

**Jefferson County Industrial Development Agency
Board Meeting Minutes
May 5, 2022**

The Jefferson County Industrial Development Agency held their board meeting on Thursday, May 5, 2022 in the board room at 800 Starbuck Avenue, Watertown, NY.

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

Zoom: Lisa L'Huillier

Excused: None

Absent: None

Also Present: Donald Rutherford, Craig Fox (Watertown Daily Times), and Brendan Straub (Channel 7 News)

Zoom: Stephen Maier, Esq., Rob Aiken

Staff Present: David Zembiec, Marshall Weir, Lyle Eaton, Peggy Sampson, Joy Nuffer

- I. Call to Order:** Chairman Aliasso called the meeting to order at 8:59 a.m.
- II. Privilege of the Floor:** Chairman Aliasso invited guests to speak. No one spoke.
- III. Minutes:** Minutes of the meeting held April 7, 2022 were presented. A motion to approve the minutes as presented was made by Mr. Warneck, seconded by Mr. Jennings. All in favor. Carried.
- IV. Treasurer's Report:** Mr. Warneck reviewed the financials for the period ending April 30, 2022. Mr. Warneck reported that Standard Machine is one month behind as well as Colleen's Cherry Tree Inn. Taste of Design is two months behind. He said that the remediation total is just under the \$2.6 million. After discussion, a motion was made by Mr. Warneck to accept the financial statement as presented, seconded by Mr. Johnson. All in favor. Carried.
- V. Committee Reports:**
 - a. Alternative Energy Ad Hoc Committee** – Mr. Warneck said that the committee has not met since the last board meeting.
 - b. Building and Grounds Ad Hoc Committee** – No report.
 - c. Loan Review Committee** – Mr. Converse said the loan review committee met last week and reviewed a request for a PILOT for Convalt Manufacturing. Mr. Zembiec said that the parcel is the Living Waters Church property, but from counsel's perspective, we need more detailed information to proceed with an initial project resolution; therefore, it was removed from the agenda.

Jefferson County Industrial Development Agency
Board Meeting Minutes
May 5, 2022

VI. Unfinished Business:

- Chairman Aliasso asked about the status of the Lyme project. Mr. Warneck said that the IDA was not involved in the PILOT.
- YMCA – Working on a new ground lease for June 2nd.
- Loan Review meeting date – Mr. Converse asked if the loan review monthly meeting date should be moved a week earlier to allow more time for counsel to prepare resolutions. Mr. Zembiec said that Justin said to keep the standing date but indicated that it would be easier for him to receive the information further in advance of the meeting.

1. **Authorizing Resolution No. 05.05.2022.01 for Bridge Loan for Convalt Energy, Inc. –** Resolution approving a bridge loan of \$1,050,000 to Convalt Energy for the planned project at the Business Complex. The IDA will allocate \$850,000 and the Sackets Harbor LDC is providing \$200,000 through a participation agreement. The Watertown Local Development Corporation approved \$300,000 contingent upon final approval and financing.

A motion was made by Mr. Jennings to approve the resolution, seconded by Mr. Walldroff. Roll call vote was taken. Mr. Converse – Yea, Mr. Jennings – Yea, Mr. Aliasso – Yea, Mr. Walldroff – Yea, Mr. Johnson – Yea, Ms. L’Huillier – Yea, and Mr. Warneck – Yea. Carried.

2. **Resolution No. 05.05.2022.02 for Department of Defense Memorandum of Agreement (Sub-Award Federal Award to the Watertown Family YMCA) Performance Period Extension** – Mr. Zembiec said the project has been delayed due to the unexpected need for environmental remediation and the need to re-engineer certain aspects of the project to reduce pandemic-related cost increases. A request to extend the performance period of the exiting MOA from November 30, 2022 to September 30, 2024 (expiration date of the Federal Award). A motion was made by Mr. Johnson to approve the extension, seconded by Mr. Jennings. All in favor. Carried.

3. **Contract Amendment No. 1 for BCA Architectural/Engineering Services for Business Complex** – Mr. Zembiec said the amendment includes continued performance of professional services: Potable water distribution system, soliciting competitive construction bids/awarding construction contracts and providing construction phase administration. There will be an onsite Resident Project Representative during the construction phase (billed monthly on an hourly basis). Additional services that will be necessary will be billed monthly: Mapping/Topographic Survey, Verification of Existing Conditions, Tree Clearing/Wetland Delineation, Traffic Study Assistance, Developer Design Coordination, Lot Line Adjustment Assistance, NYS DOT Permit Assistance, Construction Stakeout, Record Drawings and Expenses. Mr. Zembiec indicated that there will be one more amendment in the future.

The original contract amount was \$249,700. This amendment amount is \$147,750 for an adjusted agreement amount of \$397,450. Mr. Zembiec noted that in the end, the County will own the road and the Town of Hounsfield will own the sewer.

A motion was made by Mr. Walldroff to approve the amendment amount of \$147,750, seconded by Mr. Jennings. All in favor. Carried.

Jefferson County Industrial Development Agency
Board Meeting Minutes
May 5, 2022

VII. New Business:

1. **Subrecipient Agreement with County of Jefferson for ARPA Funds** – Mr. Zembiec said the County authorized \$4,559,000. Per the agreement, the Agency will receive half upfront and the balance in August. A motion was made by Mr. Converse to approve the subrecipient agreement, seconded by Mr. Warneck. All in favor. Carried.
2. **Agreement with JCLDC for ARPA Funds** – A motion was made by Mr. Warneck to approve the agreement, seconded by Mr. Converse. All in favor. Carried.

VIII. Counsel:

1. **YMCA Project** – Since the County Board of Legislators denied the \$880,000 request for the YMCA project at 146 Arsenal Street, Mr. Zembiec asked if the board would consider amending the lease agreement to remove the upfront rental payment of \$500,000 to assist with the shortfall in the funding. Chairman Aliasso asked if there should be a timeframe and have a condition that if they receive other funding, then it won't be used.

Chairman Aliasso asked if the YMCA intends to take the whole property. Mr. Zembiec said yes and indicated that the ground lease (expires 6/2/22) will need to be amended to include the additional space as well as the city parcel for the pool and the backup generator. Mr. Zembiec said the state notification letter will need to be reviewed by counsel to see if it should be amended.

Mr. Walldroff said that we need to figure out how to get the city to commit/contribute to this project. Mr. Warneck pointed out that we are taking money out of our programs/services and should ask for contributions. He pointed out that the YMCA provides childcare and health clinics. Ms. L'Huillier said that she misspoke at the JCDLC board meeting earlier today when she indicated that one of the reasons that city didn't participate is because the YMCA is a membership-based organization. She said city officials were talking about the CDBG program at that time. Mr. Rutherford noted that other communities have used ARPA funds for Y projects.

After discussion, a motion was made by Mr. Warneck to approve the amendment of the ground lease to suspend the \$500,000 upfront lease payment. The payment could be reinstated if the YMCA receives tax credits or other funding. Motion seconded by Mr. Walldroff. Roll call vote was taken. Mr. Jennings – Yea, Mr. Converse – Yea, Mr. Walldroff – Yea, Mr. Warneck – Yea, Mr. Johnson – Yea, Ms. L'Huillier – Yea, and Mr. Aliasso – Yea. Carried.

2. **Convall** – Mr. Zembiec mentioned the recent announcement of the solar project in Lao that will generate the need for panels that will be manufactured here.

IX. Adjournment: With no further business before the board, a motion to adjourn was made by Mr. Johnson, seconded by Mr. Jennings. All in favor. The meeting adjourned at 9:42 a.m.

Respectfully submitted,
Peggy Sampson

AUTHORIZING RESOLUTION

(Convalt Energy, Inc. – Bridge Loan for Convalt Manufacturing, LLC Project)

A regular meeting of the Jefferson County Industrial Development Agency convened on Thursday May 5, 2022 at 8:30 a.m.

The following resolution was duly offered and seconded, to wit:

Resolution No. 05.05.2022.01

RESOLUTION OF THE JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY (THE “AGENCY”) (i) APPROVING A BRIDGE LOAN APPLICATION SUBMITTED BY CONVALT ENERGY, INC. IN CONNECTION WITH A \$1,050,000 BRIDGE LOAN (THE “BRIDGE LOAN”) FOR THE PLANNING, DESIGN, ENGINEERING, PRE-CONSTRUCTION EQUIPPING AND OTHER SOFT COSTS IN CONNECTION WITH A CERTAIN PROJECT (AS DESCRIBED BELOW) TO BE UNDERTAKEN BY CONVALT MANUFACTURING, LLC (THE “COMPANY”); (ii) AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AGREEMENTS IN CONNECTION WITH ISSUANCE OF THE BRIDGE LOAN

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 369 of the Laws of 1971 of the State of New York, as amended (hereinafter collectively called the “Act”), the **JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (the “Agency”) was created with the authority and power to own, lease and sell property for the purpose of, among other things, acquiring, constructing and equipping civic, industrial, manufacturing and commercial facilities as authorized by the Act; and

WHEREAS, the Agency administers and maintains a certain Revolving Loan Fund (the “Fund”) to provide financing for certain qualified projects located within the County of Jefferson (the “County”); and

WHEREAS, **CONVALT ENERGY, INC.**, for itself and/or on behalf of an entity or entities to be formed (collectively, the “Company”), has submitted an application (the “Application”) to the Agency requesting the Agency’s assistance with a certain project or projects (collectively, the “Convalt Project”) consisting of: (i) the disposition by the Agency of all or portions of approximately 88.51 acres of real property owned by the Agency and located in the vicinity of State Route 12F in Town of Hounsfield, Jefferson County, New York, (ii) the planning, design, construction, equipping and operation of (a) the phased development of up to 500,000 square foot manufacturing facility to accommodate solar panel manufacturing and solar power plant generation, including building improvements for manufacturing, warehousing, office space, and related internal spaces, external parking improvements, storm water management and related site improvements, and related on and offsite utility improvements, and (b) one or more

photovoltaic solar energy arrays installed for testing and energy production and sale for on and offsite usage, including panel foundations, inverters, transformers, interconnect wiring, utility connections, sitework, landscaping, fencing, security and related improvements (collectively, the “Convalt Improvements”), and (iii) the acquisition in and around the Improvements and of certain items of equipment and other tangible personal property and equipment (the “Convalt Equipment” and, collectively with the Land and the Improvements, the “Convalt Facility”), and (iv) entering into a straight lease transaction (within the meaning of subdivision (15) of Section 854 of the Act), pursuant to which the Agency will retain one or more leasehold interests in the Convalt Facility for a period of time and sublease such interest in the Facility back to the Company; and

WHEREAS, as and for the first phase of the Convalt Project, the Company, by and through affiliate **Convalt Manufacturing, LLC** (the “Owner”), is requesting that the Agency consider undertaking the first phase of a Project (the “Project”) consisting of: (i) the disposition by the Agency of all or portions of approximately 88.51 acres of real property owned by the Agency and located in the vicinity of State Route 12F in Town of Hounsfield, Jefferson County, New York (the “Land”, being more particularly described as one or more tax parcels as may be subdivided and/or merged, including TMID Nos 81.00-1-14.1 (29.93 acres), 81.00-1-13.1 (33.49 acres), 82.00-3-2.2 (8.45 acres), 81.00-3-2.3 (7.27 acres), and 82.00-3-5 (10.78 acres)), (ii) the planning, design, construction, equipping and operation of an approximately 300,000 square foot manufacturing facility to accommodate solar panel manufacturing and solar power plant generation, including building improvements for manufacturing, warehousing, office space, and related internal spaces, external parking improvements, storm water management and related site improvements, and related on and offsite utility improvements (collectively, the “Improvements”), and (iii) the acquisition in and around the Improvements and of certain items of equipment and other tangible personal property and equipment (the “Equipment” and, collectively with the Land and the Improvements, the “Facility”), and (iv) entering into a straight lease transaction (within the meaning of subdivision (15) of Section 854 of the Act), pursuant to which the Agency will retain a leasehold interest in the Facility for a period of time and sublease such interest in the Facility back to the Company (the “Straight Lease Transaction”); and

WHEREAS, the Agency is contemplating providing financial assistance to the Company with respect to the Project (collectively, the “Financial Assistance”) in the form of: (A) an exemption from all State and local sales and use taxes with respect to qualifying personal property included in or incorporated into the Facility or used in the construction and equipping of the Facility, (B) a mortgage recording tax exemption for financings undertaken to construct the Facility, and (C) a partial real property tax abatement through a payment-in-lieu-of-tax agreement (the “PILOT Agreement”), pursuant to which the Company would make payments in lieu of real property taxes to the Agency for the benefit of each affected tax jurisdiction (the “Affected Tax Jurisdictions”); and

WHEREAS, by resolution adopted July 9, 2021 (the “Initial Project Resolution”), the Agency accepted the Company’s Application for Financial Assistance, and, among other matters, authorized the terms for disposition of all or portions of the Land to the Company (the “Disposition”), which was memorialized in a certain Land Development Agreement with

Exclusive Option and License ("LDA"), which was executed by the Agency and the Company and dated as of September 15, 2021; and

WHEREAS, in furtherance of the Project, the Company has applied to the Agency for a certain Bridge Loan in the amount of \$1,050,000 (the "Bridge Loan"), the proceeds of which would be used exclusively for equipment acquisition and working capital for the Project, and specifically for project planning, design, engineering, equipment purchases and other pre-construction and other softs costs directly associated with the Project to be owned by the Owner; and

WHEREAS, the Bridge Loan will be capitalized with (i) \$850,000 allocated by the Agency from the Fund, and (ii) \$200,000 provided through a participation agreement with the Sackets Harbor Local Development Corporation ("SHLDC"), with the Agency serving as lead lender; and

WHEREAS, the terms and conditions of the Bridge Loan have been memorialized within a Commitment Letter from the Agency to the Company, dated as of April 29, 2022 (the "Commitment Letter"), which has been accepted by the Company and guarantor principal Hari Achuthan, the Owner and ACO Investment (the "Guarantors"); and

WHEREAS, the Agency desires to approve the issuance of the Bridge Loan, along with the execution and delivery of certain documents and agreements with the Company and Guarantors, all as more particularly set forth within the Commitment Letter (herein, the "Loan Documents", as more particularly described herein).

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

Section 1. Based upon the representations made by the Company to the Agency in the Application, 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) It is desirable and in the public interest for the Agency to extend the Bridge Loan in furtherance of the Project; and

(C) Subject to the terms and conditions set forth herein, the Agency has the authority to take the actions contemplated herein under the Act; and

(D) The action to be taken by the Agency will induce the Company to undertake the Project, thereby increasing capital investment and employment opportunities in the Town of Hounsfield, and otherwise furthering the purposes of the Agency as set forth in the Act; and

(E) The Project will not result in the removal of a facility or plant of the Company or any other proposed occupant of the Project from one area of the State of New York (the "State") to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project located within the State; and the Agency hereby finds that, based on the Company's application, to the extent occupants are relocating from one plant or facility to another, the Project is reasonably necessary to discourage the Project occupants from removing such other plant or facility to a location outside the State and/or is reasonably necessary to preserve the competitive position of the Project occupants in their respective industries.

Section 2. Subject to the Company and Guarantors executing the Loan Documents and satisfying the conditions set forth within the Commitment Letter, the Agency hereby authorized the issuance of the Bridge Loan to the Company. The Bridge Loan shall be issued by the Agency as lead lender with (i) \$850,000 appropriated and allocated from the Fund; and (ii) \$200,000 in participation funding received from SHLDC.

Section 3. The Agency hereby authorizes the Chairman (or Vice Chairman) and/or Executive Director of the Agency, on behalf of the Agency, to execute and deliver the Loan Documents, with shall include: SHLDC Participation and Intercreditor Agreements, Promissory Note, Loan Agreement, Security Agreement, UCC filings, and related documents, all subject to the Company and Guarantors delivering: Guaranty of Hari Achuthan, Individually, Guaranty of ACO Investment, Guaranty of the Owner, General Certificate of the Company, General Certificate of ACO Investment, General Certificate of Owner, and an opinion of Company Counsel, all as approved to form by the Executive Director and counsel to the Agency, with such changes, variations, omissions and insertions as authorized by the Chairman, Vice Chairman and/or Executive Director of the Agency, the execution thereof by the Chairman, Vice Chairman and/or Executive Director of the Agency to constitute conclusive evidence of such approval.

Section 4. Harris Beach PLLC, as General and Transaction Counsel for the Agency, is hereby authorized to work with counsel to the Company and others to close the Bridge Loan. prepare for submission to the Agency all documents necessary to effect the conduct of the Public

Section 5. The Chairman, Vice Chairman and Chief Executive Officer 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 6. The officers, employees and agents of the Agency are hereby authorized and directed for an in the name and on behalf of the Agency to do all acts and things required and to execute and deliver all such 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 resolutions and to cause compliance by the Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 7. These Resolutions 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:

	Yea	Nay	Absent	Abstain
David J. Converse	[✓]	[]	[]	[]
John Jennings	[✓]	[]	[]	[]
Robert E. Aliasso, Jr.	[✓]	[]	[]	[]
W. Edward Walldroff	[✓]	[]	[]	[]
William W. Johnson	[✓]	[]	[]	[]
Lisa L'Huillier	[✓]	[]	[]	[]
Paul J. Warneck	[✓]	[]	[]	[]

The Resolution was thereupon duly adopted.

STATE OF NEW YORK)
COUNTY OF JEFFERSON) SS:

I, the undersigned (Acting) Secretary of Jefferson County Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of minutes of the meeting of Jefferson County Industrial Development Agency (the "Agency"), including the resolution contained therein, held on May 5, 2022, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolution set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

I FURTHER CERTIFY, that all members of said Agency had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with such Article 7.

I FURTHER CERTIFY, that there was a quorum of the members of the Agency present throughout 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 modified.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Agency this 5th day of May, 2022.


W. Edward Walldroff, Secretary

[SEAL]



Jefferson County Industrial Development Agency
Resolution No. 05.05.2022.02

WHEREAS, The Jefferson County Industrial Development Agency (JCIDA) has executed a Memorandum of Agreement (MOA), dated March 16, 2021, to sub-award Federal Award No. HQ00052010069 to the Watertown Family YMCA (YMCA) to contract and construct the Watertown Family YMCA Community and Aquatics Center (the PROJECT), with that award being received from the US Department of Defense, Office of Local Defense Community Cooperation by the Jefferson County Industrial Development Agency; and

WHEREAS, This MOA provides that subaward may be extended in accordance with the Terms and Conditions of Federal Award No. HQ00052010069, and if the JCIDA elects to extend this MOA, the Extension Term shall be exercised through the execution of an Amendment of the MOA; and

WHEREAS, the PROJECT has been delayed due to several factors, including the unexpected need for environmental remediation and the need to re-engineer certain aspects of the project to reduce pandemic-related cost increases; now therefore

BE IT RESOLVED, that the JCIDA board of directors do hereby approve extending the performance period of the existing MOA from November 30, 2022 to September 30, 2024, the expiration date of the Federal Award.


W. Edward Walldroff, Secretary