

**BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY
BOARD MEETING
185 Court Street
Binghamton, New York 13901
Friday, October 9, 2015, 12:00 PM**

SYNOPSIS OF MEETING

PRESENT: T. Kane, J. Baumgartner, J. Bernardo, J. Davis, R. Nielsen Jr., J. Smith,
J. Rounds and J. Stevens

ABSENT: W. Howard

GUESTS:

Jerry Marinich, Broome County Legislature
Aaron Martin, Broome County Legislature
John Solak, City of Binghamton Resident
Dan Babcock, Owner of Modern Marketing Concepts
Bob Murphy, City of Binghamton Economic Development
Gabby Wayman, Modern Marketing Concepts
John Dowd, Legal Counsel to Dan Babcock

STAFF: K. McLaughlin, T. Gray, S. Duncan, N. Abbadessa

COUNSEL: J. Meagher

PRESIDING: T. Kane

Mr. Kane called the meeting to order at 12:00 PM.

ITEM #1. APPROVE MINUTES FOR THE SEPTEMBER 11, 2015 BOARD MEETING: Mr. Kane requested approval of the minutes for the September 11, 2015 Board Meeting.

MOTION: To approve the September 11, 2015 Board Meeting minutes. On a MOTION by Mr. Stevens, seconded by Mr. Davis, the MOTION CARRIED; Mr. Kane recused himself from the vote as he was not present at the September 11, 2015 Board Meeting.

ITEM #2. PUBLIC COMMENT: First to speak is Mr. Solak. He has concerns with the note to Matco. He stated that this is the first time to his knowledge that The Agency is allowing another entity to assume another company's note. He feels that Matco has been a disaster in the electrical business. He states that they have put twelve or thirteen companies through the bankruptcy courts. He feels that the Matco operation should not be allowed to assume anyone's note. Mr. Solak stated that if they can't just pay off

the \$80,000 note all at once The Agency is just asking for trouble. The next topic Mr. Solak is speaking about is Modern Marketing Concepts. He is glad to see Mr. Babcock here and in person. He feels that the Modern Marketing Concept is really two deals. The first one a real estate deal and the second a Modern Marketing deal. Mr. Solak wonders why it cannot be separated out. He doesn't understand why this Agency is only receiving 2.5% interest. Mr. Solak is asking how the IDA lends out money at 2.5% and the state needs 4.5%. He would also like to know if The Agency has decided what entity they are doing business with, is it Modern Marketing Concepts/Dan Babcock, or is it as the resolution states some other entity. Mr. Solak said The Agency talked about going after fortune 1000 companies and bringing outside money in , now The Agency is more or less moving people from one end of the county to the other. He feels that The Agency is not working hard enough to obtain the goal they had originally established.

MOTION: No motion necessary.

ITEM #3. EXECUTIVE DIRECTOR'S REPORT: Mr. McLaughlin started the discussion by informing the Board that he has been invited to make a presentation on October 20th in Albany, with regards to the Upstate Revitalization Initiative. He and four others will go and make this presentation. Mr. McLaughlin stated that he has been working with the city on the downtown parking project. He has spent time with Marc Newman on the proposal pertaining to the area behind CVS. Mr. McLaughlin and Bob Sweet have been working collectively on a scenario to present to the city in regard to the parking being constructed as a public/private partnership. Mr. McLaughlin stated that 50 Front Street has been resolved. The incentive proposal should come out and he believes that the money will pass through the Land Bank directly. He feels this project will start fairly soon. New Horizons had their closing last week, construction has started and is moving ahead nicely. Mr. McLaughlin and Ms. Duncan attended the Upstate Venture Association event that was held at BU last week. Mr. McLaughlin had met with Solar City, noting that they are interested in a site to place a solar farm in Broome County. He feels that this solar farm could really benefit the county, it could help reduce some of their costs. Mr. Meagher and Mr. McLaughlin have been dealing with the sales tax issue. He stated that The Agency had passed a resolution as part of their policy not to exempt the Broome County part of the sales tax. Unfortunately it is not as easy as it sounds. The vendors are having a hard time dealing with the situation of dividing the 8% sales tax. On a side note, Mr. Meagher stated that he had followed this through to the New York State Sales Tax Department before the vote to make sure it could be done. They told Mr. Meagher that this was possible. Mr. McLaughlin had made a suggestion that the developer collect the whole 8% then write a check back to the county for 4% of the sales tax. Mr. Kane asked who would write the check, Mr. Meagher stated that the developer would. The developer would receive the full 8% sales tax exemption but then turn around and write a check for 4% to the county. Mr. Meagher will need to look into this issue further to see if this can be done. Mr.

McLaughlin stated that they will work through all of this and then bring a recommendation to the Board. Mr. Nielsen stated that he vaguely recalls that the application of the law sets short time periods on the validity of our sales tax exemptions something along the lines of ninety days. Mr. Meagher stated that was incorrect, The Agency gives them one year. An extension may be granted if the project is not complete in that time frame. Mr. Nielsen feels that the applicant should not be contractually liable to The Agency in regard to the 8% sales tax. Mr. Meagher stated that if we did do this it would be completely different so the vendor isn't put in the position to collect the 4%. Mr. Nielsen stated that if the vendor is off the hook, the audit is clean that way and then their obligation is back to The Agency. He also stated that The Agency does not grant numerous sales tax only deals, they are usually part of a bigger deal where The Agency has a fair amount of contractual leverage. The Agency could then punish someone who did not pay by revoking their PILOT. Mr. Nielsen stated that is one way to get them to comply. Mr. McLaughlin began discussion about the strategic plan retreat. He stated that he felt it was well received. He also informed the Board that The Agency handed out a synopsis of the items that were highlighted throughout the discussion. Mr. McLaughlin would like the Board to review this synopsis and let him know if anything has been missed, or anything needs to be added.

MOTION: No motion necessary.

ITEM #4. LOAN FUNDS AVAILABILITY AS OF September 30, 2015: Mr. Gray presented the Loan Funds Availability report to the Board. The balances available to lend are \$247,614.71 (STEED) and \$33,607.52 (BDF). Mr. Gray said that Sonostics, Inc. delivered a check as promised and has now become current. The check was a little less than \$24,000, 75% of that was STEED funds from the original loan and 25% were local funds. He stated that he has applied a little over \$17,000 to the current STEED balance and applied almost \$6,000 to the local fund. In addition Mr. Gray stated that, as Mr. McLaughlin mentioned at the retreat last week, the application to the USDA was not approved. Because of this fact, the \$115,000 that needed to be reserved for that application will now move back into the local fund for loan applications in Broome County.

MOTION: No motion necessary.

ITEM #5. EXTENSION OF UP1 & UP2 SALES TAX EXEMPTION: Mr. Meagher led the discussion. He stated that this is a two part project. The developer will start the UP2 portion shortly. The original sales tax exemption will expire soon and they are asking for an extension. This will only apply to project related costs. Mr. Kane asked how long the extension is for. Mr. Meagher stated one year. Mr. Rounds had asked if this property had just been sold. Mr. Meagher said that The Agency allowed the assignment of benefits to the new ownership group.

MOTION: To approve the extension of UP1 & UP2 sales tax exemption. On a MOTION by Mr. Stevens,

seconded by Mr. Nielsen, the MOTION CARRIED UNANIMOUSLY.

ITEM #6. L-3 BUILDING PRESENTATION: Mr. Babcock addressed the Board. He indicated that he and his team have been doing due diligence in hiring the right teams to make this project successful. He has spent a lot of time with L-3 anticipating their needs and requirements. Mr. Babcock has hired his own individuals to do the architectural and the engineering for the design and contract of the building. These individuals have spent a great deal of time over the last three weeks to identify the cost for the fit out; in order to not only bring in Modern Marketing Concepts but new tenants, as well as retaining the current tenants. Every single day Mr. Babcock and his team learn something positive and negative about the building and the asset. He feels that this project is exciting but does present some challenges. Mr. Kane asked how much space will be available for lease. Mr. Babcock stated that there will be about 95,000 sqft. to lease.

MOTION: No motion necessary.

ITEM #7. A REQUEST FROM THE MATCO GROUP TO ASSUME THE \$80,620 NOTE CURRENTLY HELD BY VMR, CORP: Discussion took place at Executive Session.

ITEM #8. EXECUTIVE SESSION: Mr. Kane asked for a motion to enter Executive Session to discuss the acquisition and sale of real property for the BCIDA, and to discuss the above matter.

MOTION: To convene to Executive Session at 12:27 PM. On a MOTION by Mr. Stevens, seconded by Mr. Davis, the MOTION CARRIED UNANIMOUSLY.

ITEM #9. RECONVENE TO PUBLIC SESSION: Mr. Kane asked for a motion to reconvene to public session.

MOTION: To reconvene to public session at 1:32 PM. On a MOTION by Mr. Davis, seconded by Mr. Baumgartner, the MOTION CARRIED UNANIMOUSLY.

Mr. Gray presented a summary of the request from the Matco Group. He stated that they would like to assume the \$80,620 note currently held by VMR, Corp. Essentially, the Matco Group is in the process of purchasing the assets of VMR, Corp. This process will include the machine that The Agency currently owns. Matco has agreed to assume the entire balance due on the machine and since there are no other changes in the terms and conditions of the note, Mr. Gray would recommend that the Board look favorably on its request. Mr. Baumgartner asked if Matco was purchasing the entire business, all the assets and all the debts. Mr. Meagher stated that this is an asset purchase, and they will change the name to VMR Technologies. Mr. Baumgartner asked if the current owner will still be involved in this business. Mr. Meagher said no. Mr. Baumgartner stated that this will go from an absentee owner to a local owner. Mr. Gray confirmed this to be true.

MOTION: To approve the request from the Matco Group to assume the \$80,620 note currently held by VMR, Corp. On a MOTION by Mr. Baumgartner, and seconded by Mr. Stevens, the MOTION CARRIED UNANIMOUSLY.

ITEM #10. ADJOURNMENT: Mr. Kane requested a motion for adjournment.

MOTION: To adjourn the meeting. On a MOTION by Mr. Davis, seconded by Mr. Stevens, the MOTION CARRIED UNANIMOUSLY, and the meeting was adjourned at 1:37 PM.

The next meeting of the BCIDA Board of Directors is scheduled for November 13, 2015 at 12:00 PM at the Broome County Public Library, 185 Court Street, Binghamton, NY.