

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

**PROJECTS COMMITTEE
APRIL 8TH, 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 8:21am via video conferencing app, GoToMeeting. Committee members present were:

Tom Armao
Andrew Marietta**
Craig Gelbsman*
Patricia Kennedy**

Jeffrey Lord
David Rowley
Joshua Edmonds

Also, in attendance:

STAFF

Jody Zakrevsky, **CEO**
Meaghan Marino, **Dir. of Finance and Admin.**

GUESTS

Larry Frigault, **Town of Richfield Springs Board**

*Arrived after start of meeting.

**Departed before end of meeting.

CHAIRMAN'S REMARKS

Projects Vice Chair, T. Armao, welcomed committee members and staff, and moved immediately into the agenda.

MEETING MINUTES

T. Armao requested a motion to approve the March 11th 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, J. Lord made a motion to approve the meeting minutes. D. Rowley 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 March 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/Andela Products** – J. Zakrevsky reminded the board that C. Robinson had requested previously that he lay out the funding options for the Richfield Springs infrastructure project. Prior to the meeting, J. Zakrevsky sent out a report detailing the six options (see below) and briefly reviewed each option with the committee. Currently, J. Zakrevsky is recommending talking to Senator Oberaker about the potential of him contacting ESD about the potential of additional funding, especially with the NYS's funds from the third stimulus round. He's also recommending speaking with Congressman Delgado's staff about a start date extension for the federal EDA grant. Regarding Andela Products, J. Zakrevsky advised the board that they indicated they may not be able to get bank financing until 2022. D. Rowley questioned why that is and J. Lord explained this probably has to do with the bank analyzing 2019 financials, potentially waiting for 2020 financials, and having to analyze how the will company managed in 2021 post-pandemic. Some businesses did well during the pandemic, and others suffers significantly, so it will be difficult for a bank to weigh the last year in historic performance of the business. J. Lord added that the bank should, however, be able to provide a term sheet, as opposed to a commitment. J. Zakrevsky advised that they could do a 504-Loan Guarantee, which could take another 3-4 months for approval. J. Edmonds questioned removing the tenant portion of the project and focusing just on the infrastructure and if there would be a ROI to spend the money to make it shovel-ready and wait for other tenants. J. Lord reminded the board of the money that has already been spent on this property, between acquisition, land surveying, and engineering studies – and how much more would potentially be spent on it. He advised that the big question on if the IDA should go further with this, is if there is a market for this property. The biggest draw would be Richfield Springs availability to natural gas. J. Lord added that therefore it makes the most sense to go into this project with a ready tenant, otherwise the IDA will just have additional lots to develop amongst the ones it already has. Larry Frigault, Town of Richfield Springs board member, added that, even without Andela Products, this property would be a good addition to the IDA's portfolio if it were shovel-ready, and it would be a shame to lose the current awarded funding and let it go to another area. He believes that the Cree project, in Oneida County, is bound to create smaller businesses that will look for sites within a close proximity. T. Armao added that by not moving forward, with the awarded funding, if a potential tenant comes to us in the next few years, it will take another five years to get the site shovel-ready for them. J. Lord advised that all stakeholders should be looking at how they can invest in this infrastructure project, not just the IDA.

These numbers/options are subject to change.

Sale of Property to Andela Products: \$363,100. (7.262 acres)

Sale of Remaining Property: \$517,100 (10.342 acres)

Total Income Due to Sale: \$880,200

Total Funding Needed to Start Project: \$1,200,000 - \$363,100 = \$836,900

Option 1

County Funding: \$125,000

Village Funding: \$100,000

All Funding to Be Repaid in 2022.

Town Funding: \$100,000

IDA Funding: \$511,900

Total Otsego Now Funding: \$511,900 or 21.3% of total cost

Total: \$ 836,900

Option 2

County Funding: \$325,000 – to be repaid in 2022.

CDBG Funding: \$135,000 (based upon 9 new jobs being created)

IDA Funding: \$188,450

CRC Funding: \$188,450

Total Otsego Now Funding: \$376,900 or 15% of total cost

Total: \$836,900

Option 3

Removal of Natural Gas Extension

COST CLASSIFICATION	APPROVED BUDGET
Administrative and legal expenses	\$59,000
Architectural and engineering fees	\$18,000
Other architecture and engineering fees	\$100,000
Construction	\$1,720,000
Contingencies	\$313,000
Total Project Costs	\$2,210,000
50% Share	\$1,105,000

Andela Products: \$363,100

County Funding: \$325,000 – to be repaid in 2022.

CDBG Funding: \$135,000

(Remove Installation of Natural Gas: \$190,000)

IDA Funding: \$140,950

Total Otsego Now Funding: \$281,900 or 12.8% of total cost

CRC Funding: \$140,950

Total: \$1,105,000 – reduces budget by \$190,000 for removal of natural gas extension.

Note: The above options are all dependent upon Andela Products purchasing acreage in the Park.

Option 4 - Andela Products Doesn't Commit to Project and Removal of Natural Gas

County Funding: \$325,000 – to be repaid in 2022.

Remove Installation of Natural Gas: \$190,000

Total Otsego Now Funds: \$780,000 – 35.3% of total cost

IDA Funding: \$390,000

CRC Funding: \$390,000

Total: \$1,105,000

Option 5 – No County Assistance or Andela Products

IDA Funding: \$552,500

CRC Funding: \$552,500

Total: \$1,105,000

Total Otsego Now Funds Initially at \$1,105,000 or 50% of total cost

- 325,000 (reimbursement from ESD)

\$780,000

After Project is Completed: Total Otsego Now Funds: \$780,000 – 35.3% of total cost

Option 6 – Request from State Full 20% of Project Costs

This would reduce Otsego Now Commitment of Funds by \$155,000 in all above categories.

Otsego Now's Funding					
Option 1	Option 2	Option 3	Option 4	Option 5a Initial Cost	Option 5b Final Cost
\$356,900	\$221,900	\$126,900	\$625,000	\$950,000	\$625,000
14.9%	9.2%	5.7%	28.3%	43%	28.3%

NEW/UNFINISHED BUSINESS

- **PARIS Reports**– J. Zakrevsky advised the board that IDA staff spent a significant amount of time on PARIS (Authorities Budget Office reporting system) reporting in the last month. He advised the committee that he is making corrections to numbers that were input into the PARIS system in 2016 – which made numbers incorrect every year thereafter. Because of this, the ABO has requested confirmations from the banks on the amount of the bonds and amount paid each year since the start for the three bond clients (Springbrook, Hartwick College, Bassett Hospital/Templeton Foundation). J. Lord asked why the ABO was going back five years and asked if it was the result of a state audit. J. Zakrevsky advised that he initiated this when he noticed an incorrect number from 2016, but because you can only update the last fiscal year (2020), he was unable to correct the number without reaching out to the ABO. This request is just for open bonds, not for ones that have already been closed.
- **Professional Housing** – J. Zakrevsky updated the board on a meeting he attended with the owner of a construction company who wishes to convert a former school in Oneonta to professional housing. They're requesting a PILOT agreement for this potential project, however, the IDA seldomly does housing PILOTs that don't have job creation attached. Although the board has discussed doing this, most recently with Springbrook's potential housing project, this project would require the IDA to revise the policy on PILOT programs. He added that there is a need for market-driven housing but wouldn't want to open it up to people renovating 1 or 2 story houses. D Rowley asked how this project would differ from the student housing (Hillside Commons) that currently has a PILOT with the IDA. J. Lord advised that Hillside Commons had an operating business model that was hiring employees to manage, clean, and operate the facility. The board approved that PILOT based on the job creation attached, and not an investment for real estate investors. T. Armao argued that the cost of development vs. the return on your investment in NYS, with the added regulations, is a lot for any investor to take on. He added that the PILOT program is to ease the expenses for the first 10-15 years, so developers can get up and running. He noted that there should be limitations, but thinks it would be beneficial to our area to discuss

creative ways to make it happen, as there's a need for housing. D. Rowley asked if there would be any job creation associated with this project. J. Zakrevsky asked this question and the developers advised they would get back to him with how many people they would employ for maintenance and groundskeeping. J. Lord, who works in a bank, advised that many developers coming through to renovate spaces for multi-unit housing and many of them have successfully done it without PILOTS. With that in mind, and thinking long-term, why wouldn't all developers then come to the IDA looking for a PILOT program when they could make the project without it. J. Zakrevsky did advise the board that there are other NY county IDAs that do housing projects, and he would get copies of those policies to distribute to the board. A. Marietta echoed J. Lord's statements and advised that many of the multi-unit housing stock available in Otsego County would require significant investment, and before changing the IDA's housing policy, he'd be interested in seeing how other IDAs structure housing PILOTS. D. Rowley also asked for more information on the logistics of this project. J. Lord advised that the IDA needs to be careful about getting into projects that claim without the tax breaks that they cannot make it work, but it is worthy of a conversation and reviewing the IDA's current policy.

- **Marketing Campaign** – J. Zakrevsky updated the board on recent meeting with Chris Quereau, Vibrant Brands, who submitted a proposal for continuing the marketing campaign through 2021. Some of the changes would be a larger emphasis on recruiting businesses to the County, as the current campaign has been focusing heavily on awareness of Otsego County, and its offerings, to other parts of the state, mostly downstate. There was also discussion about doing a heavy push of marketing for a shorter time, like 3-6 months. He noted that between April-July of 2020, there was a heavy influx of new residents moving to the Capitol region from downstate. This information was obtained by the Capitol District Regional Planning Commission (CDRPC), who did a FOIA request on the US Post Office to see how many address changes were made over that time. J. Zakrevsky advised that he spoke with the CDRPC who provided the proper language if the IDA should want to FOIA the post office to see the movement to Otsego County. It will not provide a direct correlation between the IDA's marketing campaign and movement, but it might be beneficial to see those numbers. T. Armao suggested adding Delaware County into the request if we go that route. J. Zakrevsky added that, as a board member, he will be attending the Southern Tier 8 board meeting tomorrow, and he has already suggested to their director that they complete the FOIA request on behalf of the entire Southern Tier's 8 counties. D. Rowley agreed with the 6-month intensive campaign, as people start to get vaccinations and NYC starts to open back up, the exodus from downstate may start to slow down. To target them during the Spring/Summer months would be advantageous. T. Armao suggested a 3-month campaign, as six months would bring us into October, and Summer may be a better time to move. J. Lord asked people are interacting with the sites. M. Marino explained that people who visit the site can email with their name, email address, and identify what their needs are in Otsego Co., business or personal. That sends an email to M. Marino and Paperkite, which M. Marino replies to them asking how the IDA can help. She explained that many emails aren't returned to her, because it could potentially be too personal, but she has saved all of the emails for future contact. He asked how many of those emails we've received, and she explained that the amount depends on the week, as the number fluctuates, but she would say about 50 emails since the campaign started. T. Armao noted that, based on consumer trends, if you peak someone's interest in a product, or in this case a place, they will then take that idea and research the product/place on their own. As opposed to 20 years ago, when there had to be human interaction to get that information. M. Marino explained that now that we have the emails and we've made our County known to those that have viewed the campaign, we could follow-up with

newsletters or engaging ads to those emails. Maintaining that awareness so that if someone does decide to move, it reinforces that Otsego County is an option. C. Gelbsman advised that he doesn't agree with over-emailing and that, even though people may delete your emails, you keep up the emails continuously and let them make the decision whether they want to unsubscribe or not. He agreed with continuing the campaign to continuously trying to attract new residents/businesses, because if we are not marketing our County, other places are marketing theirs. T. Armao added, separately, that we should be aware how many jobs the IDA is creating/retaining on an annual basis, as the numbers would be beneficial for conversations with the County and other agencies in getting assistance on projects. J. Zakrevsky advised he put something similar together recently.

- **Innovation Center** – J. Zakrevsky advised that he had a meeting with Dr. Stevens, a Professor of Business Administration at Hartwick College, regarding the creation of an entrepreneurial center. He toured the IDA office and learned about what projects we have been working on, particularly the work with Custom Electronics and IOXUS. He requested an additional meeting with the IDA, Custom Electronics, and likewise industries to discuss a collaboration between these companies to attract more businesses within that cluster. Dr. Stevens advised that he and Hartwick College would like to take a lead role in this. This effort would be tied back to the marketing campaign.

ADJOURNMENT

There being no further business to discuss, D. Rowley made a motion to adjourn the Audit & Finance committee meeting at 9:18am. J. Edmonds seconded the motion, and it was approved by remaining members.

UPCOMING MEETING SCHEDULE

The next Projects Committee meeting will be held on May 13th, 2021 at 8:00am.