

**Jefferson County Industrial Development Agency
Board Meeting Minutes
November 3, 2022**

The Jefferson County Industrial Development Agency held their board meeting on Thursday, November 3, 2022 in the board room at 800 Starbuck Avenue, Watertown, NY.

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

Excused: None

Absent: None

Also Present: Anthony Fiorentino (C&S Companies)
Zoom: Justin Miller, Esq.

Staff Present: David Zembiec, Marshall Weir, Lyle Eaton, Peggy Sampson, Jay Matteson, Joy Nuffer, Robin Stephenson

- I. Call to Order:** Chairman Aliasso called the meeting to order at 8:30 a.m.
- II. Pledge of Allegiance**
- III. Privilege of the Floor:** Chairman Aliasso invited guests to speak. No one spoke.
- IV. Minutes:** Minutes of the meeting held October 6, 2022 were presented. A motion to approve the minutes as presented was made by Mr. Converse, seconded by Mr. Johnson. All in favor. Carried.
- V. Treasurer's Report:** Mr. Warneck reviewed the financials for the period ending October 31, 2022. He noted the new line item 'Gain on Property Acquisition' on the revenue side for the property that we received from the City of Watertown for the YMCA project at 146 Arsenal Street. He said that revenue is down dramatically as well as expenses, which has to do with grant income and the money flowing through us for the YMCA project.

Mr. Warneck said he wonders if the number for the line item '146 Ars Building Improvements' on the balance sheet will be changing as the project progresses since we own the building and there is a \$20M project being completed. Mr. Eaton said that he will work with Bowers & Company on how to handle it.

Mr. Warneck reviewed the delinquent loans. He pointed out that the MICRO bad debt allowance was increased. Mr. Converse asked if there has been any response to the demand letters. Mr. Eaton said that Harris Beach recently sent out the demand letter to Standard Machine and indicated that there was no response from the Barber Shop. After discussion, a motion was made by Mr. Warneck to accept the financial statement as presented, seconded by Ms. L'Huillier. All in favor. Carried.

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VI. Committee Reports:

- a. Alternative Energy Ad Hoc Committee** – Mr. Warneck said that Staff, Attorney Miller, Mr. Johnson and himself met recently to discuss how to enter solar projects on the assessment rolls. He said that they will be scheduling a meeting with folks from the Real Property office in the near future.

VII. Unfinished Business:

- 1. 146 Arsenal Street update** – Mr. Zembiec said the project is progressing. Even though they've had a few delays, it is still on schedule overall. He noted that National Grid is running a gas line to the site for a new generator.
- 2. Resolution No. 11.03.2022.01 for Amendment to Convalt LDA** – Attorney Miller said that we have a Land Development Agreement (LDA) with the applicant to sell the 88-acre parcel property for the project. He said that they are looking to undertake some pre-closing development activities such as clearing, grubbing, scraping, and putting in some gravel. He said there is risk that comes along with it since it's IDA property and concerns that we would have with general risk with contractors on our land, permitting activities and also that they are paying for those contractor activities to occur and any other issues for them to improve our land. He said that he set up an amendment to the LDA that expands their license rights to undertake this scope of work with a list of contingencies that are intended to protect the agency as the landowner. He said that the contractor will have to show insurance and Hari will have to present all the contracts to us for review. He said that there are indemnities protecting the IDA. He said that if any mechanics liens are filed, we can terminate the LDA. He said the amendment is as protective as it could be.

Chairman Aliasso asked if the improvements remain with the land. Attorney Miller said it's a good point and said that it is understood that he is improving our land for his convenience. Attorney said it was a good comment and a release statement can be included in the amendment.

Mr. Converse asked if the agreement covers us if the company no longer exists and liens are put against our property. Attorney Miller said that is always a risk, but he included language that the contract for the improvements needs to be fully bonded and said that there is lien release and indemnities. He pointed out that we also have a \$1M loan into the project, so we have skin in the game already. Chairman Aliasso asked if we will have similar protections if there is a lack of payment, and a contractor places a lien on the property. Attorney Miller said the LDA has license rights that are limited to going out and testing, drilling, poking, and doing feasibility things. There is protective language in the LDA that says liens placed on the property will have to satisfy them within 30 days or bond over to our satisfaction.

Mr. Walldroff asked if Hari has agreed to all of the contingencies. Mr. Zembiec said yes. Mr. Zembiec asked Attorney Miller if the improvements language will be added to the to Exhibit A to the resolution. Attorney Miller said yes.

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Mr. Warneck said last month there was a report on the appraisal of Hari's assets to protect us. He asked if they would roll over if there was a claim against us since the appraisal of the equipment would more than cover what we have into it now. Mr. Zembiec said that collateral is not tied to this, but to the working capital bridge loan.

Mr. Warneck asked if Hari needs to rush to get the trees cut down before winter. Mr. Zembiec said no issue just clearing and putting gravel down. Mr. Warneck said he thinks it's a good thing to get him started as long as we are protected.

Attorney Miller noted that he also added a mandatory lien release from their contractor upon components of the work being completed, so they will issue a direct lien release to the IDA.

Chairman Aliasso asked if they are required to follow the prevailing wage rate even though he is using his own money. Attorney Miller said that right now he is improving IDA property so it's a good point. He said that he will double check with his legal department.

Attorney Miller said that before the project authorizing resolution is drafted for board consideration, he will have Lyle and Dave go back to see if the project has more than 30% of public funds associated with it.

Mr. Walldroff asked what the project cost estimate is. Mr. Zembiec said it is \$64M.

Chairman Aliasso read the purpose of the resolution. He said that counsel will add additional language that will specify that any improvements will remain with the land and will consider and suggest language if prevailing wage is required. He asked for a motion to discuss the resolution. A motion was made by Mr. Warneck, seconded by Mr. Jennings. Roll call vote. Mr. Aliasso – Yea, Mr. Converse – Yea, Mr. Jennings – Yea, Mr. Johnson – Yea, Ms. L'Huillier – Yea, Mr. Walldroff – Yea, Mr. Warneck – Yea. Carried.

VIII. New Business:

- 1. Turn Lane at Corporate Park** – Mr. Zembiec said that National Grid moved utility lines and has finalized the design for gas line relocation, which has now been reviewed and approved by DOT. He said that work will start next spring.
- 2. Committee Meetings** – Mr. Zembiec said that staff will be reaching out to schedule governance, nominating and personnel committee meetings to be held later this month.

IX. Counsel: None.

- X. Adjournment:** With no further business before the board, a motion to adjourn was made by Mr. Warneck, seconded by Ms. L'Huillier. All in favor. The meeting adjourned at 9:02 a.m.

Respectfully submitted,
Peggy Sampson

AUTHORIZING RESOLUTION

(Convalt Energy, Inc. and Convalt Manufacturing, LLC – Phase 1 Project)

A regular meeting of the Jefferson County Industrial Development Agency was convened on Thursday, November 3, 2022 at 8:30 a.m.

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

Resolution No. 11.03.2022.01

RESOLUTION OF THE JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT TO LAND DEVELOPMENT AGREEMENT (AS FURTHER DESCRIBED HEREIN) WITH THE CONVALT ENERGY, INC. (THE “COMPANY”).

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, (the “Act”), the **JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (the “Agency”) was created with the authority and power to promote, develop, encourage and assist in acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research, and recreational facilities as authorized by the Act, and in connection therewith to issue its revenue bonds, and/or enter into straight lease transactions and provide other forms of financial assistance; 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**, 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, on February 18, 2021, the Agency adopted an initial resolution (the “Initial Project Resolution”) which (i) accepted the Company’s application, (ii) authorized the scheduling and conduct of a public hearing in compliance with the Act, (iii) described the contemplated forms of financial assistance to be provided by the Agency; (iv) authorized the negotiation of an Agent and Financial Assistance and Project Agreement (the “Agent Agreement”), Lease Agreement (the “Lease Agreement”), Leaseback Agreement (the “Leaseback Agreement”) and Payment-in-lieu-of-Tax agreement (the “PILOT Agreement”) to be entered into with respect to the Project and (v) authorized the issuance of a notice of disposition with respect to certain real estate owned by the Agency; and

WHEREAS, in furtherance of the Project, the Agency and Company entered into a certain Land Development Agreement with License and Exclusive Option, dated as of September 15, 2021 (the “LDA”), pursuant to which the Agency granted the Company with preliminary Project development access rights to the Land and an exclusive option to acquire the Land from the Agency in furtherance of the Project; and

WHEREAS, the Agency and the Company continue to address several contingencies required to undertake a Closing, as defined within the LDA, and in furtherance of commencing preliminary site work relating to the Project, the Company has requested the Agency’s approval to expand the license rights under the LDA to allow for certain pre-construction site preparation, clearing, grubbing, grading and subbase gravel work (collectively, the “Site Work”) to be undertaken on the Land prior to the Closing; and

WHEREAS, in furtherance of the foregoing, the Company has requested that the Agency authorize an amendment to the LDA to allow for the Site Work prior to Closing; and

WHEREAS, the Agency desires to authorize the execution and delivery of an LDA amendment, in substantially the form attached hereto as **Exhibit A**.

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

Section 1. The Agency hereby authorizes the execution and delivery of LDA Amendment Number 1, in substantially the form attached hereto as **Exhibit A** (the "LDA Amendment"), wherein the Agency expands the License rights under the LDA to permit the Company to undertake the Site Work prior to the Closing, such authorization being conditioned upon: (i) continued indemnification and insurance coverage of the Agency by the Company, (ii) the Company's release of the Agency from any and all costs expenses, fees or any liability associated with the Site Work, even if a Closing is not achieved, and (iii) the Company's receipt of all approvals and permits necessary to undertake the Site Work. The Company shall also pay all costs incurred by the Agency in connection with the foregoing.

Section 2. The Agency hereby authorizes the execution and delivery of the LDA Amendment, as negotiated, at a time and place for closing as the Chairman (or Vice Chairman), Executive Director (or Deputy Executive Director), on behalf of the Agency, shall determine.

Section 3. 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 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 4. These Resolutions shall take effect immediately upon adoption.

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

	<i>Yea</i>	<i>Nay</i>	<i>Absent</i>	<i>Abstain</i>
Robert E. Aliasso, Jr.	X			
David J. Converse	X			
John Jennings	X			
William W. Johnson	X			
Lisa L'Huillier	X			
W. Edward Walldroff	X			
Paul J. Warneck	X			

The resolutions were thereupon duly adopted.

STATE OF NEW YORK)
COUNTY OF JEFFERSON) ss:

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

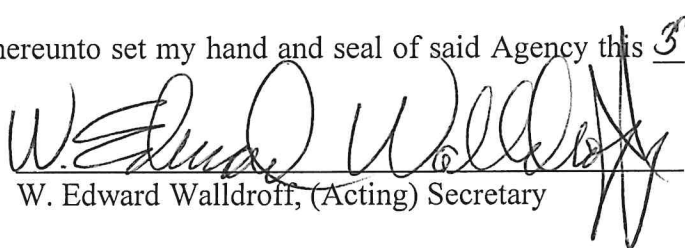
That I have compared the foregoing extract of the minutes of the meeting of the Jefferson County Industrial Development Agency (the "Agency") including the resolution contained therein, held on November 3, 2022, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolution set forth therein and of the whole of said original insofar as the same relates 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 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 seal of said Agency this 3rd day of November, 2022.


W. Edward Walldroff, (Acting) Secretary

[SEAL]



EXHIBIT A

FORM OF LDA AMENDMENT NUMBER 1

THIS LDA AMENDMENT NUMBER 1 (hereinafter, the “Amendment”), dated as of the ___ day of November, 2022, by and between the **JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation duly existing under the laws of the State of New York (the “State”) with offices at 800 Starbuck Avenue, Suite 800, Watertown, New York 13601 (the “Agency”) and **CONVALT ENERGY, INC.**, a business corporation duly formed and validly existing under the laws of the State of Delaware with offices at 800 Starbuck Avenue, Suite A-15, Watertown, New York 13601 (the “Company”).

WITNESSETH:

WHEREAS, the Agency and the Company entered into that certain Land Development Agreement with License and Exclusive Option, dated as of September 15, 2021 (the “LDA”), wherein the Agency and Company have agreed to undertake a certain Project (as defined within the LDA) to be located upon certain Land (as defined within the LDA) owned by the Agency and, pursuant to the LDA, to be acquired by the Company from the Agency in accordance with the terms and conditions thereof; and

WHEREAS, at the Company’s request, and in accordance with that certain Authorizing Resolution adopted by the Agency on November 3, 2022, the Company desires to expand the license rights under the LDA (the “License”, as set forth within Article III of the LDA) to allow for certain pre-construction site preparation, clearing, grubbing, grading and subbase gravel work (collectively, the “Site Work”) to be undertaken on the Land prior to the Closing (as defined within the LDA); and

WHEREAS, the Agency and the Company desire to memorialize the foregoing within this Amendment.

NOW THEREFORE, for and in consideration of the promises and the mutual covenants hereinafter contained, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto formally covenant, agree and bind themselves as follows:

Section 1. Amendment to License.

Section 3.1 of the LDA is hereby replaced in entirety to read as follows:

Section 3.1. Grant of License. (a) Subject and pursuant to the terms, conditions and contingencies contained within this Agreement, the Agency hereby grants to the Company an exclusive, revocable license (the “License”) to enter the Land for the exclusive purposes of surveying, studying, testing, drilling, boring and otherwise analyzing the Land in connection with the planning, design and engineering of the Project, as defined herein. The License Rights shall further include the right of the Company to store certain solar panel

manufacturing and warehousing tools, equipment, and materials on the Land as set forth herein (herein, the "Storage Rights").

The Company shall provide the Agency with copies of all engineering reports and test results associated with the Land and Project received by the Company during the term hereof, including, but not limited to geotechnical boring results and other reports and test results relating to the Land site conditions. The License shall be co-terminus with the Development Term, as defined herein, unless otherwise revoked by the Agency. The Agency, as Licenser, may revoke this license at any time if the Company, as Licensee, is in breach of any term or provision hereof and such breach has not been cured within Sixty (60) days of written notice of such breach has been given to the Company by the Agency.

The foregoing License shall include the right to enter the Land to undertake certain preliminary Site Work improvements (the "Site Work"), such Site Work to be limited to the following activities:

- 1) Install Construction Entrances and required ESC measures in accordance with the SWPPP which shall include silt fence on the perimeter of the building envelope as defined within the Town of Hounsfield site plan approval.
- 2) Grub all stumps within the building envelope and dispose onsite (location to be determined and approved by Agency).
- 3) Strip the first 150-feet +/- of the building envelope to rock and stockpile on the southern portion of the building. Stockpiles will be mulched once stripped in accordance with the SWPPP.
- 4) Import crushed stone in the building envelope up to subgrade at assumed bottom of footings, which will include approximately 12-24" of stone subbase. The stone will be brought in as the stripping occurs to avoid areas to become destabilized.
- 5) Once the foregoing is completed for winter months, areas will be left stabilized and ESC measurers left in place. SWPPP inspections will occur as required by the SPDES permit. No wetland disturbance shall occur.

The Company's authorization and License right to undertake the Site Work shall be governed by the terms hereof. The Company's right to undertake the Site Work shall be subject to the Company's receipt of all local and State approvals and permits necessary to undertake same.

THE COMPANY ACKNOWLEDGES AND AGREES THAT ALL WORK AND IMPROVEMENTS ASSOCIATED WITH THE SITE WORK ARE BEING UNDERTAKEN BY THE COMPANY ON AGENCY-OWNED LANDS AND ANY IMPROVEMENTS AND MATERIALS DELIVERED TO AND/OR INSTALLED UPON THE LAND SHALL IMMEDIATELY BECOME PROPERTY OF THE AGENCY UNTIL A CLOSING OCCURS PURSUANT HERETO. THE COMPANY HEREBY RELEASES, HOLDS HARMLESS AND FOREVER WAIVES ALL CLAIMS AGAINST THE AGENCY ASSOCIATED WITH THE SITE WORK, COSTS OF THE SITE WORK AND ANY AND ALL PROPERTY RIGHTS RELATING THERETO.

THE FOREGOING SHALL CONSTITUTE A BILL OF SALE FOR ALL MATERIALS AND COSTS ASSOCIATED WITH THE SITE WORK AND RELEASE IN FAVOR OF THE AGENCY, ITS SUCCESSORS AND ASSIGNS.

The Site Work permitted hereunder involves the improvement of Agency-owned lands, and as such all agreements involving labor shall require the payment of prevailing wages as defined by Section 220 of the Labor Law. The Site Work shall not commence until the Company has delivered the following to the Agency: (i) SWPPP as issued by NYSDEC, along with all applicable drawings, permits necessary to undertake the Site Work; (ii) all construction agreements and contracts entered into by the Company for the Site Work, which shall include full bonding for completion thereof with the Agency as a named beneficiary; (iii) proof of insurance bound by all contractors provided with limits and coverages as required by this Agreement (with the Agency included as an additional insured); and (iv) proof of liquid funds held by the Company to pay for all contracts bound by the Company to undertake the Site Work. Upon completion of the Site Work, the Company shall immediately pay all amounts due to applicable contractors and deliver to the Agency a lien release executed by all contractors relative to the Site Work.

In the event that a Closing is not achieved during the term hereof, the Company agrees to restore the Land to such condition as required by the Agency (the "Restoration") and the Company shall and hereby does indemnify of the Agency by the Company of all regulatory liabilities associated with the Site Work. In addition, to the extent that a Closing is not achieved pursuant hereto, the Company hereby acknowledges that the Agency shall not be liable for any costs associated with the Site Work improvements to the Land and forever indemnifies and releases the Agency from any cost or responsibility associated therewith.

Section 2. All other provisions of the LDA shall remain unmodified and in full force and effect.

Section 3. This Amendment may be executed in counterparts and once assembled and released by the Agency shall become one instrument enforceable in accordance with its terms.

IN WITNESS WHEREOF, the Agency and the Company have caused this Amendment to be executed in their respective names, all as of the date first above written.

JEFFERSON COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Name: David J. Zembiec
Title: Chief Executive Officer

CONVALT ENERGY, INC.

By: _____
Name: Hari Achuthan
Title: President & CEO

State of New York)
)
County of Jefferson) ss.:

On the ____ day of November in the year 2022 before me, the undersigned, personally appeared **David J. Zembiec**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

State of New York)
)
County of Jefferson) ss.:

On the ____ day of November in the year 2022 before me, the undersigned, personally appeared **Hari Achuthan**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public