

**FULTON COUNTY  
INDUSTRIAL  
DEVELOPMENT AGENCY**

**2015 ANNUAL REPORT**

**JANUARY 6, 2016**

**PREPARED BY:**

**FULTON COUNTY INDUSTRIAL DEVELOPMENT  
AGENCY**

## **I. GENERAL OPERATIONS:**

### **A. Background:**

The Fulton County Industrial Development Agency (IDA) was created in 1970 by an act of the New York State Legislature as a corporate governmental agency constituting a public benefit corporation. The purpose of an Industrial Development Agency (IDA) is:

“to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the state of New York and to improve their standard of living.”

### **B. Mission Statement:**

The IDA’s Mission Statement is as follows:

**“The IDA’s mission is to create and promote economic growth and prosperity for both residents and entrepreneurs in Fulton County. The IDA’s role in Fulton County’s Economic Development Program is to develop and maintain an inventory of shovel-ready sites for new and expanding businesses, offer financial incentives, as may be required, to encourage the creation of new and retention of existing jobs and expand the County’s tax base. In doing so, the IDA strives to make Fulton County a desirable place to live and do business.”**

### **C. Tax Exemptions:**

The New York State Legislature authorizes IDAs to offer three (3) types of tax exemptions to stimulate private sector investment and create jobs:

#### **1. Property Tax:**

New York State Law designates IDA's as tax exempt entities. When an IDA holds title to real property, New York State Law says all improvements on the property are exempt from real property taxes. However, the land that the improvements are located on remain taxable.

However, for projects the IDA is involved with, the IDA requires companies to enter into a Payment In Lieu Of Tax Agreement (PILOT). A PILOT is a contractual agreement between the IDA and a company that states that even though the project is tax exempt due to IDA ownership, the company shall make PILOT payments to local taxing jurisdictions in lieu of paying taxes. PILOT Agreements stipulate that companies make PILOT payments to local taxing jurisdictions that are based upon a percentage of the property tax that would otherwise be due on the property

was not owned by the IDA. PILOTs are developed in accordance with the IDA's Uniform Tax Exemption Policy. Once a PILOT is executed, the company makes the required annual PILOT payments to local taxing jurisdictions in accordance with the PILOT. It is the responsibility of the local taxing jurisdictions to issue annual invoices under a PILOT to the company and to ensure that payments are received in a timely manner.

2. Sales Tax:

IDA's can offer companies an exemption from New York State and local sales taxes on eligible construction materials and equipment for a project. The exemption is generally limited to the construction, reconstruction or installation period and cannot cover ongoing operational costs. When the lease or installation sale agreement expires, the IDA transfers any personal property that is involved in the project to the company without the payment of any sales or use tax.

3. Mortgage Recording Tax:

If a project involves a mortgage, a company that receives IDA assistance is exempt from New York State's mortgage recording tax which is currently 1% in Fulton County.

**D. Financing:**

IDA's can also provide various forms of bond financing for a project. Financial institutions, such as banks, insurance companies or private individuals purchase these bonds as an investment similar to an individual purchasing a U.S. Government Savings Bond. By purchasing a bond, a private investor lends its funds to a business. The business commits to repay the principal and interest, if the bonds are taxable, to the investor. The business and the financial institution, independent of the IDA, negotiate the terms, interest rate and other conditions of the transaction. The IDA acts as an intermediary for this private transaction. There are no IDA or public funds involved in an IDA bond transaction.

The IDA does not have a loan fund or pool of money to use to help finance projects. The financing referred to here is private funds coming from banks, financial institutions or private investors.

The IDA, Fulton County Government or Fulton County taxpayers do not lend any public money nor do they assume any responsibility for repaying bonds if a company defaults on any payment. There is also no financial liability on the IDA, Fulton County or taxpayers. Bond payments are solely the responsibility of the company borrowing the money.

**E. Payment in Lieu of Tax Agreements (PILOTS):**

1. Background:

The IDA provides Payment in Lieu of Tax Agreements in accordance with its Uniform Tax Exemption Policy. The IDA’s current policy states that it will provide PILOT’s modeled after Section 485-b of NYS’s Real Property Tax Law. Section 485-b states that a company can receive a 50% exemption on its assessed valuation in year 1. The exemption then decreases 5% a year for 10 years. After ten (10) years, the company would make a PILOT payment equivalent to 100% of the amount it would be paying in real property taxes if it owned the property. During that 10-year period, the company would be making “PILOT payments” to local taxing jurisdictions and not “property tax payments.” Once the Lease and PILOT Agreement the IDA has with a company expires, the property would then return to the tax rolls. At that time, the company would be making “property tax payments” to local taxing jurisdictions and no longer be making “PILOT payments.”

2. IDA Projects with PILOT’s:

The following IDA Projects have active PILOT’s as of December 31, 2015:

<b>Owner</b>	<b>Lessee</b>	<b>Address</b>	<b>Occupant</b>
IDA	CIC	160 Enterprise	Yusen
IDA	Swany	115 Corporate Drive	Swany
IDA	CG Roxane	1 Old Sweet Road, Johnstown	CG Roxane

**F. IDA Projects:**

The following is a list of all active IDA projects:

<b>Owner</b>	<b>Lessee</b>	<b>Address</b>	<b>Occupant</b>
IDA	CIC	160 Enterprise	Yusen
IDA	Swany	115 Corporate Drive	Swany
IDA	CG Roxane	1 Old Sweet Road, Johnstown	CG Roxane
IDA*	CIC	4104 State Highway 30, Perth, NY	NLH’s Perth Primary Care Clinic
(Landlord)* NLH Association	(Tenant) IDA	99 E. State St., Gloversville, NY	NLH’s HVAC System Project
Citi Mortgage*	IDA	99 E. State St., Gloversville, NY	NLH’s Surgical Suite Project
IDA*	YMCA	213 Harrison Street, Gloversville, NY	YMCA

\* IDA bonds were issued.

## **II. SUMMARY OF 2015 ACTIVITIES:**

The IDA Board met eight (8) times in 2015. The following is a summary of the key activities addressed by the IDA Board in 2015:

### **1. TRYON TECHNOLOGY PARK PROJECT:**

#### **1. Background:**

2015 was another very busy year for the IDA with respect to the Tryon Technology Park Project. The IDA Board, in partnership with the Fulton County Board of Supervisors, continued work on transforming the former Tryon Juvenile Detention Facility into shovel-ready sites for new businesses. The following is a summary of the activities that took place in 2015:

#### **a. Phase I Infrastructure Improvement Project:**

The Phase I Project, undertaken by the Fulton County Board of Supervisors, involved constructing a new internal access road and installing and relocating new water and sewer infrastructure. This project started in 2014 and completed in 2015. This Phase I Project was funded by a \$2 million grant Fulton County obtained from Empire State Development.

#### **b. Phase II Infrastructure Improvement Project:**

The Phase II Project, also undertaken by the Fulton County Board of Supervisors, involved disconnecting the water service to Tryon from the Hale Creek Correctional Facility. This was done at the request of the State Department of Corrections and Community Supervision who operates the Hale Creek Facility. This project involves constructing a new water pumping station and a new 300,000 gallon elevated water storage tank at Tryon. The County awarded a construction contract to W.M. Schultz Construction, Inc. of Ballston Spa, NY. This project was commenced in 2015 and should be completed in the late summer of 2016. This Phase II Project was funded in part by a \$180,000 ESD Grant.

#### **c. Entrance Sign/Logo:**

The IDA Board partnered with the Fulton County Board of Supervisors in hiring Adirondack Signs of Saratoga, New York to construct an attractive entrance sign for the Tryon Technology Park. Design work on the sign commenced in 2015. The sign will actually be completed and installed in early 2016.

In addition, a logo for the Tryon Technology Park is also being proposed that will be incorporated into the new sign. This logo will be based upon the Regional Economic Development Brand Fulton and Montgomery Counties unveiled in 2015.

#### **d. Lot Sale Price:**

The IDA Board established the lot sale price for all land in the Tryon Technology Park at \$20,000 per acre. This price is consistent with what is charged at the IDA's other industrial parks.

e. Design Standards:

The IDA Board, in 2015, adopted Design Standards that would be applied to any new project coming into the Tryon Technology Park. The goal of these Design Standards is to establish building quality and aesthetics standards for buildings that will be constructed in the Tryon Technology Park.

f. Northern Borders Regional Commission Grant:

The IDA and Fulton County applied for a grant from the Northern Borders Regional Commission to use to restart the HVAC system in Building 3 at the Tryon Technology Park. Building 3 is the former Educational/Recreational Center that is intended to be repurposed into a Business Training and Incubator Center. The Building's HVAC System has been shut down since Tryon was closed in 2011. In order to repurpose this building, its HVAC System needs to be restarted and made operational. The Northern Borders Regional Commission awarded a grant in the amount of \$184,153. This grant will be matched by \$65,847 from the IDA. Fulton County will also be contributing a \$150,000 towards this project. This project will be commenced in 2016.

g. Wastewater Pump Station:

The IDA Board agreed to retain Fulton County's Facilities staff to operate and maintain the Wastewater Pump Station that services Tryon. Facilities staff has experience operating and maintaining wastewater pump stations. The Facilities staff commenced its duties at Tryon in 2015 when the pump station was restarted.

h. Evaluation of Solar Energy at Tryon:

The IDA Board met with C.T. Male to hear a presentation on the potential for developing a solar array at Tryon. IDA Board members expressed an interest in conducting an engineering evaluation on the feasibility of developing a solar array on approximately 30 acres of land at the western side of the Tryon Technology Park. The IDA Board entered into an Agreement with C.T. Male to have this engineering evaluation prepared. This evaluation will be completed in 2016.

i. NYS Police:

The IDA Board continued its relationship with the NYS Police by allowing the State police to utilize existing buildings at Tryon for various training exercises.

2. **EMPIRE STATE HEALTH SOLUTIONS' PROJECT:**

The IDA Board spent a great deal of time in 2015 facilitating the first project in the Tryon Technology Park. Empire State Health Solutions (ESHS) approached the IDA Board in 2015 with a proposal to purchase a parcel of land in the Tryon Technology Park to utilize to establish a pharmaceutical manufacturing business. ESHS was one of the five (5) companies granted a license by New York State to grow medical cannabis and manufacture medicines. This license was granted at the end of June. Initially, the IDA Board approved a Purchase and Sale Agreement with ESHS that would result in the

eventual sale of approximately a 20-acre parcel of land to ESHS for their project. On this parcel was an existing 20,000+/- sf building. The IDA Board then executed a License Agreement with ESHS to allow the company to start work renovating this existing building prior to them taking title to the property. ESHS commenced work on this building in June. This allowed ESHS to comply with the State' requirement that medicines be available around January 1, 2016. IDA members toured the facility in December of 2015 to see the status of the project.

ESHs' project represented a perfect fit for the Tryon Technology Park. The Targeted Industry Analysis Fulton County had prepared by DCG Corplan identified, as the #1 Industry Cluster that Tryon should be marketed for, would be Biomedical Research and Development companies. The manufacturing of medicines is a subcomponent of Biomedical Research and Development. As a manufacturer of medicines, the ESHs' project is a Biomedical Research and Development Project. As such, it represented a perfect fit for Tryon. It is hoped that this project will help attract a cluster of Biomedical Research and Development companies at Tryon.

In late 2015, ESHS announced that it changed its name from ESHS to Vireo Health of New York, LLC. This change was made to have the company's name consistent with its parent company, Vireo Health. Vireo Health had created over 20 new jobs at its facility by the end of 2015. Additional jobs will hopefully be created in the future as the company grows at its location in the Tryon Technology Park.

3. **REGIONAL BUSINESS PARK PROJECT:**

In 2015, the Fulton County Board of Supervisors, in conjunction with the Montgomery County Industrial Development Agency, completed work on a series of background studies necessary to obtain certification from Empire State Development (ESD) of the 263+/- acre Regional Business Park site as a certified shovel-ready site. An application was submitted in 2015 to ESD for this State certification.

The property owners who own the properties comprising the Regional Business Park site filed petitions in late 2015 with the Town of Mohawk, Montgomery County, City of Johnstown in Fulton County to have their properties annexed from the Town of Mohawk in Montgomery County into the City of Johnstown in Fulton County. The Petitioners asked for this annexation so that their properties could gain access to City of Johnstown's water and sewer systems so that their properties could be developed. A public hearing on the Petitions for Annexations was held on December 28, 2015. The annexation process should be completed in 2016.

4. **EARLY TERMINATIONS OF LEASE:**

In 2015, the IDA completed an early lease termination with the Euphrates Project in the Johnstown Industrial Park

As a result, the Euphrates lease and PILOT Agreements were terminated in 2015, the property was returned to the tax rolls and is now fully taxable.

5. **NYS COMPTROLLER’S AUDIT:**

In 2015, the NYS Comptroller issued its Audit Report. The Audit evaluated the internal controls over project monitoring. The IDA Board responded to the findings of that Report.

6. **RESIGNATIONS/NEW APPOINTEES:**

In 2015, David D’Amore was appointed to the IDA Board by the Board of Supervisors to fill the vacancy created by the resignation of Len House. Tim Munn was appointed in 2015 by the Board of Supervisors to replace George Bevington who resigned from the Board.

The IDA Board appreciates the strong partnership it has with the Fulton County Board of Supervisors on the Tryon Technology Park and looks forward to bringing more businesses and new jobs to this Park.