

**FULTON COUNTY
INDUSTRIAL
DEVELOPMENT AGENCY**

2017 ANNUAL REPORT

JANUARY 9, 2018

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 then returns to the tax rolls. At that time, the company starts 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, 2017:

Owner	Lessee	Address
IDA	Swany	115 Corporate Drive
IDA	CG Roxane	1 Old Sweet Road, Johnstown
IDA	Johnstown Renewables	Enterprise Drive, Johnstown

F. IDA Projects:

The following is a list of all active IDA projects:

Owner	Lessee	Address
IDA	Swany	115 Corporate Drive
IDA	CG Roxane	1 Old Sweet Road, Johnstown
IDA	YMCA	213 Harrison Street, Gloversville, NY
IDA	Johnstown Renewables	Enterprise Drive, Johnstown

* IDA bonds were issued.

II. SUMMARY OF 2017 ACTIVITIES:

The IDA Board met ten (10) times in 2017. The following is a summary of the key activities addressed by the IDA Board in 2017:

1. TRYON TECHNOLOGY PARK PROJECT:

1. Background:

2017 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 2017:

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 2017, National Grid presented its proposed design for a new electrical system for the Tryon Technology Park. The cost, however, they were going to charge to install this new system was significant. As a result, National Grid was asked to redesign a new electric system in such a way as to significantly reduce the cost to the County and the IDA. National Grid expected to have that revised design completed in early 2018.

b. Regional Business Training and Incubator Center:

The IDA had originally planned to repurpose all of Building 3 into the Regional Business Training and Incubator Center. The IDA, in conjunction with Fulton County, sought approval through the Northern Borders Regional Commission (NBRC) to repurpose the grant it received for the Regional Business Training and Incubator Center. The request asks the NBRC to redirect the monies to having just the F-wing of Building 3 repurposed into the Regional Business Training and Incubator Center. The intent would be to have a new heating, ventilation, air conditioning and plumbing systems installed just for that building. The NBRC approved this request. C.T. Male prepared design plans for this work. The project, however, was not advanced to putting out to bid pending the resolution of the new electric system for the Tryon Technology Park. The IDA wanted to see what its cost would be for providing a new electric system before committing dollars to renovating the F-wing of Building 3.

c. Evaluation of Solar Energy at Tryon:

C.T. Male delivered its final report to the IDA regarding the potential for developing a solar energy project at Tryon. The Report concluded that it was feasible. The solar developer that was interested in pursuing a project at Tryon indicated that it could not proceed until such time as a Public Service Commission issued a Solar Credit Rate. This rate needed to be issued in order for the company to submit a final proposal to Fulton County to purchase energy that would be generated at Tryon.

d. Building Demolition:

In December of 2017, the Fulton County Board of Supervisors went out to bid for private contractors to demolish two (2) buildings on the east side of the entrance road going into Tryon Technology Park. The Fulton County Board of Supervisors was pursued having private contractors perform the work given the work load that the County's Demolition Team has. Bids were received on December 20, 2017. Fulton County awarded a contract to Dan's Hauling and Demolition, Inc. to demolish and remove four (4) buildings.

e. Roof Repairs:

Due to the deteriorating conditions of the roofs, the IDA hired local contractors to install new roofs on the wastewater treatment plant, pump station, control building and the electrical vault. This roof work was completed in the Fall of 2017.

f. Building 60:

The IDA hired a commercial real estate appraiser to appraise Building 60 in its current condition. The IDA's goal was to obtain a current market value for this building. The IDA discussed the concept of putting Building 60 on the market and attempting to sell it. The IDA Board will continue that discussion in 2018.

2. IDA WEBSITE:

The IDA, for years, had its website hosted on Fulton County's website. In 2017, the IDA Board decided to establish and host its own website. Emery Designs from Gloversville, New York was hired to create a new website for the IDA. The new website's domain name is: www.fcida.org The new website went live in the fall of 2017. The IDA Board has received a lot of positive feedback on the form and content of the new website.

3. MARKETING INITIATIVES:

A. CIREB Event at Tryon Technology Park:

In June of 2017, the IDA co-sponsored a marketing event at Tryon. The event featured the Commercial and Industrial Real Estate Brokers (CIREB) from the Albany area. CIREB members and other commercial and industrial real estate brokers from the Fulton-Montgomery County region were invited to Tryon to hear presentations about the Tryon Technology Park and the County's new Development

Strategy. The event was held on Wednesday, June 21, 2017, from 10:00 a.m. til noon. Approximately 50 people attended the event. The event was deemed a significant success in that Fulton County, the Tryon Technology Park and the County's three (3) Primary Development Areas received a significant amount of public attention. The event was covered extensively by the Albany and local media. The media arrangements were made through Gramercy Communications, the County's public relations/public affairs consultant.

B. Site Selector Guild Advisory Forum:

In September of 2017, a second major marketing initiative was conducted. This event was called the Site Selectors Advisory Forum. Three (3) Corporate Site Selectors from the prestigious Site Selectors Guild came to Fulton County to review what is currently going on in Fulton County and its economic development program. The Site Selectors then provided input and feedback as to how Fulton County may be able to strengthen its economic development program. The Site Selectors were in Fulton County from Wednesday, September 6, through Friday, September 8. Their three (3) days was highlighted by a public meeting held on Friday, September 8. Approximately 90 people attended this event. The Site Selectors commended Fulton County and its existing economic development program. They offered a series of recommendations that they felt would help strengthen the County's economic development program. This event was also deemed to be a big success.

4. REGIONAL BUSINESS PARK PROJECT:

Work on the Regional Business Park Project continued in 2017. 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 2017, the SEQR review process continued on this proposed annexation. 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 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. Sterling Environmental was hired to prepare the DEIS. The DEIS should be completed in early 2018.

In addition, the Options the IDA has on the properties comprising the Regional Business Park were extended.

5. NEW MARKETING CAMPAIGN:

The Fulton County Board of Supervisors appropriated \$100,000 into its 2018 Capital Budget to undertake a marketing program in 2018 targeted towards attracting people to come live and work in Fulton County. The IDA, on behalf of the Fulton County Board of Supervisors, applied to National Grid for a matching grant. In late 2107, National Grid awarded that \$100,000 grant to the IDA. The IDA will serve as a pass through for those funds for Fulton County. Fulton County Board of Supervisors will be looking to

implement this marketing program in 2018. The marketing program will feature two (2) key components:

1. Attracting people to come live and work in Fulton County.
2. Attracting new businesses into Fulton County.

6. **CENTURY LINEN PROJECT:**

The IDA received an application from Century Linen and Uniform (formerly Robinson and Smith) located in Gloversville, NY to lease an existing building at 123 Union Avenue in the City of Johnstown and relocate its Gloversville operation there. Century Linen advised IDA Board members that they had no space in the Gloversville facility to grow. As a result, the company had been looking for buildings in Fulton County and elsewhere. Century Linen found an existing building in Johnstown that would meet their needs. This building contains approximately 60,000 sf and is currently owned by STAG, Boston, MA. Century Linen's application to the IDA requested a Sales Tax Exemption on the materials it would be using to renovate the building and new equipment that it would be purchasing. A public hearing was conducted on October 31, 2017. Two (2) people spoke at the public hearing and both spoke in favor of the proposed project. The IDA deemed the project as a Type II action meaning that the project was statutorily exempted from a SEQR review. After reviewing the application and its criteria for monitoring the project, the IDA adopted a resolution approving the project and the request for a sales tax exemption.

7. **JOHNSTOWN RENEWABLES PROJECT:**

In 2016, the IDA approved an application from Johnstown Renewables, Inc. to acquire Lot #5 in the Johnstown Industrial Park and construct a facility that would take whey from FAGE's yogurt manufacturing plant and convert that into ethyl alcohol and animal feed stock. Construction of the Johnstown Renewables Project began in the fall of 2016. Unfortunately, construction on the project was halted in 2017. The IDA hopes that this project can still be completed.

8. **OTHER:**

The IDA Board also took the following additional actions during 2017:

1. The IDA Board approved having New York's Air National Guard conduct two (2) training exercises at Tryon.
2. The IDA Board authorized a contract with James Esper to cut grass at the Tryon Technology Park.
3. The IDA renewed its Gold Membership with the Fulton County Center for Regional Growth.
4. The IDA Board adopted a 2018 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.