

IDA

**COUNTY CONFERENCE ROOM
LAKE PLEASANT, NY**

DECEMBER 2, 2010

The meeting was called to order by Chairman Towers at 2:00 P.M. with the following members present:

Brian Towers, Chairman
William Farber, Vice Chairman
William Faro
Fred Fink
Robin Morrison
Tim Pine

Absent: Robert Peck

Also Present:

William Osborne, Executive Director
Laura Abrams, Secretary
Pete Klein, Press

Mr. Morrison made a motion to approve the minutes of September 3, 2010 & September 14, 2010, seconded by Mr. Fink. Carried.

Treasurer's Report: Mr. Osborne handed out the updated financials. All except two are current; the Indian Lake Market and another that runs behind once in awhile, just needs a reminder. Mr. Morrison asked if there is a penalty. Mr. Osborne stated yes, there is a penalty for late payment.

Payment of Bills:

FitzGerald Morris Baker Firth P.C.	\$261.00
FitzGerald Morris Baker Firth P.C.	\$1,247.00
Wm. J. Kline Publications	\$5.01
Timothy J. Schofield	\$440.00
Timothy J. Schofield	\$1,575.00
Camoin	\$99.96
Stephenson Lumber Co., Inc.	\$4,221.31

The Chairman stated that there is one bill to add. It is for \$3.47 to Wm. J. Kline for a legal notice to reschedule the Nov. 9th meeting to today.

Mr. Osborne stated that the Camoin bill goes back to 2008. He has investigated and it appears that he wrote a check in error, it resulted in a balance that has been carried on our account with them.

Mr. Osborne further reported that the Stephenson Lumber Co., Inc. bill is the bill to repair the roof on the old lodge at Oak Mt. Ski Center. It has been completed and looks great. We split the cost of materials with FOOM. Mr. Osborne stated that we will pay Stephenson Lumber; he will not release the check to Stephenson Lumber until he receives half from FOOM.

Mr. Farber made a motion to pay the bills with Mr. Osborne's explanation on the Camoin bill and contingent upon the IDA receiving the other half of the Stephenson bill from FOOM, seconded by Mr. Faro. Carried.

Mr. Osborne requested an Executive Session to discuss a loan application. Chairman Towers recused himself from the discussion and left the room, along with Pete Klein.

Motion to enter Executive Session to discuss a loan application by Mr. Faro, seconded by Mr. Fink. Carried.

Motion to open session by Mr. Pine, seconded by Mr. Morrison. Carried.

Chairman Towers and Pete Klein returned at this time.

Vice-Chairman Farber reported that while in Executive Session the Board discussed the specific financials of Hamilton County Cable. The rationale for Chairman Towers' recusal is the fact that he is an employee of Hamilton County Cable; he doesn't derive a wage that is directly related to stock earnings or the financial success of Hamilton County Cable. He is strictly on salary and an employee. The Board went through the preliminary financials and at this point in time Mr. Osborne is looking for conceptual approval, if we had a full application from Hamilton County Cable, whether this type of project is a project that the IDA would be interested in loaning the USDA money. This is not the money that came through the Small Cities grants; this is the money that was transferred from the LDC to the IDA for the purpose of loaning it out. This money has slightly different rigors with respect to job creation, and though this proposed project will create jobs, the big benefit of what is being proposed by this project has to do with the spin off benefit.

Mr. Faro made a motion to approve the Hamilton County Cable project in concept and have Mr. Osborne move forward with getting a full application, seconded by Mr. Fink. Mr. Fink asked if there is any need for anymore guidance or specificity on the part of the Executive Director. Vice-Chairman Farber stated that we talked about specific things while we were in Executive Session, about financials and what we would be looking for in an application, so he thinks he has direction, but he thinks what he wanted was verification from the IDA that this type of project was something that was approvable. He also wanted to be up front, as did Mr. Towers by virtue of his recusal, about the fact that

there is a member of the IDA that is an employee and wanted to affirm by a vote of the IDA that nobody considered that to make them ineligible to borrow money from the IDA.

Motion carries with Mr. Tower recusing himself. Vice-Chairman pointed out that Mr. Towers recused himself from all discussion, deliberation, the vote, and left the room until the Board reported out of Executive Session.

Mr. Osborne handed out the same letter that was handed out at the last meeting from NBT regarding the loan. Mr. Farber clarified the \$240,000 loan that the IDA took is a loan which exist as a loan that has the IDA making interest only payments, so we are making no progress towards getting the loan paid off. This is a proposal to restructure the loan in a way that we will get it paid off in a period of time. This letter lays out some options. The Board discussed the options.

Mr. Fink made a motion that based on the September 30, 2010 letter from NBT Bank the IDA enter into a 5 year loan with a 10 year amortization using option B, 4% over the 5 year Federal Home Loan Bank fixed borrowing rate. Seconded by Mr. Farber. Mr. Pine asked if the income from the cell tower is enough to cover the payments. Mr. Osborne stated yes. Motion carries.

Mr. Fink stated that we put in here that we could fund this through a revenue anticipation note or bond and have no penalty clause. At the time this came out he stated that he would check with people he knew in the bond brokerage business to see if they had any interest in this at all. They stated no, not a piece that small. He also followed up with an attorney who works with a lot of IDAs and LDCs and he stated that he did not have anything but FitzGerald Morris may have and they may be in a position to tell the IDA what it may cost to take a \$250,000-\$300,000 loan in a form of an Industrial Revenue Bond that would be tax exempt out to market for bid. If they can do it relatively inexpensively, he would say that you could probably save 1-2% off the interest rate. Maybe the number is too small for Morgan & Stanley but there may people, even in-county, who have an interest in this sort of stuff, including a client of his, so he could have a potential conflict. But he has no idea how much it might be, if there are any savings left here. If they want to charge \$25,000 to do the documents and the bidding it eats up the savings quickly. Mr. Osborne stated that he will give Bob Morris a call. Mr. Osborne stated that in discussions that he has had with people that have experience doing bonds, nowadays, with all of the fees associated with it, \$500,000 is the absolute bare minimum before they say it becomes economically feasible to do that, really 1 million. Mr. Fink stated that to register everything and do it in that form, yes. Mr. Fink further stated that on these small, unique types of things, it changes the equation.

Mr. Osborne stated that Mr. Dinolfo's contract with the IDA has expired. He has been our auditor for 3 years. He can only be our auditor for 2 more years, then we have to go with a different audit firm for at least 1 year, then we could go back to Mr. Dinolfo. Mr. Osborne has received a letter from Mr. Dinolfo wanting to extend the contract for 2 years. Mr. Osborne asked if we need to get proposals. Mr. Farber stated that because it is

a professional service, he doesn't believe that we are under any restraint to go out for proposals, we could consider extending it for 2 years. The real question is what the IDA is going to do when he hits his 5 year max. When we try to do a 1 year proposal we are going to end up with some very expensive proposals. Chairman Towers stated that Mr. Dinolfo's proposal states that it will take him about 24 hours to do the audit, he asked Mr. Osborne if it has been a convenient 24 hours in the past. Mr. Osborne stated that he has had an excellent working relationship with Mr. Dinolfo since he made it clear that he had to do it during his working hours.

Mr. Morrison made a motion to extend the agreement with Mr. Dinolfo for two more years, seconded by Mr. Fink. Carried.

Mr. Osborne stated that the Authority Budget Office requires that the Board members do an annual self-evaluation. Mr. Osborne handed out the forms. Mr. Osborne further explained that he will have to do a summary and submit it. Mr. Osborne asked that the Board members fill it out and return it to him at the next Board meeting. Mr. Osborne further handed out an IDA mission statement; it is posted on the Hamilton County website.

Mr. Osborne handed out legislation that was passed by the Assembly and Senate that states that utilities and IDAs will have to pay service workers prevailing wage. The Board discussed.

Mr. Osborne handed out a bill from Advertisers Workshop that the IDA has been carrying on the books for 4 years. Mr. Osborne explained it goes back to when the IDA loan Oak Mt. Ski Center \$60,000. The IDA specified in that loan that \$5,000 of that loan was to be spent on advertising. Mr. Osborne stated that he is not sure why, but for some reason he ended up working with Advertisers Workshop in order to place this advertising. It was either because the current owners didn't want to do it, couldn't do it, didn't have the time to do it or we were informed that none of the media would accept advertising they placed directly because they were owed so much money. Mr. Farber stated that knowing now what we know, we should have held \$5,000 back from them or we should have disbursed the \$60,000 in two checks, one for \$55,000 and a two party check for \$5,000 to Oak Mt. and Advertisers Workshop. Mr. Osborne further stated that this happened in November and everyone was trying to make things happen so Oak Mt. could open. Mr. Osborne stated that he contacted Advertisers Workshop and they went out into the market place and Tom Connors, President of Advertisers Workshop came back to him and stated that they can not place this advertising unless the IDA guarantees it. Mr. Osborne stated that he told them to go ahead. The bill came in and was presented over at Oak Mt. Ski Center for payment on a couple of occasions and it never got paid. It came up during the foreclosure; he stalled them to get through the foreclosure process. Mr. Osborne stated that this is a bill that he feels we owe, they would not have done it without the guarantee that he made. Mr. Farber stated that it is one of those bills that indifference to whoever will take over from Mr. Osborne after the first of the year, it needs to be cleaned up while it is on his watch; he is the one that was directly involved in it. We learned some pretty painful lessons in the Oak Mt. experience in terms of formality.

Chairman Towers stated that Advertisers Workshop placed the advertising and paid for it and they have not been paid, regardless how we have to rectify this internally, they shouldn't be held responsible. Discussion continued.

Mr. Faro made a motion, in good faith and to clean up this outstanding bill to help our new incoming Director, that the IDA pay this bill to Advertisers Workshop for the full amount of \$5,543.02. Seconded by Mr. Pine. Mr. Fink opposes. Motion carries.

Mr. Osborne stated that this is his last meeting. It has been for the most part enjoyable and he appreciates working with the Board. They are going to have a great new Executive Director and he is confident that she will do a very good job. He encouraged the Board to remember that the Executive Director is not the IDA, the members are the IDA. He has been referred to as the IDA by members of this Board. The members are the IDA. He further encouraged the members to get more involved. He encouraged the members to try and make suggestions that are positive and productive. The eleventh hour nick picks and pot shot type comments serve to demoralize, they don't help create jobs in Hamilton County. He encouraged the members to get involved with the new Executive Director, make sure you give her some firm direction so that the new Executive Director knows what is expected and he thinks they are going to be very happy. If he has one regret, it is that he had hoped to be able to do things that were somewhat transformative in Hamilton County. We need major changes in the economic condition here. Mr. Osborne thanked everyone.

The Board thanked Mr. Osborne for his service.

Mr. Farber stated that the reality is that it is a tough job with not a lot of resources. He further stated that Mr. Osborne has worked hard and been committed to a lot of projects and put in a lot of hours trying to move some things forward. We can all look back and say that we haven't had as many successes as we would of liked, but as you correctly pointed out we are all part of that IDA so we all shoulder the responsibility. Mr. Farber thanked Mr. Osborne for his service.

Mr. Osborne stated that Ann Melious will be taking his place. She was the Executive Director of the Adirondack Regional Tourism Council for many years, has always had somewhat of a vocational hobby in economic development.

Mr. Fink stated that he has heard that the issue of taxation on IDAs is back up again. Mr. Osborne stated the NYS Economic Development Council, along with a number of law firms have got together to fight this again. Mr. Fink asked if a resolution of support is needed. Mr. Osborne stated he has not seen a request for it yet.

Mr. Fink made a motion to have Mr. Osborne write a letter expressing the IDAs opposition with detail as to why we are opposed. Seconded by Mr. Farber. Carried.

Mr. Osborne stated that the Board is required by the bylaws to hold its Annual Meeting on or about the 15th of January.

Motion to adjourn by Mr. Farber, seconded by Mr. Morrison. Carried.