

**FULTON COUNTY
INDUSTRIAL
DEVELOPMENT AGENCY**

2016 ANNUAL REPORT

FEBRUARY 9, 2017

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, 2016:

Owner	Lessee	Address	Occupant
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:

Owner	Lessee	Address	Occupant
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 2016 ACTIVITIES:

The IDA Board met eleven (11) times in 2016. The following is a summary of the key activities addressed by the IDA Board in 2016:

1. TRYON TECHNOLOGY PARK PROJECT:

1. Background:

2016 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 2016:

a. New Electric System:

When Tryon was run by the State of New York, the electrical service at Tryon was owned by New York State. New York State owned the facility to get the most cost effective rates for buying electricity from National Grid. When the State transferred title of Tryon over to the IDA in 2014, the IDA took ownership of the existing electrical system within Tryon. Since that time, the IDA has been working with National Grid to get National Grid to install a new underground electric service around the perimeter of County Road 117. Once National Grid installs this new service, the IDA could discontinue its existing electrical service and get out of that business. At that time, the new electric service would be owned, operated and maintained by National Grid. In the spring of 2016, National Grid advised the IDA Board that it was ready to start work on the design for this new electric system. They advised the IDA Board that, in order for them to proceed, they required a \$10,000 payment from the IDA upfront to pay for their design costs. The IDA reluctantly wrote a \$10,000 check to National Grid in April of 2016. Several months later, National Grid advised the IDA that it was now requiring that the property corners be surveyed and staked so that National Grid could identify all property corners. The IDA Board authorized Ferguson & Foss to do this work at an additional cost not to exceed \$1,000. In the fall of 2016, National Grid advised the IDA that it was now requiring offset stakes be placed at each of the property lines so that National Grid could visualize where the property lines actually were. The IDA Board authorized Ferguson & Foss to do this additional work at a cost not to exceed \$700.

In late 2016, a meeting was held with National Grid representatives at Tryon. At that meeting, National Grid advised that they would be installing a new underground electric service along the perimeter of County Road 117. This would consist of approximately 7,400 linear feet of wire. The new electric service will be installed in 5" conduits. National Grid would be installing electrical switchgear at each of the property corners that were staked. National Grid then advised that either Fulton County or the IDA must provide and pay for the following:

1. Supply and install two (2) 5" conduits in surrounding exterior of County Road 117. This would total approximately 14,800 linear feet of 5" conduits.
2. Dig the trench for the conduits.
3. Backfill the trench.
4. Supply and install electrical hand holes every 400' (18+/-).
5. Acquire easements from private property owners along County Road 107 that will be needed for guyed wires on several new poles that National Grid will be installing along County Road 107.

Fulton County and the IDA are waiting for National Grid to submit its design plans. Once these plans are submitted, pricing will be obtained for performing the work National Grid states that either Fulton County or the IDA must perform.

b. Regional Business Training and Incubator Center:

The IDA and Fulton County jointly received a grant from the Northern Borders Regional Commission (NBRC) to use to restart the HVAC system in Building 3 at the Tryon Technology Park. Building 3 is the former Educational/Recreational Center. The goal was to repurpose this building into a Regional 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 NBRC 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.

A Buildings Conditions Evaluation the IDA authorized in 2015 was completed in early 2016. The evaluation concluded that it would be cost prohibitive to restart the HVAC System for all of Building 3. The IDA discussed conducting an engineering evaluation on establishing a standalone HVAC System for just the F-wing of Building 3. The IDA proposed this concept to the Board of Supervisors who supported it. The concept was then presented to the NBRC. The Commission also endorsed the concept. Fulton County then went out with an RFP to obtain pricing from engineers to prepare the engineering evaluation. Four (4) proposals were received and C.T. Male was hired to perform the evaluation. C.T. Male completed their evaluation which concluded it was feasible to create a separate HVAC System for the F-wing. Fulton County then, in late 2016, hired C.T. Male to prepare design plans and bid specifications for the project. It is hoped that the construction work on this standalone HVAC System will be completed in 2017.

c. Commercial Real Estate Broker:

The IDA Board discussed the concept of retaining a commercial real estate broker to market Tryon's shovel-ready sites and buildings. The IDA Board went out with a Request for Proposals (RFP) to obtain cost proposals from interested commercial real estate brokers. The IDA Board received two (2) proposals. After interviewing both firms, the IDA Board sought the input of its partner, the Fulton County Board of Supervisors, on whether they thought hiring a commercial real estate firm would be the best approach for marketing Tryon. The Economic Development and Environment Committee of the Fulton County Board of Supervisors met and discussed this concept thoroughly. After its discussion, it

was the unanimous consensus of the Economic Development and Environment Committee to recommend that the IDA Board not hire the commercial real estate broker to market Tryon. As a result of the input received, the IDA Board decided to not pursue hiring a commercial real estate broker to market Tryon.

d. Phase II Infrastructure Improvement Project:

The Phase II Project, 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 involved 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 completed in 2016. This Phase II Project was funded in part by a \$180,000 ESD Grant.

e. Evaluation of Solar Energy at Tryon:

In 2015, the IDA Board hired C.T. Male to evaluate the potential for developing a solar array at Tryon. C.T. Male's work was completed in late 2016. A final report will be presented to the IDA in early 2017.

f. Wastewater Pump Station:

Several problems developed with the wastewater pump station in 2016 including a clogged sewer main, infiltration and inflow and a faulty float. The IDA retained various contractors to make the necessary repairs.

g. Building Demolition:

The Fulton County Demolition Team arrived at Tryon in June of 2016 and began demolition work on approximately six (6) buildings on the east side of County Road 117. The Demolition Team completed the demolition work on four (4) of those buildings in 2016. It is hoped that they will be able to complete the demolition of the remaining two (2) buildings in 2017.

h. 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 was installed in the spring of 2016.

In addition, new banners were installed on the entrance to the Tryon Technology Park.

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. **JOHNSTOWN RENEWABLES PROJECT:**

In 2016, the Fulton County IDA received a project application from Johnstown Renewables, Inc. Johnstown Renewables proposed to acquire Lot #5 in the Johnstown Industrial Park for the purposes of constructing a facility that would take whey from FAGE's yogurt manufacturing plant and convert that into ethyl alcohol and animal feed stock. The IDA reviewed and discussed this proposed project at several meetings. The IDA Board eventually authorized selling a 5.374 acre parcel of land to Johnstown Renewables for its project. The IDA Board also approved granting certain tax exemptions to the project as authorized under General Municipal Law. Construction of the Johnstown Renewables Project began in the fall of 2016. It is anticipated that the project will be completed in the spring of 2017. The proposed project is expected to create approximately 25 new jobs.

3. **VIREO HEALTH OF NY, LLC PROJECT:**

The IDA Board authorized the sale of a 20+/- acre parcel of land to Vireo Health of NY, LLC. The closing on this lot sale was completed in early 2016.

4. **REGIONAL BUSINESS PARK PROJECT:**

Work on the Regional Business Park Project continued in 2016. Under New York State's Municipal Annexation Law, a SEQR review must be conducted on a petition for annexation before the affected municipalities can vote on whether to approve or disapprove the proposed annexation. In 2016, the SEQR review process commenced on this proposed annexation. The four (4) local municipalities all requested to be designated the Lead Agency to conduct the Coordinated SEQR Review. The Commissioner of the NYSDEC had to intervene and chose the Town of Mohawk in Montgomery County to serve as the Lead Agency. As Lead Agency, the Town of Mohawk issued a Positive Declaration requiring the preparation of a Draft Environmental Impact Statement (DEIS). The Town of Mohawk then declared Fulton County as a Project Sponsor and required the County to pay for and prepare the DEIS. Fulton County agreed to do so in partnership with Montgomery County and the City of Johnstown. In late 2016, Fulton County authorized the distribution of a Request for Proposals (RFP) to engineering firms to prepare the DEIS. It is anticipated that the DEIS will be completed in 2017.

5. **CAPITAL RESOURCES CORPORATION:**

Industrial Development Agencies in New York State had, for many years, been authorized to issue tax-exempt revenue bonds for charitable entities. The authorization to do so expired in 2008. In 2016, the IDA Board discussed an alternative that now exists to allow not-for-profit entities to access tax-exempt revenue bond financing. This alternative involves the formation of a Capital Resources Corporation (CRC) under New York State's Not-for-Profit Corporation Law. A CRC would generally exist for the same public purposes as an IDA and would have the power to issue tax-exempt bonds for the benefit of not-for-profit borrowers. The IDA met with IDA Bond Counsel to discuss the concept of creating a CRC. The IDA Board approved moving forward with creating a

CRC. The IDA's recommendation to proceed was forwarded to the Fulton County Board of Supervisors for their review and consideration. The Fulton County Board of Supervisors had several questions regarding the creation of a CRC. After further discussions, the IDA Board decided to put on hold the potential creation of a CRC. The IDA Board decided that it may reconsider pursuing such a corporation in the future if a potential project arose that would desire to have tax-exempt financing.

6. **IDA REFORM LEGISLATION:**

The IDA took several actions in 2016 in response to IDA Reform Legislation that was passed by the New York State Legislature. The following actions were taken:

1. Adopted criteria for reviewing project applications.
2. Identified criteria that would be used to annually monitor projects.
3. Added criteria into the Clawback Policy.
4. Adopted a revised Project Application.

7. **OTHER:**

The IDA Board also took the following additional actions during 2016:

1. The IDA Board reregistered the tanks at the Tryon Technology Park with NYSDEC.
2. The IDA Board authorized a contract with Greenscapes to cut grass at the Tryon Technology Park.
3. The IDA became a member of the Fulton County Center for Regional Growth.
4. The IDA Board adopted a 2017 Budget.

The IDA Board appreciates the strong partnership it has with the Fulton County Board of Supervisors on the Tryon Technology Park and looks forward continuing and strengthening that partnership.