

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: November 21, 2019

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

From: Donald C. Alexander

Re: Notice of Board of Directors' Meeting

=====

The Jefferson County Industrial Development Agency will hold their Board Meeting on **Thursday, December 5, 2019 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

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REVISED BOARD MEETING AGENDA

Thursday, December 5, 2019 - 8:30 a.m.

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Privilege of the Floor**
- IV. Minutes of the Meeting of November 7, 2019**
- V. Audit Report for 2018-2019 – Bowers & Company**
- VI. Treasurer's Report – as of November 30, 2019**
- VII. Committee Reports**
 - a. Governance Committee**
 - i. Summary Results of Confidential Evaluation of Board Performance – consider executive session**
- VIII. Unfinished Business**
 - 1. 146 Arsenal Street Update**
 - 2. OYA PILOT**
- IX. New Business**
 - 1. Consider MOU for Mohawk, Adirondack & Northern Railroad**
 - 2. Annual Project Verification Review**
- X. Counsel**
 - 1. Consider Authorizing Resolution Number 12.05.2019.01 for Oswego Beverage Company LLC**
 - 2. Consider Resolution Number 12.05.2019.02 for Amending Trust Indenture for ReEnergy Black River LLC Solid Waste Disposal Revenue Bonds**
 - 3. Office of the Attorney General – Initial Demand: Final Spill (Carthage Development Group)**
- XI. Adjournment**

**Jefferson County Industrial Development Agency
Board Meeting Minutes
November 7, 2019**

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The Jefferson County Industrial Development Agency held their board meeting on Thursday, November 7, 2019 in the board room at 800 Starbuck Avenue, Watertown, NY.

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

Also Present: Joseph Russell, Esq., Kent Burto, Rob Stein, Esq. for Morgan Properties, Denise Young, Keith Caughlin, and Marcus Wolf from the Watertown Daily Times

Staff Present: Donald Alexander, David Zembiec, Lyle Eaton, Peggy Sampson, Marshall Weir

Excused: None

Absent: None

- I. Call to Order:** Chairman Converse called the meeting to order at 8:39 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 3, 2019 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, 2019 along with the delinquent loans. After discussion, a motion was made by Mr. Aliasso to accept the financial report as presented, seconded by Mr. Johnson. All in favor. Carried.

Joinder by and Agreement of Agency (Morgan Watertown: Preserve at Autumn Ridge I and II) – Attorney Russell provided background. He said that the IDA entered into a lease leaseback back in 2012 for a PILOT with Morgan Townhouse Communities for two projects. They subsequently conveyed those to new LLCs – Preserve at Autumn Ridge I, LLC and Preserve at Autumn Ridge II, LLC and we consented to that at the time. Both developments are currently owned 100% by Morgan Townhouse Communities. They are currently involved in a reorganization which involves the infusion of some cash by independent parties to help them with their current liabilities. After the reorganization, Morgan Townhouse Communities will continue to own approximately 80% of the LLCs and the other entities that are doing the cash infusion will own approximately 20% but will be taking control of the operations. The principal lender is in agreement with the reorganization and are willing to consent to it, but they are requiring the IDA to execute a joinder agreement that basically says that this reorganization does not impact the lease leaseback nor the PILOT. Mr. Warneck asked what the alternative is. Attorney Russell said that if we don't agree to the joinder agreement then the bank is not going to consent to the reorganization.

Rob Stein, Esq. joined the meeting at 8:46 a.m.

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Attorney Stein said that Morgan Properties is really looking forward to getting involved with these properties. He said that they have started management of them, and they plan to put a significant amount of capital into them. He said Morgan Properties is not a company that holds things and flips them. He said that the company was started in 1985 and still owns the first three properties they bought in 1985; they are long term holders and operators of properties. He said there is absolutely no prior relationship between the two even though it's confusing because the current owners have the last name of Morgan. He said there is no deed transfer, it's just a reshuffling of the interest in the entities and investment by Morgan Properties into the joint venture. The ownership won't change but there is a management change. Attorney Stein said there is over \$1m budgeted for investment in the property in the first year.

Mr. Jennings wanted to know if there was a reason that Morgan Properties didn't just buy the property outright. Attorney Stein said that there would be significant tax implications.

After discussion, Mr. Warneck moved the resolution, seconded by Mr. Aliasso. Attorney Stein asked if it affects Phase I and Phase II. Attorney Russell said that the document the board received was only for Phase I but indicated that they are requesting approval for Phase II as well so that we don't have to go back and reapprove again. Attorney Russell said that he understands that there will be identical paperwork for Phase II. At this time, Mr. Warneck amended his motion to include Phase I and Phase II, seconded by Mr. Aliasso. All in favor. Carried.

Attorney Stein left the meeting at 8:55 a.m.

Executive Session: At 8:58 a.m., Mr. Warneck made a motion to move into executive session to consider potential disposition of real property, seconded by Mr. Jennings. Board Members, LDC Board Member/Building and Grounds Chairman Burto, Staff, and Counsel remained. YMCA Officials were invited in.

YMCA Officials left executive session at 9:40 a.m.

At 10:23 a.m. a motion was made by Mr. Warneck to leave executive session, seconded by Mr. Aliasso. All in favor. Carried.

V. Committee Reports:

a. Audit Committee

- i. Resolution Number 11.07.2019.01 to Engage Bowers and Company for the 2018-2019 Audit** – Mr. Jennings said that the committee met on October 10th with Bowers and Company. 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.

b. Loan Review Committee – Mr. Aliasso said that the committee met on October 31st for two items.

- i. Resolution Number 11.07.2019.02 for RBM Manufacturing Corp.** – Mr. Aliasso said there is one variance for interest only for 6 months. He said it looks like a minimal investment for a significant return – a good cost to benefit ratio.



They are going to create inventory for the computerized mobile billboards and will be franchising. Mr. Aliasso said that the project is backed by considerable collateral and there will be job creation. Mr. Eaton said the first franchise has been sold. Mr. Walldroff wasn't sure about the projections going from \$500,000 in year one to \$3m in year three. Mr. Aliasso said it was discussed at loan review with Mr. McNeely, who indicated that he is very overzealous on how quickly this will take off. 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.

- ii. **Oswego Beverage Company LLC (Eagle Beverage)** – Mr. Aliasso said that there was significant discussion about the proposed project at the loan review committee meeting. He said that the retail presence is less than 10% and that the project fits under the UTEP. Mr. Warneck said that he thought we would offer a 485b since it's just a relocation. It was noted that their building was sold and won't just sit as a vacant building. Mr. Warneck said that someone should verify which school district the project is in. Attorney Russell said that we need to confirm where the boundary lines are.

VI. **Unfinished Business:** None.

VII. **New Business:** None.

VIII. **Counsel:**

1. **Environmental Resolution Number 11.07.2019.03 for Oswego Beverage Company LLC (Eagle Beverage)** – After review and discussion, a motion was made by Mr. Aliasso to approve the attached resolution as presented, seconded by Mr. Jennings. Discussion ensued. Mr. Aliasso pointed out that the two pages that were included in the loan review packet were for a full SEQR. Attorney Russell said that he requested the short form from the Town of Watertown Planning Board. He said that we need the town's minutes and final determination, which we have not received, before approving the resolution. It was noted that the form submitted to loan review was for the subdivision at the Thousand Islands Ag Park and not specifically for Eagle Beverage. Mr. Zembiec called the Town of Watertown Planning Board for the correct document. The Town of Watertown Clerk faxed it over. Board Members reviewed the Short Form for Eagle Beverage that included all three parts and had been signed by Randy Vaas, SEQR Coordinator.

The original motion was amended by Mr. Warneck to accept the short form and negative declaration completed by the Town of Watertown Planning Board, seconded by Mr. Aliasso. Roll call vote was taken. Mr. Converse – Yea, Mr. Jennings – Yea, Mr. Aliasso – Yea, Mr. Walldroff – Not in room during vote, Mr. Warneck – Yea, Mr. Johnson – Yea, and Ms. L'Huillier – Yea. Carried.

2. **Preliminary Inducement Resolution Number 11.07.2019.04 for Oswego Beverage Company LLC (Eagle Beverage)** – After review and discussion, a motion was made by Mr. Warneck to approve the attached resolution as presented, seconded by Mr. Aliasso. Roll call

Jefferson County Industrial Development Agency
Board Meeting Minutes
November 7, 2019

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vote was taken. Mr. Converse – Yea, Mr. Jennings – Yea, Mr. Aliasso – Yea, Mr. Walldroff – Not in room during vote, Mr. Warneck – Yea, Mr. Johnson – Yea, and Ms. L'Huillier – Yea. Carried.

3. **Preliminary Agreement with Oswego Beverage Company (Eagle Beverage)** – After review and discussion, a motion was made by Mr. Johnson to approve the agreement as presented, seconded by Mr. Aliasso. All in favor. Carried.
4. **Authorizing Resolution Number 11.07.2019.0 for OYA** – Attorney Russell indicated that there is not a resolution in the board packet for consideration this month.

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 11:06 a.m.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Resolution Number 11.07.2019.01
to Engage Auditors for Annual Audit

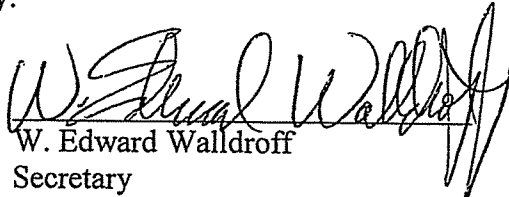
WHEREAS, the Audit Committee met on October 10, 2019 to meet with Bowers & Company CPAs PLLC, and

WHEREAS, Bowers & Company presented an engagement letter to audit the financial statements for the year ended September 30, 2019. The fee will be \$10,000 for the audit and \$375 for the preparation of information returns, 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

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Resolution Number 11.07.2019.02

**RESOLUTION FOR AUTHORIZING A REVOLVING LOAN TO
RBM MANUFACTURING CORP.**

WHEREAS, RBM Manufacturing Corp. has requested a Revolving Loan in the amount of Two Hundred Thousand Dollars (\$200,000.00) to be used for working capital, and

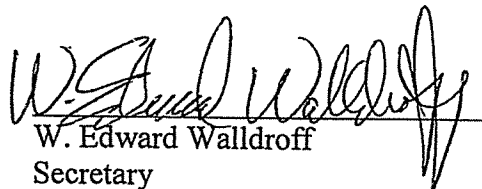
WHEREAS, Staff has reviewed this request and recommends an exception to the normal terms. Staff recommends approval of a JCIDA Revolving Loan in the amount of \$200,000.00, interest only for six months, then 3% for five years. Collateral will be a second position lien on the assets of the Corporation and personal guarantees of Richard C. McNeely and Rhonda McNeely. There are currently 4 jobs and they are projecting to create 9 additional jobs over three years, and

WHEREAS, on October 29, 2019 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 Two Hundred Thousand Dollar (\$200,000.00) loan to RBM Manufacturing Corp. 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

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 November 7, 2019 at 8:30 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: David Converse, John Jennings, Robert E. Aliasso, Jr., W. Edward Walldroff, Paul Warneck, William Johnson, Lisa L'Huillier

ABSENT: None

FOLLOWING PERSONS WERE ALSO PRESENT: Donald Alexander, David Zembiel, Lyle Eaton, Peggy Sampson, Joseph Russell, Esq., Kent Burto, and Marcus Wolf from the Watertown Daily Times

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

Resolution No. 11.07.2019.03

RESOLUTION DETERMINING THAT ACTION TOWARD THE ACQUISITION, CONSTRUCTION, INSTALLATION AND LEASING OF A CERTAIN COMMERCIAL PROJECT FOR **OSWEGO BEVERAGE COMPANY LLC** (THE "COMPANY") 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 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, the **Company** 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 New York State Route 3, Watertown, New York (the "Land") construction of a new cross-dock warehousing Facility (the "Facility"), and the Equipment being collectively referred to as the "Project Facility"), such Project Facility to be used as a beverage distribution and redemption 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 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 the Company or such other person as may be designated by the Company 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 September 7, 2019, 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

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	YEA
John Jennings	VOTING	YEA
Robert E. Aliasso, Jr.	VOTING	YEA
W. Edward Walldroff	VOTING	Not in room during vote
Paul Warneck	VOTING	YEA
William Johnson	VOTING	YEA
Lisa L'Huillier	VOTING	YEA

The foregoing Resolution was thereupon declared duly adopted.

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

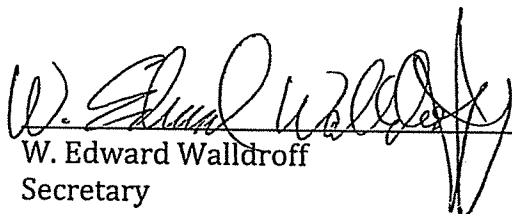
I, the undersigned Chief Executive Officer of the Jefferson County Industrial Development Agency (the "Agency"), DO HEREBY CERTIFY, that I have compared the foregoing extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on December 6, 2018 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 7th day of November, 2019.




W. Edward Walldroff
Secretary

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 November 7, 2019 at 8:30 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: David Converse, John Jennings, Robert E. Aliasso, Jr., W. Edward Walldroff, Paul Warneck, William Johnson, Lisa L'Huillier

ABSENT: None

FOLLOWING PERSONS WERE ALSO PRESENT: Donald Alexander, David Zembiec, Lyle Eaton, Peggy Sampson, Joseph Russell, Esq., Kent Burto and Marcus Wolf from the Watertown Daily Times

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

Resolution No. 11.07.2019.04

RESOLUTION TAKING PRELIMINARY OFFICIAL ACTION TOWARD THE ACQUISITION, CONSTRUCTION, INSTALLATION AND LEASING OF A CERTAIN COMMERCIAL PROJECT FOR **OSWEGO BEVERAGE COMPANY LLC** (the "COMPANY") AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PRELIMINARY AGREEMENT WITH THE COMPANY 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, Oswego Beverage Company LLC (the "Company") 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 located at NYS Rt. 3, in the Town of Watertown Jefferson County, New York (the "Land"), construction on the Land of a building to contain approximately 8,050 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 warehouse distribution and redemption facility to be operated by the Company and occupied by the Company (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, mortgage recording 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 the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, the Agency has given due consideration to the Application and to representations by the Company that (A) the granting by the Agency of the Financial Assistance with respect to the Project will be an inducement to the Company 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 the Company 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 the Company) 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 the Company located in the State of New York, such abandonment is reasonably necessary to preserve the competitive position of the Company in its industry; and

WHEREAS, the Agency desires to encourage the Company 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

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 November 7, 2019 (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 the Company 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 the Company 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 the Company) 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 the Company located in the State of New York, such abandonment is reasonably necessary to preserve the competitive position of the Company in its industry; and

(C) The Project Facility will not 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; 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 the Company 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 the Company pursuant to a deed, lease agreement or other documentation to be negotiated between the Agency and the Company (the "Acquisition Agreement"); (B) construct 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 the Company pursuant to a lease agreement or an installment sale agreement (hereinafter the "Project Agreement") between the Agency and the Company whereby the Company 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 mortgage recording taxes with respect to any documents recorded by the Agency with respect to the Project in the Office of the County Clerk of Jefferson County, New York or elsewhere, (2) exemption from sales taxes relating to the acquisition, construction and installation of the Project Facility, (3) 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 (4) 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 the Company to make payments in lieu of taxes with respect to the Project Facility, all as contemplated by the Preliminary Agreement and the Future Resolution.

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 the Company of the Preliminary Agreement, which sets forth certain conditions for the undertaking and completing of the Project by the Agency, and satisfaction by the Company of all the terms and conditions of the Preliminary Agreement applicable to the Company; (C) agreement by the Agency and the Company on mutually acceptable terms for the conveyance of the Land to the Agency; (D) agreement between the Company and the Agency as to payment by the Company 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 First Chairman (or Vice 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 the Company, to work with the Company, counsel to the Company 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 First Chairman, Vice Chairman and Executive Director of the Agency are hereby authorized and directed to distribute copies of this Resolution to the Company 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	YEA
John Jennings	VOTING	YEA
Robert E. Aliasso, Jr.	VOTING	YEA
W. Edward Walldroff	VOTING	Not in room during vote
Paul Warneck	VOTING	YEA
William Johnson	VOTING	YEA
Lisa L'Huillier	VOTING	YEA

The foregoing Resolution was thereupon declared duly adopted.

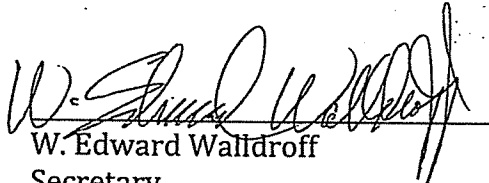
STATE OF NEW YORK)
COUNTY OF JEFFERSON) ss.:

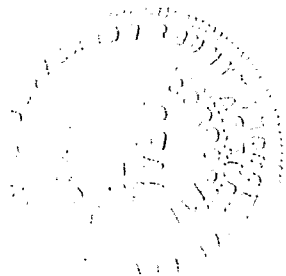
I, the undersigned Secretary of Jefferson County Industrial Development Agency (the "Agency"), DO HEREBY CERTIFY, that I have compared the foregoing extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on November 7, 2019 with the original 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 7th day of November, 2019.


W. Edward Walldroff
Secretary



JEFFERSON COUNTY INDUSTRIAL
DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF
THE COUNTY OF JEFFERSON, NEW YORK

FINANCIAL STATEMENTS

September 30, 2019

DRAFT

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September 30, 2019

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jefferson County Industrial Development Agency

Report on the Financial Statements

We have audited the accompanying financial statements of Jefferson County Industrial Development Agency (the Agency), a New York Public Benefit Corporation and a discretely presented component unit of the County of Jefferson, New York, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jefferson County Industrial Development Agency, as of September 30, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4-15) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Jefferson County Industrial Development Agency's basic financial statements. The supplemental schedules, SS1 – SS6, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2019, on our consideration of Jefferson County Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jefferson County Industrial Development Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County Industrial Development Agency's internal control over financial reporting and compliance.

Banner & Company

Watertown, New York
November 30, 2019

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2019

The following is a discussion and analysis of Jefferson County Industrial Development Agency (the Agency) for the fiscal year ended September 30, 2019. This section is a summary of the Agency's financial activities based on currently known facts, decisions, or conditions. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented in conjunction with the financial statements, which immediately follow this section. Responsibility for completeness and fairness of the information contained rests with the Agency.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's financial statements, which are composed of the basic financial statements, the notes to the financial statements and other supplemental information as described below. The financial statements of the Agency report information about the Agency using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. Responsibility for the completeness and fairness of the information contained rests with the Agency's management.

This section also includes discussion and analysis of the Agency's two component units. Jefferson County Local Development Corporation issues separate audited reports which may be obtained from the Agency.

The Jefferson County Local Development Corporation (JCLDC) was started to develop and cultivate a strong economic environment, which supports businesses and nurtures growth and new investment in the County, and provides Administrative Services to the Agency. The Organization was started October 1, 2009.

The Jefferson County Civic Facility Development Corporation (JCCFDC) was started to perform essential governmental functions including activities associated with job creation, and promotion of community and economic activities within and around the County, and issue certain bonds on behalf of the County. The Organization was started April 5, 2011.

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2019

BASIC FINANCIAL STATEMENTS - Continued

The statement of net position presents information on all the Agency's assets, deferred outflows of resources, deferred inflows of resources and liabilities. Net position, the difference between the Agency's assets, deferred outflows of resources, deferred inflows of resources and liabilities, is one way to measure the Agency's health or *position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without corresponding increases to liabilities, will also result in increased net position, which indicates an improved financial position.

The statement of revenues, expenses, and changes in net position presents information showing how the Agency's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows provides information on the major sources and uses of cash during the year. The cash flow statement portrays net cash provided or used from operating, investing, capital, and non-capital financing activities.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Supplemental Information

In addition to the basic financial statements and accompanying notes, this report presents Supplemental Schedules SS-1 through SS-6 on pages 36 - 41, which are presented for purposes of additional analysis only.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2019

FINANCIAL ANALYSIS

Statement of Net Position

The Agency and its component units' assets consist primarily of cash, loans receivable, grants receivables, and capital assets, net. The restricted cash accounts consist of prepaid PILOT monies, and funds held for lending from various loan programs. Descriptions of the loan programs are presented below:

- ♦ **Revolving Loan Program**—this program generally provides loans up to about \$250,000. In extenuating circumstances, larger loans have been made. The interest rate is typically below market and the term ranges from 1 year to 20 years. Usually, the loan dollar amount caps at 40% of the total project costs. These loans are considered to be restricted.
- ♦ **Microenterprise Loan Program**—this program generally provides loans up to \$40,000. It is designed for smaller projects for businesses employing five or fewer people. Some or all of the employees need to be in the low to moderate-income levels as defined by the federal government. These loans are considered to be restricted.
- ♦ **City Loan Program**—this program is designed for projects located in the City of Watertown. These loans are considered to be restricted.
- ♦ **Board Designated Loans**—the JCLDC has established a loan program to make loans for economic development in the Jefferson County area. These loans are considered to be unrestricted.

Restricted loans receivable, net of the allowance for uncollectible loans of \$305,967 at September 30, 2019 were \$1,031,703.

Unrestricted loans receivable at September 30, 2019 were \$1,149,145. All loans were deemed collectible and no allowance was necessary at year-end.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2019

FINANCIAL ANALYSIS- Continued

Statement of Net Position- Continued

The Agency and its component units' major liabilities consist of operating payables, unearned revenues, and interest payments due to HUD. Additionally, various notes payable were incurred for costs associated with the purchase and improvements to the Convergys building and improvements to the Industrial Park land.

Deferred outflows and inflows are recorded for payments due to taxing jurisdictions from PILOT payments. These monies are passed through the Agency.

Net position includes capital assets, net of depreciation and related debt of \$1,515,476, unrestricted balance of \$4,822,547 and restricted funds as follows:

Revolving Loan Funds	\$ 4,152,999
Microenterprise Loan Funds	356,864
City Loan Funds	277,417
Total Restricted Funds	<u>\$ 4,787,280</u>

Capital Assets

Capital assets are comprised of land (approximately 75 acres of industrial park land) and a building (City Center Plaza, Arsenal Street, Watertown, New York, which is leased to Convergys), and various furniture and fixtures. The Agency has also purchased approximately 101 acres adjacent to the Watertown International Airport. This land will be used to develop an Airport Industrial Park.

	2018	2019
Land and Improvements	\$ 1,094,321	\$ 1,094,321
Work in Progress	-	110,260
Equipment	188,803	188,803
Building	1,738,690	1,738,690
Total Capital Assets	<u>3,021,814</u>	<u>3,132,074</u>
Less: Accumulated Depreciation	1,326,178	1,440,567
Total Capital Assets, Net	<u>\$ 1,695,636</u>	<u>\$ 1,691,507</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2019

FINANCIAL ANALYSIS - Continued

Condensed Statement of Net Position

	Years Ended September 30,	
	2018	2019
ASSETS		
Cash	\$ 7,748,691	\$ 8,050,972
Loans Receivable, Net	2,180,848	1,504,186
Notes Receivable, Current	1,719	1,880
Notes Receivable, Non-Current	21,771	19,905
Grants Receivable	50,000	-
Other Receivables	9,654	11,910
Capital Assets, Net	1,695,636	1,691,507
Other Assets	3,290	2,695
TOTAL ASSETS	\$ 11,711,609	\$ 11,283,055
DEFERRED OUTFLOWS OF RESOURCES	\$ 426,385	\$ 387,646
LIABILITIES		
Current Liabilities	\$ 162,397	\$ 208,665
Long-Term Liabilities	201,931	200,065
TOTAL LIABILITIES	\$ 364,328	\$ 408,730
DEFERRED INFLOWS OF RESOURCES	\$ 648,159	\$ 431,902
NET POSITION		
Net Investment in Capital Assets	\$ 1,515,476	\$ 1,511,347
Restricted	4,787,484	4,787,280
Unrestricted	4,822,547	4,531,442
TOTAL NET POSITION	\$ 11,125,507	\$ 10,830,069

Refer to the Statement of Net Position in the combined financial statements for more detail.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2019

FINANCIAL ANALYSIS - Continued

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	For Years Ended September 30	
	2018	2019
Operating Revenues		
Bond Issue and Administrative Fees	\$ 381,824	\$ 241,330
Interest on Loans Receivable	111,528	93,061
Jefferson County Support	408,040	414,120
Community Development Agreement	279,427	279,427
Other Operating Revenues	42,716	45,065
Total Operating Revenue	<u>1,223,535</u>	<u>1,073,003</u>
Operating Expenses		
Project	138,914	139,814
General and Administrative	1,066,562	1,113,855
Bad Debt Expense/Allowance Adjustment	298,495	165,087
Depreciation	140,869	114,389
Total Operating Expenses	<u>1,644,840</u>	<u>1,533,145</u>
Net Loss from Operations	<u>(421,305)</u>	<u>(460,142)</u>
Non-Operating Revenues	<u>78,246</u>	<u>164,704</u>
CHANGE IN NET POSITION	<u>(343,059)</u>	<u>(295,438)</u>
NET POSITION, BEGINNING OF YEAR	<u>11,468,566</u>	<u>11,125,507</u>
NET POSITION, END OF YEAR	<u>\$ 11,125,507</u>	<u>\$ 10,830,069</u>

Refer to the Statement of Revenues, Expenses, and Changes in Net Position in the combined financial statements for more detail.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

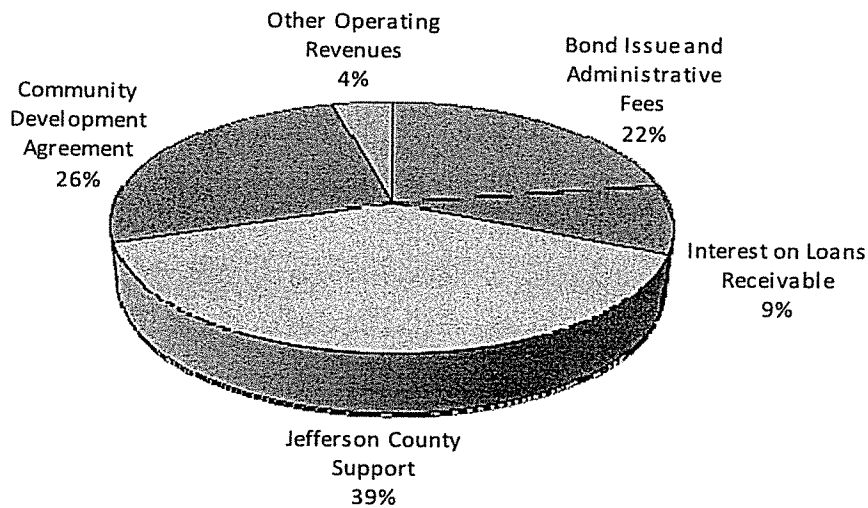
MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2019

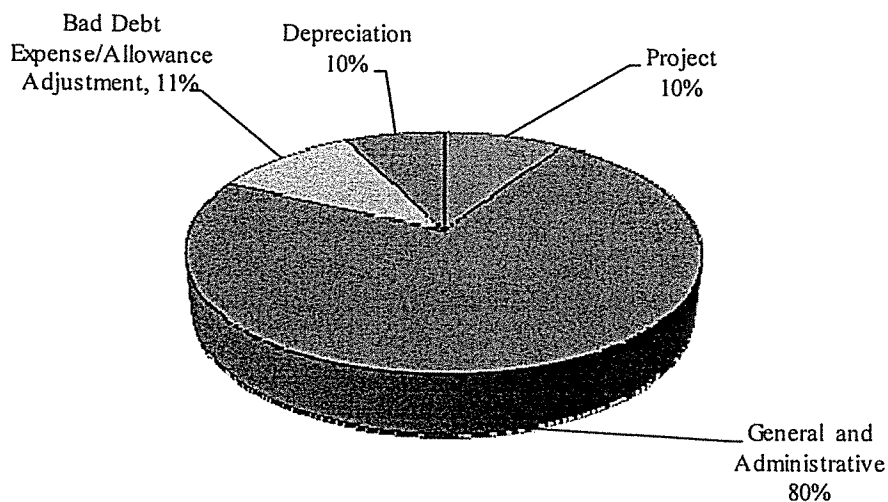
FINANCIAL ANALYSIS - Continued

Statement of Revenues, Expenses, and Changes in Net Position – Continued

Revenues



Expenses



JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2019

FINANCIAL ANALYSIS - Continued

Statement of Revenues, Expenses, and Changes in Net Position - Continued

The Agency's main revenue comes from fees generated through the issuance of PILOTs, underwriting and loan administrative fees, and interest earned on loan program receivables. Interest and late charges earned on the loan programs during this fiscal period were \$111,528. Other revenue is generated through grants for the various projects the Agency is administering. Grant income consisted of government grants passed through the Agency.

Operating expenses typically relate to the various projects the Agency is working on (other grant projects). The main operating expense is the Administrative Services Contract.

The major revenue and expense items for year ended September 30, 2019 relate to normal program operations.

The Agency's decrease in net position for 2018 was \$343,059. Which was less than originally budgeted. Total Net Position at year-end was \$11,125,507. Refer to the Statement of Revenues, Expenses, and Changes in Net Position in the combined financial statements for more detail.

OVERVIEW OF THE AGENCY'S PROJECTS

Convergys

In 2002, the Agency, along with state and local entities, successfully recruited Stream International, Inc. ("Stream"), a subsidiary of Solectron, to bring an outgoing call center to Jefferson County. The company created over 800 new jobs. The incentive package was over \$16,000,000 in grants, tax credits and reduced energy costs.

In 2003, the Agency borrowed \$7,649,885 from M&T Bank in order to renovate the Woolworth building to house the new call center. This 10-year loan was repaid in full through lease payments collected by the Agency from Stream. In October 2014, the Agency negotiated a five year extension of the lease, and provided \$500,000 in capital additions to the building, enabling continued growth of the call center. In 2016, Stream was sold to Convergys who assumed the current lease, which expired September 30, 2018. The lease was renewed by Convergys, effective October 1, 2018, for an additional three year period under the same terms and conditions.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2019

OVERVIEW OF THE AGENCY'S PROJECTS - Continued

Additionally

The Agency was also awarded a \$948,500 grant/loan from the Industrial Access Program by the State of New York. This money was used to build a road to expand the Agency's current Industrial Park by 96 acres. The Agency will repay 40% of the grant or \$379,400. This will be due within 5 years after the project is complete and approved by New York State, and the funds will come from the sale of the land. The project was completed in the first quarter 2005, however, it has not been approved by New York State as of the year ended September 30, 2018. Long-term liabilities for the year ended September 30, 2018 is \$180,160 due to New York State for this project.

On September 1, 2016 the Agency entered into Amendment #5 to the Community Development Agreement for the renovation and revitalization of housing on Fort Drum. This project is in excess of \$74,000,000. The agreement grants the developer, Fort Drum Mountain Homes, relief from Sales Tax. This agreement is Phase 5 of a 50 year agreement, and provides for payment of a Community Development Fee of \$279,427 per year; the fee is shared between the County and the Agency on a 50% basis. The first payment was made January 11, 2017 and continues through January 2021.

Projects Completed During the Year Ended September 30, 2019

During the fiscal year ended September 30, 2018, we continued work to prepare the Airport Business Park for Shovel Ready designation by NYS.

We have provided a Developer with assistance in developing an Agricultural Park.

We are providing ongoing assistance in the development of a Microgrid and other alternative energy systems.

Six Microenterprise Loans were given to assist small business development.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2019

BUDGETARY HIGHLIGHTS

For the year ended September 30, 2019, one of the most significant factors impacting revenues was the fact that there were no significant projects requesting a PILOT agreement. The Agency generates significant revenues through fees associated with these agreements. In addition to this, the airport development project has not started due to infrastructure issues, however, the Agency has acquired several vacant parcels for future development. The entire project has gone through extensive environmental review.

It is also noted that for the year ended September 30, 2019, JCLDC waived the fee of \$569,304 for administrative support services. As a result, the Agency recorded the fee as an in-kind transaction and revenue in the amount of \$569,304 was recognized. This additional revenue recorded for in-kind services is causing a significant variance between budgeted and actual revenues. The in-kind fee revenue and expense for services are eliminated during consolidation at SS2, Combining Statement of Fund Revenues, Expenses, and Changes in Net Position.

On August 4, 2017, the Agency was awarded a Northern Border Regional Commission (NBRC) Grant. This grant is for construction of water mains, wastewater lines and road work necessary to establish a new business park adjacent to the Watertown International Airport. The total estimated cost of this project is \$7,250,700. The NBRC Grant is for \$500,000 to be awarded in the 2018-2019 fiscal year. This money will be used to cover a portion of professional fees on the project.

NYS Empire State Development Grant, \$1,121,000. Reimbursable at project completion. Covers engineering services, site prep, access road, wastewater lines, electric and gas utilities and communication cable.

US Economic Development Administration, \$703,000. Quarterly Reimbursement for site prep, water and waste water lines and communication cable.

DASNY Municipal Facilities Grant \$500,000. Reimbursable at project completion. Funding for engineering and site prep.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2019

BUDGETARY HIGHLIGHTS - Continued

	Budget	Actual	Variation
Revenue			
Administrative Fees	\$ 18,400	\$ 312,517	\$ 294,117
Community Development Agreement	279,427	279,427	-
Loan Program Fees	68,561	68,590	29
Interest Income	2,500	4,235	1,735
Late Payment Penalty	500	801	301
Convergys Maintenance Fee	18,000	16,825	(1,175)
Convergys Parking Lease	20,000	20,000	-
Grant Income	-	125,000	125,000
Other Operating Revenue	2,000	6,264	4,264
PILOT Fees	597,029	23,500	(573,529)
JCCFDC Transfer	-	-	-
Interest from Loan Receivable	65,700	51,718	(13,982)
Convergys Reserve	200,000	200,000	-
Total Revenue	\$ 1,272,117	\$ 1,108,877	\$ (163,240)
Expenses			
Administrative Service Fees	\$ 598,279	\$ 597,024	\$ 1,255
Office Expense	141,214	140,152	1,062
Consultants	2,000	6,001	(4,001)
Insurance Expense	20,000	19,181	819
Legal Expenses	23,000	15,316	7,684
Professional Fees	10,800	10,025	775
Convergys Building Maintenance	21,000	33,805	(12,805)
Corporate Park	2,900	2,864	36
Project	68,591	68,690	(99)
City/County Parking Lot	20,000	20,000	-
Depreciation	102,900	91,303	11,597
Bad Debt Expense/ Adjustment	232,000	(17,516)	249,516
Miscellaneous Expenses	500	5,230	(4,730)
Total Expenses	\$ 1,243,184	\$ 992,075	\$ 251,109
Change in Net Position	\$ 28,933	\$ 116,802	\$ (87,869)

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2019

ECONOMIC FACTORS AND FUTURE OUTLOOK

During fiscal year 10/1/18 through 9/30/19 we anticipate participating in major improvements at the Watertown Airport, and further development of the Airport Industrial Park. The Agency currently owns 101 acres at the Airport. The Agency has received a National Grid Grant of \$125,000, and an Empire State Development Grant of \$50,000, for development of the Airport Corporate Park.

We will also be devoting significant resources to addressing shortages in work force, and renewable energy. All of our efforts in these areas will be in cooperation with other agencies.

During the FYE 9/30/2016, JCLDC received a grant to study the feasibility of a MicroGrid. The study concluded it is a feasible project, we are currently working with a private developer to develop a MicroGrid.

During the year, JCLDC also received three National Grid Grants: a \$10,000 grant for Canadian Marketing, \$20,000, for European Marketing, and \$10,000 to attract Agribusiness to Jefferson County. These Grants were completed during the year and payment received.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the financial information provided in this report should be addressed to the CFO of the Agency at (315) 782-5865. General information relating to the Agency can be found at its website www.jcida.org.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

AUDITED BASIC FINANCIAL STATEMENTS**COMBINED STATEMENT OF NET POSITION**

September 30, 2019

ASSETS	
CURRENT ASSETS	
Cash	\$ 3,039,908
Loans Receivable, Net	669,515
Other Receivables	11,910
Prepaid Expense	2,695
Note Receivable, Current Portion	1,880
Total Current Assets	<u>3,725,908</u>
RESTRICTED ASSETS	
Cash	5,011,064
Loans Receivable, Net	834,671
Total Restricted Assets	<u>5,845,735</u>
NONCURRENT ASSETS	
Note Receivable, Less Current Portion	19,905
Capital Assets, Net	1,691,507
Total Noncurrent Assets	<u>1,711,412</u>
TOTAL ASSETS	<u>\$ 11,283,055</u>
DEFERRED OUTFLOWS OF RESOURCES	
PILOT Monies Receivable	<u>\$ 387,646</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	\$ 32,869
Unearned Revenue	76,294
Note Payable, Current Portion	1,880
Other Current Liabilities	92,048
Total Current Liabilities	<u>203,091</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Interest Payable - HUD	5,574
Total Current Liabilities Payable From Restricted Assets	<u>5,574</u>
NONCURRENT LIABILITIES	
Note Payable, Less Current Portion	19,905
Long-Term Debt, Less Current Portion	180,160
Total Noncurrent Liabilities	<u>200,065</u>
TOTAL LIABILITIES	<u>\$ 408,730</u>
DEFERRED INFLOWS OF RESOURCES	
Due To Other Governments - PILOTS	<u>\$ 431,902</u>
NET POSITION	
Net Investment in Capital Assets	\$ 1,511,347
Restricted for:	
Other Legal Restrictions	4,787,280
Unrestricted	4,531,442
TOTAL NET POSITION	<u>\$ 10,830,069</u>

See notes to audited basic financial statements.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended September 30, 2019

REVENUES

OPERATING REVENUES

Administrative Fees	\$ 241,330
Jefferson County Support	414,120
Interest from Loans Receivable	93,061
Community Development Agreement	279,427
Lease Income	20,000
Other Operating Revenues	25,065
Total Operating Revenues	<u>1,073,003</u>

EXPENSES

OPERATING EXPENSES

Project	139,814
Salaries and Benefits	738,221
Bad Debt	165,087
Legal Fees	15,316
Office	32,028
Advertising and Promotion	79,114
Professional Fees	18,310
Rent	72,985
Travel, Training and Conferences	39,177
Insurance	19,181
Depreciation	114,389
Other Operating Expenses	99,523
Total Operating Expenses	<u>1,533,145</u>
Net Operating Loss	<u>(460,142)</u>

NON-OPERATING REVENUES

Grant Income	151,800
Interest Income	8,012
Miscellaneous Income	4,892
Total Non-Operating Revenues	<u>164,704</u>

CHANGE IN NET POSITION	(295,438)
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NET POSITION, BEGINNING OF YEAR	<u>11,125,507</u>
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NET POSITION, END OF YEAR	<u><u>\$ 10,830,069</u></u>
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See notes to audited basic financial statements.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

COMBINED STATEMENT OF CASH FLOWS

Year Ended September 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Principal Loan Collections	\$ 640,277
Cash Received from Jefferson County	414,120
Cash Received from Bond Issue and Administrative Fees	289,074
Cash Received from Community Development Agreement	279,427
Cash Received from Interest on Loans Receivable	93,061
Cash Received from Lease Income	20,000
Cash Received from Other Operating Sources	37,359
Cash Received from Interest on Revolving Loan Funds	5,562
Cash Payments to HUD for Interest on Revolving Loan Funds	(5,059)
Cash Payments for Salaries and Benefits	(738,221)
Cash Payments for Supplies of Goods and Services	(382,744)
Cash Payments for Projects	(139,814)
Cash Payments for Loans Originations	(128,702)
Net Cash Provided by Operating Activities	<u>384,340</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Nonoperating Grants Received	192,815
Transfer of PILOT Monies	(177,518)
Net Cash Provided by Noncapital Financing Activities	<u>15,297</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Additions to Capital Assets	(110,260)
Net Cash Used in Capital and Related Financing Activities	<u>(110,260)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received from Interest and Other Sources	12,904
Net Cash Provided by Investing Activities	<u>12,904</u>

Net Increase in Cash	302,281
Cash, Beginning of Year	7,748,691
Cash, End of Year	<u>\$ 8,050,972</u>

See notes to audited basic financial statements.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

COMBINED STATEMENT OF CASH FLOWS - CONTINUED

Year Ended September 30, 2019

RECONCILIATION TO THE STATEMENT OF NET POSITION

Cash	\$ 3,039,908
Restricted Cash	5,011,064
Total Cash	<u>\$ 8,050,972</u>

**RECONCILIATION OF CHANGE IN NET POSITION TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Loss	\$ (460,142)
Adjustments to Reconcile Change in Net Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation Expense	114,389
Bad Debt Expense	165,087
(Increase) Decrease in:	
Loans Receivable	511,575
Grants Receivable	50,000
Other Receivables	(2,256)
Prepaid Expenses	595
Increase (Decrease) in:	
Accounts Payable	15,886
Interest Payable	493
Other Liabilities	<u>(11,287)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 384,340</u>

See notes to audited basic financial statements.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Description

The Jefferson County Industrial Development Agency (the Agency) is a public benefit corporation, which was created by Article 18A of the General Municipal Law to actively promote, attract, encourage and develop economically sound commerce and industry for the purpose of preventing unemployment and economic deterioration in the County of Jefferson, New York (the County). The Agency is exempt from federal, state and local income taxes. The Agency, although established by the County, is a separate entity and operates independently of the County. The U.S. Department of Housing and Urban Development (HUD) is the cognizant agency.

Reporting Entity

As defined by Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Components Units*, the Agency is financially accountable to the County and is considered a component unit of the County. Jefferson County Local Development Corporation (JCLDC) and Jefferson County Civic Facility Corporation (JCCFDC) are financially accountable to the Agency and are considered component units of the Agency.

Blended Component Units

The JCLDC and JCCFDC are component units of the Agency. The JCLDC issues separate audited financial statements. Copies of reports may be obtained from the Agency.

The JCLDC was started to develop and cultivate a strong economic environment, which supports businesses and nurtures growth and new investment in the County. The JCLDC was started October 1, 2009. The financial activity of the JCLDC is combined with the financial activity of the Agency since their respective Boards are substantially the same and due to the nature of their relationship.

The JCCFDC was started to perform essential governmental functions including activities associated with job creation, and promotion of community and economic activities within and around the County, and issue certain bonds on behalf of the County. The JCCFDC was approved by the Jefferson County Board of Legislators on April 5, 2011. The financial activity of the JCCFDC is combined with the financial activity of the Agency since their respective Boards are substantially the same and due to the nature of their relationship.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued**

Measurement Focus, Basis of Accounting and Financial Statements Presentation

The Agency's financial statements are reported using the economic resources measurement's focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. In accordance with GASB Statement No. 62, the Agency's proprietary funds follow all FASB statements issued prior to November 30, 1989 until subsequently amended, superseded or rescinded. The Agency also applies all FASB statements issued after November 30, 1989 that are developed for business enterprises, unless those statements conflict with or contradict a GASB statement.

The Agency's basic financial statements are presented in conformance with the provisions of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments".

Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted.

These classifications are defined as follows:

Net Investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued**

**Measurement Focus, Basis of Accounting and Financial Statements Presentation -
Continued**

Restricted Net Position - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the Agency.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Agency considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Agency reported no cash equivalents for the year ended September 30, 2019.

Loans Receivable and Allowance for Loan Losses

Loans receivable are stated at unpaid principal balance. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued**

Loans Receivable and Allowance for Loan Losses – Continued

Loans receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for loan losses based on its assessment of the current status of individual accounts. It is the Agency's policy to charge off uncollectible loans receivable when management determines the receivable will not be collected.

Other Receivables

Other receivables at year-end consist of grants receivable and accounts receivable. Grants receivable represent amounts that have been billed under grant agreements but not collected as of the date of the financial statements. Grants receivable are stated at the amount management expects to be collected from the outstanding balance. As of September 30, 2019, management has determined based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary. Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Capital Assets

Capital assets are reported at actual cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital assets accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Furniture & Equipment	\$1,000	Straight-line	5-10
Building	1,000	Straight-line	10

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued**

Revenues and Expenses

Revenues and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the Agency's principal ongoing operations. The principal operating revenues of the Agency are fees and interest revenue for administering bond issuances, PILOT's and loan services. Operating expenses include the costs associated with the loan services, administrative expenses and depreciation on capital assets. Expenses that are for the development of economic activities are included in program expenses under operating expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency had one item that qualifies for reporting in this category. It is the PILOT monies receivable.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. The Agency had one item that qualifies for reporting in this category. It is the Due to Other Governments which represent PILOT payments due.

Tax-Exempt Status

The Agency is exempt from taxation under the Internal Revenue Code of 1986. All required filings are handled through the County. Management has determined that the Agency does not have any uncertain tax positions.

Date of Management's Review

Management has evaluated subsequent events through November 30, 2019, the date which the financial statements were available to be issued.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

NOTE 2 – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency's investments policies are included in their *Investment Policy Guidelines and Procedures*. The Agency's monies must be deposited in banks or trust companies located within the State or obligations of the U.S. Treasury and U.S. Agencies. Collateral is required for demand and time deposits and certificates of deposit not covered by insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. The Agency's aggregate bank balances (disclosed in the financial statements) included balances not covered by depository insurance at year-end, are collateralized as follows:

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Agency's name.	\$ 7,187,532

Deposits at year-end were fully collateralized.

The Agency does not typically purchase investments and is not exposed to any material interest rate risk. The Agency does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

NOTE 3 – LOANS RECEIVABLE

At September 30, 2019 loans receivable, net of the allowance for loan losses, consisted of the following:

Unrestricted:

JCLDC Revolving Loan Fund Program	\$ 669,515
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Restricted:

Revolving Loan Program	378,842
Microenterprise Loan Program	295,613
City Loan Program	160,216
Total Loans Receivable, Net	\$ 1,504,186

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

NOTE 3 - LOANS RECEIVABLE - Continued

Loans – JCLDC Revolving Loan Fund Program

The JCLDC has established a loan program to make loans for economic development purposes to qualified applicants. This function was established to enhance JCLDC's ability to stimulate economic development in the County area and help spur job creation and retention in the area. At September 30, 2019, there has been no allowance for doubtful accounts established based on management's judgment.

Revolving Loan Fund Program

The Agency has established a Revolving Loan Fund Program offering low interest loans to area businesses. The loans are approved by the governing board after giving consideration to the major criteria, i.e., enhancement of the economic environment. Revenue recognition on these loans is limited to the receipt of interest. The Agency has established an allowance for loan losses in order to provide a fairer presentation of its loans receivable. The allowance of \$275,325 at September 30, 2019 was based on the Agency's historical average percentage of accounts written off over the last three years and management's judgment.

Microenterprise Loan Program

The Microenterprise Loan Program was established to provide small businesses with loans to stimulate small business activity through start-up and expansion projects which create and retain job opportunities principally for low to moderate income residents. The Agency has established an allowance for loan losses in order to provide a fairer presentation of its loans receivable. The allowance of \$30,642 at September 30, 2019 was based on the Agency's historical average percentage of accounts written off over the last three years and management's judgment.

City Loan Program

The City Loan Program was established to provide working capital for local businesses and create a revolving loan fund, which will be used to provide loans for the support of economic development in the City of Watertown. At September 30, 2019, there has been no allowance for loan losses established based on management's judgment.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

NOTE 3 - LOANS RECEIVABLE - Continued

The following is a schedule of the outstanding loans receivable under the JCLDC Revolving Loan Fund program at September 30, 2019:

JCLDC Revolving Loan Fund Program

Current Applications #2	\$ 137,148
LCO Destiny LLC	142,991
North Branch Farms	53,820
The Lodge at Ives Hill	124,129
WICLDC	128,525
WICLDC #2	82,902
Total JCLDC Revolving Loan Fund Program	<u>\$ 669,515</u>

The following is a schedule of the outstanding Revolving Loan Fund receivable at September 30, 2019:

Revolving Loan Program:

Benchmark Family Services	\$ 155,600
LCO Destiny LLC	68,139
Meadowbrook Terrace	103,446
MLR, LLC	9,429
MLR, LLC	118,259
Wright Bros. LLC	199,294
Total	<u>654,167</u>
Less - Allowance for Loan Losses	<u>(275,325)</u>
Total Revolving Loans Receivable, Net	<u>\$ 378,842</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

NOTE 3 - LOANS RECEIVABLE - Continued

The following is a schedule of the outstanding Microenterprise Loan Program receivable at September 30, 2019:

Microenterprise Loan Program:

Above Reality Sports Complex	\$ 38,228
Colleen's Cherry Tree Inn	36,221
Dan. B Simpson	20,058
Lyric Enterprises	-
Main Street Crafts and Drafts	5,953
Medical Gas Technologies	7,378
Mr. Rick's Bakery	13,056
Mr. Rick's Bakery	18,213
Painful Acres	33,414
R.L. Gould and Son, LLC	36,947
RC Spot LLC	17,645
Sackets Harbor Trading Co.	7,048
Scrub Hub	14,107
Serve-Pro	9,255
Taste of Design	21,137
The Sandwich Bar	17,306
Thousand Islands Habitat for Humanity	30,289
Total	<u>326,255</u>
Less - Allowance for Loan Losses	<u>(30,642)</u>
Total Microenterprise Loans Receivable, Net	<u>\$ 295,613</u>

The following is a schedule of the outstanding City Loan Program receivable at September 30, 2019:

City Loan Program

Current Applications	<u>\$ 160,216</u>
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JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

NOTE 3 - LOANS RECEIVABLE - Continued

Activity in the Revolving Loan Fund Allowance for Doubtful Accounts is as follows:

Balance - October 1, 2018	\$ 275,325
Recovery	17,516
Bad Debt Expense/Adjustment	<u>(17,516)</u>
Balance - September 30, 2019	<u><u>\$ 275,325</u></u>

Activity in the Microenterprise Loan Program Allowance for Doubtful Accounts is as follows:

Balance - October 1, 2018	\$ 30,642
Recovery	<u>-</u>
Balance - September 30, 2019	<u><u>\$ 30,642</u></u>

The aging of loans receivable portfolio by classes as of September 30, 2019 is summarized as follows:

	<u>30-59 Days Past Due</u>	<u>60-89 Days Past Due</u>	<u>Greater Than 90 Days</u>	<u>Current</u>	<u>Total Loans Receivable</u>
Revolving Loan Fund					
Loans Receivable	\$ -	\$ -	\$ -	\$ 654,167	\$ 654,167
Microenterprise					
Loans Receivable	21,137	-	7,048	298,070	326,255
City Loan Program					
Loans Receivable	-	-	-	160,216	160,216
JCLDC RLF					
Loans Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>669,515</u>	<u>669,515</u>
Total	<u><u>\$ 21,137</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,048</u></u>	<u><u>\$1,781,968</u></u>	<u><u>\$ 1,810,153</u></u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

NOTE 4 – NOTE RECEIVABLE/NOTE PAYABLE

Note receivable/note payable consisted of the following at September 30, 2019:

Note due from Kenneth Rogers - monthly payments of \$314.91, including interest at 9%, due 12/1/27	\$ 21,785
Less - Current Portion	(1,880)
Non-Current Portion	<u>\$ 19,905</u>

Income will be recognized as payments are received on this note.

NOTE 5 – RESTRICTED ASSETS

Restricted cash, which is invested in interest-bearing and non-interest bearing accounts, consisted of the following at September 30, 2019:

Revolving Loan Fund	\$ 3,779,719
Microenterprise Loan Fund	61,260
City Loan Fund	117,204
PILOT Program	44,255
Capital Improvement Reserve	<u>1,008,626</u>
Total Restricted Cash	<u>\$ 5,011,064</u>

Capital Improvement Reserve

The Agency, as a term to a lease agreement with Convergys (the Company), has established a Capital Improvement Reserve. Annual payments of \$200,000 are made by the Company to fund the reserve. As of September 30, 2019, the cash balance reserve is \$1,008,626. These funds are considered restricted by the Board.

The Company has given the Agency notice that it will cease operations and vacate the building on September 30, 2019. Due to the termination of the lease, expenses related to the building will become a temporary obligation of the Agency. The Agency's Board of Directors approved releasing restrictions from the Capital Improvement Reserve so monies can be used to continue operations of the building to include, but not restricted to, capital set-asides.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

NOTE 5 – RESTRICTED ASSETS - Continued

PILOT Program

The Agency, as a pass-through party for various PILOT agreements, received PILOT payments through year-end that are due to other governments. As of September 30, 2019, the cash balance of the PILOT monies received was \$44,255.

Loan Programs

In addition to restricted cash, the Agency's has three loan programs in which the loan receivable balances are also considered restricted as of year-end. The Revolving Loan Program, the Microenterprise Loan Program, and the City Loan Program were established with grants from U.S. Department of Housing and Urban Development and are reported as restricted assets. The restricted assets are used to improve economic development in the County. Refer to Note 3 for the year-end balances for each of the restricted loan programs.

NOTE 6 – LAND

The Agency has purchased land in order to establish an Industrial Park to encourage new businesses to settle in the County. Land was sold to various businesses throughout the years, and at September 30, 2019 the Agency held approximately 21 acres at an approximate cost of \$13,003 per acre. The Agency purchased additional land during the year ended September 30, 2007 to establish another Industrial Park. The additional land is approximately 34 acres at a cost of \$739 per acre. The Agency purchased additional land during the years ended September 30, 2014 and 2015 to establish an AirPark. The parcels of land are approximately 73 acres at a cost of \$32,965 per acre. See Capital Assets – Note 7 for details.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

NOTE 7 – CAPITAL ASSETS

Capital assets at September 30, 2019 consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets That Are Not Depreciated:				
Land and Improvements	\$ 1,094,321	\$ -	\$ -	\$ 1,094,321
Work in Progress	-	110,260	-	110,260
Total Nondepreciable Assets	1,094,321	110,260	-	1,204,581
Capital Assets That Are Depreciated:				
Equipment	188,803	-	-	188,803
Building	1,738,690	-	-	1,738,690
Total Depreciable Assets	1,927,493	-	-	1,927,493
Less: Accumulated Depreciation	1,326,178	114,389	-	1,440,567
Total Depreciated Assets, Net	601,315	(114,389)	-	486,926
Capital Assets, Net	<u>\$ 1,695,636</u>	<u>\$ (4,129)</u>	<u>\$ -</u>	<u>\$ 1,691,507</u>

NOTE 8 – PILOT PROGRAM

The Agency is also a party to agreements allowing a payment in lieu of tax (PILOT) for certain properties. The Agency invoices and collects these taxes and then issues its own check to pay the taxing jurisdiction. Amounts billed by the Agency and not received as of year-end are reported as deferred outflows of resources in the accompanying statement of net position. PILOT monies receivable for the year ended September 30, 2019 are \$387,646.

PILOT monies received through year-end but not yet paid out to taxing jurisdictions and PILOT monies receivable at year-end that represent future PILOT payments are reported as deferred inflows of resources in the accompanying statement of net position. Due to other governments are PILOT amounts due to the taxing jurisdictions. Future PILOT payments for the year ended September 30, 2019 are \$431,902.

The Agency reports no revenues or expenses related to PILOT programs as amounts are only passed-through the Agency.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

NOTE 9 – LONG-TERM DEBT

The following notes payable were in effect at September 30, 2019:

New York State Department of Transportation - grant repayment
of 40% of Industrial Access project - payments to start one year
from project completion - project is completed, but not yet
approved, at September 30, 2019:

\$ 180,160

The future principal payments on the notes payable as of September 30, 2019 are summarized as follows:

Year Ending September 30	Principal	Interest	Total
2020	\$ -	\$ -	\$ -
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
Thereafter	<u>180,160</u>	<u>-</u>	<u>180,160</u>
	<u>\$ 180,160</u>	<u>\$ -</u>	<u>\$ 180,160</u>

Summary of changes in long-term debt:

	October 1, 2018	Additions	Reductions	September 30, 2019
Notes Payable	<u>\$ 180,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,160</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Industrial Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the Agency are secured by property, which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the State.

The Agency does not record an asset or liability resulting from completed bond and note issuances in its accounts since the Agency's primary function is to arrange the financing relationship between the borrowers and the bondholders and funds arising from these arrangements are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

Loan Commitments

At September 30, 2019, the Agency had no commitments for loans that have not been completed as of year-end.

Federal and State Grant Programs

The Agency participates in Federal and State grant programs. These programs are audited in accordance with the provisions of applicable Federal and State requirements. No cost disallowances are expected as a result of these audits, however, these programs are subject to further examination by the grantors. Expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. The Agency expects such amounts, if any, to be immaterial.

As of September 30, 2019, in the opinion of the Agency management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the Agency.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2019

**NOTE 11 – RELATED PARTY AGREEMENTS AND
TRANSACTIONS**

The Agency has a renewable agreement with the JCLDC to provide professional staffing and administrative support services. For the year ended September 30, 2019, \$298,512 of the \$597,024 fee was waived by the LDC and the Agency recognized the fee as an in-kind transaction for the services provided under the agreement. The remaining \$298,512 paid by the LDC was recognized as revenue by the IDA in the current period. The in-kind fee revenue, recognized revenue and expense for services are eliminated during consolidation at SS2, Combining Statement of Fund Revenues, Expenses, and Changes in Net Position.

Jefferson County Civic Facility Development issues certain bonds on the Agency's behalf that the Agency is not permitted to issue. JCCFDC transfers one percent on any bonds issued up to \$10 million, and .25% on any bonds issued above \$10 million.

NOTE 12 – RISK MANAGEMENT

The Agency has the responsibility for making and carrying out decisions that will minimize the adverse effects of accidental losses that involve the Agency's assets. Accordingly, commercial insurance coverage is obtained to include general liability, property and casualty and certain other risks. The amounts of settlements during each of the past three fiscal years have not exceeded insurance coverage.

NOTE 13 – PENSION PLAN

On August 1, 2013, Jefferson County Local Development Corporation established a 401K Profit Sharing Pension Plan. The Plan is administered by RBC Wealth Management. The employer contribution is set at 4% of the employees' annual salary. All full-time employees are covered by the Plan. For the year ended September 30, 2019, JCLDC made contributions in the amount of \$41,886.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

SUPPLEMENTAL SCHEDULES AND ADDITIONAL INFORMATION

SS1 COMBINING STATEMENT OF FUND NET POSITION

September 30, 2019

ASSETS	JCIDA	Component Units	Eliminations	TOTAL
Current Assets:				
Cash	\$ 395,816	\$ 2,644,092	\$ -	\$ 3,039,908
Loans Receivable, Net	-	669,515	-	669,515
Other Receivables	2,500	9,410	-	11,910
Prepaid Expense	-	2,695	-	2,695
Note Receivable, Current Portion	1,880	-	-	1,880
Total Current Assets	400,196	3,325,712	-	3,725,908
Restricted Assets:				
Cash	5,011,064	-	-	5,011,064
Loans Receivable, Net	834,671	-	-	834,671
Total Restricted Assets	5,845,735	-	-	5,845,735
Noncurrent Assets:				
Note Receivable, Less Current Portion	19,905	-	-	19,905
Capital Assets, Net	1,637,836	53,671	-	1,691,507
Total Noncurrent Assets	1,657,741	53,671	-	1,711,412
TOTAL ASSETS	\$ 7,903,672	\$ 3,379,383	\$ -	\$ 11,283,055
DEFERRED OUTFLOWS OF RESOURCES				
PILOT Monies Receivable	\$ 387,646	\$ -	\$ -	\$ 387,646
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 20,487	\$ 12,382	\$ -	\$ 32,869
Unearned Revenue	-	76,294	-	76,294
Note Payable, Current Portion	1,880	-	-	1,880
Other Current Liabilities	51,373	40,675	-	92,048
Total Current Liabilities	73,740	129,351	-	203,091
Current Liabilities Payable From Restricted Assets:				
Interest Payable - HUD	5,574	-	-	5,574
Noncurrent Liabilities:				
Note Payable, Less Current Portion	19,905	-	-	19,905
Long-Term Debt, Less Current Portion	180,160	-	-	180,160
Total Noncurrent Liabilities	200,065	-	-	200,065
TOTAL LIABILITIES	\$ 279,379	\$ 129,351	\$ -	\$ 408,730
DEFERRED INFLOWS OF RESOURCES				
Due to Other Governments - PILOTS	\$ 431,902	\$ -	\$ -	\$ 431,902
NET POSITION				
Net Investment in Capital Assets	\$ 1,457,676	\$ 53,671	\$ -	\$ 1,511,347
Restricted for:				
Revolving Loan Program	4,152,999	-	-	4,152,999
Microenterprise Loan Program	356,864	-	-	356,864
City Loan Program	277,417	-	-	277,417
Total Restricted Net Position	4,787,280	-	-	4,787,280
Unrestricted	1,335,081	3,196,361	-	4,531,442
TOTAL NET POSITION	\$ 7,580,037	\$ 3,250,032	\$ -	\$ 10,830,069

See paragraph on supplementary schedules included in auditor's report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

SS2 COMBINING STATEMENT OF FUND REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended September 30, 2019

	JCIDA	Component Units	Eliminations	Total
REVENUES				
Operating Revenues:				
Administrative Fees*	\$ 304,920	\$ 303,512	\$ (367,102)	\$ 241,330
Jefferson County Support	-	414,120	-	414,120
Interest from Loans Receivable	51,723	41,338	-	93,061
Community Development Agreement	279,427	-	-	279,427
Lease Income	20,000	-	-	20,000
Other Operating Revenues*	323,577	-	(298,512)	25,065
Total Operating Revenues	<u>979,647</u>	<u>758,970</u>	<u>(665,614)</u>	<u>1,073,003</u>
EXPENSES				
Operating Expenses:				
Project *	208,404	-	(68,590)	139,814
Salaries and Benefits	-	738,221	-	738,221
Bad Debt (Recovery)	(17,516)	182,603	-	165,087
Legal Fees	15,316	-	-	15,316
Office	438	31,590	-	32,028
Advertising and Promotion	-	79,114	-	79,114
Administrative Service Agreement*	597,024	-	(597,024)	-
Professional Fees	10,585	7,725	-	18,310
Rent	-	72,985	-	72,985
Travel, Training and Conferences	-	39,177	-	39,177
Insurance	19,181	-	-	19,181
Depreciation	91,303	23,086	-	114,389
Other Operating Expenses*	67,340	32,183	-	99,523
Total Operating Expenses	<u>992,075</u>	<u>1,206,684</u>	<u>(665,614)</u>	<u>1,533,145</u>
Operating Loss	<u>(12,428)</u>	<u>(447,714)</u>	<u>-</u>	<u>(460,142)</u>
NON-OPERATING REVENUES				
Grant Income	125,000	26,800	-	151,800
Interest Income	4,230	3,782	-	8,012
Miscellaneous Income	-	4,892	-	4,892
Total Non-Operating Revenues	<u>129,230</u>	<u>35,474</u>	<u>-</u>	<u>164,704</u>
CHANGE IN NET POSITION	116,802	(412,240)	-	(295,438)
NET POSITION, BEGINNING OF YEAR	<u>7,463,235</u>	<u>3,662,272</u>	<u>-</u>	<u>11,125,507</u>
NET POSITION, END OF YEAR	<u>\$7,580,037</u>	<u>\$3,250,032</u>	<u>\$ -</u>	<u>\$ 10,830,069</u>

* Amounts reported in the Combined Statement of Revenues, Expenses and Changes in Net Position do not include interfund fees, program expenses and administrative fees.

See paragraph on supplementary schedules included in auditor's report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

SS3 STATEMENT OF FUND NET POSITION – COMPONENT UNITS

September 30, 2019

ASSETS

	JCLDC	JCCFDC	TOTAL
CURRENT ASSETS			
Cash	\$ 2,633,275	\$ 10,817	\$ 2,644,092
Loans Receivable	669,515	-	669,515
Other Receivables	9,410	-	9,410
Prepaid Expenses	2,695	-	2,695
Total Current Assets	<u>3,314,895</u>	<u>10,817</u>	<u>3,325,712</u>
CAPITAL ASSETS, NET	<u>53,671</u>	<u>-</u>	<u>53,671</u>
TOTAL ASSETS	<u><u>\$ 3,368,566</u></u>	<u><u>\$ 10,817</u></u>	<u><u>\$ 3,379,383</u></u>

LIABILITIES AND NET POSITION

LIABILITIES			
Accounts Payable	\$ 12,382	\$ -	\$ 12,382
Accrued Expenses	40,675	-	40,675
Unearned Revenue	76,294	-	76,294
Total Liabilities	<u>129,351</u>	<u>-</u>	<u>129,351</u>
NET POSITION			
Unrestricted:			
Undesignated	<u>3,239,215</u>	<u>10,817</u>	<u>3,250,032</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 3,368,566</u></u>	<u><u>\$ 10,817</u></u>	<u><u>\$ 3,379,383</u></u>

See paragraph on supplementary schedules included in auditor's report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

**SS4 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
COMPONENT UNITS**

Year Ended September 30, 2019

	JCLDC	JCCFDC	TOTAL
REVENUES			
Operating Revenues:			
Administrative Fees	\$ 298,512	\$ 5,000	\$ 303,512
Jefferson County Support	414,120	-	414,120
Interest from Loans Receivable	41,338	-	41,338
Total Operating Revenues	<u>753,970</u>	<u>5,000</u>	<u>758,970</u>
EXPENSES			
Salaries and Benefits	738,221	-	738,221
Office	31,590	-	31,590
Advertising and Promotion	79,114	-	79,114
Bad Debt	182,603	-	182,603
Professional Fees	7,725	-	7,725
Rent	72,985	-	72,985
Travel, Training and Conferences	39,177	-	39,177
Depreciation	23,086	-	23,086
Other Operating Expenses	32,183	-	32,183
Total Operating Expenses	<u>1,206,684</u>	<u>-</u>	<u>1,206,684</u>
Net Operating Income (Loss)	<u>(452,714)</u>	<u>5,000</u>	<u>(447,714)</u>
NON-OPERATING REVENUES			
Grant Income	26,800	-	26,800
Miscellaneous Income	4,892	-	4,892
Interest Income	3,782	-	3,782
Total Non-Operating Revenues	<u>35,474</u>	<u>-</u>	<u>35,474</u>
CHANGE IN NET POSITION	(417,240)	5,000	(412,240)
NET POSITION, BEGINNING OF YEAR	<u>3,656,455</u>	<u>5,817</u>	<u>3,662,272</u>
NET POSITION, END OF YEAR	<u>\$ 3,239,215</u>	<u>\$ 10,817</u>	<u>\$ 3,250,032</u>

See paragraph on supplementary schedules included in auditor's report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

SS5 STATEMENT OF FUND NET POSITION

September 30, 2019

	GENERAL	REVOLVING LOAN PROGRAM	MICRO- ENTERPRISE LOAN PROGRAM	CITY LOAN PROGRAM	TOTAL
ASSETS					
Current Assets:					
Cash	\$ 395,816	\$ -	\$ -	\$ -	\$ 395,816
Other Receivables	2,500	-	-	-	2,500
Notes Receivable, Current Portion	1,880	-	-	-	1,880
Total Current Assets	400,196	-	-	-	400,196
Restricted Assets:					
Cash	1,052,881	3,779,719	61,260	117,204	5,011,064
Loans Receivable, Net	-	378,842	295,613	160,216	834,671
Total Restricted Assets	1,052,881	4,158,561	356,873	277,420	5,845,735
Noncurrent Assets:					
Notes Receivable, Less Current Portion	19,905	-	-	-	19,905
Capital Assets, Net	1,637,836	-	-	-	1,637,836
Total Noncurrent Assets	1,657,741	-	-	-	1,657,741
TOTAL ASSETS	\$ 3,110,818	\$ 4,158,561	\$ 356,873	\$ 277,420	\$ 7,903,672
DEFERRED OUTFLOWS OF RESOURCES					
PILOT Monies Receivable	\$ 387,646	\$ -	\$ -	\$ -	\$ 387,646
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 20,487	\$ -	\$ -	\$ -	\$ 20,487
Note Payable, Current Portion	1,880	-	-	-	1,880
Other Current Liabilities	51,373	-	-	-	51,373
Total Current Liabilities	73,740	-	-	-	73,740
Current Liabilities Payable From Restricted Assets:					
Interest Payable - HUD	-	5,562	9	3	5,574
Total Current Liabilities Payable From Restricted Assets	-	5,562	9	3	5,574
Noncurrent Liabilities:					
Note Payable, Less Current Portion	19,905	-	-	-	19,905
Long-Term Debt, Less Current Portion	180,160	-	-	-	180,160
Total Noncurrent Liabilities	200,065	-	-	-	200,065
TOTAL LIABILITIES	\$ 273,805	\$ 5,562	\$ 9	\$ 3	\$ 279,379
DEFERRED INFLOWS OF RESOURCES					
Due to Other Governments - PILOTS	\$ 431,902	\$ -	\$ -	\$ -	\$ 431,902
NET POSITION					
Net Investment in Capital Assets	\$ 1,457,676	\$ -	\$ -	\$ -	\$ 1,457,676
Restricted for:					
Revolving Loan Program	-	4,152,999	-	-	4,152,999
Microenterprise Loan Program	-	-	356,864	-	356,864
City Loan Program	-	-	-	277,417	277,417
Total Restricted Net Position	-	4,152,999	356,864	277,417	4,787,280
Unrestricted:					
Capital Improvement Reserve	1,008,626	-	-	-	1,008,626
Unrestricted	326,455	-	-	-	326,455
Total Unrestricted Net Position	1,335,081	-	-	-	1,335,081
TOTAL NET POSITION	\$ 2,792,757	\$ 4,152,999	\$ 356,864	\$ 277,417	\$ 7,580,037

See paragraph on supplementary schedules included in auditor's report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

SS6 STATEMENT OF FUND REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended September 30, 2019

	GENERAL	REVOLVING LOAN PROGRAM	MICRO- ENTERPRISE LOAN PROGRAM	CITY LOAN PROGRAM	TOTAL
REVENUES					
Operating Revenues:					
Administrative Fees	\$ 304,920	\$ -	\$ -	\$ -	\$ 304,920
Interest from Loans Receivable	-	31,210	13,757	6,756	51,723
Community Development Agreement	279,427	-	-	-	279,427
Lease Income	20,000	-	-	-	20,000
Other Operating Revenues	322,776	123	678	-	323,577
Total Operating Revenues	927,123	31,333	14,435	6,756	979,647
EXPENSES					
Operating Expenses:					
Project	139,714	43,423	25,267	-	208,404
Bad Debt (Recovery)	-	(17,516)	-	-	(17,516)
Legal Fees	13,762	984	570	-	15,316
Office	438	-	-	-	438
Administrative Service Agreement	597,024	-	-	-	597,024
Professional Fees	10,585	-	-	-	10,585
Insurance	19,181	-	-	-	19,181
Depreciation	91,303	-	-	-	91,303
Other Operating Expenses	67,340	-	-	-	67,340
Total Operating Expenses	939,347	26,891	25,837	-	992,075
Operating Income (Loss)	(12,224)	4,442	(11,402)	6,756	(12,428)
NON-OPERATING REVENUES					
Grant Income	125,000	-	-	-	125,000
Interest Income	4,230	-	-	-	4,230
Total Non-Operating Revenues	129,230	-	-	-	129,230
CHANGE IN NET POSITION	117,006	4,442	(11,402)	6,756	116,802
NET POSITION, BEGINNING OF YEAR	2,675,751	4,148,557	368,266	270,661	7,463,235
NET POSITION, END OF YEAR	\$ 2,792,757	\$ 4,152,999	\$ 356,864	\$ 277,417	\$ 7,580,037

See paragraph on supplementary schedules included in auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Jefferson County Industrial Development Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jefferson County Industrial Development Agency (the Agency), a New York Public Benefit Corporation and a discretely presented component unit of the County of Jefferson, New York, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Jefferson County Industrial Development Agency's basic financial statements, and have issued our report thereon dated November 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jefferson County Industrial Development Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson County Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson County Industrial Development Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson County Industrial Development Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Banner & Company

Watertown, New York
November 30, 2019

2019 INVESTMENT REPORT

BOARD OF DIRECTORS JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

The Jefferson County Industrial Development Agency had no investments to report in 2019.

Donald C. Alexander, Chief Executive Officer
November 30, 2019

Jefferson County Industrial Development Agency
Balance Sheet For The Period Ending November 30, 2019

Cash:	Unrestricted	PILOT	RLF	MICRO	City	146 Arsenal	Airport	Total
Unrestricted	209,007.61					-	-	209,007.61
PILOT Checking		0.00						-
146 Arsenal Cap. Res.						986,359.36		986,359.36
RCI Cash	0.00							-
Loan Funds Cash			3,654,137.77	73,402.64	124,600.57			3,852,140.98
Accounts Rec:								
PILOT		9,856.41						9,856.41
Miscellaneous	3,038.00							3,038.00
Rogers	21,485.03							21,485.03
Loans Receivable			772,389.90	312,102.31	154,264.16			1,238,756.37
Allow Bad Debt RLF			(275,325.05)					(275,325.05)
Bad Debt Micro				(30,641.75)				(30,641.75)
Prepaid Expense	38,361.82							38,361.82
Total Current Asset	271,892.46	9,856.41	4,151,202.62	354,863.20	278,864.73	986,359.36	0.00	6,053,038.78
Other Assets:								
WIP Airport							100,098.54	100,098.54
WIP 146 Arsenal						11,000.00		11,000.00
WIP Records								0.00
IT Server-Tablets	19,416.00							19,416.00
Corp. Park Impr.	209,995.14							209,995.14
Airport Property	884,326.02							884,326.02
Woolworth Building						505,000.00		505,000.00
Depreciation	(181,742.41)					(1,150,767.86)		(1,332,510.27)
146 Arsenal Building	-					1,233,689.56		1,233,689.56
Total Other Assets	931,994.75	0.00	\$ -	\$ -	\$ -	587,921.70	100,098.54	1,631,014.99
Total Assets	1,203,887.21	9,856.41	4,151,202.62	354,863.20	278,864.73	1,574,281.06	100,098.54	7,684,053.77
Liabilities And Capital								
	Unrestricted		RLF	MICRO	City	Convergys		Total
Current Liabilities:								
Accounts Payable	0.00							-
Apex Legal Deferred	0.00		0.00					-
A/P PILOT		9,856.41					-	9,856.41
Due HUD-Loan Intr.			490.71	0.57	1.02			492.30
Maintenance Reserve						14,445.48		14,445.48
Maint Exp. Fund						25,927.57		25,927.57
Other C/L	11,000.00							11,000.00
Total Current Liab.	11,000.00	9,856.41	490.71	0.57	1.02	40,373.05	-	61,721.76
L. Term Liabilities:								
NYS IAP Grant	180,159.78	0.00						180,159.78
Deferred - Rogers	21,485.03	0.00						21,485.03
Total LT Liabilities	201,644.81	0.00	0.00	0.00	0.00	0.00	0.00	201,644.81
Total Liabilities	212,644.81	9,856.41	490.71	0.57	1.02	40,373.05	-	263,366.57
Fund Balance	991,242.40	0.00	4,150,711.91	354,862.63	278,863.71	1,533,908.01	100,098.54	7,420,687.20
Liabilities & Capital								7,684,053.77

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Income Statement for the Two Month Period Ending November 30, 2019
 Prepared by Lyle Eaton, November 25, 2019

UNRECONCILED

	Current Year Budget	Year-to-Date Total	Current Month	Previous Month	Balance Remaining
Revenues					
Application & Process Fees	\$ 3,000.00	3,270.00	\$ 3,020.00	250.00	(270.00)
RCI Annual CD Fund	279,427.00	0.00	0.00	0.00	279,427.00
Bond Admin Fee	3,000.00	0.00	0.00	0.00	3,000.00
PILOT/Sale Leaseback Fees	518,017.00	0.00	0.00	0.00	518,017.00
Fee Income - RLF Program	43,424.00	7,237.12	3,618.56	3,618.56	36,186.88
Fee Income - Micro Program	26,137.00	4,194.56	2,097.28	2,097.28	21,942.44
Interest Income	2,500.00	498.48	164.61	333.87	2,001.52
Interest Income - RLF Progra	55,000.00	4,950.33	853.84	4,096.49	50,049.67
Late Payment Penalty RLF	200.00	0.00	0.00	0.00	200.00
Interest Income - City Fund	8,200.00	1,446.62	537.41	909.21	6,753.38
Interest Income - Micro Prog.	5,000.00	2,195.18	740.35	1,454.83	2,804.82
Late Payment Penalty - Micro	500.00	15.22	15.22	0.00	484.78
Miscellaneous Income	2,000.00	317.48	168.30	149.18	1,682.52
FTZ Fees	1,200.00	0.00	0.00	0.00	1,200.00
Total Revenues	947,605.00	24,124.99	11,215.57	12,909.42	923,480.01
Operations					
Office Expense	1,000.00	119.80	58.64	61.16	880.20
RCI Fee Sharing	139,714.00	0.00	0.00	0.00	139,714.00
Admin Services Exp	600,377.00	100,062.82	50,031.41	50,031.41	500,314.18
D&O Insurance	14,400.00	2,175.50	1,087.75	1,087.75	12,224.50
Commercial Insurance	8,000.00	1,243.58	621.79	621.79	6,756.42
Comm Ins 146 Arsenal	15,000.00	0.00	0.00	0.00	15,000.00
FTZ Expense	1,250.00	1,250.00	0.00	1,250.00	0.00
Legal - Unrestricted	12,000.00	2,000.00	1,000.00	1,000.00	10,000.00
Legal Corp Park	5,000.00	0.00	0.00	0.00	5,000.00
Accounting & Auditing	11,000.00	0.00	0.00	0.00	11,000.00
Consultants	1,000.00	0.00	0.00	0.00	1,000.00
Coffeen Park Taxes	1,800.00	0.00	0.00	0.00	1,800.00
Airport Park Taxes	1,200.00	0.00	0.00	0.00	1,200.00
Fees Expense	300.00	18.00	0.00	18.00	282.00
RLF Program Expense	43,424.00	7,237.12	3,618.56	3,618.56	36,186.88
Microenterprise Program Exp	26,167.00	4,194.56	2,097.28	2,097.28	21,972.44
RLF Audit Expense	800.00	0.00	0.00	0.00	800.00
Landscaping	0.00	1,400.00	0.00	1,400.00	(1,400.00)
146 Arsenal Bldg Maintenanc	0.00	419.20	5.92	413.28	(419.20)
Security	0.00	11,844.64	0.00	11,844.64	(11,844.64)
Plowing 146 Arsenal	25,000.00	0.00	0.00	0.00	25,000.00
IDA 146 Arsenal Bldg Expens	0.00	3,019.12	1,769.12	1,250.00	(3,019.12)
City/County Parking Lot Fund	20,000.00	20,000.00	0.00	20,000.00	0.00
Insurance	0.00	4,163.26	2,081.63	2,081.63	(4,163.26)
Building Depreciation	74,000.00	12,183.64	6,091.82	6,091.82	61,816.36
146 Arsenal Equip. Depreciati	4,773.00	795.44	397.72	397.72	3,977.56
146 Arsenal Electric	0.00	3,688.66	0.00	3,688.66	(3,688.66)
146 Arsenal Water	0.00	869.38	0.00	869.38	(869.38)
Salary Expense	0.00	5,038.02	2,583.60	2,454.42	(5,038.02)
Consultants	0.00	1,755.30	0.00	1,755.30	(1,755.30)
Miscellaneous - Unrestricted	200.00	0.00	0.00	0.00	200.00
Total Operations	1,006,405.0	183,478.04	71,445.24	112,032.80	822,926.96
Total Revenue	947,605.00	24,124.99	11,215.57	12,909.42	923,480.01
Total Expenses	1,006,405.0	183,478.04	71,445.24	112,032.80	822,926.96
Net Income Over Expenditu	\$ (58,800.00)	(159,353.05)	\$ (60,229.67)	(99,123.38)	100,553.05

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Income Statement for the Two Month Period Ending November 30, 2019
Unrestricted Income

	Current Year Budget	Year-to-Date Total	Current Month	Previous Month	% YTD of Budget
Revenues					
Application & Process Fees	\$ 3,000.00	3,270.00	\$ 3,020.00	250.00	109.00
RCI Annual CD Fund	279,427.00	0.00	0.00	0.00	0.00
Bond Admin Fee	3,000.00	0.00	0.00	0.00	0.00
PILOT/Sale Leaseback Fees	518,017.00	0.00	0.00	0.00	0.00
Fee Income - RLF Program	43,424.00	7,237.12	3,618.56	3,618.56	16.67
Fee Income - Micro Program	26,137.00	4,194.56	2,097.28	2,097.28	16.05
Interest Income	2,500.00	498.48	164.61	333.87	19.94
Miscellaneous Income	2,000.00	317.48	168.30	149.18	15.87
FTZ Fees	1,200.00	0.00	0.00	0.00	0.00
Total Revenues	878,705.00	15,517.64	9,068.75	6,448.89	1.77
Expenses					
Operations					
Office Expense	1,000.00	119.80	58.64	61.16	11.98
RCI Fee Sharing	139,714.00	0.00	0.00	0.00	0.00
Admin Services Exp	600,377.00	100,062.82	50,031.41	50,031.41	16.67
D&O Insurance	14,400.00	2,175.50	1,087.75	1,087.75	15.11
Commercial Insurance	8,000.00	1,243.58	621.79	621.79	15.54
Comm Ins 146 Arsenal	15,000.00	0.00	0.00	0.00	0.00
FTZ Expense	1,250.00	1,250.00	0.00	1,250.00	100.00
Legal - Unrestricted	12,000.00	2,000.00	1,000.00	1,000.00	16.67
Legal Corp Park	5,000.00	0.00	0.00	0.00	0.00
Accounting & Auditing	11,000.00	0.00	0.00	0.00	0.00
Consultants	1,000.00	0.00	0.00	0.00	0.00
Coffeen Park Taxes	1,800.00	0.00	0.00	0.00	0.00
Airport Park Taxes	1,200.00	0.00	0.00	0.00	0.00
Fees Expense	300.00	18.00	0.00	18.00	6.00
City/County Parking Lot Fund	20,000.00	20,000.00	0.00	20,000.00	100.00
Insurance	0.00	4,163.26	2,081.63	2,081.63	0.00
Building Depreciation	74,000.00	12,183.64	6,091.82	6,091.82	16.46
146 Arsenal Equip. Depreciation	4,773.00	795.44	397.72	397.72	16.67
146 Arsenal Electric	0.00	3,688.66	0.00	3,688.66	0.00
146 Arsenal Water	0.00	869.38	0.00	869.38	0.00
Salary Expense	0.00	5,038.02	2,583.60	2,454.42	0.00
Consultants	0.00	1,755.30	0.00	1,755.30	0.00
Miscellaneous - Unrestricted	200.00	0.00	0.00	0.00	0.00
Landscaping	0.00	1,400.00	0.00	1,400.00	0.00
146 Arsenal Bldg Maintenance	0.00	419.20	5.92	413.28	0.00
Security	0.00	11,844.64	0.00	11,844.64	0.00
Plowing 146 Arsenal	25,000.00	0.00	0.00	0.00	0.00
IDA 146 Arsenal Bldg Expense	0.00	3,019.12	1,769.12	1,250.00	0.00
Total Operations	936,014.00	172,046.36	65,729.40	106,316.96	18.38
Total Income	878,705.00	15,517.64	9,068.75	6,448.89	1.77
Total Expenses	936,014.00	172,046.36	65,729.40	106,316.96	18.38
Profit (Loss)	\$ (57,309.00)	(156,528.72)	\$ (56,660.65)	(99,868.07)	273.13

Jeff Co Industrial Development Agency
Balance Sheet
November 30, 2019

ASSETS

Current Assets		
General Checking	\$	19,381.31
Savings Account		1,175,985.66
Microenterprise Account		73,402.64
City Loan Account		124,600.57
Revolving Loan Fund Account		3,654,137.77
PILOT Monies Receivable		9,856.41
Miscellaneous Receivable		3,038.00
Acct Receivable - Rogers		21,485.03
RLF Loans Receivable		772,389.90
Microenterprise Loans Rec.		312,102.31
Watn. Economic Growth Fund Rec		154,264.16
Allowance for Bad Debt-RLF		(275,325.05)
Allow. for Bad Debts-MICRO		(30,641.75)
Prepaid Expense		38,361.82
		<hr/>
Total Current Assets		6,053,038.78
Property and Equipment		
Accum Depr - Building		(1,150,767.86)
Accum Depr. Equipment		(181,742.41)
		<hr/>
Total Property and Equipment		(1,332,510.27)
Other Assets		
IT Server		6,050.00
Galaxy Tablets		13,366.00
Corp. Park Improvements		209,995.14
Airport Property		884,326.02
WIP Airport		100,098.54
Woolworth Building		505,000.00
146 Ars Building Improvements		1,233,689.56
WIP Arsenal Deck & Sidewalks		11,000.00
		<hr/>
Total Other Assets		2,963,525.26
		<hr/>
Total Assets	\$	<u><u>7,684,053.77</u></u>

LIABILITIES AND CAPITAL

Current Liabilities		
PILOT Monies Payable	\$	9,856.41
Due HUD - RLF Interest		490.71
Due HUD - MICRO Interest		0.57
Due HUD - CITY Loan Interest		1.02
Maintenance Reserve Convergys		14,445.48
Maintenance Expense Convergys		25,927.57
Car Freshner Signage		11,000.00
		<hr/>
Total Current Liabilities		61,721.76
Long-Term Liabilities		
Due NYS/IAP L.T.		180,159.78

Jeff Co Industrial Development Agency
Balance Sheet
November 30, 2019

Deferred Revenue - Rogers	21,485.03	
Total Long-Term Liabilities		201,644.81
Total Liabilities		263,366.57
Capital		
General Fund Bal - Unrestrict.	1,503,830.67	
Fund Bal - RLF Restricted	4,419,309.27	
Fund Bal - Micro Restricted	414,850.76	
Fund Bal - City Restricted	262,489.22	
Cap. Impr. Convergys	979,560.33	
Net Income	(159,353.05)	
Total Capital		7,420,687.20
Total Liabilities & Capital	\$	7,684,053.77

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
146 Arsenal Expenses for the Two Month Period Ending November 30, 2019
Prepared by Lyle Eaton

	Current Year Budget	Year-to-Date Total	Current Month	Previous Month	% YTD of Budget
Expenses					
Landscaping	\$ 0.00	1,400.00	\$ 0.00	1,400.00	0.00
146 Arsenal Bldg Maintenance	0.00	419.20	5.92	413.28	0.00
Security	0.00	11,844.64	0.00	11,844.64	0.00
Plowing 146 Arsenal	25,000.00	0.00	0.00	0.00	0.00
IDA 146 Arsenal Bldg Expens	0.00	3,019.12	1,769.12	1,250.00	0.00
City/County Parking Lot Fund	20,000.00	20,000.00	0.00	20,000.00	100.00
Insurance	0.00	4,163.26	2,081.63	2,081.63	0.00
Building Depreciation	74,000.00	12,183.64	6,091.82	6,091.82	16.46
146 Arsena Equip. Depreciatio	4,773.00	795.44	397.72	397.72	16.67
146 Arsenal Electric	0.00	3,688.66	0.00	3,688.66	0.00
146 Arsenal Water	0.00	869.38	0.00	869.38	0.00
Salary Expense	0.00	5,038.02	2,583.60	2,454.42	0.00
Consultants	0.00	1,755.30	0.00	1,755.30	0.00
Total Expenses	\$ 123,773.00	65,176.66	\$ 12,929.81	52,246.85	52.66

Jeff Co Industrial Development Agency
General Checking Cash Receipts Journal
For the Period From Nov 1, 2019 to Nov 30, 2019

Filter Criteria includes: Report order is by Check Date. Report is printed in Detail Format.

Date	Account ID	Transaction Ref	Line Description	Debit Amnt	Credit Amnt
11/7/19	207005 205602 100001	199	DUE MICRO 11/19 DUE SHLDC 11/19 THE SANDWICH BAR	717.11	358.55 358.56
11/7/19	207005 205602 100001	1071	DUE MICRO 11/19 DUE SHLDC 11/19 MAIN STREET CRAFTS & DRAFTS	269.86	134.93 134.93
11/7/19	125001 100001	2163	Invoice: 3454 JEFFERSON COUNTY INDUSTRIAL	3,618.56	3,618.56
11/7/19	125001 100001	1209	Invoice: 3455 JEFFERSON COUNTY INDUSTRIAL	2,097.28	2,097.28
11/7/19	125501 412501 100001	2768	10/19PRINCIPAL 10/19 INTEREST KENNETH F. ROGERS	314.91	150.30 164.61
11/14/19	140001 100001	0070527472	CANCELLATION LIBERTY MUTUAL	7,719.28	7,719.28
11/21/19	207005 205602 100001	1702	11/19 DUE MICRO 11/19 DUE SHLDC PAINFULL ACRES	989.37	565.35 424.02
				<u>15,726.37</u>	<u>15,726.37</u>

Jeff Co Industrial Development Agency
Revolving Loan Fund Receivables
As of Nov 30, 2019

Filter Criteria includes: 1) Includes Drop Shipments. Report order is by ID. Report is printed in Summary Format.

Customer	Amount Due
BENCHMARK FAMILY SERVICES	153,932.66
MEADOWBROOK TERRACE	98,539.06
MLR,LLC	122,979.72
RBM MANUFACTURING CORP	200,000.00
WRIGHT BROS. LLC	196,938.46
	<u>772,389.90</u>

Jeff Co Industrial Development Agency
Micro Loans Receivable
As of Nov 30, 2019

Filter Criteria includes: 1) Includes Drop Shipments. Report order is by ID. Report is printed in Summary Format.

Customer	Amount Due
ABOVE REALITY SPORTS COMPLEX	37,034.47
COLLEEN'S CHERRY TREE INN	34,950.54
R.L.GOULD & SON, LLC	35,712.37
THOUSAND ISLANDS AREA HABITAT FOR HUMA	29,660.52
MAIN STREET CRAFTS & DRAFTS	5,732.32
MEDICAL GAS TECHNOLOGIES	5,927.06
MR. RICKS BAKERY INC.	13,056.20
PAINFULL ACRES	32,559.95
RC SPOT, LLC	14,851.68
MR RICK'S BAKERY 2	18,212.45
DAN B SAMPSON II	18,221.13
THE SANDWICH BAR	16,733.26
THE SCRUB HUB	13,519.30
SERV-PRO	8,528.76
SACKETS HARBOR TRADING CO.	6,448.37
TASTE OF DESIGN	20,953.93
	<u>312,102.31</u>

Jeff Co Industrial Development Agency
Watn. Economic Growth Fund
As of Nov 30, 2019

Filter Criteria includes: 1) Includes Drop Shipments. Report order is by ID. Report is printed in Summary Format.

Customer	Amount Due
CURRENT APPLICATIONS	154,264.16
	<u>154,264.16</u>

Jeff Co Industrial Development Agency

Cash Disbursements Journal

For the Period From Nov 1, 2019 to Nov 30, 2019

Filter Criteria includes: Report order is by Date. Report is printed in Detail Format.

Date	Check #	Account ID	Line Description	Debit Amount	Credit Amount
11/1/19	7120	200001 100001	Invoice: 2027 RETAINER BARCLAY DAMON LLP	1,000.00	1,000.00
11/1/19	7121	200001 100001	Invoice: 2020-35 JEFF COUNTY LDC	50,031.41	50,031.41
11/1/19	7122	200001 100001	Invoice: 0448-1 WASTE MANAGEMENT	231.98	231.98
11/1/19	7123	200001 100001	Invoice: 2020-2 WATERTOWN INDUSTRIAL CENTER	1,250.00	1,250.00
11/5/19	7125	200001 100001	Invoice: 9406231 ALLIED UNIVERSAL SECURITY SERVICES	11,844.64	11,844.64
11/5/19	7126	200001 100001	Invoice: 19-1174 BERNIER, CARR & ASSOCIATES, P.C.	4,948.02	4,948.02
11/5/19	7127	200001 200001 100001	Invoice: 0000011 Invoice: 146 arsenal CITY COMPTROLLER	730.56 138.82	869.38
11/5/19	7128	200001 100001	Invoice: 2JCIDA ConTegra Services, Inc	1,755.30	1,755.30
11/5/19	7129	200001 100001	Invoice: 1 YEAR JAKES LAWN CARE	1,400.00	1,400.00
11/5/19	7130	200001 100001	Invoice: 11/19 SANDWICH JEFFERSON COUNTY INDUSTRIAL	358.55	358.55
11/5/19	7131	200001 100001	Invoice: 11/19 SANDWICH SACKETS HARBOR LDC	358.56	358.56
11/5/19	7132	200001 100001	Invoice: 11/19 MAIN ST JEFFERSON COUNTY INDUSTRIAL	134.93	134.93
11/5/19	7133	200001 100001	Invoice: 11/19 MAIN ST SACKETS HARBOR LDC	134.93	134.93
11/14/19	7135	200001 100001	Invoice: 2193 JEFF COUNTY LDC	1,291.80	1,291.80
11/14/19	7136	200001 100001	Invoice: 10-2019E NATIONAL GRID	3,439.37	3,439.37
11/14/19	7137	200001 100001	Invoice: 10-1-19 SELECTIVE INSURANCE CO	32,441.16	32,441.16
11/27/19	7138	200001 100001	Invoice: 19-1310 BERNIER, CARR & ASSOCIATES, P.C.	6,158.62	6,158.62
11/27/19	7139	200001 100001	Invoice: WALMART JERRY COUNTRYMAN	5.92	5.92
11/27/19	7140	200001 100001	Invoice: 11/19 PAINFULL JEFFERSON COUNTY INDUSTRIAL	565.35	565.35
11/27/19	7141	200001 100001	Invoice: 2194 JEFF COUNTY LDC	1,291.80	1,291.80
11/27/19	7142	200001 100001	Invoice: 17143 NORTHERN COMPUTERS	413.28	413.28
11/27/19	7143	200001 100001	Invoice: 11/19 PAINFULL SACKETS HARBOR LDC	424.02	424.02
11/27/19	7144	200001 100001	Invoice: 27720 JOHNSON NEWSPAPER CORPORATION	58.64	58.64
11/27/19	7145	200001 100001	Invoice: 11-10-19 WESTELCOM	287.14	287.14
Total				120,694.80	120,694.80

Jeff Co Industrial Development Agency

Miscellaneous Receivables

As of Nov 30, 2019

Filter Criteria includes: 1) Includes Drop Shipments. Report order is by ID. Report is printed in Detail Format.

Customer ID Customer Bill To Contact Telephone 1	Invoice/CM	0 - 30	31 - 60	61 - 90	Over 90 days	Amount Due
CIDC CARTHAGE INDUSTRIAL DEV. COR JOHN MCHUGH 493-4429	PR 3-23-12				-338.38	-338.38
CIDC CARTHAGE INDUSTRIAL DEV. COR					-338.38	-338.38
RBM RBM MANUFACTURING CORP 315-405-0236	3457	3,020.00				3,020.00
RBM RBM MANUFACTURING CORP		3,020.00				3,020.00
TASTE TASTE OF DESIGN	3453	18.00				18.00
TASTE TASTE OF DESIGN		18.00				18.00
Report Total		3,038.00			-338.38	2,699.62

Jefferson County Industrial Development Agency
Fund Activity Report - Period Ending November 30, 2019

PILOTS

Current Month Receipts

<u>Delinquent Accounts:</u>	<u>Amount Due</u>	<u>Due Date</u>
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Revolving Loan Fund

Cash Balance	\$ 3,654,137.77
Less: Commitments	\$ -
Cash Available	<u>\$ 3,654,137.77</u>

Current Month Receipts	6,160.93
RLF Receivables	772,389.90

<u>Delinquent Accounts:</u>	<u>Monthly Payment</u>	<u>Last Payment</u>	<u>Months Delinquent</u>	<u>Total Due</u>
				-
				-
				-

Microenterprise Loan Fund

Funds Available	\$ 73,402.64
Less: Commitments	\$ -
Cash Available	<u>\$ 73,402.64</u>

Current Month Receipts	5,310.87
MICRO Receivables	312,102.31

<u>Delinquent Accounts:</u>	<u>Monthly Payment</u>	<u>Last Payment</u>	<u>Months Delinquent</u>	<u>Total Due</u>
Mr, Risks Bakery (Interest Only)	54.43	9/13/2019	1	54.43
Mr, Risks Bakery (Interest Only)	75.90	9/13/2019	1	75.90
Taste of Design	269.78	11/4/2019	2	539.56

City Loan Fund

Funds Available	\$ 124,600.57
Less: Commitments	\$ -
Cash Available	<u>\$ 124,600.57</u>

Current Month Receipts	3,364.51
CITY Receivables	154,264.16

Loan Receivable - Ken Rogers	\$ 21,485.03
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Jefferson County Industrial Development Agency
Revolving Loan Fund Receivables
November 30, 2019

	Recipient	Date Issued	Original Amount	Current Balance	Current Status	Purpose of Loan
1	Benchmark Family Services	January-03	326,000.00	153,932.66	Current	Build Specialized Daycare/Nursery
2	RBM Manufacturing	November-19	200,000.00	200,000.00	Current	Working Capital
2	Meadowbrook Terrace	August-12	250,000.00	98,539.06	Current	Working Cap During Construction
2	MLR, LLC	May-05	150,000.00	7,071.74	Current	Construct Refrigeration Warehouse
2	MLR, LLC	July-07	250,000.00	115,907.98	Current	Expand Warehouse
6	Wright Bros, LLC	June-12	241,743.00	196,938.46	Current	Purchase Building
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9						
10						
11						
12						
13						
14						
15						
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21						
22						
23						
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	Total RLF Receivables		1,417,743.00	772,389.90	-	

Jefferson County Industrial Development Agency
MICRO Loan Fund Receivables
November 30, 2019

	Recipient	Date Issued	Original Amount	Current Balance	Current Status	Purpose of Loan
1	Above Reality Sports Complex	May-19	40,000.00	37,034.47	Current	Open VR Sports Complex
2	Colleens Cherry Tree Inn	May-19	40,000.00	34,950.54	Current	Expand Restaurant - Ice Cream Shop
3	R. L. Gould & Son, LLC	March-19	40,000.00	35,712.37	Current	Open UPS Store
4	TI Area Habitat For Humanity	April-18	40,000.00	29,660.52	Current	Open ReStore
5				0.00		
6	Main Street Crafts & Drafts	Sep-18	7,150.00	5,732.32	Current	Craft Shop & Bar
7	Medical Gas Technologies	Jun-15	40,000.00	5,927.06	Current	Service Medical Gas Systems
8	Mr. Ricks Bakery	Apr-15	40,000.00	13,056.20	Delinquent	Expand Existing Bakery
9	Mr. Ricks Bakery-2	Apr-18	20,000.00	18,212.45	Delinquent	Working Capital
10	Painfull Acres	Mar-18	40,000.00	32,559.95	Current	Amish Furniture Store
11	RC Spot, LLC	Mar-16	50,015.47	14,851.68	Current	Craft Brewery & Restaurant
12	Dan B. Sampson II	Mar-18	30,000.00	18,221.13	Current	Smoothie Bar
13	The Sandwich Bar	Feb-19	19,000.00	16,733.26	Current	Restaurant
14	The Scrub Hub	Apr-18	18,656.00	13,519.30	Current	Scrubs Clothing
15	Serv-Pro	Jan-17	20,000.00	8,528.76	Current	Water/Fire Damage Clean Up
16	Sackets Harbor Trading Company	Jan-06	40,000.00	6,448.37	Current	Retail Local Products
17	Taste of Design	Apr-07	40,000.00	20,953.93	Delinquent	Coffee Shop
18						
19						
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23						
24						
	Total RLF Receivables		524,821.47	312,102.31	-	

Jefferson County Industrial Development Agency
City Loan Fund Receivables
November 30, 2019

	Recipient	Date Issued	Original Amount	Current Balance	Current Status	Purpose of Loan
1	Current Applications	Apr-15	101,403.00	88,497.02	Current	Manufacturing Plant Expansion
2	Current Applications	Jan-16	150,000.00	67,767.14	Current	Purchase CNC Equipment
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	Total RLF Receivables		251,403.00	156,264.16	-	

**Jefferson County Industrial Development Agency
Governance Committee Meeting Minutes
November 26, 2019**

The JCIDA Governance Committee meeting was held on Tuesday, November 26, 2019 in the board room at 800 Starbuck Avenue, Watertown, NY.

Present: W. Edward Walldroff, Chair, Bill Johnson

Excused: None

Absent: Paul Warneck

Also Present: David Zembiec, Peggy Sampson, Lyle Eaton

- I. Call to Order:** Mr. Walldroff called the meeting to order at 8:12 a.m.
- II. Annual Board of Directors Evaluation for 2018-2019:** The completed 2018-2019 Confidential Evaluation of Board Performance forms were distributed to committee members prior to the meeting. Six out of seven board members returned the forms.

Mr. Walldroff identified the areas that need addressing and committee members discussed them. They also specifically identified and commented on the following:

#11 Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members. Five board members 'agree', while one board member 'disagrees'.

#12 Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken. Five board members 'agree', while one board member "disagrees".

Mr. Walldroff said he is a bit concerned and thinks certain areas need addressing. Mr. Zembiec said that he will send out the mission statement and performance measurements for board members to review and discuss. Mr. Walldroff said that he would like to take some time at the next board meeting to discuss the results and would like to compare this year's report to last years report. Ms. Sampson will add the 2018 results to the current report for comparison before it is sent to the board.

Committee members agreed to send the summary results to the full board for review and discussion.

It was noted that Ms. Sampson will submit the results to the Authorities Budget Office pending board approval.

**Jefferson County Industrial Development Agency
Governance Committee Meeting Minutes
November 26, 2019**

III. Other business: None.

IV. Adjournment: With no further business before the committee, Mr. Walldroff adjourned the meeting at 8:23 a.m.

Summary Results of Confidential Evaluation of Board Performance

2019 Results in **Bold**, 2018 Results in ()

	Criteria	Agree	Somewhat Agree	Somewhat Disagree	Disagree
1	Board members have a shared understanding of the mission and purpose of the Authority.	4 (5)	2 (2)		
2	The policies, practices and decisions of the Board are always consistent with this mission.	4 (5)	2 (2)		
3	Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	4 (6)	2	(1)	
4	The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	6 (7)			
5	The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	4 (2)	2 (4)	(1)	
6	The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence or self-interest.	4 (5)	2 (2)		
7	Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	4 (4)	2 (2)	(1)	
8	Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	6 (6)	(1)		
9	The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete.	4 (3)	1 (3)	1 (1)	
10	The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	5 (6)	(1)	1	
11	Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	5 (7)			1
12	Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	5 (5)	(2)		1
13	Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	5 (5)	(2)	1	
14	The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	5 (5)	1	(2)	
15	The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	4 (5)	1 (1)	1 (1)	
16	Board members demonstrate leadership and vision and work respectfully with each other.	6 (7)			

Name of Authority: Jefferson County Industrial Development Agency

Date Completed: _____, 2019

	Name	Type	Total Project Amt.	Benefited Project Amt.	Approval Date (Authorizing Resol.)	Maturity Date	# of FTEs before IDA status	Org. estimate of jobs to be created	Org. estimate of jobs to be retained	Current # of FTE	# of Construction during FY
**1	Aviagen, Inc.	PILOT	5,000,000	1,800,000	10/1/2015	2030	0	38	0	48	0
2	COR Watertown Company, LLC	PILOT	42,945,173	27,918,400	1/5/2012	2024	0	6	0	5.5	0
3	Carthage Development Group	P/SL	6,799,120	6,799,120	3/4/2004	2029	0	0	0	1	0
4	Clayton Harbor Hotel	PILOT	22,662,000	7,068,400	2/11/2013	2030	0	95	0	79	0
5	Current Applications, Inc.	PILOT	736,804	265,454	2/12/2015	2031	48	6	48	57	0
6	Fort Drum Mountain Comm. Homes	LL	71,201,856	25,402,473	9/1/2016	2021	11	11	11	239	138
*7	Great Lakes Cheese of NY	P/SL	86,610,000	86,610,000	2/7/2008	2028	78	12	78	133	0
8	Ives Hill Retirement Community	BOND	3,600,000	3,600,000	11/6/1997	2029	0	20	0	9	0
9	Lawler Realty	PILOT	15,474,375	5,739,750	7/12/2012	2023	0	5	0	3	0
10	Metro Paper Industries	P/SL	926,817	926,817	1/6/2005	2019	35	72	35	-	-
11	Mohawk, Adirondack & Northern RR	PILOT	2,472,000	388,000 (IDA)	9/1/2016	2031	0	0	0	11	1
**12	Morgan Management	PILOT	54,655,127	19,676,800	6/7/2012	2024	0	9	0	9	0
13	New York Air Brake	PILOT	3,141,628	754,814	7/2/2015	2029	548	10	548	384	0
14	ReEnergy	BOND	6,955,000	6,955,000	10/2/2014	2020	-	-	-	-	-
15	ReEnergy	BOND	13,145,000	13,145,000	10/2/2014	2024	-	-	-	-	-
16	ReEnergy	BOND	5,000,000	5,000,000	7/2/2015	2022	-	-	-	28	0
**17	Roth Industries, Inc.	B/P/SL	6,000,000	/	10/6/2005	2021	0	13	0	0	0
**18	Roth Industries, Inc.	P/LL	5,385,000	1,040,000	6/2/2016	2032	20	12	20	32	0
19	Scholastic Structures	P/SL	392,000	392,000	10/20/2005	2020	0	0	0	0	0
20	SunCap Watertown, LLC (FedEx Ground)	PILOT	7,575,412	4,034,412	6/6/2013	2024	24	6	24	25	0
21	Turning Point of the Bl. River	LL			2/14/2019					0	5
22	WICLDC	P/SL	8,000,000	/	3/3/2016	2025	2	0	2	2	0
23	Woolworth Watertown LLC	PILOT	15,851,634	6,139,397	8/1/2013	2030	0	2	0	1	0
	TOTAL						766	317	766	1066.5	144
**Second Request Mailed 11/1/19			**Third Request Emailed 11/25/19								

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MEMORANDUM of UNDERSTANDING

This MEMORANDUM of UNDERSTANDING, dated 14 November 2019, sets forth the common understanding and agreement of the parties hereto with respect to certain provisions of the following PAYMENT-IN-LIEU-OF-TAX AGREEMENTS (herein referred to individually as a "PILOT AGREEMENT" and collectively as the "PILOT AGREEMENTS"):

- The May 7, 2012 PILOT AGREEMENT by and between MOHAWK, ADIRONDACK & NORTHERN RAILROAD CORPORATION (MA&N) and ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (SLCIDA);
- The February 28, 2017 PILOT AGREEMENT by and between MA&N and JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY (JCIDA); and
- The December 20, 2017 PILOT AGREEMENT by and between MA&N and COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY (LCIDA).

WHEREAS EXHIBIT A to each of the PILOT AGREEMENTS calls for a "Total PILOT Payment" for each calendar year based upon rail shipments originating or terminating on the Newton Falls Secondary line of railroad with each of SLCIDA, JCIDA and LCIDA to receive a specified portion of \$35 per revenue-generating loaded *freight car* in excess of 1,500 freight cars, and \$10 per *stone car* in excess of 1,200 stone cars; and

WHEREAS all of the PILOT AGREEMENTS stipulate that the term "freight cars" shall mean revenue-generating loaded railcars containing other than aggregate commodities, and the term "stone cars" shall mean revenue-generating loaded railcars containing aggregate commodities; and

WHEREAS a potential project developer has requested MA&N to provide binding quotes for: (1) the shipment of crushed stone, treated stone and/or iron ore from Benson Mines to the end of the rail line in Carthage, New York; and, alternatively, (2) the shipment of crushed stone, treated stone and/or iron ore from Benson Mines to a proposed stone/ore processing facility (the "Facility") to be located between Benson Mines and Carthage, with further rail shipment from the proposed Facility of products and by-products resulting from such processing; and

WHEREAS MA&N's quotes for rail shipments from Benson Mines to Carthage over the Newton Falls Secondary line are predicated, in part, upon the "Total Rail Car Payments" payable by MA&N under the PILOT AGREEMENTS:

NOW, THEREFORE, the parties hereto set forth the following as their common understanding and agreement that:

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1. The word "stone" as used in the PILOT AGREEMENTS shall be deemed to include (1) aggregates, crushed stone, treated stone and/or iron ore shipped by rail from Benson Mines; and (2) the products and by-products derived from aggregates, stone, and or iron ore.

2. For purposes of determining the number of rail shipments originating on the Newton Falls Secondary to calculate the "Total PILOT Payment" under Exhibits A to the PILOT AGREEMENTS, and assuming the minimum threshold of 2,000 rail car shipments in a calendar year is exceeded:

a. STONE CAR Shipments:

PILOT Payments of \$5.00 each for the first 1,200 rail cars

PILOT Payments of \$10.00 each for all additional rail cars over 1,200

Stone Car counts are calculated only on revenue generating rail cars leaving Benson Mines containing aggregate commodities, iron ore and/or stone. Rail car shipments containing products and by-products from the Facility shall be deemed to be continuation of the stone car shipments from Benson Mines and shall not be included in the Stone Car count.

b. FREIGHT CAR Shipments:

PILOT Payments of \$5.00 each for the first 1,500 Freight rail cars

PILOT Payments of \$35.00 each for all additional Freight rail cars over 1,500

Freight Car counts are calculated on revenue generating loaded Freight Car shipments along the Newton-Falls-Carthage secondary rail line, and do not include rail car shipments of products and by-products from the Facility.

c. THRESHOLDS:

If the minimum threshold of 2,000 total rail car shipments in a calendar year is not met, the PILOT Payments would reflect the reduced payments described in Exhibit A of the PILOT Agreement.

3. On the first day of February, May, August and November of each year during the terms of the PILOT AGREEMENTS, MA&N will furnish to each of SLCIDA, JCIDA and LCIDA a certified statement of rail car shipments (other than those originating at the Facility) originating or terminating on the Newton Falls Secondary. On February 1st and August 1st of each year MA&N shall pay to each of SLCIDA, JCIDA and LCIDA their pro-rata share of the Total PILOT Payment due under the PILOT AGREEMENTS for the preceding semi-annual period.

PILOT Payments will be made to each individual IDA based on track mileage within each County. St Lawrence County IDA will be paid 53.0% (24.45 miles), Lewis County IDA will be paid 31.3%

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(14.45 miles) and Jefferson County IDA will be paid 15.7% (7.25 miles) of calculated Total PILOT Payment. Each County IDA will be responsible for paying individual jurisdictions within their respective Counties.

IN WITNESS WHEREOF, each of the parties hereto have caused this MEMORANDUM of UNDERSTANDING and AGREEMENT to be signed by its duly authorized representative.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: _____

Its: _____

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: _____

Its: _____

COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY

By: _____

Its: _____

MOHAWK, ADIRONDACK & NORTHERN RAILROAD CORPORATION

By: _____

Its: Secretary & General Counsel

3 of 3

AUTHORIZING RESOLUTION

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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 December 5, 2019 at 8:30 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;

Resolution No.:12.05.2019.01

RESOLUTION OF THE JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY TAKING OFFICIAL ACTION TOWARD THE LEASE-LEASEBACK TRANSACTION WITH OSWEGO BEVERAGE COMPANY LLC HAVING AN ADDRESS OF 113 GARDENIER ROAD, OSWEGO, NEW YORK 13216 FOR THE PURPOSE OF THE CONSTRUCTION OF A 8,050 SQUARE FOOT BUILDING AND THE EQUIPPING THEREOF WITH CERTAIN MACHINERY AND EQUIPMENT TO CONSTITUTE A WAREHOUSE, DISTRIBUTION AND REDEMPTION FACILITY.

WHEREAS, Jefferson County Industrial Development Agency (the "**Agency**") is authorized and empowered by the provisions of Chapter 1030 of Laws of 1969 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, renovating, 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, pursuant to an application, including a cost benefits analysis (the "**Application**"), submitted to the Agency by Oswego Beverage Company LLC (the "**Company**"), wherein the Agency has been requested to consider undertaking a project (the "**Project**"), consisting of the following:

(A) (1) The acquisition of an interest in that certain property located at NYS Route 3, in the Town of Watertown, County of Jefferson, New York (the "**Land**"), as more particularly described in the PILOT Agreement, and

(2) The construction on the Land of a new 8,050 square foot building and the equipping thereof with certain machinery and equipment to constitute a warehouse, distribution and redemption facility (the "**Project**") (the Land and the Project being collectively referred to as the "**Project Facility**"); and

(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, mortgage recording taxes and real property taxes (collectively, the "**Financial Assistance**"); and

(C) The lease or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, pursuant to a preliminary Inducement Resolution adopted by the members of the Agency on November 7, 2019, the Chief Executive Officer of the Agency (A) caused notice of a public hearing of the Agency to hear all persons interested in the Project and the financial assistance being contemplated by the Agency with respect to the Project (the "**Public Hearing**") to be mailed on November 14, 2019 to the chief executive officer of the County, Town, and School District in which the Project is to be located, (B) caused notice of the Public Hearing to be published on November 16, 2019, in the Watertown Daily Times, a newspaper of general circulation available to residents of the County of Jefferson, (C) conducted the Public Hearing on December 3, 2019 at 10:00 o'clock a.m., local time at the Town of Watertown Town Offices, 22867 County Route 67, Watertown, New York, (D)

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prepared a report of the Public Hearing which fairly summarized the views presented at said Public Hearing and distributed same to the members of 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"), the members of the Agency adopted a resolution on November 7, 2019, (the "SEQR Resolution") in which the Agency determined (A) that the Project constitutes an "Unlisted Action", (B) therefore that the coordinated review procedures outlined in the Regulations are strictly optional, (C) that the Project will not have a "significant effect on the environment" pursuant to SEQRA and, therefore that no environmental impact statement need be prepared with respect to the Project, and (D) that a negative declaration would be prepared with respect to the Project; and

WHEREAS, in order to consummate the Project and the granting of the Financial Assistance described in the notice of the Public Hearing, the Agency proposes to enter into the following documents with the Company (hereinafter collectively referred to as the "**Agency Documents**"):

- (A) A lease to the Agency (and a memorandum thereof) (the "**Underlying Lease**") by and between the Company, as landlord, and the Agency, as tenant pursuant to which the Company will lease to the Agency the Project Facility;
- (B) A lease agreement (and a memorandum thereof) (the "**Lease Agreement**") by and between the Agency and the Company, pursuant to which, among other things, the Company agrees to undertake the Project as agent of the Agency and the Company further agrees to lease the Project Facility from the Agency and to pay all legal fees and expenses incurred by the Agency with respect to the Project;
- (C) A payment in lieu of tax agreement (the "**Payment in Lieu of Tax Agreement**" or the "**PILOT**") by and between the Agency and the Company, pursuant to which the Company will agree to make certain payments in lieu of taxes with respect to the Project Facility; and
- (D) Various certificates relating to the Project (the "**Closing Documents**"); and

WHEREAS, the Agency has given due consideration to the Application and to the representations by the Company that the granting by the Agency of the Financial Assistance with respect to the Project will be in an inducement to the Company to undertake the Project in Jefferson County, New York; and

WHEREAS, the Company and the Agency have agreed on a certain Payment in Lieu of Taxes Agreement and Distribution Schedule to the Taxing Jurisdictions of such payments

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in lieu of taxes in substantially the form and affect and appears at **Exhibit "A"** to this Resolution.

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

Section 1 The Agency hereby finds and determines that:

- (A) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and
- (B) The Project constitutes a "project", as such term is defined in the Act; and
- (C) The acquisition of the Project Facility and the lease of the Project Facility to the Company will promote and maintain the job opportunities, general prosperity and economic welfare of the citizens of Jefferson County, New York and the State of New York and improve their standard of living; and
- (D) It is desirable and in the public interest for the Agency to grant to the Company the relief provided by the Payment In Lieu of Taxes Agreement, and to enter into the Agency Documents upon the satisfaction of all conditions thereto.

Section 2 In consequence of the foregoing, the Agency hereby determines that the granting of the financial assistance by the Agency with respect to the Project, through the granting of various tax exemptions described herein, and set forth on the exhibits attached hereto, 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.

Section 3 In consequence of the foregoing, and subject to the satisfactions of any conditions as imposed herein or as may be required by the Act, the Agency hereby determines to:

- (A) Proceed with the Project;
- (B) Acquire the Project Facility;
- (C) Accept an Underlying Lease of the Project on terms to be determined by the Agency;
- (D) Lease the Project Facility to the Company pursuant to a Lease Agreement on terms to be determined by the Agency;
- (E) Enter into the Payment in Lieu of Tax Agreement in the form and substance as attached hereto; and

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- (F) Execute and deliver the other Agency Documents upon terms and conditions satisfactory to the Chief Executive Officer; and
- (G) Execute and deliver the Closing Documents upon terms and conditions satisfactory to the Chief Executive Officer; and
- (H) Grant the Financial Assistance with respect to the Project.

Section 4 The Agency is hereby authorized to acquire a leasehold interest in the Project Facility pursuant to an Underlying Lease and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

Section 5 The Agency is hereby authorized to lease the Project Facility back to the Company pursuant to the Lease Agreement and to do all things necessary or appropriate to renovate, construct and equip the Project pursuant to the terms of the Lease Agreement.

Section 6 (A) The Chief Executive Officer of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Agency Documents and, where appropriate, the Secretary (or Assistant Secretary) of the Agency is hereby authorized to affix the seal of the Agency thereto and to attest the same, all in substantially the forms thereof presented to this meeting, with such changes, variations, omissions and insertions thereto as the Chief Executive Officer shall approve, the execution thereof by the Chief Executive Officer to constitute conclusive evidence of such approval.

(B) The Chief Executive Officer of the Agency is hereby further authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).

Section 7 The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Agency Documents, and to execute and deliver all such additional certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing Resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Agency Documents binding upon the Agency.

Section 8 The Agency hereby determines and finds that the Project is a qualifying non-industrial project, therefore, pursuant to the Agency's Uniform Tax Exempt Policy, the consent of the Affected Taxing Jurisdictions is not required.

Section 9 This Resolution shall take effect immediately.

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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>Paul Warneck</u>	VOTING _____
<u>William Johnson</u>	VOTING _____
<u>Lisa L'Huillier</u>	VOTING _____

The foregoing Resolution was thereupon declared and duly adopted.

EXHIBIT "A" to AUTHORIZING RESOLUTION

PAYMENT IN LIEU OF TAXES AGREEMENT

THIS AGREEMENT, by and between **OSWEGO BEVERAGE COMPANY LLC** a New York limited liability company having an address of 113 Gardenier Road, Oswego, New York 13126 ("**Company**") and **JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, an Industrial Development Agency and a Public Benefit Corporation of the State of New York having an address of 800 Starbuck Avenue, Watertown, New York 13601 ("**Agency**"),

WITNESSETH:

WHEREAS, the Agency was created by Chapter 369 of the Laws of 1971 of the State of New York pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York (collectively, the "**Act**"); and

WHEREAS, the Agency by Resolution dated December 5, 2019, has agreed to undertake a project to construct a new 8,050 square foot building together with the acquisition of certain machinery and equipment all of which to constitute a warehouse distribution and redemption facility on certain land owned by the Company at New York State Route 3 , Watertown, New York (Tax Map Parcel No. _____) (the "**Land**"), in the Town of Watertown, Jefferson County, New York, as more particularly described in Schedule "A" attached hereto (the Project and the Land are hereinafter referred to as the "**Project Facility**"); and

WHEREAS, the Company is or will be the fee title owner of the Project Facility; and

WHEREAS, the Company will execute and deliver to the Agency, a certain lease agreement to the Agency (the "**Underlying Lease**") pursuant to which the Company leases to the Agency the Project Facility; and

WHEREAS, the Agency will immediately thereafter lease the Project Facility to the Company pursuant to a Lease Agreement executed and entered into of even date herewith (the "**Lease Agreement**") by and between Agency and the Company; and

WHEREAS, pursuant to the terms of the Lease Agreement (1) the Company will agree to cause the Project to be undertaken and completed, and (2) the Agency will agree to undertake and complete the Project; and

WHEREAS, pursuant to section 874(1) of the Act, and Section 412(a) of the Real Property Tax Law of the State of New York, the Agency is exempt from the payment of taxes and assessments imposed upon real property and improvements owned by it other than special ad valorem levies, special assessments and service charges against real property

located in Jefferson County which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Taxing Jurisdictions, which are, collectively, the Town of Watertown ("Town"), Jefferson County ("County") and the Watertown City School District ("School"), have the following taxable years: the Town and County January 1 to December 31, and the School July 1 to June 30; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into this agreement making provision for payments in lieu of taxes by the Company to the Agency, for the benefit of the respective Taxing Jurisdictions within which the Project Facility is or is to be located;

NOW, THEREFORE, in consideration of the covenants herein contained, it is mutually agreed as follows:

1. (a) For the purpose of payments to be made pursuant to this Agreement, the Completion Date for the Project shall be the earlier of twelve (12) months from the date the building permit was issued for any part of the Project, or the issuance of a Certificate of Occupancy. The Company shall notify each Taxing Jurisdiction and the Agency within 30 days after the Completion Date for the Project.
- (b) Commencing with the tax year beginning on the next Taxable Status Date following the Completion Date and for the period set forth below or until the earlier termination of the Lease Agreement, the Company agrees to pay in lieu of all real estate, tangible personal property, inventory and/or other similar taxes and assessments (in addition to paying all special ad valorem levies, special assessments and service charges which are or may be imposed for special improvements or special district improvements) which would be levied upon the Project Facility during such tax years as if the Project Facility were owned by the Company and not by the Agency, the amounts determined according to the following formula:

$$\text{PILOT} = \text{AV} \times \text{ATR} \times \text{PR}$$

WHERE

PILOT	=	Amount of payment in lieu of taxes due to the Taxing Jurisdictions for the applicable tax year.
AV	=	Assessed Value of the Project Facility.
ATR	=	Actual Tax Rate for the respective Taxing Jurisdictions for the applicable year.

PR = Payment Ratio as set forth in Table I for the applicable tax year.

TABLE I

Year 1 – 5	25% of all Real Estate Taxes;
Years 6 – 10	50% of all Real Estate Taxes;
Years 11 – 15	75% of all Real Estate Taxes;
Thereafter;	100% of all Real Estate Taxes;

(c) The Company shall pay, or cause to be paid the amounts set forth in Paragraph 1(b) hereof within the grace period, without penalty, applicable to taxes, assessments, special ad valorem levies, special service charges or similar tax equivalents, as the case may be, on similar property subject to taxation by the Taxing Jurisdictions during such respective tax years, subject to any late payment penalties pursuant to §874 of the Act if not made within the grace period. Any failure on the part of the Company to timely make any payments pursuant to this Agreement within ten (10) days following written notice from the Agency shall be an event of default ("**Event of Default**") under this Agreement and under the Lease Agreement. Upon such Event of Default, the Agency shall have any and/or all of the Remedies on Default set forth in the Lease Agreement. Further, upon such Event of Default, the Payments In Lieu of Tax due under this Agreement shall, upon thirty (30) days written notice from the Agency to the Company, immediately bear a Payment Ratio of 100% as such term is defined in the PILOT in Paragraph 1(b) of this Agreement until such Event of Default shall be cured by the Company.

(d) The assessed value of the Project Facility shall be the value as finally determined on the Assessment Roll of the Taxing Jurisdiction for the applicable year.

(e) Prior to the Completion Date as defined in Paragraph 1(a) above of the Project, the Company shall pay to the Agency on the Project an amount equal to the real estate taxes and assessments on the Land for the Project as if the Land were owned by the Company and not by the Agency. The Company shall pay or cause such amounts to be paid within the grace period without penalty, applicable to taxes, assessments, special ad valorem levies, special service charges or similar tax equivalents, as the case may be, on similar property subject to taxation by the Taxing Jurisdictions during such respective tax years, subject to any late payment penalties pursuant to Section 874 of the Act if not made within the grace period.

2. This Agreement shall terminate, unless it is terminated sooner pursuant to the Lease Agreement or any other provisions of this Agreement, on a date which will be 180 months from the initial Taxable Status Date ("**Termination Date**") at which time the parties agree that the Lease and Underlying Lease for the Project Facility shall terminate. In the event

of an early termination either pursuant to this Paragraph or any other termination pursuant to this Agreement, both the Lease and the Underlying Lease shall terminate.

3. In the event that the Project Facility is transferred from the Agency to the Company, the Project Facility shall be immediately subject to taxation pursuant to Sections 302 and 520 of the New York Real Property Tax Law, as amended. However, in no event shall the Company be required to pay both a PILOT payment pursuant to the Agreement and real property taxes for a concurrent tax year or portion thereof. Therefore, should the Project Facility be conveyed to the Company and thus become taxable pursuant to New York RPTL Section 520, any payments payable under this Agreement as Payments required in Lieu of Taxes shall be reduced by the amount of any taxes which are required to be paid under RPTL Section 520 for any such concurrent tax year or portion thereof, and should such Payment-in-Lieu-of-Taxes already have been made, the Taxing Jurisdictions shall refund any such amounts owing to Company.

4. To the extent the Project Facility or any part thereof is declared to be subject to taxation or assessments by an amendment to the Act, other legislative change, or by a final judgment of a court of competent jurisdiction, the obligations of the Company hereunder shall, to such extent, be null and void.

5. Any notice required to be given under this Agreement shall be deemed to have been duly given when delivered and, if delivered by mail, postage prepaid, return receipt requested, addressed to the respective parties hereto at their respective addresses specified below or such other addresses as either party may specify in writing to the other:

If to the Agency: Jefferson County Industrial Development Agency
800 Starbuck Avenue, Suite 800
Watertown, New York 13601
Attn: Donald C. Alexander

With a copy to: Barclay Damon, LLP
120 Washington Street, Suite 500
Watertown, New York 13601
Attn: Joseph W. Russell, Esq..

If to the Company: Oswego Beverage Company LLC
Attn: Daniel E. Dorsey, Jr.
113 Gardiner Road
Oswego, New York 13126

With a copy to: Victor Hirshdorfer, Esq
Pappas, Cox, Kimpel, Dodd & Levine, P.C.
614 James Street
Syracuse, New York 132023

6. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

7. This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and assigns.

8. This Agreement may only be assigned by the Company in accordance with Section 8.4 of the Lease Agreement.

9. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes and all of which shall constitute collectively a single agreement. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement on the date set forth before the signature of its respective representative.

Date: _____, 2019

OSWEGO BEVERAGE COMPANY LLC

By: _____
Daniel E. Dorsey, Jr.

Date: _____, 2019

**JEFFERSON COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Donald C. Alexander, CEO

SCHEDULE "A"
(Legal Description of Land)

Jefferson County Industrial Development Agency
Resolution Number 12.05.2019.02

DRAFT

**Amending Trust Indenture for ReEnergy Black River LLC Solid Waste Disposal
Revenue Bonds**

WHEREAS, the Jefferson County Industrial Development Agency (the "Issuer") previously entered into a Trust Indenture dated as of November 1, 2014 (the "Trust Indenture"), by and between the Issuer and The Bank of New York Mellon, as trustee (with its successors, the "Trustee") (as heretofore amended and supplemented, the "Trust Indenture") in connection with the issuance in 2014 and 2015 of its Solid Waste Disposal Revenue Bonds and Subordinate Solid Waste Disposal Revenue Bonds, respectively, for the benefit of ReEnergy Black River LLC (the "Company"); and

WHEREAS, the Issuer has been requested by the Company to enter into a Third Supplemental Indenture (the "Third Supplemental Indenture") by and between the Issuer and the Trustee for the purpose of making certain amendments to the Trust Indenture, which amendments will be approved by the Bank of New York Mellon, as Trustee and the holders of the affected Bonds;

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

Section 1. (a) The Chairman, Vice Chairman and/or Chief Executive Officer of the Issuer (each an "Authorized Representative of the Issuer") is hereby authorized, on behalf of the Issuer, to execute and deliver the Third Supplemental Indenture, together with all related documents and the Secretary of the Issuer is hereby authorized to affix the seal of the Issuer thereto where appropriate and to attest the same, all in substantially the forms approved by Counsel to the Issuer and Bond Counsel. The execution of the Third Supplemental Indenture and related documents by an Authorized Representative of the Issuer shall constitute conclusive evidence of such approval.

(b) An Authorized Representative of the Issuer is further hereby authorized, on behalf of the Issuer, to designate any additional Authorized Representatives of the Issuer.

Section 2. The officers, employees, and agents of the Issuer are hereby authorized and directed for and in the name and on behalf of the Issuer to do all acts and things required or provided by the provisions of the Trust Indenture and the Third Supplemental Indenture, and to execute and deliver all such additional certificates, instruments and documents, including the Third Supplemental Indenture, to determine and to do all such further acts and things as may be necessary or in the opinion of the officer, employee, or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Issuer with all of the terms, covenants, and provisions of the Trust Indenture and Third Supplemental Indenture binding upon the Issuer.

DRAFT

Section 3. This resolution shall take effect immediately.

W. Edward Walldroff, Secretary



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

LETITIA JAMES
ATTORNEY GENERAL

DIVISION OF STATE COUNSEL
CIVIL RECOVERIES BUREAU

November 27, 2019

INITIAL DEMAND: FINAL SPILL

FOR SETTLEMENT PURPOSES ONLY -- WITHOUT PREJUDICE

CERTIFIED MAIL

RETURN RECEIPT REQUESTED

Jefferson County Industrial Development Agency
800 Starbuck Avenue, Suite 800
Watertown, NY 13601

Re: Spill No.: 17-04395 PIN: 07619
Location of Spill: 262 State Street, Carthage, New York
Amount Due: \$24,768.64

DEC - 2 2019

Dear Sir/Madam:

The State has determined that Jefferson County Industrial Development Agency is liable, pursuant to New York State Navigation Law §181, for \$24,768.64 for cleanup and removal costs incurred by the New York-Environmental Protection and Spill Compensation Fund in connection with the above-referenced petroleum product discharge. This matter has, therefore, been referred to the Office of the New York State Attorney General for collection of those costs.

The cleanup and removal costs total \$24,768.64 as of August 27, 2019. (See enclosure) If full payment of that amount is not received by December 27, 2019, the Attorney General will take such action as is appropriate, which may include the commencement of a civil action. In this lawsuit, the State will seek to recover the following in addition to the unpaid costs: penalties up to \$25,000.00 per day for each violation, court costs, and interest from each date the State expended money for the cleanup. As of December 27, 2019, the interest totals \$4,118.87 and continues to accrue at the statutory rate of nine percent as long as payment is outstanding.

Furthermore, Article 12 of the Navigation Law authorizes the State to file an environmental lien against the real property upon which the discharge occurred when a liable person who is the owner of such property fails to pay full cleanup and removal costs within 90 days of demand. Accordingly, an environmental lien for the aforementioned cleanup and removal costs will be filed if the costs remain outstanding 90 days after the date of this letter.

Title to the real property will be encumbered by the attachment of such an environmental lien.

To avoid commencement of a lawsuit, and the imposition of interest and the filing of an environmental lien, Jefferson County Industrial Development Agency must mail, within 30 days, a check or money order in the amount of \$24,768.64. Please make the check payable to the "COMPTROLLER, STATE OF NEW YORK", and send it to the following address:

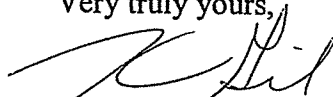
NYS Office of the Attorney General
Attention: Kathleen Gil
Civil Recoveries Bureau
The Capitol
Albany, New York 12224

Note the Spill Number and PIN on the check to ensure that their payment is properly recorded.

If Jefferson County Industrial Development Agency insurance policy includes coverage for the discharge, it should immediately notify its insurance carrier. You should also provide this office with information regarding possible insurance coverage so that we may seek payment from Jefferson County Industrial Development Agency insurer.

If you have any questions regarding this matter, please contact the undersigned.

Very truly yours,



Kathleen Gil
Legal Assistant II

mjc

Enclosure

cc: NYS Environmental Protection & Spill
Compensation Fund

James A. Quinn
NYS Department of Environmental Conservation
Bureau of Spill Prevention & Response

Benjamin Conlon, Bureau Chief
New York State Department of Environmental Conservation
Bureau of Remediation, Office of General Counsel

Jeremy Rogers, Spill Engineer Region 6

FINAL/INTERIM STATEMENT OF TOTAL COSTS - AS OF AUGUST 27, 2019

PROJECT IDENTIFICATION NUMBER (PIN) 07619.SPILL # 17-04395

TYPE OF COST

Salaries of the Dept. of Environmental Conservation involved in cleanup	\$	0.00
Fringe benefits of above personnel	\$	0.00
Contractual costs for cleanup services	\$	24,768.64
Penalty Assessment Amount:	\$	0.00
		<hr/>
Total \$	\$	24,768.64

NARRATIVE OF EVENTS

DATE DISCHARGE REPORTED:	August 2, 2017
LOCATION OF DISCHARGE:	262 State Street Carthage, New York
DISCHARGER:	Jefferson County Industrial Development Agency Carthage Development Group, L.P. Carthage Industrial Development Corporation
MATERIAL DISCHARGED:	#2 Fuel Oil
SOURCE OF DISCHARGE:	Petroleum Storage System
RESOURCE OR PROPERTY AFFECTED BY DISCHARGE:	Soil

*** If you had insurance coverage for the above incident, please notify your insurance carrier as soon as possible.**

Jefferson County Industrial Development Agency
 800 Starbuck Avenue, Suite 800
 Watertown, NY 13601
 (315) 782-5865

2019-2020 Board Attendance

Name	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Aliasso, Robert	P	P										
Converse, David	P	P										
Jennings, John	P	P										
Johnson, William	E	P										
L'Huillier, Lisa	P	P										
Waldroff, W. Edward	P	P										
Warneck, Paul	P	P										
Totals:	6	7										
Present												
Excused												
Absent												