Minutes of the Meeting of the
Oneida County Industrial Development Agency
Held on February 10, 2012 at Mohawk Valley EDGE
584 Phoenix Drive, Rome NY

EDGE Staff Present: S. Papale, J. Cardone, M. Bonney, P. Zawko, S. DiMeo, J. Waters
Others Present: M. Levitt, C. Levitt, J. Saunders, L. Romano, W. Gaetano, M. Brophy

Mr. Grow called the meeting to order at 8:05 AM.

For the purpose of discussing potential litigation and the status of contracts a motion to enter executive session was made by M. Fitzgerald, seconded by F. Betrus, and passed unanimously.

A motion to exit executive session at 8:20 AM was made by F. Betrus, seconded by N. Brown, Motion passed unanimously.

The Agency received the January 20, 2012 Meeting Minutes. A motion to approve the January 20, 2012 Meeting Minutes was made by S. Zogby, seconded by E. Quadraro, Motion passed unanimously.

A request to consider a Final Authorizing Resolution for Suit-Kote Corporation for assistance at 191 Dry Road, Oriskany. Assistance being requested is in the form and 10-year PILOT and Sales Tax Exemption. A motion to approve a Final Authorizing Resolution for Suit-Kote Corporation for a 10-year Standard Industrial PILOT (Year 1-5: 1/3 and Year 6-10: 2/3 but never lower than the current taxes) and a Sales Tax Exemption, contingent retaining 19 jobs, investing $700,000 in their facility and the insertion of a claw back agreement into the PILOT was made by M. Fitzgerald and seconded by N. Brown. Motion passed unanimously.

A request to consider a final authoring resolution as it relates to a request by Tri-Valley Beverages for a building expansion at their Westmoreland Facility. L. Romano told the Board that Tri-Valley is looking to close before the tax status date of March 1, 2012. Originally Tri-Valley asked for a sales tax exemption but it was not approved by the Agency. Because the Agency approved no sales tax exemption it is a deviation from the Agency’s Standard Policies. Mike Brophy, Facilities Manager of Tri-Valley Beverage addressed the Agency. He stated that they hoped that the Agency and Tri-Valley can continue in the partnership they have had. He discussed the history of the company and its growth. They have done an addition to their facility every nine years. Most of their growth is in the craft beer market. They have expanded their delivery territory and go from Albany to the Adirondacks. In 2004 they said they would create 5 jobs in an OCIDA project, but in fact have created 17. They are considering expanding in Syracuse or in the Hudson Valley. S. Zogby asked if the job numbers in the current application are conservative? M. Brophy stated that they did not know about all the growth they would have. S. Papale stated that their 2004 PILOT did include a sales tax exemption. Sanzone and
Mc Craith Beverages both had sales tax exemptions. Their sales tax exemptions would be a $22,000 benefit. M. Fitzgerald state that there is a difference between industrial and commercial PILOTS and what falls under each category. He questioned why they would grant a sales tax exemption and if they would be unfairly not letting Tri-Valley compete with other distributors. F. Betrus stated that the Agency must be consistent in its benefits granted and that Tri-Valley is promising 4 jobs and a $700,000 investment and the Agency has an obligation to support growth. E. Quadraro stated that the times have changed since their last project and because of the 2% tax cap, every project must be looked at in a different light. S. Zogby stated that the Agency is supporting them, because they are giving them some benefit. A motion to approve a Final Authorizing Resolution for Tri-Valley Beverage for a building expansion at their Westmoreland Facility with a standard commercial PILOT with no sales tax exemption, contingent on creating 4 jobs and a $700,000 investment and the insertion of a claw back agreement into the PILOT was made by M. Fitzgerald, seconded by S. Zogby. Opposed by D. Grow and F. Betrus. Motion passed 5-2.

L. Romano stated that because the Initial Authorizing Resolution did not include that there would be no sales tax exemption; all of the taxing jurisdictions would have to be notified before the Agency could act on Tri-Valley, because granting no sales tax exemptions is a deviation. The Agency must give the taxing jurisdictions time to comment. A special meeting must be held before March 1, 2012 to act on this project.

F. Betrus stated that by not granting Tri-Valley a sales tax exemption the Agency was not being business friendly. D. Grow stated that they are putting $700,000 investment into their facility and the $22,000 in sales tax exemption was worth it to make sure they grow their business by at least four people. S. Papale stated that distribution projects are usually given industrial PILOTS not standard commercial PILOTS and it is hard to market the OCIDA’s benefits when the Agency does not stick to its own policies. The Agency has been consistently granting projects sales tax exemptions. L. Romano stated that she has not seen any other IDA’s not grant sales tax exemptions either. M. Fitzgerald stated that he did not see that Oneida County would support granting sales tax exemptions when the company was going to locate here anyways and that Tri-Valley does not have a legitimate reason for leaving the area. N. Brown stated that she supported granting benefits that are consistent to the Agency’s policies. Tri-Valley came to the Agency asking for a 10-year industrial PILOT with a sales tax exemption and they were granted a five-year standard commercial PILOT with no sales tax exemption. S. DiMeco stated that it is easier to consolidate distribution operations to outside the area because of competitive pressures. D. Grow stated that there would be only marginal deficit to Tri-Valley’s competitors if they were granted more benefits because each distributor sells different kinds of beers and have different markets. L. Romano stated that TriValley said they might not do the project. D. Grow stated that it is hard for the staff to go out and talk to companies and tell them what the OCIDA can offer, when they are not consistent. N. Brown questioned whether the reason for the sales tax deviation would be that the Agency was giving an unfair advantage to Tri-Valley and that they would do the project anyways. M. Levitt stated that that is not a legitimate reason for a deviation. L. Romano stated that usually when you deviate it is because you are granting more benefits, not less. D. Grow stated that the cost of the sales tax
exemptions is minimal to create four jobs. F. Betrus stated that he did not agree that Tri-Valley was a retail business and that businesses should be comfortable working with the Agency not fearful. L. Romano stated that the Agency is betting on if they will continue with the project if they do not get sales tax exemption. N. Brown stated that the Agency has a policy, they go out talking about the policy, and then they don’t grant what’s in the policy without good reason. L. Romano questioned whether Oneida County would step in and say that they need that sales tax. M. Levitt stated that the Agencies policies need to better clarify what is industrial and what is commercial. E. Quadraro stated that going forward if the Agency is going to be deviating; they need to understand all the issues from the beginning. D. Grow stated that more discussion needs to take place at the Initial Authorizing stage.

A motion to reconsider prior Final Authorizing Resolution for Tri-Valley Beverage’s expansion at their Westmoreland Facility was made by N. Brown, seconded by E. Quadraro. Roll call vote: N. Brown, M. Valentine, E. Quadraro, F. Betrus, D. Grow vote yes; S. Zogby, M. Fitzgerald vote no. Motion passed 5-2.

A motion to amend the Final Authorizing Resolution for Tri-Valley Beverage to include a sales tax exemption on their new facility addition was made by N. Brown, seconded by F. Betrus. Roll call vote: N. Brown, F. Betrus, D. Grow, E. Quadraro vote yes; M. Valentine, S. Zogby, M. Fitzgerald vote no. Motion passed 4-3.

A motion to approve a Final Authorizing Resolution for Tri-Valley Beverage for a five-year standard commercial PILOT with a sales tax exemption contingent on creating 4 jobs and a $700,000 investment and the insertion of a claw back agreement into the PILOT was made by N. Brown, seconded by F. Betrus. Roll call vote: N. Brown, M. Valentine, F. Betrus, D. Grow, E. Quadraro vote yes; S. Zogby, M. Fitzgerald vote no. Motion passed 5-2.

N. Brown stated that if you qualify for a standard commercial PILOT per our policy you also qualify for a sales tax exemption. For this project it is worth it. D. Grow stated that going forward if staff recommends deviating from the Agency’s policy, please put the reasons into the summary memo. M. Fitzgerald stated that he believes that it is solely up to the Agency’s discretion for approval of benefits.

A request to consider a Final Authorizing Resolution to assist FIS to expand its current PILOT for five additional years on a decreasing scale of the percentage of the real property taxes. There were no comments at the public hearing that was held. The project will transition down to full taxes. A motion to approve an Final Authorizing Resolution to assist FIS to extend its current PILOT for an additional five (5) years at an incremental percentage the of the real property taxes (Exemptions Year-1: 33.33%, Year-2: 27%, Year-3: 20%, Year-4: 13% and Year-5: 7%), contingent on creating 35 jobs, retaining 355 jobs in Herkimer and Oneida Counties, investing $1.476 million in their project and the insertion of a claw back agreement into the PILOT was made by S. Zogby, seconded by F. Betrus. E. Quadraro abstaining. Motion passed unanimously.

A request to consider a Final Authorizing Resolution to assist Fountainhead Group to extend its current PILOT for an additional three years on a decreasing scale of the percentage of real estate taxes. A notice was sent to the taxing jurisdictions. NY Mills School asked for a copy of...
their application. They stated that they were not in opposition to the project just wanted to know about things like this further in advance for budgeting purposes. A motion to approve a Final Authorizing Resolution to assist Fountainhead Group to extend its current PILOT for an additional three (3) years at an incremental percentage of the real property taxes (Exemptions Year-1: 11%, Year-2: 8%, Year-3: 4%), contingent on maintaining Year-1: 156 jobs, Year-2: 158 jobs and Year-3: 160 jobs and the insertion of a claw back agreement into the PILOT was made by F. Betrus, seconded by D. Grow. Motion passed unanimously.

A request to consider an Initial Authorizing Resolution for American Alloy Steel for assistance at 650 Harbor Way, Rome. Assistance being requested is in the form of a 10-year industrial PILOT and sales tax exemption. AAS completed a project previously, their business has since increased. They need to add additional space and a new crane system. Their employment growth is trending with what they expected. They are putting in $2M in investment into their facility. S. Papale stated that the Agency has three options; 1. A new PILOT on the new portion 2. Reset the current PILOT (2 years into, for another 10) or 3. Pick up new PILOT and portion over the next 8 years. D. Grow stated that AAS located on a former Brownfield and has utilized the site well. F. Betrus stated that he knows the owners, but has not had discussions on either PILOT. S. DiMeo stated that AAS is a great example of a successful Brownfield project. A motion to approve an Initial Authorizing Resolution for American Alloy Steel for their $2M investment at 650 Harbor Way, Rome for a ten-year industrial PILOT, with an incremental increase of real estate taxes and sales tax exemption and the insertion of a claw back agreement into the PILOT was made by F. Betrus, seconded by S. Zogby. Motion passed unanimously.

A request to consider an Initial Authorizing Resolution for Universal Photonics-JH Rhodes for assistance at 10 Ward Street, Vernon. Assistance being requested is in the form of a 15-year industrial PILOT, mortgage recording tax exemption and sales tax exemption which is a deviation. L. Romano stated that the deviation is in the length of the PILOT. S. DiMeo stated that this company has gone through an extensive search of alternate sites including some out of state and have decided to stay in the Mohawk Valley, they are moving from a facility in Clinton. F. Betrus stated that they are members of the Clinton Chamber of Commerce and he has had discussions with them about staying in Clinton and Oneida County over one year ago. But he stated that it was not economically feasible for them. They are requesting that the Agency fix their payment amount on their current assessment of $1.2M. The Agency is discussing deviating from their policy because JH Rhodes is involved in the semi-conductor industry and it enhances the regions critical mass of those companies. They are utilizing a formerly empty building. If they add onto the building and the assessment goes up, their taxes will go up accordingly. If the tax rates go up, their taxes will go up accordingly. A motion to approve an Initial Authorizing Resolution for Universal Photonics-JH Rhodes for assistance at 10 Ward Street, Vernon with a 15-year industrial PILOT (which is a deviation), mortgage recording tax exemption and sales tax exemption and binding the assessment at the building's current value of $1.2M was made by S. Zogby, seconded by M. Fitzgerald. Motion passed unanimously.

A request to consider a Final Authorizing Resolution relating to the Indium Corporation facility at 5836 Success Drive, Rome for a 10-year industrial PILOT, sales tax exemption and mortgage...
At the public hearing Rome Mayor Joe Fusco came along with the Rome City School District and the school stated that they are in support of the project. F. Betrus stated that he is a Board member of Kirkland Ventures and has talked to them about their status of their facilities in Clinton and Rome. A motion to approve a Final Authorizing Resolution relating to the Indium Corporation facility at 5836 Success Drive, Rome for a 10-year industrial PILOT, sales tax exemption and mortgage recording tax exemption was made by D. Grow, seconded by S. Zogby. Motion passed unanimously.

Old Business

- A request for the Agency to authorize the Board Chair to execute a lease for Building 1300 (Building currently used by Birnie Bus) from the Air Force. A motion approving the authorization of the Board Chair to execute a lease for Building 1300 was made by F. Betrus, seconded by D. Grow. S. Zogby abstaining. Motion passed unanimously.

There being no further business, the meeting was adjourned at 10:45 AM upon a motion made by F. Betrus and seconded by N. Brown, and the motion was passed unanimously.

Respectfully recorded,
Jennifer Waters