and Senator Chuck Schumer’s Office on many of the issues. Mr. Rutherford asked if engaging the third party billing service has improved capital. Mr. Wright said “yes, it has”. Although he said that it is hard to sustain cash flow because revenues are unpredictable. Mr. Wright said that two local towns don’t cover costs because they are not required to have a contract. He also pointed out that Guilfoyle has not had a monetary agreement with the City of Watertown in over 40 years.

Building – 77,000 square feet on 3 acres of land. It has been listed for sale at \$1,300,000 or lease. Mr. Wright said that there are currently 4-5 tenants.

Mr. Rutherford went over the most recent modification that included restructuring debt and reduce the interest rate in order to pay down principal with a contingency of hiring a commercial real estate broker to provide a wider reach. He asked Mr. Wright if there is an opportunity to co-broker. Mr. Wright indicated that everything is a possibility, but doesn’t feel it’s fair to the current broker. He said the agreement with the current broker expires in November and he hasn’t decided what he wants to do going forward.

Board Members would like to see a timeframe from Mr. Wright for getting the building fully leased or sold. They would also like to see projections in the interim to make sure loans and taxes are paid.

Mr. Wright left the meeting at 10 a.m.

Mr. Warneck suggested getting together with the WLDC Board in the future to understand the issues and discuss the decisions to be made.

Mr. Rutherford left the meeting at 10:05 a.m.

- ii. Resolution Number 09.06.2018.01 for Main Street Crafts and Drafts** – Mr. Eaton indicated that the Sackets Harbor LDC approved their portion yesterday. After review and discussion, a motion was made by Mr. Warneck to approve the attached resolution as presented, seconded by Mr. Aliasso. All in favor. Carried.
- iii. Resolution Number 09.06.2018.02 for Long Falls Paperboard** – After review and discussion, a motion was made by Mr. Warneck to approve the attached resolution as presented, seconded by Mr. Johnson. All in favor. Carried.

**Jefferson County Industrial Development Agency
Board Meeting Minutes
September 6, 2018**

- iv. **Resolution Number 09.06.2018.03 for BICC Brothers of NNY, LLC** – After review and discussion, a motion was made by Mr. Aliasso to approve the attached resolution as presented, seconded by Mr. Warneck. All in favor. Carried.
- v. **Resolution Number 09.06.2018.04 for Carthage Specialty Paperboard** – After review and discussion, a motion was made by Mr. Warneck to approve the attached resolution as presented, seconded by Mr. Johnson. All in favor. Carried.
- vi. **Resolution Number 09.06.2018.05 for Bad Debt Allowances for 2018-2019** – After review and discussion, a motion was made by Mr. Johnson to approve the attached resolution as presented, seconded by Mr. Walldroff. All in favor. Carried.
- vii. **Galloo Island Wind LLC – Interrogatory/Document Review** – Mr. Converse said that Mr. Aliasso asked to have this item discussed and drafted a written response to restate the facts. Mr. Aliasso said that he just wants to provide a brief response to statements made by the applicant. A motion was made by Mr. Aliasso to have staff address and send the draft letter as presented with counsel approval, seconded by Mr. Johnson. All in favor. Carried. Attorney Russell said that the draft letter looked fine to him.

VII. Unfinished Business:

- 1. **Authorities Budget Office Audit (Sales Tax Exemptions 2016-2017)** – Mr. Eaton said that the New York State Authorities Budget Office is going to conduct an audit regarding sales tax exemptions. He said that he spoke with one of the auditors and explained our procedures and indicated that they will spend approximately two days in the office looking at project files and speaking to staff.
- 2. **Convergys** – Mr. Zembiec said that the County of Jefferson approved the three year extension on the parking lot agreement. He said that staff is still working with City of Watertown Officials prior to their consideration of the extension.
- 3. **RC Spot** – Mr. Aliasso asked if the equipment has been moved from the Salmon Run Mall location. Mr. Eaton said yes. Board Members felt that Attorney Russell should take action and address the issue.
- 4. **ReEnergy** – Mr. Aliasso wondered if the backstop PILOT will be needed. Mr. Alexander said that it is being debated at the moment and it's up to the Town of LeRay to make that decision. It has been agreed that a stipulated settlement from the court would be sufficient; therefore, the backstop PILOT may not be necessary.
- 5. **GML** – Mr. Warneck asked Attorney Russell if he had an opinion on whether that section of the GML requires the IDA to ensure that a project seeking benefits complies with the law. Attorney Russell said that he owes the opinion and it will be forthcoming.

**Jefferson County Industrial Development Agency
Board Meeting Minutes
September 6, 2018**

VIII. New Business: None.

IX. Adjournment: With no further business before the board, a motion to adjourn was made by Mr. Aliasso, seconded by Mr. Warneck. All in favor. The meeting adjourned at 10:33 a.m.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Resolution Number 09.06.2018.01

RESOLUTION FOR AUTHORIZING A MICRO ENTERPRISE LOAN TO
Main Street Crafts and Drafts LLC

WHEREAS, Main Street Crafts and Drafts LLC has requested by application to this Agency a Micro Enterprise Loan in the amount of Seven Thousand One Hundred Fifty Dollars (\$7,150.00) to establish a DIY Crafts and Art Bar in Sackets Harbor, NY, and

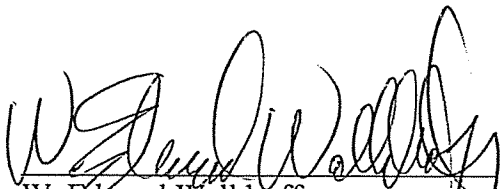
WHEREAS, Staff reviewed this request and recommended approval of a loan in the amount of \$7,150 for a five year amortization with a rate of 5%. The owners will operate the business for the first three years and anticipate hiring 2 employees in year three. The owners have provided a list of the equipment they own; valued at \$7,628. A UCC will be filed covering all of the assets of the business and we will require personal guarantees of Brian Topping and Christine Grimes Topping. Approval contingent on participation by the Sackets Harbor Local Development Corporation for \$7,150, and

WHEREAS, on August 28, 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 Seven Thousand One Hundred Fifty Dollar (\$7,150.00) loan to Main Street Crafts and Drafts LLC 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

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Resolution Number 09.06.2018.02

RESOLUTION FOR AUTHORIZING A REVOLVING LOAN TO
Long Falls Paperboard

WHEREAS, Long Falls Paperboard has requested a Revolving Loan in the amount of Three Hundred Thousand Dollars (\$300,000.00) to purchase and run the Carthage Mill subsequent to Chapter 11, and

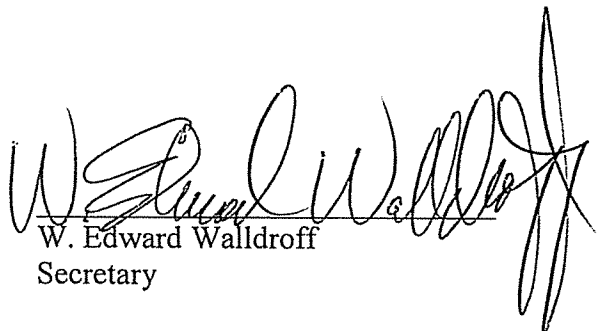
WHEREAS, Staff has reviewed the request and recommends an exception to the \$250,000 RLF limit for a \$300,000 RLF at 6% interest and interest only for 12 months and then a four year amortization; also exceptions. Agency funding to be termed out after Bond Issue. Total project amount is to be determined. They will maintain approximately 74 FTEs and increase slightly over three years. Collateral will be a co-proportional second position on the assets of the Corporation. Loan contingent upon participation by the North Country Economic Development Fund and the North Country Alliance, and

WHEREAS, on August 28, 2018 the Loan Review Committee of the Jefferson County Industrial Development Agency reviewed this request 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 approved the request for a Three Hundred Thousand Dollar (\$300,000.00) loan to Long Falls Paperboard 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

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Resolution Number 09.06.2018.03

**RESOLUTION FOR AUTHORIZING A WRITE OFF TO THE MICRO ENTERPRISE
LOAN FUND TO
BICC BROTHERS OF NNY, LLC (Jake's WayBack Burgers)**

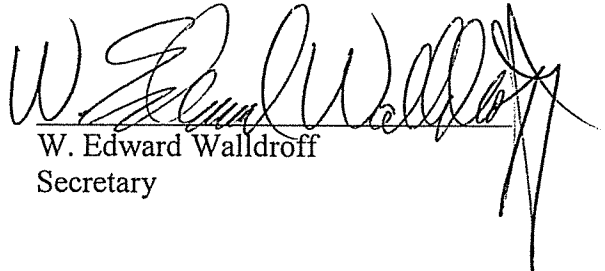
WHEREAS, Staff recommended approval to write off this account that has a balance due of \$20,453.25 and will continue to pursue all legal actions and collection efforts, and

WHEREAS, on August 28, 2018 the Loan Review Committee of the Jefferson County Industrial Development Agency reviewed this request 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 request to write off this account and continue collection procedures, 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

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Resolution Number 09.06.2018.04

**RESOLUTION FOR AUTHORIZING A WRITE OFF TO THE REVOLVING LOAN
FUND TO
CARTHAGE SPECIALTY PAPERBOARD**

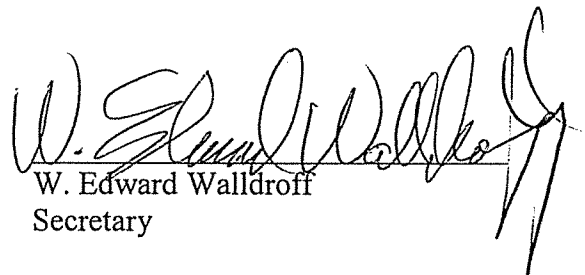
WHEREAS, Staff recommended approval to write off this account that has a balance due of \$196,119.95, and

WHEREAS, on August 28, 2018 the Loan Review Committee of the Jefferson County Industrial Development Agency reviewed this request 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 request to write off this account, 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

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Resolution Number 09.06.2018.05
For Approving a Reserve for Bad Debt Allowances for 2018-2019

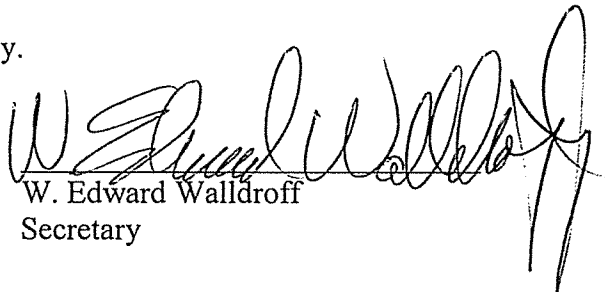
WHEREAS, Lyle Eaton, CFO, recommended \$210,000 for RLF and \$22,000 for MICRO, and

WHEREAS, on August 28, 2018 the Loan Review Committee of the Jefferson County Industrial Development Agency reviewed the recommendation and agreed to move it 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 recommendation 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