

**COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY
OTSEGO COUNTY CAPITAL RESOURCE CORPORATION**

**PROJECTS COMMITTEE
May 13th, 2021
MEETING MINUTES**

Due to the Coronavirus (COVID-19), Federal and State emergency bans on large meetings or gatherings, and pursuant to Governor Cuomo's Executive Order 220.1, issued on March 12, 2020 suspending the Open Meetings Law, this COIDA/OCCRC Projects Committee meeting was held via video conferencing, instead of an open meeting for the public to attend. Members of the public were given instructions on how to join the meeting.

CALL TO ORDER

The COIDA's and OCCRC's joint Projects Committee meeting was called to order at 8:00am via video conferencing app, GoToMeeting. Committee members present were:

Cheryl Robinson
Jeffrey Lord
Jeffery Joyner **
David Rowley
Patricia Kennedy

Tom Armao
Tom Armao*
Andrew Marietta
Joshua Edmonds

Also, in attendance:

STAFF

Jody Zakrevsky, **CEO**
Meaghan Marino, **Dir. of Finance and Admin.**
Kurt Schulte, **Agency Counsel**

GUESTS

Larry Frigault, **Town of Richfield Springs Board**
Cynthia Andela, **Andela Products/Ruby Lake Glass***

*Arrived after start of meeting.

**Departed before end of meeting.

CHAIRMAN'S REMARKS

Projects Chair, C. Robinson, welcomed committee members and staff, and moved immediately into the agenda.

MEETING MINUTES

C. Robinson requested a motion to approve the April 8th Project Committee meeting minutes. Committee members were given a draft copy of the minutes prior to the meeting for review. There being no corrections to be made, D. Rowley made a motion to approve the meeting minutes. J. Lord seconded the motion, and the motion was approved by remaining board members.

CEO REPORT OF PROJECTS

J. Zakrevsky recapped some of his activities since the April Projects Committee meeting until now. He also provided members with a detailed update of some of the IDA's priority projects. The following topics were discussed in greater detail:

- **Richfield Springs (RS)/Andela Products** – J. Zakrevsky advised the board of a meeting he had with Otsego Co. Treasurer, Allen Ruffles, and the potential of the IDA getting a loan from the County. He had sent Allen a detailed proposal outlining how the IDA could borrow \$600,000, interest-free, from the County, which would ultimately be paid back with the \$325,000 ESD grant reimbursement and the other \$275,000 once the property is sold to Andela Products. The County's IGA Committee met this week and there was a lengthy discussion on the IDA borrowing these funds. The IGA Committee voted to approve taking the \$600,000 out of the County's fund balance to advance towards the project. He also had discussions with Senator Oberaker about his staff working with ESD on the possibility of increasing the grant award amount for this project. ESD advised they would not increase the grant amount. J. Zakrevsky also requested a proposal for constructions documents from Keystone Engineering, which was sent to the committee prior to the meeting. Their fee for completing construction documents and bidding documents is approximately \$23,000. He also submitted his quarterly report to EDA, on the EDA grant award, and they did not object to extending the start date for the project. There was no request to extend the project's completion date. They did request final designs and a detailed schedule, which is where Keystone Engineer's proposal comes in. He's also had various meetings with Town of RS and Village of RS representatives. He requested from the Village, that should the IDA move forward with this project, upon completion of construction, that the Village take over ownership and maintain the water/sewer lines, which seems reasonable to them at this time. He also asked that their water/sewer departments monitor the construction once we go out to bid on this project, as they will ultimately oversee the lines, which also seemed reasonable to them. J. Zakrevsky requested that the projects committee and the audit & finance committee approve moving ahead with the final designs and construction documents, pending authorization from the County Board to approve the loan at their June 2nd meeting. J. Lord questioned repayment of the loan to the County should the sale of the property to Andela not go through and what the plan of the IDA would be. J. Zakrevsky advised that there is enough in both the IDA and CRC funds to advance the money back to the County out of our reserves. He reminded the board that the IDA would be receiving approx. \$174,000 from Corning for their PILOT administrative fees. D. Rowley questioned Andela's current building in Utica being sold, her company needing to vacate within the next four months, and how that is likely to play out. J. Zakrevsky advised that Cynthia Andela is looking for another warehouse facility, preferably with railsiding, but she has no desire to leave the RS area. P. Kennedy asked if there was a way to get a commitment letter from Andela to

purchase the property contingent upon the improvements. J. Zakrevsky advised that Andela has agreed to sign a commitment letter to purchase the property with two conditions; one being that the IDA run water/sewer to the site, and the second being that upon completion of water/sewer that the appraisal come back at approximately \$350,000. J. Lord asked if that letter of commitment would be contingent upon her receiving financing. J. Zakrevsky advised that this is one of his concerns, as they are looking at a 504 loan-guarantee loan program where Andela must come up with 10% equity, or roughly half a million, and there is a question of whether they will be able to do that. C. Robinson asked committee members to advise J. Zakrevsky whether they support going through with the infrastructure aspect of the project, with or without a commitment from Andela, or if they will only support the project moving forward if Andela is attached. D. Rowley advised that, because of the timeline, he would support a commitment to the infrastructure now, get the project done, and work with Andela, and/or any other potential businesses, along the way. J. Edmonds agreed with moving forward, as the risk factor would be the \$275,000, which seems reasonable for this project. He added that if Andela doesn't end up there, the property could end up on the open-market and another business could be interested. A. Marietta, who is also a County board member and member of the County's IGA Committee, agreed with moving the project forward, regardless of Andela. P. Kennedy noted her apprehension with the philosophy of "build it and they will come", as the IDA has built and developed other properties, that of which are still vacant. She agreed to go with the consensus of the committee but added that she doesn't have a clear understanding of how attractive the property is as a business park in RS. J. Joyner advised that he supports moving forward with the project. J. Lord echoed the same reservations as P. Kennedy, but is generally in support because a majority of the financial aspects of the project are already covered. C. Robinson agreed with P. Kennedy that there is enough support from the committee/board for the project to continue moving forward, but she would like a strategy moving forward should Andela not move into the business park once the improvements are completed. She asked if Larry Frigault and/or Cynthia Andela wanted to add to the conversation. Larry added that the worst case scenario for the IDA would be that they have a new business park to market, but Andela has had a long-term desire to move into the park, and she has recently been working with a company out of Michigan that has also expressed a desire to move into the park with her. He added that because of the amount of money that is in place, between EDA and ESD funding, it would be a good project to move forward. Cynthia Andela advised the committee that she is committed to staying in RS, because RS has all the utilities, resources, and people needed to run her businesses. She added that it has been hard securing bank financing due to the current state of the property (no driveway, no water/sewer), but she's hopeful that the project is moving in a positive direction. C. Robinson advised J. Zakrevsky that he has committee support to move forward pending the outcome of the County Board's vote on the loan on June 2nd.

- **Oneonta Rail Yards** – J. Zakrevsky updated the committee on his work with a group out of Denmark, Ramboll Engineering, on a community-wide geothermal heating/cooling system. Ramboll has worked with NYSERDA on grant applications for similar projects in the past. Ramboll will be the applicant on a \$100,000 grant application for this study. J. Zakrevsky advised the committee that at the May board meeting there would likely be a resolution hiring Ramboll to do the grant app. He advised that he will receive support letters on this project from the County board and the County's Energy Task Force. He also reached out to Corning to see if they would have any interest in being part of the study. In other news, Al Rubin, interim President for the Otsego Co. Chamber, has had meetings with J. Zakrevsky about a company that is interested in

buying some of the IDA-owned property in the Rail Yards. He has forwarded them information on the environmental review, site plan, and the Opportunity Zone.

NEW/UNFINISHED BUSINESS

- **Custom Electronics** – CE has expanded beyond their normal operations, with the purchase or inclusion of six new businesses.
- **Cooperstown Distillery** – CD has a grand opening planned for June and Otsego Now board members are invited.
- **PARIS Reports** – The ABO did request additional information on the CRC's bonds with Springbrook, Hartwick College, and Bassett/The Templeton Foundation. As of now we have received the information from Springbrook and Hartwick, but not from Bassett/Templeton.
- **Brooks** – J. Zakrevsky recently met with Ryan Brooks and his attorney, who submitted a PILOT application for the IDA's consideration. They'd like to close on the prospective property at the end of June '21, so they'd like the PILOT approved before then. Because it is under \$100,000 in benefits, it can be done without holding a public hearing. One issue is that the PILOT application submitted encompasses three phases; property acquisition, construction, and equipment purchases. Because it is such a large project, it requires an environmental review. Generally, we would use the Town as the lead agency on the site plan review, but in this case, because of the size, the Town is requiring more info for their site plan review. The don't expect the Town Board to finish the site plan review until Fall '21. As such, the IDA can do its own SEQR review, but we would need an engineering firm to prepare the long form for the IDA, who Brooks is currently hiring.
- **County Microenterprise** – M. Marino has been working on this project. She recently gave an update to the County Board on businesses that have drawn down on their reimbursements. Because one business that was awarded in August recently sold their business, extra funds were available. She also asked the County for approval to fund a different applicant, which has since been approved by the County's IGA Committee. It will next to the Admin Committee and finally, the County Board.
- **Innovation Center** – J. Zakrevsky advised the committee that he would like to create a new project tracker for the Innovation/Acceleration Center, which he considers to be a new priority project. As opposed to an incubation center which simply provides space for small businesses, this project would pair start-up companies and entrepreneurs with existing local businesses (Custom Electronics and IOXUS) that can provide testing for their products, manufacturing of their product, and marketing skills to market their products world-wide. J. Zakrevsky, Michael Pentaris (Custom Electronics), Chad Johnson (IOXUS), and Dr. Aaron Stephens (Hartwick College) have met every Friday to conceptualize the building of this innovation center. J. Zakrevsky advised the committee that the team would be applying for an ARC grant for a potential award of up to \$150,000 for the project. The hope is that this project helps to expand the electronics cluster in our area and brings more businesses from outside our County and State. J. Zakrevsky added the idea of creating a 501c3 in order to access more state resources to make this project feasible, and none of the existing agencies (IDA, CRC, LDC) are 501c3. C. Robinson questioned the possibility of making one of our existing agencies a 501c3. J. Zakrevsky advised that he spoke with attorneys at Hodgson Russ, and because all of our agencies were created quite some time ago, the IRS would question the change to a 501c3, which could create problems for those agencies. Their recommendation was to create a new agency.

Committee members requested the tracker to include steps for the 501c3, resources and funding needed milestones, timelines, etc.

- **Housing PILOTs** – At previous meetings, there were discussions about housing PILOTs, which the IDA very rarely enters too. Board members requested information from other state IDAs on how they handle housing PILOTs. J. Zakrevsky was able to obtain existing PILOTs from Broome County, Tioga County, Tompkins County, and the City of Ithaca. J. Zakrevsky is also waiting to obtain more from Hodgson Russ. J. Zakrevsky recommended doing certain housing PILOTs for projects for new construction, or for renovation of buildings that are underutilized. He also recommended making sure the project has a threshold for the monetary amount of the improvements and the amount of housing units that will be available upon completion of the project. J. Lord requested a matrix outlining the highlights of the PILOTs from the other counties. A. Marietta reminded the committee of a housing study paid for by the IDA several years ago, and requested bringing that out to outline the need for the IDA to assist housing projects in our County.
- **Nexamp Solar Project** – Dave Bliss, County Chair, received a letter from Nexamp outlining their intention to build a solar array on the Hartwick College campus. The County has indicated that they would like to enter into a PILOT with Nexamp for the project, and advised them to reach out to the IDA on their behalf. It's a small project, but J. Zakrevsky noted that the County recognizing the IDA to administer PILOTs on their behalf is a positive sign of the relationship between the two. D. Rowley asked if Nexamp purchased the property from Hartwick College. J. Zakrevsky advised that he doesn't think so, but isn't certain.
- **Medical Coaches** – D. Rowley asked for an update on the sale of Medical Coaches. J. Zakrevsky advised that the new owners reached out about a PILOT or benefits, but he noted the issue is that currently they are just looking at the acquisition of the property, and not an expansion of their manufacturing capabilities. Because of this, their benefits that the IDA could provide would be minimal and the IDAs fees would likely be higher than their return. They're currently doing an analysis and will get back to us.

ADJOURNMENT

There being no further business to discuss, D. Rowley made a motion to adjourn the Audit & Finance committee meeting at 8:50am. T. Armao seconded the motion, and it was approved by remaining members.

UPCOMING MEETING SCHEDULE

The next Projects Committee meeting will be held on June 10th, 2021 at 8:00am.