Minutes of the Meeting of the
<u>Oneida County Industrial Development Agency</u>
April 30, 2021
In person at 584 Phoenix Drive, Rome, NY/Webex Video/Teleconference Due to COVID-19 Emergency

<u>Members Present</u>: David Grow, L. Michael Fitzgerald; Steve Zogby; Ferris Betrus, Kirk Hinman, Mary Faith Messenger, Gene Quadraro.
Members Webex/Teleconference: Ferris Betrus, Mary Faith Messenger, Eugene Quadraro;

<u>EDGE Staff Present</u>: Shawna Papale, Jennifer Waters, Mark Kaucher; **<u>Webex:</u>** Bill Van Shufflin, Tim Fitzgerald.

<u>Other Attendees:</u> **<u>Webex/Teleconference</u>**: Laura Ruberto, Bond, Schoeneck & King; Mark Levitt & Jenna Peppenelli, Levitt & Gordon; Rome Mayor Jackie Izzo; Margaret Campbell, EDF Renewables/Quiet Meadows; Barry Carrigan, Nixon-Peabody/Quiet Meadows; Michelle Kennedy, Whiteman Osterman & Hanna/Orgill; Genevieve Trigg, Barclay Damon. Jolene Cleaver, Rome Sentinel

Chair Grow called the meeting to order at 8:02 AM. He asked if there were any requests for an executive session, and there were none at this time.

<u>Minutes</u>
The March 26, 2021 meeting minutes were reviewed. M. Fitzgerald noted that "in" needed to be added to the word "dependent" on line 29, page 4 of the minutes. ***<u>A motion to approve the minutes, as corrected, was moved by S. Zogby, seconded K. Hinman and carried 7-0.</u>*** The April 16, 2021 meeting minutes were reviewed. ***<u>A motion to approve the minutes was moved by S. Zogby, seconded K. Hinman, and carried 7-0.</u>***

<u>Financial Report</u>
<u>Interim Financials</u>: <u>The Agency received the interim financials as presented-with the revised page, subject to audit.</u>

<u>The Fountainhead Group, Inc. (Fountainhead) – Inducement Resolution</u>
Chair Grow introduced a request from the Fountainhead Group for the Agency to consider an inducement resolution relating to company's plan to undertake investments at its New York Mills facility. S. Papale explained that the company produces a wide range of sprayers used for a variety of different commercial and domestic purposes and that they have been developing new technologies right here in Oneida County. She said that we have been working with the company for some time to assist them with their desire to expand the manufacturing and research and development capacity of the company in Oneida County. After an exhaustive search of options, they company has decided to move its primary distribution function/jobs, to a to-be-built facility in the Schuyler Business Park, Herkimer County. This will allow them to re-purpose space in the New York Mills facility for manufacturing and research and development with planned growth in associated jobs. She said that the main goal was to keep the company in the Mohawk Valley. She stressed that it's not "her grandfather's company" as it used to be known as. She then turned the floor over to John Romano, President of Fountainhead Group. He explained that the company has been growing dramatically primarily through new product development and a great sales and marketing team, with tremendous growth with all the major retailers. A few years back they started going after the commercial market (construction/landscaping, etc.) and gained the number one position in those markets. They have entered into agreements with some of the largest industry players, including Hasqvarna, Scotts, and Stanley Black & Decker. They also sell under their own Black Flag label. They are investing a huge amount in R&D and product development, with at least $2 million spent annually. They have grown so consistently that they've run out of space at their current New York Mills facility and are looking to consolidate their distribution/warehousing operations into one facility. This will bring jobs back locally from an existing warehouse operation in Volney, NY. The expansion of manufacturing and R&D functions in New York Mills will still result in the creation of 17 jobs. M. Fitzgerald expressed that he was glad to see this project moving forward, but he was hesitant to support the project at the amount of benefits requested. This would result in a substantial negative impact on the New York Mills school district, which is one of the smallest school districts in the County. Instead, he proposed offering the sales tax exemption as requested in the application, with a 10-year lock on the property taxes and property assessment.

This would ensure that none of the affected taxing jurisdictions "move backwards." He further expressed that it is difficult to support the originally requested benefits when there is "no shovel going into the ground." He estimated that this proposal would result in approximately $205,000 in tax savings over 10 years. Mr. Romano clarified that while there would not be any physical construction, the company is reorganizing and repurposing the entire building to improve efficiency. this will result in 75,000 square feet of additional manufacturing space. He then asked if the Agency would instead consider a 5-year PILOT, in order to help the company offset project costs up front. D. Grow expressed that the problem with a normal PILOT, whether 5- or 10-year, is that the exemption in taxes puts the taxing jurisdictions, particularly the school district, at a disadvantage. Mr. Romano stated that the company would be appreciative of any support given by the Agency but pointed out that they are increasingly at a disadvantage when new businesses come to the area and are offered much larger incentives while also offering higher salaries. E. Quadraro asked if Mr. Romano knew the last time the building was assessed. Mr. Romano did not know at the time. **With no other discussion, M. Fitzgerald moved for the Agency to offer to the company financial benefits that include sales tax exemption estimated at $97,475 but not to exceed $107,222 and a 10-year fixed property tax amount equivalent to the schedule provided in the application, a 10-year lock on the property assessment. This lock is estimated to provide tax savings amounting to $203,000 over ten years to the company. This motion was seconded by S. Zogby. The motion carried 7-0.** The amount of benefits approved will result in a reduced fee to the Agency. D. Grow wanted the record to show that the Agency's bond counsel Linda Romano is related to the company's owners, and she has removed herself from all dealings with this project. Counsel Mark Levitt will instead provide all services related to project closing. The record will also show that F. Betrus has a relative that works in a management position at the company.

The Fountainhead Group, Inc. (Fountainhead) – SEQR Resolution
A motion to approve a SEQR resolution related to the Fountainhead Group project was moved by M. Fitzgerald, second by K. Hinman, and carried 7-0.

The Agency tabled agenda items #6, #7, and #8

One-Pull Solutions Wire and Cable, LLC (One-Pull) – SEQR Resolution
Prior to this action, M. Fitzgerald asked to have clarified the tax status of the building that will be the home of the company. It is understood that RIDC owns the building, but the question was asked if UPS pays any of the building's property taxes, or if the company avoids paying taxes because of RIDC's ownership. S. Papale confirmed that UPS was paying 100% of the property taxes owed for the portion of the building which they occupy. M. Fitzgerald then left the room prior to Agency action, because the company's accounting firm, Fitzgerald, DePietro & Wojnas, CPAs, P.C., was formerly his place of employment. **A motion to approve a SEQR resolution related to the One-Pull Solutions Wire and Cable, LLC project was moved by S. Zogby, second by E. Quadraro, and carried 6-0, with M. Fitzgerald abstaining.**

One-Pull Solutions Wire and Cable, LLC (One-Pull) – Final Authorizing Resolution
Chair Grow introduced a final authorizing resolution for One-Pull Solutions Wire and Cable, LLC, approving financial assistance in the form of exemptions from sales tax (estimated at $10,500 but not to exceed $11,550) and a reduction in real property taxes (value estimated at $48,562) for a period of 4 years and authorizing the form and execution of related documents, subject to counsel review. **A motion to approve a final authorizing resolution related to the One-Pull Solutions Wire and Cable, LLC project and authorize the execution of documents was moved by K. Hinman, second by E. Quadraro, and carried 6-0, with M. Fitzgerald abstaining.**

Orgill, Inc. – Resolution Consenting to Sale of Facility and Assignment of Agency Documents
Chair Grow introduced a resolution consenting to the sale of the Orgill, Inc. facility to BUILT IN A DAY (NY) LLC and assignment of the Agency transaction documents, and authorizing the form and execution or related documents, subject to counsel review. M. Fitzgerald asked whether Orgill, Inc. was still the responsible party for the obligations relevant to the benefits provided by the Agency, including job creation and potential claw-back. Chair Grow clarified that there was no release of Orgill from any obligations, and that the company remained responsible for all project obligations. Michelle Kennedy, counsel representing Orgill, confirmed that this was in fact the case – that Orgill will retain all

obligations. E. Quadraro asked if it was true that the firm BUILT IN A DAY (NY) LLC was formed in Delaware as recently as April 14th, 2021. M. Fitzgerald confirmed that this entity was formed for the specific purpose of purchasing and managing this property. **A motion to consent to the sale of the Orgill, Inc. facility and assignment of Agency Documents to BUILT IN A DAY (NY) LLC was moved by K. Hinman, second by M. Fitzgerald, and carried 7-0.**

Community Solar Policy

Chair Grow introduced a resolution to adopt an amended Community Solar Policy. The Agency provided notice on April 15, 2021 to all tax jurisdiction of its intention to adopt an amended policy and conducted a public hearing on April 26, 2021. F. Betrus asked if the public hearing was conducted virtually or in-person. S. Papale clarified that it was a hybrid public hearing, with attendees both in-person and via WebEx. Chair Grow pointed out that the policy included in the meeting packet is still in draft form, and it asks board members of the Agency to provide further comment. S. Papale stated that the Agency has learned more about how solar projects work since the Agency's project in Annsville closed. In particular, she pointed out that different municipalities have much different capacity to review projects such as these, and to work with the developers to address potential concerns. Decommissioning plans are of particular importance to municipalities, and the smaller municipalities, such as Annsville, have less capacity to scrutinize these plans in-house, while larger municipalities, such as Marcy, have demonstrated interest in and capacity to take a detailed look at these plans. Chair Grow pointed out the Quiet Meadows (1 and 2) decommissioning plans, and the developer's methodology for paying for it, in which they have created a cash deposit in the amount of the decommissioning cost with an escalator on those costs. So, for projects like this, it is not an issue of whether or not the bond-holding company is still in existence 25 years from now – at the end of the project term. M. Fitzgerald cited the concern that most of the bonds required for projects such as these are one or two years in duration, so we do not know whether a project developer will drop the bond after the PILOT is in place. He concurs with Chair Grow that a cash deposit for a decommissioning plan is a much safer alternative for both the Agency and municipalities to ensure funding is in place for this purpose. S. Papale pointed out that this could create a burden on the developer if it is required that a large sum of money - $500,000 for example – be deposited into an account up front. Chair Grow also stated that he and Mark Levitt had discussed the possibility of contracting with an engineering firm in the area, so long as no conflict existed, that could assist the Agency and municipalities with the technical aspects of reviewing solar project. S. Papale shared that she too had started looking at this possibility for the Agency. She has spoken with individuals at NYSERDA, who have indicated that they already have decommissioning sample concept plans. These could be used by the Agency to guide conversations with developers. Alternatively, the Agency can retain an engineering firm to give the Agency a more solid decommissioning plan that can be used as a "standard" for all solar projects. Municipalities can of course deviate from this standard if they so choose. She indicated that she has specifically spoken with Plumley Engineering about developing such a standard plan, and the cost would be approximately $8,600. She also identified Bergmann PPC, C&S Companies, and Barton & Loguidice as firms that have worked on solar projects in the past, and could be retained by the Agency to review decommissioning plans. She stated that the cost to review such plans by one of these firms would be about $1,200 per project. M. Levitt then stated that Don Ehre of Boulder Consultants is another well-qualified and highly-regarded engineer that has worked on solar projects across New York State. M. Fitzgerald brought up the cost of decommissioning again, pointing out that NYSERDA estimated that the cost to decommission a solar array 25 years from now would be $125,000. This amount, compared to the cost of construction, seemed unreasonably low. For this reason, he stated that it would be more prudent to rely on an engineering firm on a case-by-case basis to review decommissioning plans and costs. F. Betrus asked for clarification regarding what the Agency's obligation was to the local municipalities in assisting with these technical aspects of solar projects. M. Fitzgerald stated that it is to take away the burden from towns with creating decommissioning plans. By retaining an experienced engineering firm for this purpose, the Agency will make it easier for municipalities, and it will become an easier – and likely cheaper – process through repetition. E. Quadraro asked if we knew what other IDAs across New York were doing regarding reviewing decommissioning plans. S. Papale stated that many IDAs were relying on municipalities to do this review, but that the approach varied greatly across the State. Chair Grow then suggested, in order to avoid over-complicating the issue, to adopt the amended policy as presented, and then review it after four or five projects have been considered by the Agency, to consider the effectiveness of the process. He also suggested including a statement in the policy that provides that the Agency reserves the right to waive external review of the decommissioning plan if it is satisfied with the plan as presented. This approach was agreed upon by E. Quadraro and M. Messenger. S. Papale stated that staff will continue engagement with the earlier identified engineering firms to determine the best options for a standard decommissioning plan for the Agency, as well as retaining a firm to conduct reviews of decommissioning plans when such review is not done by a municipality. **With no other discussion, M. Fitzgerald moved for the Agency to adopt the amended Community Solar Policy as presented, while also requesting Agency staff obtain contractual relationships with engineering firms for assistance with decommissioning plans. This motion was seconded by K. Hinman. The motion carried 7-0**

Quiet Meadows Solar Farm 1, LLC (Verona)

Chair Grow introduced an inducement resolution relating to the Quiet Meadows Solar Farm 1, LLC (Verona) facility, granting preliminary approval for financial assistance consisting of real property tax reduction (estimated at $232,607), which is consistent with the Agency's Uniform Tax Exemption Policy (Community Solar Policy), and authorizing the Agency to conduct a public hearing. **A motion to approve an inducement resolution related to the Quiet Meadows Solar Farm 1, LLC project and authorizing the Agency to conduct a public hearing was moved by M. Fitzgerald and seconded by M. Messenger.** M. Messenger then asked if the Agency had received documentation showing the Town of Verona's approval for this project. S. Papale stated that the Agency has received planning board approval, but has not yet received information regarding whether or not the developer will post a cash deposit or a bond to cover the decommissioning cost. The board then asked for clarification from the developer whether or not the Town had agreed to a host payment, or whether that would be established through the Agency. B. Carrigan, representing the project applicant, stated that the developer has drafted a host payment agreement and is discussing this agreement with the Town currently. He clarified that any such agreement would certainly comply with Agency requirements. M. Fitzgerald asked Mr. Carrigan if he could speak to any of the technical aspects of the project, to which B. Carrigan responded that he could answer as best he could, having worked with many solar projects in the past. M. Fitzgerald then asked if the acreage per megawatt identified (8-10 acres per megawatt) in the two Quiet Meadow projects before the Agency today is about typical in what might be seen in a normal solar project. B. Carrigan stated that, generally speaking, this sounded about right. He then deferred to M. Campbell, a project manager with EDF Renewables/Quiet Meadows for her expertise. She concurred that this was about right. She also explained that solar energy developments, compared to other energy sources, is fairly simple, and that the deconstruction/decommissioning of such projects is easy and inexpensive, relatively speaking. Returning to the topic of acreage-per-megawatt, she explained that energy density within the solar industry is constantly improving in order to maximize output on smaller amounts of land. Rotating panels that follow the path of the sun will be installed on the Quiet Meadows 1 and Quiet Meadows 2 solar arrays. These types of panels do take up a little more room than stationary panels though. This type of array typically requires 6-8 acres per megawatt, while stationary arrays require 5-6 acres per megawatt. M. Fitzgerald then asked why the more expensive project – Quiet Meadows 2 – received a smaller federal tax credit than the smaller Quiet Meadows 1 project. M. Campbell explained that the federal credit does not apply to money that we spend on the project to actually transport the energy. It only applies to money spent to create the energy. So if there are higher costs in building up infrastructure "downstream" from the project, or past the transformer, these costs are not covered by the federal tax credit. There are more such costs associated with Quiet Meadows 2, so this project is more expensive overall while receiving a smaller tax credit. M. Fitzgerald then asked what the ideal distance is from a solar project to a transformer. M. Campbell explained that on Quiet Meadows 1, there is a power line right on the same street to which the project can connect, but this project requires upgrading that line for about one-third of a mile. This added cost is "pushing it," but a project usually will not be viable if it requires upgrading a power line over a distance more than one-half mile to a mile. F. Betrus then asked if there is a number of residents that is needed to "buy in" to a solar project to make the economics work, and if that number is not met, what happens. M. Campbell then explained that according to New York State's rules for community solar projects, up to 40% of the power generated can go to larger consumers These users would also get a discount on the power generated. The other 60% must go to small, mostly residential, users. Currently, there is a waiting list of electrical customers that want to get this type of power. F. Betrus then asked what would happen if the opposite were true, if there were a lack of demand for this type of power. M. Campbell stated that it was her understanding that the electrons generated from community solar projects would go into the power grid and be distributed throughout, without any customers getting any benefits of discounted power. E. Quadraro asked if the power generated locally stays local, or if it is dispersed across the State once it goes into the power grid. M. Campbell confirmed that there is a statewide objective to move power from Upstate to Downstate. To facilitate that, new transmission lines are being built running from Upstate to Downstate. But by and large, the electrons produced by these solar projects will stay local and supply local needs, because there is adequate demand for such power before it can be dispersed elsewhere across the State. M. Fitzgerald asked whether or not it was true that the price that National Grid pays per kilowatt to community solar developments has dropped from roughly 40 cents just three or four years ago to only about 11 cents today. M. Campbell confirmed that the NYSERDA incentive is indeed 11 cents per kilowatt currently, and that it had previously been much higher three or four years ago. She further explained that the cost of development and the cost to produce this power has fallen during this time, so the incentive has also decreased. Now an effort is being made to reduce the soft costs of development. Chair Grow then asked whether or not there were additional employment opportunities for panel maintenance, since rotating panels were being used in the two Quiet Meadows projects. M. Campbell did not believe these panels require additional maintenance, so there is not a need for additional jobs. Seasonal landscaping and routine maintenance jobs will be created though. E. Quadraro then asked about the longevity of the solar panels being used in these projects, to which M. Campbell stated it was about 30-35 years, regardless of whether they are fixed or rotating panels. E. Quadraro also asked if these solar panels are coming from China, to which Margaret responded that a lot of the panel components are sourced internationally but assembled in America, but the company also sources panels from China, South Korea, and the Philippines. Chair Grow asked how the company monitors its solar arrays to ensure they are working. M. Campbell stated that their monitoring system allows them to tell which panels are and aren't working properly, and for rotating panels, what position each panel is in. She acknowledged that the mechanical components in the rotating panels have a higher failure rate than electrical components, but the tracking and monitoring system does a good job catching each failure in a timely manner. Furthermore, both Quiet Meadows projects are using bi-facial panels, which really maximizes the amount energy that can be generated from an array. The Agency acknowledged Ms. Campbell's helpfulness in answering all of their questions and giving them a much better understanding of solar power projects. S. Papale then explained that the Agency is not required by New York State to report on job numbers associated with solar projects, but that it might be a good idea to internally keep track of local hiring associated with solar projects. She then asked B. Carrigan about the status of the decommissioning plan for Quiet Meadows 1. B. Carrigan explained that the plan is to make a 30-year cash deposit in the amount of about $541,000 to cover costs associated with decommissioning. Both M. Campbell and B. Carrigan cited that this cash deposit has negative impacts on the economic feasibility of the project. B. Carrigan continued that decommissioning bonds are the standard across New York State, and that bonds make projects more feasible for solar projects and that large cash deposits make projects less feasible. He also shared that as the company was working with the Town of Verona on the decommissioning plan, that Barton & Loguidice was used as an independent firm to review the plan. F. Betrus asked what the company will do with the interest collected on the cash deposit. B. Carrigan explained that the current plan is for the interest to be repaid on an annual basis back to the company. S. Zogby then clarified on an earlier point of discussion that the bonds associated with decommissioning are generally not cancelable, so the risk of these bonds being canceled over time is very minimal, and they remain in effect for the duration of the project. He further clarified that companies are required to pay annual premiums for these bonds. M. Fitzgerald asked what happens if a company does not pay the premium. S. Zogby responded that that issue goes back to the underwriting process done by the bond company, and determining the creditworthiness of the company requesting the bond. Chair Grow then cited the concern over whether the same company will even be around at the end of the term of the bond, if economic conditions cause the company to go into receivership. S. Zogby stated that this is generally considered by the bond company during underwriting. S. Papale pointed out to the Agency that the Quiet Meadows 1 project takes place on prime agricultural soils, to which point M. Fitzgerald stated that this project will produce the positive impacts of clean energy that is good for the climate, while also creating over $1 million in new tax revenue for local taxing jurisdictions on a property that previously was not generating much. M. Campbell clarified that the subject property was previously owned by the Regner family, and that this property, as well as the property associated with Quiet Meadows 2, were among the least productive agricultural land owned by the Regner family. F. Betrus asked if the posts used to hold the solar panels will be driven into the ground or if concrete will be used, to which M. Campbell responded that no concrete will be used; the posts will be driven into the ground. **With no further discussion, the motion carried 7-0.**

Quiet Meadows Solar Farm 2, LLC (Vernon)

Chair Grow introduced an inducement resolution relating to the Quiet Meadows Solar Farm 2, LLC (Vernon) facility, granting preliminary approval for financial assistance consisting of real property tax reduction (estimated at $313,153), which is consistent with the Agency's Uniform Tax Exemption Policy (Community Solar Policy), and authorizing the Agency to conduct a public hearing. M. Fitzgerald pointed out that this project is projected to produce about $875,000 in tax revenue for local jurisdictions **A motion to approve an inducement resolution related to the Quiet Meadows Solar Farm 2, LLC project and authorizing the Agency to conduct a public hearing was moved by S. Zogby and seconded by E. Quadraro. With no further discussion, the motion carried 7-0.** F. Betrus then asked one more question to M. Campbell – whether it was expected that the solar panels that will be used eighteen months from now will be three- to four times as efficient as those being used today. M. Campbell could not comment specifically on that statistic, but pointed out that when the Quiet Meadows projects were first being designed, they planned to use panels that could produce 375 watts and by the time they completed design, they settled on using panels that could produce 445 watts. This development occurred over about a year. She is now designing projects that will use 450- to 500-watt panels. This demonstrates the pace at which production efficiency is developing in solar panels. The Agency again thanked Ms. Campbell for her valuable contribution to the conversation.

Old Business

E. Quadraro asked Mayor Izzo to provide an update on the proposed housing development at the Woodhaven development site. Mayor Izzo clarified that Bonacio Construction was moving forward with a plan to purchase and develop the site, and to build up to 250 single family homes there. She stated that the City of Rome has begun the process of transferring the property to RIDC so that they can complete the sale of the property to Bonacio. The company is hoping to get shovels in the ground by Fall of 2021. This appetite for development is based on the success of the Air City Lofts project at Griffiss, which she stated cannot be built up fast enough to meet demand. She stated that the focus groups conducted in partnership with EDGE are paying off and are being validated, since the actual demand matches the projected demand. The prices of these new homes will range from about $249,000 to $270,000 or so. But this price is hard to predict due to the rapid rise in cost of building materials. She pointed out two other housing projects moving forward in Rome, which will include 60 new townhouses in Delta Luxury Apartments complex by Buck Construction, and another developer that is planning a mixed townhouse and solar project in north Rome. She stated that incentivizing housing projects is critical to sustain other economic progress that has recently taken place. She stated that the new YMCA project is also moving forward again. Chair Grow asked if the City was working with Bonacio on how the incentives will logistically be worked out for single family housing. Mayor Izzo responded that she is working with Steve DiMeo and Bonacio to determine the best option for handling these incentives, and there are currently two PILOT arrangements being drafted that will be proposed to the Agency. She has brought the idea to some financial institutions which have been receptive and supportive of such an incentive structure. She reiterated that due to the intense pressure on the local housing market, it is very important to provide some incentive on new build housing to provide some tax relief and to offset the rise in construction costs. Rome is fortunate that it has the acreage and the infrastructure capacity to accommodate new housing growth. She is also hopeful that the rules on the federal stimulus money will allow the City to spend on infrastructure buildout to help offset the costs of this housing development and lessening the burden on developers and ultimately the eventual homebuyers. While she does not know yet what the rules for this money will be, she did share that statutorily, the rules are supposed to be in place by May 11, when the first half of stimulus funds will be sent out. She stated that the City of Rome was expected to receive $26 million, Oneida County was expected to receive $44 million, and the City of Utica was expected to receive $59 million. In this situation, it was helpful that both Utica and Rome were CDBG entitlement communities, because the money will flow directly from the federal government to the municipalities, whereas towns and villages will have to request money through the State. The County's allocation also comes directly from the federal government since it receives CDBG funds.

At 10:01 AM a motion to enter executive session to discuss an existing contract with the Agency was moved by E. Quadraro, seconded by M. F. Messenger, and carried 7-0.

At 10:22 AM a motion to exit executive session and return to the open meeting was moved by M. Fitzgerald, seconded by K. Hinman, and carried 7-0.

There being no further business, Chair Grow asked for a resolution to adjourn the meeting. At 10:22 AM a motion to adjourn the meeting was moved by M. Fitzgerald, seconded by E. Quadraro, and carried unanimously.

Respectfully Submitted,

Tim Fitzgerald