Minutes of the Meeting of the
Oneida County Industrial Development Agency
Held on September 21, 2018 at Mohawk Valley EDGE
584 Phoenix Drive, Rome NY

Members Present: Ferris Betrus, Michael Fitzgerald, David Grow, Mary Faith Messenger, Eugene Quadraro, Steve Zogby
EDGE Staff Present: S. Papale, M. Carney, J. Waters, M. Kaucher, A. Gerardo, F. Arcuri
Others Present: Laura Ruberto, Bond, Schoeneck & King; Rome Mayor Jackie Izzo; Mark Levitt and Jenna Peppenelli, Levitt & Gordon; Bill Maxon and Jim Mason, NE Regional Council of Carpenters, Dave Gymburch, Rome Sentinel; Jennifer Miller, Renmatix; Steve and Chris Buck, Heartford Luxury Apartments LLC and Delta Luxury Apartments, LLC, Kris Benson, Reliant Investments, LLC(Delta Luxury Apartments, LLC)

Chairman D. Grow called the meeting to order at 8:07 AM.

Chairman Grow stated that there does not appear to be a need for an Executive Session and asked that all meeting attendees introduce themselves. F. Betrus noted that this will be MV Edge staff member, Anthony Gerardo’s last meeting before leaving for a new job elsewhere. Congratulations and best wishes were extended to Anthony.

Minutes
The Agency reviewed the corrected July 13, 2018 Meeting Minutes. A motion to approve the July 13, 2018 minutes, as corrected, was made by S. Zogby, seconded by M. F. Messenger, and carried, 6-0.

The Agency reviewed the August 17, 2018 Meeting Minutes. Several typographical corrections were needed. A motion to approve the August 17, 2018 minutes, as corrected, was made by M. Fitzgerald, seconded by F. Betrus, and carried 6-0.

Financial
Agency financial reports as 8/31/2018 of were reviewed by M. Carney.
The Agency received the financial report as presented.
The proposed 2019 Agency Budget was presented by M. Carney. She proposes no substantive changes and explained some of the effects timing of project development has on the budget. She also explained how the Agency shares insurance costs with other EDGE umbrella organizations. A motion to approve the 2019 Agency Budget as advised by M. Carney was made by M Fitzgerald, seconded by M.F. Messenger and carried, 6-0.

Chairman Grow introduced a request from H. J. Brandeles Corp. ("The Company") for the Agency to consider an inducement resolution providing preliminary approval for financial assistance in the form of sales tax exemptions, mortgage tax exemption and real property tax abatement, consistent with the Agency’s MVHS Business Relocation Policy and authorizing the Agency to conduct a public hearing. S. Papale described this as the first project under the MVHS program. The project will be built on a parcel of land that is currently covered under an existing lease transaction with Accelerate Sports, so it will need to be released from that for the sale to take place. A 17,000 square foot facility will be built. Discussion centered on the PILOT proposal. Because of a number of unknowns regarding valuation of the property on which this facility will be built, it was proposed that a fixed PILOT amount be based on a valuation base amount of $150,000 because that is what is being paid for it. A motion to adopt an inducement resolution providing preliminary approval to H. J. Brandeles Corp. for financial assistance in the form of sales tax exemptions($56,700 est. value), mortgage tax exemption($7,500 est. value) and a real property tax abatement PILOT fixed for Yrs 1-3 at $0, Yrs 4-5: $6,000, Yr 6:$7,200, Yr 7:$8,400, Yr 8:$9,600, Yr 9:$10,800, and Yr 10: $12,000($184,828 est. value), which is a deviation from the policy due to the fixed payment plan, together with none of the usual Agency fees applicable other than the Annual $750 Reporting fee, and contingent upon the company maintaining 45 jobs, and creating 5 over three years, and authorizing the Agency to conduct a public hearing, was made by M. Fitzgerald. Seconded by F. Betrus, and carried, 6-0.
Chairman Grow introduced a request from Special Metals Corporation to amend the definition of “Facility” within the transaction documents to include its environmental cleanup project, make some substitutions in planned project expenditures, and to extend the sales tax exemption time-frame. Concern was expressed about the original plan for the manufacturing equipment expenditures that were to be made in three years, which was one of the main reasons the Agency approved the project. S. Papale explained that the company has identified certain planned expenditures that were in their original application that will not require Agency involvement to secure sales tax exemption due to their manufacturing relationship, and may in fact not do, but has now identified other expenses that will require Agency involvement to secure sales tax exemption, and wishes to just make the substitution. Notably, the environmental cleanup project. The manufacturing project looks like it has been reduced significantly. Concern was expressed at the possibility that the larger project may not be in the works. The office improvements have been done, but the back of the plant is where the larger expenditures were planned. Tabling of the request was considered, but was decided against. S. Zogby moved to approve the request dependent upon receiving documentation verifying the future manufacturing equipment expenditures.

Chairman Grow introduced a request from ONX3, LLC to extend its sales tax exemption date to December 31, 2018 in order to accommodate renovations for one of its tenants, Briggs & Stratton. S. Papale explained that staff has been out to see the facility and that they have made a lot of progress on the facility. A motion to extend the ONX3, LLC sales tax exemption date to December 31, 2018 was made by M.F. Messenger, seconded by E. Quadraro, and carried 6-0.

Chairman Grow introduced a request from Heartford Luxury Apartments, LLC facility related to the refinancing of the facility and extending the mortgage recording tax exemption to the transaction. Mr. Steve Buck from Heartford gave a presentation and answered a number of questions. He stated that the original plan was for 36 condo units, but this area seems to be averse to condo purchases, so it hasn’t met the NYS requirement of 15% presale for condo status, so they are being built as rentals, with the hope that they can get to condo status as people move in and decide to stay put. Their financing will allow them to break out units for sale. He anticipates 36 rental units (Phase 1) to be online in about 8 weeks. The 12 units built after that (Phase 2) will be available for purchase. They have financing of about $5.5M for that. In order to do Phase 2, they have some infrastructure work to do for access, so they are seeking financing of about $3.3M for the buildings and infrastructure. F. Betrus noted that Agency policy does not allow benefits for units that are to be sold. L. Ruberto read the Agency policy. Beyond the two phases, The Company is not sure what they will do. A lot will depend on MarcyNano, which the current projects were influenced by. By the beginning of 2019 they may have a better idea. It may entail townhouse or an apartment type facility. He stated that they are committed to building quality housing options for the community. Discussion turned to how the Agency initially scores projects, and whether or not they met their goals within the lease term. L. Ruberto described the policy. If they certify that have met their goals at the end of two years, the lease is terminated with the Agency, which has no further claims. Mr. Buck responded to a question from F. Betrus that they have reduced the total potential units to about 96 to 104, due to site constraints, and also the abandonment of two-story units due to customer feedback. Mr. Buck stated that they have experienced price increases beyond what was originally planned, some of which is related to the cost of building to a condo spec versus apartment. A motion to extend the mortgage recording tax exemption to the refinancing of the Heartford Luxury Apartments, LLC, which covers the additional units and infrastructure of Phase 2, LLC facility was made by E. Quadraro, seconded by F. Betrus, and carried, 6-0.
Chairman Grow introduced a request from Heartford Luxury Apartments, LLC for an extension of their lease term for an additional two years. F. Betrus asked why the request is being made this year and not next year when it ends. L Ruberto explained that at the last meeting the Agency agreed to extend the sales tax exemption period to June 28, 2019, subject to the Company providing additional information, which was provided. When the project was originally approved, the lease period was to June 2019, provided they update the board in the interim, which this notification provides. Mr. Buck buttressed the information he provided in the August 9th letter and explained that with the slight slowing of the project and scope, he doesn’t want to get caught without a sales tax exemption status in the middle of the project. He asked if it would be possible to extend it to August 15, 2019.

A motion to extend the Heartford Luxury Apartments, LLC facility lease term, and sales tax exemption benefit period from June 29, 2019, to August 31, 2019, with the understanding Mr. Buck will come to an Agency meeting in the Spring of 2019 for a project update was made by M. Fitzgerald, seconded by E. Quadraro, and carried 6-0.

Job Compliance Report:
Chairman Grow referenced the report. Delta Luxury Apartments LLC and Renmatix are represented at the meeting. Shawna explained that the Delta Luxury was approved before the new policy was adopted. Mr. Buck asked if he would be able to transfer the existing project into the Housing Policy. He was told that he would need to come back with a new project for consideration. M.F. Messenger asked what the status of the property rental manager position was. He explained that they currently outsource the property rental management and maintenance functions. S. Papale stated that we would need to see some explanation on how the jobs requirements would be met with the indirect jobs taken into consideration. Mr. Chris Hanson referenced a letter from CRM Associates (this letter was not sent out to the directors due to late arrival), that requests the job numbers be reduced from 3 FTE jobs to 2 FTE. Various procedural options on how best to effectuate such a change were discussed. Mr. Buck went on to explain that their lender requires them to be in full compliance with all Agency terms, or it could be deemed a technical default for their financing.

A motion that the Agency waive the Delta Luxury Apartments, LLC Facility job requirements, and also state that they are in compliance with the Agency agreements for the facility was made by M. Fitzgerald, seconded by S. Zogby, and carried, 6-0.

Chairman Grow introduced a request from Deployed Resources, LLC to increase the valued of its sales tax exemption amount. S. Papale described that he now plans to include an additional building into his project and has already created the jobs he promised. We already had a public hearing for an earlier increase request which he eventually decided not to take. This request falls within the amount that was covered in the previous public hearing so another hearing is not required.

A motion to increase the Deployed Resources, LLC sales tax exemption limit to $300,000, and to extend the benefit period to December 31, 2019 was made by M.F. Messenger, seconded by E. Quadraro and carried, 6-0.

Chairman Grow introduced a request for an amendment to the inducement resolution for Lewiston at Clinton Street, LLC (Phase V) Facility, increasing the value of the mortgage recording tax exemption for the transaction and authorizing the Agency to conduct a second public hearing. General consensus of board was displeasure at such late submission of documentation for board consideration. It was suggested that from this date forward a late cut-off date be enforced without exceptions. There was discussion as to whether some of the items included in the final mortgage were included in earlier applications, especially as they are related to infrastructure costs for each phase of the project. The request appears to request MRT on the combined financing for all 5 phases of the project, even though MRT benefit was not included in Phase 1-2 applications. The final mortgage amount even appears to be larger than the cost for all the phases. L Ruberto explained that we have been struggling to understand the disconnect between the amount of new financing and the project costs outlined in their applications. They completed this work at the beginning of the phases, as it needed to be. Their accountant has
advised them that these costs cannot be booked up-front, but need to booked out over all affected phases of the project. We asked Lewiston to provide clear explanation of that allocation. M. Fitzgerald stated that it is his understanding that the Agency does allow existing mortgages being refinanced to benefit, but not take out mortgages. L. Ruberto said that we have closed on Phases 3-4 but not 5. As of now, 3 & 4 are the only phases the Agency has a leasehold interest in. Phase 5 is the only open project, but not all the benefits are going to that phase. M. Levitt stated that he believes that only the open part of the project could pick up a part of the allocation of the infrastructure costs, which is going to be less than the $17M if 4/5 of the infrastructure is in that number. S. Papale mentioned that in Phase 2 they did talk about sewer, water, wetlands, etc. It was in the $25M of the application. We did grant sales tax exemption amount of around $156,000 but no mortgage recording tax benefit. The earlier projects are not under the current Agency housing policy, but Phase 5 will be. D. Grow stated that he doesn’t believe we should benefit “take-out” money, but believes if there is money that got spent that can be allocated to the project costs, that relates to infrastructure that hasn’t been be allocated out to the projects we approved, that info needs to be provided, as he might consider that as a project cost. It would only be one-fifth of project. That was the estimate on the original project but not what it turned out to be. D. Grow clarified that if there were costs for the infrastructure that could be allocated out to the projects we approved, in excess of what they estimated, then he would be willing to consider authorizing that. It hasn’t been made clear in the letter. The Agency needs more detailed information, and Agency project fees will have to be adjusted to reflect the increase. The MRT exemptions previously provided by the Agency were $18k for $1.8 in mortgages for Phase 2; $55k for $5.5 in mortgages on Phase 4, and seeking Phase 5 to benefit a mortgage amount of $17M, which is $13.5 above what the original applications requested. It is believed that this all calls for a new application, hearing and fee. At this point in time E. Quadraro excused himself from the meeting. General consensus was that the request be sent back for more detailed information regarding infrastructure costs and how they are being allocated. The Lewiston request was tabled pending clarification from Lewis Brothers on current mortgage balance amounts, and detailed costs on infrastructure expenses and how it is allocated over the various phases.

Job Compliance Report:
S. Papale introduced Jennie Miller from Renmatix who came to address the board regarding its current and future plans for the facility in Rome. Renmatix has a shortfall in its project Job Creation/Retention requirements. Ms. Miller gave a presentation on current and potential production plans for the facility. M. Fitzgerald made a motion with regards to the Renmatix PILOT, that through June 30th, of 2021, any violation that is in excess of the 8 current jobs be waived. D. Grow seconded the motion, which carried 5-0.

The board reviewed the information provided on the remainder of the companies on the Job Compliance Report, but tabled a decision on accepting the report until the next meeting due to time constraints.

Other Business
Discussion on a policy for the cut-off time on accepting materials to be considered at Agency meetings took place. The Agency currently has a 10-day policy for applications, but from there it goes to council, and is quite often questions or a need for additional information which commonly doesn’t show up until days or even hours before the meeting. A motion that any materials and requests and/or applications will only be a part of the Agency meeting agenda, if they are received by staff, one week in advance of the meeting, in final format, or they will be considered at the next meeting, was made by M. Fitzgerald, seconded by M. F. Messenger, and carried, 5-0.

A request from Varflex was tabled until the October meeting due to time constraint.

At 10:35 AM a motion to adjourn the meeting was made by F. Betrus, seconded by M. F. Messenger and carried, 5-0.

Respectively Recorded,

Mark Kaucher