Minutes of the Meeting of the
Oneida County Industrial Development Agency
Held on February 15, 2018 at Mohawk Valley EDGE
584 Phoenix Drive, Rome NY

Members Present: Michael Fitzgerald, David Grow, and Steve Zogby; via video conference: Ferris Betrus, Mary Faith Messenger, and Eugene Quadraro
EDGE Staff Present: SJ Dimeo, S. Papale, A. Gerardo, M. Kaucher, N. Bruno
Others Present: Oneida County Executive Anthony Picente, Laura Ruberto, Bond, Schoeneck & King; Rome Mayor Jackie Izzo;

Chairman D. Grow called the meeting to order at 8:08 AM and explained that an Executive Session would be necessary.

The Agency received the February 2, 2018 Meeting Minutes. A motion to approve the February 2, 2018 minutes, was made by S. Zogby and seconded by F. Betrus, and passed unanimously 6-0.

Agency Financials were reviewed by A. Gerardo. He made note of Note #2 on the balance sheet, which are related to the reconciliation of the Hartford and Hampton PILOT payments for 2017, which will be made as soon as information from Oneida County is received. S. Papale noted that ONX3 had paid its fee and L. Ruberto verified that the project had closed the day before, without a PILOT as part of the benefits package. Special Metals and JGV will be closing soon. The Agency received the financials as presented.

The board welcomed Oneida County Executive Anthony Picente, who entered the meeting.

D. Grow opened discussion pertaining to the proposed amendments to the Housing Policy portion of the Uniform Tax Exemption Policy (UTEP). The proposed version along with comments and the 20/20 Housing Committee comments were distributed beforehand to the board and the County Executive. D. Grow noted a typographical error in the last sentence of the second paragraph in the Overview section that needs to be corrected: ‘de’ should be deleted from the word ‘terminate’. S. Papale explained that she decided against sending the currently proposed version out to the taxing jurisdictions in case there were subsequent changes made at this meeting. She didn’t want to send them two sets of documents and confuse the assessors, as happened the last time the UTEP was adopted. That being the case, she asked if the board if it would be agreeable to extending the existing UTEP past the additional extension to March 1, approved by the board at the last meeting, in order to get the final version out to the jurisdictions. A motion to extend the existing UTEP to May 1, 2018 was made by F. Betrus, seconded by E. Quadraro, and passed unanimously, 6-0. D. Grow then referred to the written comments received from F. Betrus, who is also a member of the 20/20 Housing Committee (20HC). F. Betrus noted that his comments are the general consensus of the committee: (1) they believe the section in the OVERVIEW(line 4) related to the demands of the changing population/workforce demographics/evolving housing market/lifestyle choice/geographic mobility should stay in the policy. Deleting NANO from it would be ok; (2) under CRITERIA-utilizing existing infrastructure, UTEP should add solar and geothermal projects and reinstate its value back to 20, from the proposed 15. He said there are some developers looking at incorporating these initiatives in local projects. Chairman Grow mentioned that some of these projects are done to benefit remote areas, not the local area. Mayor Izzo noted that the City just approved a solar project that will benefit a remote area. She added that the City is also passing legislation to offer PILOTS on solar projects. Board consensus was that if a project were using solar/geothermal for the benefit of the housing development, it should be given awarded points on a separate line. Board directed S. Papale to come up with another line to include. F. Betrus explained that John Kent, Director of Oneida County Planning, was especially interested on keeping the Existing Infrastructure value at 20 points. S. Papale expressed concern regarding what is truly a community benefit. It should not be just for the benefit of the housing project, it should be for the community at large to use. Discussion then moved to nuances of urban and suburban development and how it relates to the intent and practical application of the policy. F.
Betrus said the 20HC believes the policy should not short change suburban projects on point awards over urban projects. S. Zogby questioned whether the policy was effective. E. Quadraro stated his support for using the policy to expand housing availability. D. Grow commented that he believe the housing policy should continue to concentrate on urban and urban areas of the townships for the time being, as many areas of the county don’t necessarily need incentives to promote housing projects. In response to a direct enquiry from F. Betrus as to the importance of quality housing to our industrial marketing efforts, SJ Dimeo noted that even though advances have been made recently, there is still much to be done to increase the availability of quality, market-rate housing in the area. A. Picente expressed his support for the policy. Discussion moved to whether or not the UTEP needed to be drastically amended or not. Recent applicants and City of Utica tax exemption policy (NYSRPTL § 485-a) was mentioned as being very desirable to some developers; (3) More precise maps of the eligible areas should be accessed from the Oneida County Planning Department, who are more than willing to accommodate the Agency. Mr. DiMeo stated that an application could be coming in shortly for a housing project that would probably request a deviation from the existing policy. The final consensus of the board was to increase the Utilizing Existing Infrastructure value to 20 points; leave Community Benefits at 5 points, and direct staff to come up with suggested wording for a new, Solar/Other Environmental Initiatives Criteria module with a value of 5 points. Staff will formulate and send out to board for review.

D. Grow opened discussion pertaining to the proposed amendments to the proposed MVHS Business Relocation Policy. S. Papale said that the proposed draft (dated Feb 5th) by M. Fitzgerald was sent out to the board for review. D. Grow stated that everyone has seen it and believes that even though this policy is county-wide idea, we’ve elected to focus on the businesses in the hospital area who will be relocating elsewhere, either in the City of Utica or elsewhere in the County. S. Papale stated that the policy may eventually only apply to around a dozen affected businesses, since retail projects would only qualify under certain parameters, such as those moving into a distressed census tract. M. Fitzgerald’s draft renamed it the “Project Zone”. The policy only applies if you agree to a financial deal with the hospital, or through the “friendly eminent domain” process, but not if it is acquired through regular eminent domain. Discussion took place regarding how long the application term should be offered. M. Fitzgerald suggested twelve (12) months from the later of (a) date of transfer of title, or (b) the date they have to vacate the property. D. Grow stated that they could transfer title after they vacate the property too. SJ Dimeo stated that they would need a bona fide offer from the hospital to start the process. Businesses must be operating in the project zone and have employees onsite throughout calendar year 2017. Discussion moved onto Financial Assistance. F. Betrus referenced his e-mail to the rest of the board drawing attention to what he believes is a vague description of what is covered by the sales tax exemption. This can be resolved in the wording in the policy. Discussion moved onto how the actual PILOT calculations would be administered. An example project was reviewed. M. Fitzgerald voiced concern over a project that was leaving a building with a much lower value than the one they are moving to, and getting a benefit through the PILOT that is worth more than the facility they left, at the expense of the taxing jurisdiction they are moving to. SJ. Dimeo stated that the biggest issue for many of the property owners, is that they have most likely already depreciated the value of the buildings, and that their major cost problem is picking up and moving. None of them want to do new construction. M. Fitzgerald stated that he believes if they buy an a property that may be over assessed, we could drop the PILOT to what they paid for the building is the fair market value, apply the equalization rate, and give a PILOT based on that assessment. SJ Dimeo discussed some of the projects that have fairly large space requirements. D. Grow asked if our original theory was that if they had to move outside the zone, we would make it so they would not be paying any more in property taxes than they were in the project area, for a period of three years. It could ramp up after that. SJ Dimeo stated that apart from Rome, tax rates would be lower elsewhere than in Utica. But, the building costs would be higher than where they are now. M. Fitzgerald said this policy anticipates that they are all going to have to do substantial renovation, and this policy won’t tax them on substantial renovation at all. They would be getting a free ride on renovation. M. Fitzgerald said this isn’t his policy, he was just trying to memorialize what was originally discussed. He added that it was the board’s aim to make sure that somebody didn’t just drop into a community and take an existing building currently paying a fair amount of taxes and exempt it from what it is paying now. If they are going to add to the new building(construction/renovation), the intent was they pay no tax on that increase at all, and if they pay more than their current tax amount, we would knock it down. A. Picente
stated that this is a one-time scenario and only impacts a few businesses and wants to make sure that these businesses are accommodated fairly. They are not moving because they want to. They are being forced out. He would support a three-year program. M. Fitzgerald said that the project should shoulder the cost, not the municipality they are moving to. SJ Dimeo said most of the building occupants are fine with the hospital coming downtown, but are more concerned with how it affects them from a cost and operational standpoint. D. Grow stated that his personal opinion is that the hospital should shoulder the burden imposed on them, not the IDA or the municipalities. He has many concerns regarding the IDA’s involvement. However, he understands that the County has made this a priority project, and so this was a compromise that was worked with the Agency and believes it is fair to the businesses there from our perspective. He believes it’s the most we should give up. M. Fitzgerald asked if there was another way to help the businesses without hurting the municipalities. A. Picente emphasized that this was about keeping businesses in the County and there is a community benefit for everyone, but displacing people against their choice. He doesn’t believe that the proposed PILOT plan would really hurt the municipalities. SJ. Dimeo stated that we are trying to make this as easy as possible for the affected businesses. S. Zogby asked if there was any other way to beef up the program. He questioned whether we’re doing enough. Maybe the policy should provide more. F. Betrus asked if we could make sure that they pay no more than they currently pay, and stretch the benefit period on new construction out longer than 3 years. Moving is expensive. M. Fitzgerald said he doesn’t have a problem with that. You might still be penalizing the potential of the community for the improvements made by that business or the inflation of their own costs but we’re not taking it backwards from the are. Maybe make it the same tax for 5 years. D. Grow agreed. SJ Dimeo questioned whether you’re really hurting the community. E. Quadraro asked if any of them have found new buildings. None that we know of. S. Papale stated that the building will have to be for the business only, and will need to meet an annual test verifying such. S. Papale said that some businesses have claimed they could use up the whole $1 million that is being offered by the hospital, just for themselves. SJ Dimeo stated that relocation costs are distinctly different than real estate costs. Appraisers will come in and look at the value of the building as it relates to the use. That is the reason the hospital came in with a million dollar fund, using the Federal Uniform Relocation Act requirements which will provide varying levels of assistance to those affected. Documentation will be required and there is a $40k maximum, one time payout. Every business has different moving needs/costs. Discussion reverted back to the proposed PILOT calculation example. A. Picente said that before he has to leave, he just wants to make sure that he supports doing as much as possible to accommodate the businesses. He would even like to see a 5-year benefit. Understands that might be a hard sell. Three years is fair for all. Does not believe the incentives will be a detriment to the municipalities. They will be happy to get the businesses. D. Grow again stated his belief that the hospital should be kicking more in. S. Zogby would like to do as much as we can, and believes we should do more than proposed. SJ Dimeo said that the proposal still has to be put out for comments from the municipalities, but you probably won’t get any. Mr. Picente thanked everyone and left the meeting. E. Quadraro stated that we have been talking about a lot of hypothetical situations, but the county has a lot on its mind, and appreciates that small businesses could be hurt, but thinks we should go on with the existing proposal. D. Grow mentioned what if a business moves to Rome and takes the benefits, which in turn hurts Rome, which in turn affects Rome Hospital negatively. E. Quadraro responded that the MVHS project is extremely important to the health care services available in the community. Discussion reverted back to the PILOT calculation example. E. Quadraro questioned whether any policy would be available to a business who was going to lease space. He mentioned the former Boston Place and Utica School of Commerce buildings. M. Fitzgerald said he has no problem expanding the time frame longer than 5 years. S. Zogby wants to do as much as possible. Everyone agreed that, ideally, the businesses really need the money up front, rather than later. SJ Dimeo said that this proposal was agreed to by the City, so if it is changed, we would have to go back to the City. E. Quadraro asked if there was a way for the companies to get loans. SJ Dimeo said yes, but we would address on a case by case basis. M. Fitzgerald suggested another PILOT possibility: we set the taxes at the 2017 taxes reduced by (1)$20,000 annually, but not below zero, for the first three years. So, if a company goes into a building that is currently paying taxes $12,000, they would pay zero for first three years, but if they go to a building where the taxes are $50,000, they would pay $30,000 for the first three years. That way, small businesses are going to get a benefit, and the municipalities are not going to get hurt so badly. For clarity it was repeated: Taxes on the replacement property for first three years would be the lower of the 2017 taxes minus $20,000, or the taxes based on the current assessment on the replacement property, but
not less than zero. This helps small guys more, and makes it a great deal for businesses who are building new
construction. In year 4, the annual graduated scale increase starts, so they pay 115% of the 2017 taxes, or the
current taxes on the building, whichever is the lesser. Then it goes up as per the schedule. This helps small
businesses a lot. If big guy buys a building and doesn’t do anything to it, they don’t benefit much. But if they
improve it, they get a good deal. D. Grow believes that this would address what Mr. Picente was asking be done.

In response to an enquiry from F. Betrus, SJ Dimeo described what Utica is offering, which is 3 years at zero, 4-6
at 1/3 paid and 7-10 at 2/3 paid. SJ Dimeo is comfortable with it. S. Papale said we need to go back to the City to
discuss. SJ Dimeo will run some scenarios and get it out to everyone. Once agreed to, S. Papale will present it to
the City and A. Picente. Consensus of the board was that this was a reasonable plan.

Old Business
D. Grow invited L. Ruberto to present a request from Universal Photonics, as it pertains to an existing mortgage
loan on its facility in Vernon. At its February 2 meeting, the Agency approved an assignment of the company’s
existing loan from KeyBank to a new lender, with no request for a mortgage recording tax exemption. Since that
time, the existing lender has notified them of a significant assignment fee, so that it is actually more beneficial for
them to get a new mortgage with the new lender, requesting that the mortgage recording tax benefit be
extended to the new mortgage. They understand that they will be liable to pay the one-quarter of one percent
mortgage recording tax, the IDA fee and our legal fee. The new request is to extend the mortgage recording tax
exemption to the New York Commercial Bank mortgage and to execute a new mortgage and assignment. A
motion to extend Universal Photonics request to extend its existing mortgage recording tax exemption status to
the New York Commercial Bank mortgage and to execute the new mortgage and assignment was made by M.
Fitzgerald, seconded by S. Zogby, and approved 5-0, without E. Quadraro, who was momentarily unavailable to
vote.

F. Betrus asked the status of the Oriskany Manufacturing application. S. Papale said she met with them but they
are not proceeding, at this time, with their application.

F. Betrus asked about the status of the Indium Water Line Extension project. S. Papale mentioned that she has
periodically contacted them but has heard nothing lately. L. Ruberto stated that they have also been periodically
reminded of the upcoming tax status date.

M. Fitzgerald questioned what distinguishes the way we do things from the way things were done on the H.M.
Quackenbush project in Herkimer County that left the HCIDA with a huge water bill liability due to the Village of
Herkimer. He would like staff and legal to provide some clarification via a memo. D. Grow believes this is a state-
wide issue and that the NYS Attorney General should be involved. S. Papale said that it’s the sale/leaseback versus
the lease/leaseback issue. Our new legal documents will not allow such an issue. We are proceeding to get our
name out of a certain type of chain of title. We only have a few left. D. Grow believes we might want to have
Mark Levitt look into this for us. This is why we have to be very careful how much oversite we have of any
projects.

There being no further business, at 10:30 AM, a motion to adjourn the OCIDA meeting was made by F. Betrus,
second by E. Quadraro, and passed unanimously, 6-0.

Respectfully recorded,

Mark Kaucher