
APPLICATION FOR FINANCIAL ASSISTANCE

Oneida County Industrial Development Agency

584 Phoenix Drive
Rome, New York 13441-1405
(315) 338-0393 telephone
(315) 338-5694 fax

Shawna M. Papale, Executive Director

A non-refundable application fee of \$500.00 must be submitted at the time of application along with a \$1,000 commitment fee; the \$1,000 commitment fee will be applied to closing fees.

*Please submit the original and two (2) copies of the **signed and notarized** application, and **signed** SEQR form with the above fees. Cost benefit will be completed based on information from this application.*

Please also deliver an electronic copy of all.

All applications must be submitted at least 10 days prior to meeting.

Project Name – Gutchess Vernon, Inc.

A wholly owned subsidiary of Gutchess Lumber Co., Inc.

Number (to be provided by the agency)

Date of Submission 4/17/18

Note to Applicant:

The information requested by this application is necessary to determine the eligibility of your project for Agency benefits. Please answer **all** questions, inserting "none" or "not applicable" where appropriate. If you are providing an estimate, please indicate by inserting "est" after the figure. Attach additional sheets if more space is needed for a response than is provided.

Return the original signed and notarized application and two copies with a check in the amount of \$1500.00 made payable to: **Oneida County Industrial Development Agency (OCIDA)**, 584 Phoenix Drive, Rome, New York 13441-1405, Attn.: Shawna M. Papale, Executive Director. \$1000 will be applied at closing against the IDA legal fees. In addition, an electronic version of the application (signed), and SEQR form (signed), to spapale@mvedge.org.

Upon the submission of this application to OCIDA, this applicant becomes a public document. Be advised that any action brought before the OCIDA is public information. All agendas for OCIDA are issued prior to full agency meetings and posted in public domain. If there is information that the applicant feels is proprietary please identify as such and that information will be treated confidentially to the extent permitted by law.

By signing and submitting this Application, the Applicant acknowledges that it received a copy of the Uniform Tax Exemption Policy and the Oneida County IDA Penalty for Failure to Meet Employment Levels as adopted by the Agency and Agency Memorandums pertaining to the benefits of projects financed through the Agency.

A project financed through the Agency involves the preparation and execution of significant legal documents. Please consult with an attorney before signing any documents in connection with the proposed project. You will receive an engagement letter from the OCIDA legal counsel. You will be asked to sign the engagement letter acknowledging you will be responsible for all legal fees of OCIDA legal counsel and that you understand the process. Should you not close and legal services have been rendered by the OCIDA legal counsel, your company will be responsible for those costs.

If your project requires a public hearing, a representative of the applicant is required to be present. A date will be coordinated by the OCIDA legal counsel.

If you have questions how to calculate your company's IDA application fee please consult with the Memorandum to Companies Sale – Leaseback Transactions or please contact the IDA Executive Director.

Part I: Applicant Information

Note: In responding to the following questions, please keep in mind that the Applicant will be party to all of the documents and is the individual or if entity will be formed which will receive the actual financial assistance from the Agency.

Applicant

1(a) Applicant's Legal Name: Gutchess Vernon, Inc.
A wholly owned subsidiary of Gutchess Lumber Co., Inc.

1(b) Principal Address: 890 McLean Road
Cortland, N.Y. 13045

1(c) Telephone/Facsimile Numbers: 607-753-3393

1(d) Email Address: dpmcgough@gutchess.com

1(e) Federal Identification Number: 15-0539802

1(f) Contact Person: Daniel McGough, EVP

1(g) Is the Applicant a Corporation:
If yes, Public Private
If public, on which exchange is it listed?

- Subchapter S
- Sole Proprietorship
- General Partnership
- Limited Partnership
- Limited Liability Corporation/Partnership
- Single-Member LLC (name and EIN below):

Name: Gutchess Lumber, Co., Inc.

- EIN: 15-0539802 (Gutchess Lumber Co., Inc.)
- DISC
- Other(specify) _____

1(h) State of Organization (if applicable) New York

Applicant's Stockholders, Directors and Officers (or Partners)

2(a) Provide the following information with respect to parties with 15% or more in equity holdings:

<u>Name</u>	<u>Address</u>	<u>Percentage of Ownership</u>
Gutchess Family Trust	9140 Redondo Dr. Boca Raton, FLA	71%
Gutchess Lumber Co., Inc. ESOP	c/o Gutchess Lumber Co., Inc. 890 McLean Rd Cortland, N.Y. 13045	28%

2(b) Is the Applicant, or any of the individuals listed in 2(a) above, related directly or indirectly to any other entity by more than 50% common ownership? If so, indicate name of such entity and the relationship.

2(c) Is the Applicant affiliated with any other entity, directly or indirectly, other than as listed in the response to 2(a) above? If yes, please indicate name and relationship of such other entity and the address thereof:

Applicant's Counsel and Accountant

3(a). Applicant's Attorney

Name/Title: Kenneth Bobrycki

Firm: Melvin & Melvin PLLC

Address: 217 S Salina St.
Syracuse, N.Y. 13202

Telephone/Fax: (315) 422-1311

Email: KBOBRYCK@melvinlaw.com

3(b) Applicant's Accountant

Name/Title: _____

Firm: _____

Address: _____

Telephone/Fax: _____

Email: _____

Business Description

4(a) Describe the nature of your business and principal products and/or services. Attach additional sheets if necessary.

Since 1904, Gutches Lumber has been producing the finest quality northern hardwood lumber. Our longevity and reputation is testament to the commitment we made over 110 years ago to providing our customers with quality products and service. As a 5th generation family and employee-owned organization, we continue to strive every day to meet and exceed our customer's expectations. Our 400+ employee owners, some 2nd and 3rd generation, are dedicated to this goal.

Gutches Lumber owns over 29,000 acres of timberland in New York and Pennsylvania. These company lands, located in prime forest areas, are carefully and closely managed by our team of skilled and experienced foresters. We selectively harvest our lands in 15 and 30 year cycles to ensure a steady and continuous supply of healthy, quality timber.

We have 3 sawmills cutting over 90 million board feet per year. Our 1 million foot pre-drier and 5

million board feet of kilns dry more than 6 million feet of hardwoods every month. With 15 acres of dry storage, we carry 12 million feet of KD hardwoods.

Gutchess Lumber specializes in 11 species of northern hardwoods: White Ash, Basswood, Yellow Birch, Black Cherry, Hickory, White Hard Maple, Poplar, Red (Soft) Maple, Red Oak, Black Walnut and White Oak. Northern hardwoods are renowned and highly prized for their tight growth rings, rich texture, and consistent and uniform color. They are sought and purchased by discriminating buyers worldwide.

Part II: Project Information

5(a) Explain your project in detail. This description should include explanation of all activities which will occur due to this project. Attach additional sheets if necessary.

Gutchess Lumber Co., Inc. has proposed to acquire assets of McDonough Hardwoods of Vernon Center N.Y. The current owner is in financial distress and lacking the initiative by Gutchess the sawmill will close. The acquisition, if completed, would immediately ensure continued employment for 15 people directly and indirectly contribute to the local economy through the purchase of logs and standing timber. With investment in additional production capacity we believe that the direct employment could grow to 25 or more. However there are a variety of competing capital investment opportunities presented to Gutchess and the decision to acquire and invest in additional production capacity in Vernon Center will be influenced by support of the local community through the IDA.

Reasons for Project

6(a) Please explain in detail why you want to undertake this project.

Gutchess Lumber Co., Inc. operates sawmills in New York and Pennsylvania with Kiln Drying operations at Cortland, N.Y. and Latrobe, PA. The additional hardwood lumber production capacity from the Vernon Center mill would supplement the existing capacity of our 3 sawmills and improve the efficiency of our kiln drying operations.

6(b) Why are you requesting the involvement of the Agency in your project?

Gutchess Lumber Co., Inc. is making application to the Agency in an attempt to enhance the return on investment and justify additional capital investment following acquisition of assets at the McDonough sawmill in Vernon Center, N.Y. Competition for capital investment in our manufacturing facilities in New York and Pennsylvania is intense. One of the many criteria that we use internally to determine where that investment is made is level of cooperation and support provided by the local communities. The IDAs support of this project would demonstrate local commitment to grow the manufacturing base in the region and recognize the significant capital investment proposed by Gutchess.

6(c) Please confirm by checking the box, below, if there is likelihood that the Project would not be undertaken but for the Financial Assistance provided by the Agency?

Yes or No

If the Project could be undertaken without Financial Assistance provided by the Agency, then provide a statement in the space provided below indicating why the Project should be undertaken by the Agency:

While it is possible that the initial acquisition of assets of the Vernon Center sawmill would occur without the involvement of the agency, both the time frame for and the magnitude of future capital investment will be influenced by the support of the local community through the financial assistance provided by the IDA.

How will the Applicant's plans be affected or scaled back if Agency approval is not granted?

Expansion of the production facilities and associated employment opportunities at the Vernon Center sawmill will be determined by what alternative investment opportunities exist for Gutchess Lumber at its other manufacturing locations in New York and Pennsylvania. Failure of the IDA to support the proposed project would suggest that the company consider other locations for expansion.

6(d) Is the proposed project reasonably necessary to discourage the Applicant from removing such other plant or facility to a location outside the State of New York?

] Yes] No **If yes, please explain briefly.**

Gutchess Lumber Co., Inc. currently operates sawmill and dry kiln operations in Pennsylvania. Alternative investment opportunities exist at various locations in Pennsylvania.

6(e) Will financing by the Agency result in the removal or abandonment of a plant or other facility of the applicant or any related entity presently located in another area of New York State?

] Yes] No

If yes, is the proposed project reasonably necessary to preserve the competitive position of the Applicant in its respective industry? Yes No

If yes, please provide a statement and evidence supporting the same. Include the name of all taxing jurisdictions in which the abandoned facility or plant lies, and whether Applicant has had any discussions with said taxing jurisdictions regarding the abandonment. Please provide as much detail as possible.

6(f) Has the Applicant or any related entity previously secured financial assistance in Oneida County (whether through the Agency, the Empire State Development Corporation, or any other entity) ? Yes No

If yes, please explain (indicate date of benefit, location of facility and outstanding balance).

6(g) Has the Applicant or any related entity secured financial assistance anywhere within the United States within the last 90 days or does the Applicant or any related entity anticipate receiving financial assistance within the next 90 days? Yes No
If yes, please explain.

Currently cooperating with NYSERDA in a project to reduce energy consumption at our Cortland N.Y. operations.

6(h) Check all categories best describing the **type of project for all end users at project site (you may check more than one; if checking more than one indicate percentage of square footage the use represents):**

- | | | |
|-------------------------------------|--|--|
| <input checked="" type="checkbox"/> | Manufacturing | Percentage of sq. footage of each use (if more than one category): |
| <input type="checkbox"/> | Industrial Assembly or Service | |
| <input type="checkbox"/> | Back office operations | |
| <input type="checkbox"/> | Research and Development | |
| <input type="checkbox"/> | Technology/Cybersecurity | |
| <input type="checkbox"/> | Warehousing | |
| <input type="checkbox"/> | Commercial or Recreational | |
| <input type="checkbox"/> | Retail | |
| <input type="checkbox"/> | Residential housing (specify) _____ | |
| <input type="checkbox"/> | Pollution Control (specify) _____ | |
| <input type="checkbox"/> | Environmental (e.g., Brownfield) (specify) _____ | |
| <input type="checkbox"/> | Other (specify) _____ | |

6(i) Check all categories best describing the **scope of the project**:

- Acquisition of land
- Acquisition of existing building
- Renovations to existing building
- Construction of addition to existing building
- Demolition of existing building or _____ part of building
- Construction of a new building
- Acquisition of machinery and/or equipment
- Installation of machinery and/or equipment
- Other (specify) _____

6(j) Please indicate the financial assistance you are requesting of the Agency, and provide the estimated value of said assistance. Attach a sheet labeled Annual PILOT that shows the annual utilization of the Real Property Tax Abatement by year and by taxing jurisdiction.

Assistance	Estimated Value
<input checked="" type="checkbox"/> Real Property Tax Abatement	\$ <u>165,000</u>
<input type="checkbox"/> Mortgage Tax Exemption (.75%) \$ _____ Amount of mortgage: \$ _____	
<input checked="" type="checkbox"/> Sales and Use Tax Exemption ** (8.75%) \$ <u>50,000</u> Value of goods/services to be exempted from sales tax: \$ <u>571,500</u>	
<input type="checkbox"/> Issuance by the Agency of Tax Exempt Bonds \$ _____	

Is the financial assistance requested by the Applicant consistent with the IDA's Uniform Tax Exemption Policy? Yes No

If no, please provide a written statement describing the financial assistance being requested and detailing the reasons the IDA should consider deviating from its Policy.

**** Note that the estimate provided above will be provided to the New York State Department of Taxation and Finance. The Applicant acknowledges that the transaction documents will include a covenant by the Applicant that the estimate, above, represents the maximum amount of sales and use tax benefit currently authorized by the Agency with respect to this Application. The Agency may utilize the estimate, above, as well as the proposed total Project Costs as contained within this Application, to determine the Financial Assistance that will be offered. It is the responsibility of the applicant to inform the IDA within 10 days if the project amount changes.**

Part III: Facility Information (if project that you are applying for is a housing project please also complete questions 7(m) through 7(q))

Facility (Physical Information) If multiple locations please provide information on all.

7(a) Street Address of Facility:

6426 Skinner Rd _____

7(b) City, Town and/or Village (list ALL incorporated municipalities):

Vernon N.Y. _____

7(c) School District:

Vernon-Verona-Sherrill School District _____

7(d) Tax Map Number(s):

345.000-2-6.1	_____	_____
345.000-2-6.2	_____	_____
345.000-2-9.1	_____	_____

Attach copies of the most recent real property tax bills. Include copies for all taxing jurisdictions for the site/ facility that IDA assistance is being sought.

7(e) For what purpose was the facility site most recently used (i.e., light manufacturing, heavy manufacturing, assembly, etc.)?

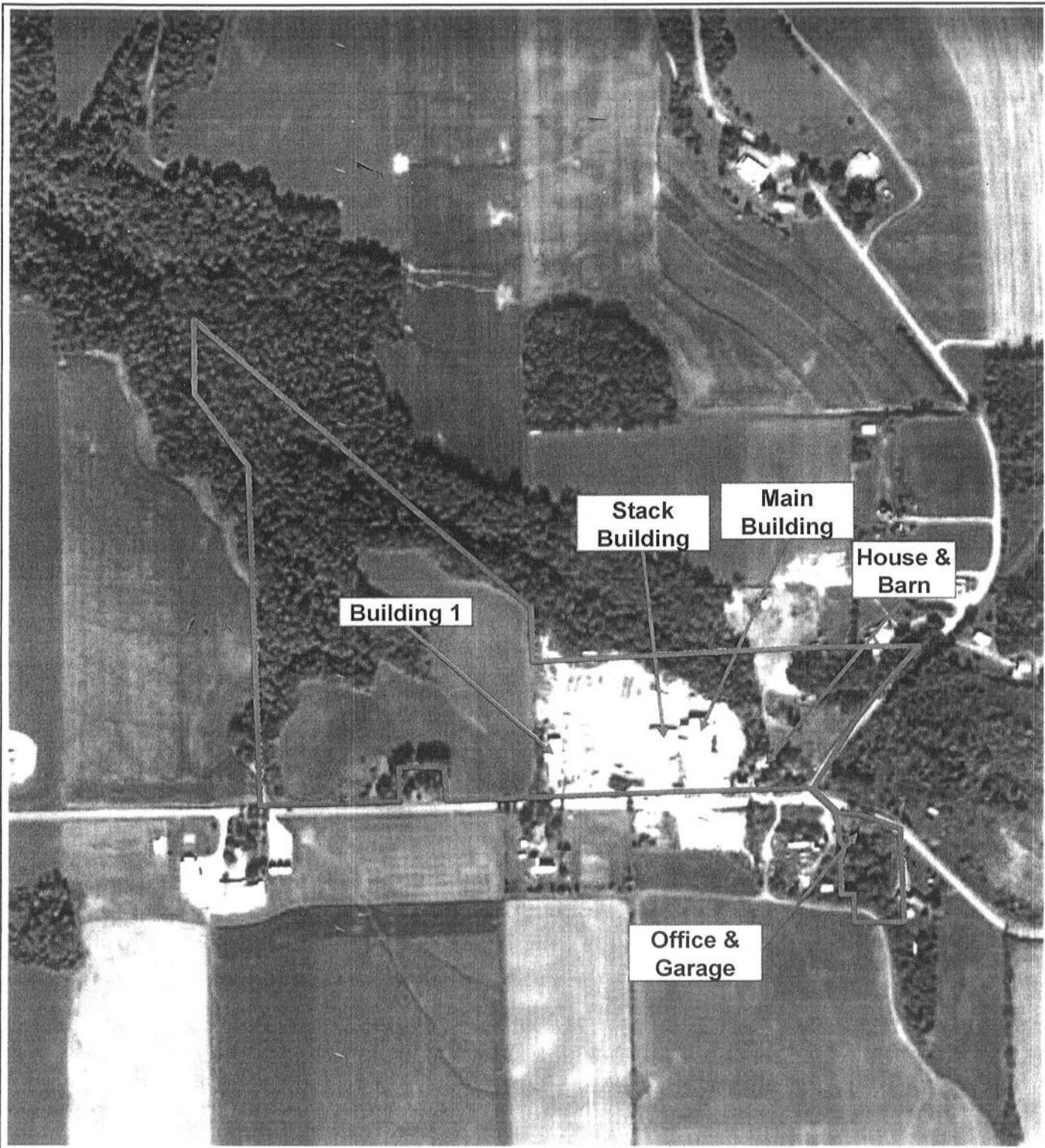
Manufacturing

7(f) Zoning Classification of location of the project:

Commercial - Agricultural _____

7(g) Please describe in detail the facility to be acquired, constructed or renovated (including number of buildings, square footage, number of floors, type of construction,) and attach plot plans, photos or renderings, if available. If there are infrastructure improvements (water, sewer, gas, electrical, etc.) please provide details along with who will carry out those improvements and who will fund them. ***Please be as specific as possible.***

Attached



7(h) Has construction or renovation commenced? Yes No

If yes, please describe the work in detail that has been undertaken to date, including the date of commencement.

If no, indicate the estimated dates of commencement and completion:

Construction commencement: Renovation following asset
purchase

Construction completion: Unknown

7(i) Will the construction or operation of the facility or any activity which will occur at the site require any local ordinance or variance to be obtained or require a permit or prior approval of any state or federal agency or body (other than normal occupancy and/or construction permits)?

Yes No

If yes, please describe.

NYSDEC Permits

Has the Project received site plan approval from the planning department?

Yes No N/A

If Yes, please provide the Agency with a copy of the planning department approval along with the related State Environmental Quality Review (SEQR) determination. If no, please provide the status of approval:

7(j) Will the project have a significant effect on the environment? Yes No

Important: please attach and sign Part 1 of either the the long or short Environmental Assessment Form to this Application.

7(k) What is the useful life of the facility? 30 years

7(l) Is the site in a former Empire Zone? Yes No

If yes, which Empire Zone: _____

Is project located in a Federal HUB Zone or distressed area: Yes No
Provide detail.

Part IV: Housing Project Questionnaire

Complete the following questions only if your project is a Housing Project. Please reference the Oneida County Industrial Development Agency Uniform Tax Exemption and Agency Benefits Policy Market Rate Rental Housing Development Initiatives. (Add additional pages as needed).

7(m) Describe the housing project to be constructed or renovated in detail (type of housing, number of units, etc.):

7 (n) Describe how you will change the current use of the facility or property being utilized for the project. To assist the IDA in their determination of an eligible vacant urban infill site project please provide an extensive explanation as well as photos of what is being removed or replaced with the new construction.

7 (o) Will the project have any impact on the existing infrastructure or upgrades to the current infrastructure (water, sewer, electrical, gas, etc.)? If yes please provide detail and who you are working with at the applicable organization.

7 (p) If your project is a multi-use facility please provide details of the project, project square footage breakdown of non-housing to housing usage, detail the job creation and retention associated with the non-housing component.

7 (q) Does the project provide a community benefit? If yes provide detail substantiating (reference the IDA policy).

Part V: Retail Project Questionnaire

To ensure compliance with Section 862 of the New York General Municipal Law, the Agency requires additional information if the proposed Project is one where customers personally visit the Project site to undertake either a retail sale transaction or to purchase services.

- A. Will any portion of the project (including that portion of the cost to be financed from equity or other sources) consist of facilities or property that are or will be primarily used in making sales of goods or services to customers who personally visit the project site?

Yes or No. If the answer is yes, please continue. If no, proceed to next section.

For purposes of Question A, the term "retail sales" means (i) sales by a registered vendor under Article 28 of the Tax Law of the State of New York (the "Tax Law") primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b)(4)(i) of the Tax Law), or (ii) sales of a service to customers who personally visit the Project.

- B. What percentage of the cost of the Project will be expended on such facilities or property primarily used in making sales of goods or services to customers who personally visit the project? _____%. **If the answer is less than 33% do not complete the remainder of the retail determination and proceed to next section.**

If the answer to A is Yes AND the answer to Question B is greater than 33.33%, indicate which of the following questions below apply to the project:

1. Will the project be operated by a not-for-profit corporation Yes or No.

2. Is the Project location or facility likely to attract a significant number of visitors from outside Oneida County?

Yes or No

If yes, please provide a third party market analysis or other documentation supporting your response.

3. Is the predominant purpose of the project to make available goods or services which would not, but for the project, be reasonably accessible to the residents of the municipality within which the proposed project would be located because of a lack of reasonably accessible retail trade facilities offering such goods or services?

Yes or No

If yes, please provide a third party market analysis that demonstrates that a majority of the project's customers are expected to come from outside of Oneida County and the project will not directly compete with existing businesses located in Oneida County.

All applicants answer the following questions.

4. Will the project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York?

Yes or No.

If yes, explain Gutchess Lumber Co., Inc. is proposing to immediately preserve 15 full time positions with the expectation that future employment growth will occur.

5. Is the project located in a Highly Distressed Area? Yes or No

Part VI: Facility (Legal Information)

8(a) With respect to the **present owner** of the facility, please give the following information and provide a brief statement regarding the status of the acquisition.:

(Note: the present owner is not necessarily the user of the facility, but that party which holds legal title to the facility.)

Legal Name: McDonough Hardwoods LTD

Address: 6426 Skinner Rd

Vernon Center, N.Y. 13477

Telephone: (315) 829-3449

Balance of Mortgage: \$610,000

Holder of Mortgage: Berkshire Bank

If the Applicant is not the present owner of the facility, please attach any written agreements and contracts concerning the acquisition of the real property and/or equipment.

8(b) Is there a legal relationship, directly or indirectly, by virtue of common control or through related persons, between the Applicant and the present owner of the facility?

Yes No. If yes, please explain.

8(c) Will a related real estate holding company, partnership or other entity, be involved in the ownership structure of the transaction?

Yes No. If yes, please explain.

Gutchess Vernon Inc. a wholly owned subsidiary of Gutchess Lumber Co., Inc.

8(d) Will the title owner of the facility/property also be the user of the facility?

Yes No If no, please explain.

8(e) Is the Applicant currently a tenant in the facility? Yes No

8(f) Are you planning to use the entire proposed facility?
 Yes No

If no, please give the following information with respect to tenant(s) which will remain in the facility after the completion of the project, including the square footage the Applicant will occupy:

<u>Name of Tenant</u>	<u>Floors Occupied</u>	<u>Square Feet Occupied</u>	<u>Nature of Business</u>
-----------------------	------------------------	-----------------------------	---------------------------

8(g) Are any of the tenants related to the owner of the facility?
 Yes No *N/A*
If yes, please explain.

8(h) Will there be any other users utilizing the facility?
 Yes No
If yes, please explain. Provide detail of the contractual arrangement including any financial exchange for the use of the site or property.

Part VII: Equipment

9(a) List the principal items or categories of equipment to be acquired as part of the project. If you are requesting sales tax exemption it is important to be as detailed as possible. (If a complete list is not available at time of application, as soon as one is available but prior to final authorizing resolution, please submit a detailed inventory of said equipment to be covered.) Attach a sheet if needed.

Hardwood Sawmill and Rolling Stock

9(b) Please provide a brief description of any equipment which has already been purchased or ordered, attach all invoices and purchase orders, list amounts paid and dates of expected delivery. Attach a sheet if needed.

9(c) What is the useful life of the equipment? 10 years

Part VIII: Employment Information

10(a) Estimate how many construction jobs will be created or retained as a result of this project.

Construction Jobs:

10(b) Job Information related to project ***

Estimate below how many jobs will be created and retained as a result of this project, if OCIDA assistance is granted - chart will auto-sum each category

Number of Jobs BEFORE Project	Location 1	Location 2	Location 3	Location 4	Location 5	Total
Address in NYS	6426 Skinner Rd. Vernon Center, NY	890 McLean Rd. Cortland, NY	72 Flints Crossing Rd, Canaan, NY	7101 State Route 281 Preble, NY	10699 Maple Grove Road Freedom, NY	
Full-Time Company	0	204	4	25	77	310
Full-Time Independent Contractors	0					0
Full-Time Leased	0					0
Total Full-Time BEFORE	0	204	4	25	77	310
Part-Time Company						0
Part-Time Independent Contractors	10					0
Part-Time Leased						0
Total Part-Time BEFORE	10	0	0	0	0	0

*Continued on next page

- chart will auto-sum each category

Number of Jobs AFTER Project (within 3 years of project completion)	Location 1	Location 2	Location 3	Location 4	Location 5	Total
Full-time Company	20	204	4	25	77	330
Full-Time Independent Contractors						0
Full-Time Leased						0
Total Full-Time AFTER	20	204	4	25	77	330
Part-Time Independent Company	0					0
Part-Time Independent Contractors	20					0
Part-Time Leased						0
Total Part-Time AFTER	20	0	0	0	0	0

Estimate the number of residents from the Labor Market Area** in which the Project is located that will fill the jobs created within three years of project completion	Location 1	Location 2	Location 3	Location 4	Location 5	Total
Full-Time	20					20
Part-Time	20					20
Total AFTER	40	0	0	0	0	40

*Continued on next page

- chart will auto-sum each category

SALARY AND BENEFITS	Retained Jobs		Created Jobs	
	Average Annual Salary	Average Fringe Benefits (as a percentage of wages)	Average Annual Salary	Average Fringe Benefits (as a percentage of wages)
Management	\$	%	\$65,000	33%
Administrative	\$	%	\$45,000	33%
Production	\$	%	\$30,300	33%
Independent Contractor	\$	%	\$	%
Other	\$	%	\$	%
Overall Weighted Average	\$	%	\$36,400	33%

** Labor Market Area includes Oneida, Lewis, Herkimer, and Madison Counties

*** By statute, Agency staff must project the number of Full-Time Jobs that would be retained and created if the request for Financial Assistance is granted. A Full-Time Job works 35 hours or more per week. Agency staff converts Part-Time Jobs into Full-Time Equivalent (FTE) by dividing the number of Part-Time Jobs by two(2). Agency staff will project such jobs over the THREE (3)-year time period FOLLOWING Project Completion.

10(c) Please list NIC codes for the jobs affiliated with this project:

Part IX: Estimated Project Cost and Financing - form will auto sum

11(a) List the costs necessary for the construction, acquisition or renovation of the facility.

Acquisition of Land (if vacant)	_____
Acquisition of Existing Building(s)	<u>\$610,000</u>
Renovation Costs of Existing Building(s)	<u>\$500,000</u>
New Construction of Buildings	_____
Machinery and Equipment	<u>\$1,400,000</u>
Installation Costs	_____
Fees & Permits (other than your own broker and legal fees)	_____
Legal Fees	<u>\$11,000</u>
Architectural/Engineering Interest on	_____
Financing Charges	_____
Other (specify) Site Rem. & Network	<u>\$200,000</u>
	Subtotal
	<u>\$2,721,000</u>
	<u>\$13,605</u>
Agency Fee¹	
Total Project Cost	<u>\$2,734,605</u>

¹See Attached Fee Schedule (Page 25) for Agency Fee amount to be placed on this line

11(b) **Sources of Funds for Project Costs (will auto sum):**

Bank Financing:	\$ _____ 0
Equity (excluding equity that is attributed to grants/tax credits)	\$ _____ 100%
Tax Exempt Bond Issuance (if applicable)	\$ _____
Taxable Bond Issuance (if applicable)	\$ _____
Public Sources (Include sum total of all state and federal grants and tax credits)	\$ _____
Identify each state and federal grant/credit:	
	\$ _____
	\$ _____
	\$ _____
	\$ _____
Total Sources of Funds for Project Costs:	\$ <u>0</u>

Real Estate Taxes

12(a) For each tax parcel which comprises the facility, please provide the following information, using figures from the most recent tax year.

Tax Map #	Current Assessed Value (TOTAL)	Current Assessed Value (Building)	Real Estate Taxes – SCH, STC
345.000-2-6.1			
345.000-2-6.2			
345.000-2-9.1			
TOTAL	872,800	Equalization rate 73.52	\$33,152

12(b) Address of Receiver of Town and/or Village Taxes:

Town of Verona Tax Collector _____

4305 Peterborough Rd _____

Verona, N.Y. 13476 _____

12(c) Address of Receiver of School Taxes:

VVS Central School _____

PO Box 128 _____

Verona, N.Y. 13478 _____

12(d) Will the completion of the proposed project result in the increase of the assessment of any of the parcels named above? [] Yes [] No

If yes, please indicate which tax account numbers will be affected.

Financial Information

13(a) Has the Applicant contacted any bank, financial/lending institution or private investor with respect to the financing of the proposed project?

Yes [] No

If yes, please provide details.

Financing through a previously approved line of credit.

13(b) Has the Applicant received a commitment letter for said financing?

Yes [] No

If yes, please submit a copy of said commitment letter along with this Application.

Financing through a previously approved line of credit.

13(c) Please complete the Cost/Benefit Analysis form and attach to this Application. As you begin completing the form and have questions, please call the IDA office.

REPRESENTATIONS AND CERTIFICATION BY APPLICANT

The undersigned requests that this Application be submitted for review to the Oneida County Industrial Development Agency (the "Agency") and its Board of Directors.

Approval of the Application can be granted solely by this Agency's Board of Directors. The undersigned acknowledges that Applicant shall be responsible for all costs incurred by the Agency and its counsel in connection with the attendant negotiations whether or not the transaction is carried to a successful conclusion.

The Applicant further understands and agrees with the Agency as follows:

- 1. Annual Sales Tax Filings.** In accordance with Section 858-b(2) of the New York General Municipal Law, the Applicant understands and agrees that, if the Project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the Applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the Applicant and all consultants or subcontractors retained by the Applicant.
- 2. Annual Employment, Tax Exemption & Bond Status Reports.** The Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the Applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site as well as tax exemption benefits received with the action of the Agency. For Applicants not responding to the Agency's request for reports by the stated due date, a \$500 late fee will be charged to the Applicant for each 30-day period the report is late beyond the due date, up until the time the report is submitted. Failure to provide such reports as provided in the transaction documents will be an Event of Default under the Lease (or Leaseback) Agreement between the Agency and Applicant. In addition, a Notice of Failure to provide the Agency with an Annual Employment, Tax Exemption & Bond Status Report may be reported to Agency board members, said report being an agenda item subject to the Open Meetings Law.
- 3. Absence of Conflict of Interest.** The Applicant has consulted the Agency website of the list of the Agency members, officers and employees of the Agency. No member, officer, or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as herein after described (if none, state "none"):
- 4. Hold Harmless.** Applicant hereby releases the Agency and its members, officers, servants, agents and employees from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to reach final

agreement with respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in the processing of the Application, including attorneys' fees, if any.

5. The Applicant acknowledges that the Agency has disclosed that the actions and activities of the Agency are subject to the Public Authorities Accountability Act signed into law January 13, 2006 as Chapter 766 of the 2005 Laws of the State of New York.
6. The Applicant acknowledges that the Agency is subject to New York State's Freedom of Information Law (FOIL). **Applicant understands that all Project information and records related to this application are potentially subject to disclosure under FOIL subject to limited statutory exclusions.**
7. The Applicant acknowledges that it has been provided with a copy of the Agency's recapture policy (the "Recapture Policy"). The Applicant covenants and agrees that it fully understands that the Recapture Policy is applicable to the Project that is the subject of this Application, and that the Agency will implement the Recapture Policy if and when it is so required to do so. The Applicant further covenants and agrees that its Project is potentially subject to termination of Agency financial assistance and/or recapture of Agency financial assistance so provided and/or previously granted.
8. The Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if Financial Assistance is provided for the proposed Project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

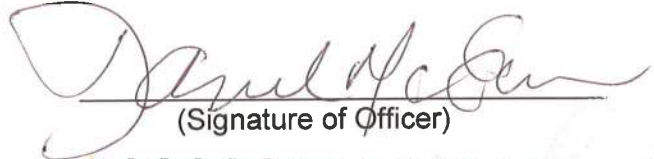
9. The Applicant confirms and acknowledges that the owner, occupant, or operator receiving Financial Assistance for the proposed Project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.
10. The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any Financial Assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.
11. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.
12. The Applicant and the individual executing this Application on behalf of the Applicant acknowledge that the Agency will rely on the representations made herein when acting on this Application and hereby represent that the statements made herein do not contain any untrue statement of a material

fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

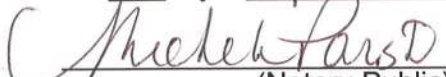
STATE OF NEW YORK)
COUNTY OF ONEIDA) ss.:

DANIEL MCGOUGH, being first duly sworn, deposes and says:

1. That I am the EVP (Corporate Office) of GUTCHES LUMBER CO., INC. (Applicant) and that I am duly authorized on behalf of the Applicant to bind the Applicant.
2. That I have read the attached Application, I know the contents thereof, and that to the best of my knowledge and belief, this Application and the contents of this Application are true, accurate and complete.


(Signature of Officer)

Subscribed and affirmed to me under penalties of perjury this 17 day of April, 2018.


(Notary Public)



If the application has been completed by or in part by other than the person signing this application for the applicant please indicate who and in what capacity:

By: Kenneth Bobryck

Name: Kenneth Bobryck

Title: counsel

Date: 4/17/18

Return the original signed and notarized application and two copies with a check in the amount of \$1500.00 made payable to: **Oneida County Industrial Development Agency (OCIDA)**, 584 Phoenix Drive, Rome, New York 13441-1405, Attn.: Shawna M. Papale, Executive Director. \$1000 will be applied at closing against the IDA closing fee. In addition, please send an electronic version of the application (signed), and SEQR form (signed), to spapale@mvedge.org.

Agency Fee Schedule

Commitment Fee: \$1,000 – due following the initial inducement but prior to scheduling of the public hearing; this amount is non-refundable if the applicant fails to close on the project before the IDA. Upon closing with the IDA this amount is applied to the closing fees.

Bond Fees: ½ of 1% of total bond amount

IDA Agency Fee: PILOT, Mortgage Recording Exemption, Sales Tax Exemption:

- o Up to a \$1.0 Million project - \$5,000
- o Above \$1.0 Million project up to \$10.0 Million project – ½ of 1% of total project cost.
- o Above \$10.0 Million project – ½ of 1% of total project cost up to \$10.0 Million plus incremental increase of ¼ of 1% of total project above \$10.0 Million.

Transaction Counsel/Agency Counsel fee:

Set by Bond/Transaction Counsel based upon the nature and complexity of the transaction. This applies to bond and non-bond transactions (leasebacks, sale-leasebacks, etc).

Transaction Counsel/Agency Counsel fees for bond transactions typically will not exceed 2% of the bond amount or project costs. Transaction Counsel/Agency Counsel fees for a sale-leaseback/lease-leaseback transaction are typically \$8,500 to \$10,000 if no commercial financing is involved or \$10,000 to \$12,000 if commercial financing is involved. You will receive an engagement letter with a quote based upon the scope of your project.

Annual Fee:

For the term in which the property remains in the IDA's name, an annual lease payment is due in the amount of \$500. The first payment is due at closing and subsequent payments are due each January 1. For annual fees not paid and delinquent, a late charge of \$50 per month will be levied until such time the fee plus late charges are paid.

Other fees:

If Applicant requests the IDA enter into subsequent transactions following closing (i.e., a facility refinance), the IDA will charge a closing fee equal to 1/8 of one percent of the total reissuance, redemption, new or revised mortgage, refinancing, spreading agreement or other transaction with a minimum payment due of \$500. Applicant will also be responsible to pay any legal fees the IDA incurs in connection with said transaction.

Please complete **either** a Short Form or a Full Form EAF and consult with your project engineer or architect if you have any questions which form is appropriate for your project. **Submit the applicable form with your application.**

Short Environmental Assessment Form

Part 1 - Project Information

Instructions for Completing

Part 1 - Project Information. The applicant or project sponsor is responsible for the completion of Part 1. Responses become part of the application for approval or funding, are subject to public review, and may be subject to further verification. Complete Part 1 based on information currently available. If additional research or investigation would be needed to fully respond to any item, please answer as thoroughly as possible based on current information.

Complete all items in Part 1. You may also provide any additional information which you believe will be needed by or useful to the lead agency; attach additional pages as necessary to supplement any item.

Part 1 - Project and Sponsor Information							
Name of Action or Project: GUTCHESS VERNON							
Project Location (describe, and attach a location map): 6426 SKINNER ROAD, VERNON CENTER, NY 13477, ONEDIA COUNTY							
Brief Description of Proposed Action: GUTCHESS LUMBER CO., INC.(hereinafter "GLC") intends to acquire McDonough Hardwoods Ltd. for the sole purpose of manufacturing green rough cut hardwood lumber. Site will be maintained as is until time or circumstances warrant otherwise. The site of the acquisition is well suited for managing products listed under SIC 2421. The site location presents opportunity for GLC to expand its operations.							
Name of Applicant or Sponsor: GUTCHESS LUMBER CO., INC.		Telephone:607-753-3393 E-Mail:dpmcgough@gutchess.com					
Address: 890 McLean Road							
City/PO: Cortland		State: NY	Zip Code: 13045				
1. Does the proposed action only involve the legislative adoption of a plan, local law, ordinance, administrative rule, or regulation? If Yes, attach a narrative description of the intent of the proposed action and the environmental resources that may be affected in the municipality and proceed to Part 2. If no, continue to question 2.			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">NO</th> <th style="width: 50%;">YES</th> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	NO	YES	<input checked="" type="checkbox"/>	<input type="checkbox"/>
NO	YES						
<input checked="" type="checkbox"/>	<input type="checkbox"/>						
2. Does the proposed action require a permit, approval or funding from any other governmental Agency? If Yes, list agency(s) name and permit or approval: <i>NYSDC PERMITS</i>			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">NO</th> <th style="width: 50%;">YES</th> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table>	NO	YES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
NO	YES						
<input type="checkbox"/>	<input checked="" type="checkbox"/>						
3.a. Total acreage of the site of the proposed action?		<u>31.</u> acres					
b. Total acreage to be physically disturbed?		<u>n/a</u> acres					
c. Total acreage (project site and any contiguous properties) owned or controlled by the applicant or project sponsor?		<u>31.</u> acres					
4. Check all land uses that occur on, adjoining and near the proposed action.							
<input checked="" type="checkbox"/> Urban <input type="checkbox"/> Rural (non-agriculture) <input checked="" type="checkbox"/> Industrial <input checked="" type="checkbox"/> Commercial <input type="checkbox"/> Residential (suburban) <input checked="" type="checkbox"/> Forest <input checked="" type="checkbox"/> Agriculture <input type="checkbox"/> Aquatic <input type="checkbox"/> Other (specify): _____ <input type="checkbox"/> Parkland							

5. Is the proposed action, a. A permitted use under the zoning regulations?	NO	YES	N/A
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. Consistent with the adopted comprehensive plan?	NO	YES	N/A
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Is the proposed action consistent with the predominant character of the existing built or natural landscape?	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
7. Is the site of the proposed action located in, or does it adjoin, a state listed Critical Environmental Area? If Yes, identify: _____	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
8. a. Will the proposed action result in a substantial increase in traffic above present levels?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Are public transportation service(s) available at or near the site of the proposed action?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
c. Are any pedestrian accommodations or bicycle routes available on or near site of the proposed action?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
9. Does the proposed action meet or exceed the state energy code requirements? If the proposed action will exceed requirements, describe design features and technologies: _____	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
10. Will the proposed action connect to an existing public/private water supply? If No, describe method for providing potable water: _____	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
11. Will the proposed action connect to existing wastewater utilities? If No, describe method for providing wastewater treatment: <u>Site operations will not produce waste water. Human waste will be managed via PTM devices and disposed according to local and state law</u>	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
12. a. Does the site contain a structure that is listed on either the State or National Register of Historic Places?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Is the proposed action located in an archeological sensitive area?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
13. a. Does any portion of the site of the proposed action, or lands adjoining the proposed action, contain wetlands or other waterbodies regulated by a federal, state or local agency?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Would the proposed action physically alter, or encroach into, any existing wetland or waterbody? If Yes, identify the wetland or waterbody and extent of alterations in square feet or acres: _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
14. Identify the typical habitat types that occur on, or are likely to be found on the project site. Check all that apply: <input type="checkbox"/> Shoreline <input checked="" type="checkbox"/> Forest <input checked="" type="checkbox"/> Agricultural/grasslands <input type="checkbox"/> Early mid-successional <input type="checkbox"/> Wetland <input type="checkbox"/> Urban <input type="checkbox"/> Suburban			
15. Does the site of the proposed action contain any species of animal, or associated habitats, listed by the State or Federal government as threatened or endangered?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
16. Is the project site located in the 100 year flood plain?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
17. Will the proposed action create storm water discharge, either from point or non-point sources? If Yes, a. Will storm water discharges flow to adjacent properties? <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
b. Will storm water discharges be directed to established conveyance systems (runoff and storm drains)? If Yes, briefly describe: <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES <u>Design of the SWPPP will address sufficient storage to accommodate and manage 100% WQv</u> <u>A HydroCAD model analysis and WQv calculation are required documentation for approval of SWPPP.</u>			

<p>18. Does the proposed action include construction or other activities that result in the impoundment of water or other liquids (e.g. retention pond, waste lagoon, dam)?</p> <p>If Yes, explain purpose and size: _____</p> <p>_____</p> <p>_____</p>	<p>NO</p> <p><input checked="" type="checkbox"/></p>	<p>YES</p> <p><input type="checkbox"/></p>
<p>19. Has the site of the proposed action or an adjoining property been the location of an active or closed solid waste management facility?</p> <p>If Yes, describe: _____</p> <p>_____</p> <p>_____</p>	<p>NO</p> <p><input checked="" type="checkbox"/></p>	<p>YES</p> <p><input type="checkbox"/></p>
<p>20. Has the site of the proposed action or an adjoining property been the subject of remediation (ongoing or completed) for hazardous waste?</p> <p>If Yes, describe: _____</p> <p>_____</p> <p>_____</p>	<p>NO</p> <p><input checked="" type="checkbox"/></p>	<p>YES</p> <p><input type="checkbox"/></p>

I AFFIRM THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE

Applicant/sponsor name: DANIEL MCGOUGH Date: 4/17/18

Signature: *Daniel McGough*

Anthony J. Picente Jr.
County Executive

David Grow
Chairman

Natalie Brown
Vice Chairman

Shawna M. Papale
Executive Director/Secretary

ONEIDA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

OCIDA



153 Brooks Road, Rome, New York 13441-4105
(315) 338-0393, fax (315) 338-5694
info@mvedge.org www.mvedge.org

Ferris Betrus
Michael Fitzgerald
Eugene Quadraro
Michael Valentine
Steven Zogby

MEMORANDUM TO COMPANIES SALE-LEASEBACK TRANSACTIONS

1. When a Company decides that a sale-leaseback transaction may suit its particular needs, the first order of business is for the Company to complete an Application for Financial Assistance, together with an Environmental Impact Questionnaire, Cost/Benefit Analysis and Statement of the Project Applicant (referred to collectively as the "Application"). The Application is submitted to Agency Counsel for a formal decision as to whether or not the project qualifies as a "project," as defined by law.
2. No action can be taken until the Application is completed and submitted to the Agency and approved by Agency Counsel.
3. Upon completion of the Application and approval by Agency Counsel, the Agency will meet for the purpose of adopting an Inducement Resolution and reviewing the Environmental Impact Questionnaire, Cost/Benefit Analysis and Statement of the Project Applicant. At this time a Resolution may be adopted by the Agency concerning the environmental impact. **Please note that the Agency is subject to the Open Meetings Law, and all meetings will be open to the public, including news media.**
4. The Company is expected and encouraged to have its own counsel. The Company is also required to reimburse the Agency for all legal expenses incurred in furtherance of a proposed transaction, whether or not that transaction is completed. This includes all fees and disbursements of Agency Counsel.
5. The Company will be asked to sign an Inducement Agreement, which sets forth the terms of the proposed transaction and the obligations of the parties in furtherance of the same. The Company will also be asked to provide Agency Counsel with certain

information concerning the formation of the corporation or partnership, a survey of the property, title insurance, insurance certificates, etc. before the transaction can close. All matters in connection with the transfer of the real estate will be handled primarily by Company Counsel with the assistance of Agency Counsel.

6. A Public Hearing may be required in accordance with the New York State General Municipal Law, after which the Oneida County Executive must approve or disapprove the issue. Notice of the Public Hearing must be published at least thirty (30) days prior to the Hearing in the newspaper where the project is located. The highest elected official of each affected taxing jurisdiction must also receive thirty day written notice of the Hearing.

No financial benefits may be granted by the Agency to the Company until after the Public Hearing if required.

7. Agency Counsel has certain requirements as to those documents which must be included in the transaction and the content thereof, including but not limited to requiring environmental impact surveys, environmental indemnifications and general indemnifications.
8. The fee schedule is attached, covering the Agency fee, the Agency's work with respect to the project and the work of Agency Counsel.

The estimated fees for Agency Counsel may vary depending on the nature of the project. The initial fee quote assumes that the transaction closes within ninety (90) days from the date of the inducement, that there will be no unusual questions of law or prolonged negotiations regarding the documents, and that the involvement or assistance from other agencies will not require substantial modifications to the typical structure and documentation of similar transactions. The fee quote also assumes that Agency Counsel will not be called upon to coordinate with any lender, as the Agency is not issuing bonds. The fee quote assumes that closing will take place by mail and will not necessitate attending meetings with the Company or any lender.

9. Once the terms and conditions of the transaction are fairly well established, Agency Counsel prepares preliminary drafts of the financing documents and distributes them to all parties for review and comment. Comments accepted by all counsel will result in redrafting of documents. The parties establish a mutually agreeable closing date, and final documents for execution are prepared.

10. The Agency then conducts a meeting whereby it adopts an Authorizing Resolution, under which the Agency approves of the form of the documents and authorizes the Chairman to execute the same.
11. The closing takes place.
12. Some of the benefits available to a company under a sale-leaseback transaction are as follows:
 - ⇒ Exemption from New York State mortgage recording tax
 - ⇒ Exemption from New York State sales tax for materials used in construction
 - ⇒ Real property tax abatement on the value added to the project (for more information, please see the Uniform Tax Exemption Policy enclosed herewith)

c:1997/ocida/irbmemo3.doc/lsr_pc

**MEMORANDUM TO APPLICANTS FINANCING AN IDA PROJECT
THROUGH A COMMERCIAL LENDER**

We have found it helpful to outline at the onset of a transaction the basic structure of financing when an industrial development agency (“IDA”) has a fee or leasehold interest in a property and is party to a mortgage or other financing instrument. **Please give a copy of this memorandum to your lender as early in the financing process as possible.**

An IDA is party to a financing instrument purely as a conduit for financial assistance (in the case of granting exemptions from mortgage recording tax) and to grant its interest in the facility to the lender. To preserve the passive nature of its role, the IDA cannot assume any obligations or make any representations that a traditional Borrower would make to a lender. It has been our experience that the easiest way to accomplish this is to define the Borrower as the “Borrower,” define the IDA as the “Agency,” and only include the Agency in the granting clause and with respect to the assignment of rents, inasmuch as those are the only reasons that the Agency is party to this document.

Furthermore, because PILOT Payments are contractual obligations and are not given the same high priority as tax payments, we crafted some language that will restore the taxing jurisdictions to the same position they would have been but not for the IDA involvement in the project. While it is not disputed that is an equitable arrangement, certain lenders have expressed concern that, because the requirement to pay PILOT Payments is contained in a private contract, there is no prescribed process to avoid significant delinquencies as there is under a tax foreclosure. It has been our experience the easiest way to accomplish this is for a lender to escrow PILOT Payments so it has the assurance that payments are made in a timely manner. If a lender does not wish to escrow PILOT Payments, an alternative is for the IDA to record a PILOT Mortgage that would be given first priority over the lender’s mortgage, similar to the priority taxes have.

Below are certain provisions we require be incorporated into each financing document to which the IDA is a party (please modify capitalized terms accordingly):

1. AGENCY PROVISIONS.

a. Agency makes no covenants other than to mortgage all of its interest in the Premises excepting its Unassigned Rights (as said term is defined in the Leaseback Agreement).

b. **NO RECOURSE AGAINST AGENCY:** Lender agrees that Lender will not look to the Agency or any principal, member, director, officer or employee of the Agency with respect to the Indebtedness or any covenant, stipulation, promise, agreement or obligation contained in this Mortgage. In enforcing its rights and remedies under this Mortgage, Lender will look solely to the Premises for the payment of the Indebtedness and for the performance of the provisions hereof. Lender will not seek a deficiency or other money judgment against the Agency or any principal, member, director, officer or employee of the Agency and will not institute any separate action against the Agency by reason of any default which may occur in the performance of any of the terms and conditions of any documents evidencing the Indebtedness.

c. **HOLD HARMLESS:** Borrower and Lender agree that the Agency, its directors, members, officers, agents (except the Borrower) and employees shall not be liable for and Borrower agrees to defend, indemnify, release and hold the Agency, its directors, members, officers, agents (except the Borrower) and employees harmless from and against any and all (i) liability for loss or damage to Property or injury to or death of any and all Persons that may be occasioned by, directly or indirectly, any

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
COST/BENEFIT ANALYSIS
Required by §859-a(3) of the
New York General Municipal Law

Date

4/17/2018

Name of Applicant: Gutchess Vernon, Inc.

Name of All Sublessees or Other Occupants of Facility: Gutchess Vernon, Inc.

Principals or Parent of Applicant: Matt Gutchess, Pres.
ESOP

Products or Services of Applicant to be produced or carried out at facility: Hardwood Lumber

Estimated Date of Completion of Project: _____

Type of Financing/ Structure:

_____	Tax-Exempt Financing
_____	Taxable Financing
<u>x</u>	Sale/ Leaseback
_____	Other: _____

Type of Benefits being Sought by Applicant:

_____	Taxable Financing
_____	Tax-Exempt Bonds
<u>x</u>	Sales Tax Exemption on Eligible Expenses Until Completion
_____	Mortgage Recording Tax Abatement
<u>x</u>	Real Property Tax Abatement

TAXABLE GOODS & SERVICES

	Spending Rate	Expenditures	State & Local Sales Tax Revenues
Direct Jobs			
Created \$	0.36	1572480	153316.8
Existing \$	0.36	0	0
Indirect Jobs			
Created \$	0.36	2700000	263250
Existing \$	0.36	0	0
Construction - only one year			
Person Years \$	0.36	28800	2520
TOTAL TAXABLE GOODS & SERVICES		4301280	419087

Local (3 year) real property tax benefit (assuming 60% of jobs existing and created own a residence) with an average assessment of \$80,000 and the remainder of jobs existing created pay real property taxes through rent based on an average assessment per apartment of \$50,000.

Tax Rate for School District where facility is located:	27.954173
Tax Rate for Municipality where facility is located:	0.82018
Tax Rate for County:	9.209211
	Rate Total
	37.983564
Real Property Taxes Paid:	\$ 103,315.29

COSTS:

Real Property Taxes Abated on Improvements Only (10 yr. Period):	165,760	Amount of Taxes that would be abated by applying PILOT.
Mortgage Tax Abated (.075%)	0	
Estimated Sales Tax Abated During Construction Period (8.75%)	50,000	

NOTE: If there is a tax-exempt financing of all or a portion of the project cost, there is a neutral cost/benefit because of lower interest rates by reason of exclusion of interest from gross income of bondholders for purposes of Federal and State income taxes. Taxable financing carries the same cost/benefit for State Income Tax purposes. Such cost/benefits cannot be quantified.

Company Information

Average Salary of these Positions

Existing Jobs	-	0
Created Jobs (over three years)	40.00	36400
Retained Jobs	-	

Earnings Information for Oneida County

Average Salary of Direct Jobs for Applicant	\$ 36,400.00
Average of County Indirect Jobs	\$ 25,000.00
Average of Construction Jobs	\$ 32,000.00

Note: \$1,000,000 in construction expenditures generates 15 person - years of employment
 Construction Person Years of Employment: \$ 2.50

Calculation of Benefits (3 Year Period)

	Total Earnings	Revenues
Direct Jobs		
Created	\$ 4,368,000.00	185640
Existing	\$ -	0
Indirect Jobs		
Created	\$ 7,500,000.00	318750
Existing	\$ -	0
Construction - only one year		
Person Years	\$ 80,000.00	3400
TOTALS Calculation of Benefits (3 Year Period)	\$ 11,948,000.00	507790

Project Costs

Land	\$	-							
Existing Building	\$	610,000.00							
Existing Bldg. Rehab	\$	500,000.00							
Construction of New Building									
Addition or Expansion									
Engineering/ Architectural Fees									
installation									
Fixtures									
Equipment	\$	1,400,000.00							
Legal Fees (Bank, Bond, Transaction, Credit Provider, Trustee	\$	11,000.00	See Agency Fee Schedule Page on Application						
Finance Charges (Title Insurance, Environmental Review, Bank Commitment Fee, Appraisal, Etc.)									
<u>Site Rem and Fiber Network</u>	\$	200,000.00							
Subtotal	\$	2,721,000.00							
Agency Fee*	\$	13,605.00	<table border="1"> <tr> <th colspan="3">IDA Agency Fee: PILOT, Mortgage Recording Exemption, Sales Tax Exemption:</th> </tr> <tr> <td>o Up to a \$1.0 Million project - \$5,000</td> <td>o Above \$1.0 Million project up to \$10.0 Million project - ½ of 1% of total project cost.</td> <td>o Above \$10.0 Million project - ½ of 1% of total project cost up to \$10.0 Million plus incremental increase of ¼ of 1% of total project above \$10.0 Million.</td> </tr> </table>	IDA Agency Fee: PILOT, Mortgage Recording Exemption, Sales Tax Exemption:			o Up to a \$1.0 Million project - \$5,000	o Above \$1.0 Million project up to \$10.0 Million project - ½ of 1% of total project cost.	o Above \$10.0 Million project - ½ of 1% of total project cost up to \$10.0 Million plus incremental increase of ¼ of 1% of total project above \$10.0 Million.
IDA Agency Fee: PILOT, Mortgage Recording Exemption, Sales Tax Exemption:									
o Up to a \$1.0 Million project - \$5,000	o Above \$1.0 Million project up to \$10.0 Million project - ½ of 1% of total project cost.	o Above \$10.0 Million project - ½ of 1% of total project cost up to \$10.0 Million plus incremental increase of ¼ of 1% of total project above \$10.0 Million.							
TOTAL COST OF PROJECT	\$	2,734,605.00							

Assistance Provided by the Following:

EDGE Loan:	
MVEDD Loan:	
Grants - Please indicate source & Amount:	
Other Loans - Please indicate source & Amount:	