

**Watertown Industrial Center Local Development Corporation
Board of Directors' Annual Meeting
October 27, 2015
Minutes**

The Watertown Industrial Center Local Development Corporation held a special board meeting on Tuesday, October 27, 2015 in the Watertown Industrial Center board room, 800 Starbuck Avenue, Watertown, New York.

Present: J. Paul Morgan, Kent Burto, Nic Darling, Michelle Capone, Mark Bellinger

Excused: Carolyn Fitzpatrick, Don Rutherford

Staff: Billy Soluri

Others Present: Keith Caughlin, Esq. (Schwerzmann & Wise, P.C.), Don Alexander (Jefferson County IDA), Craig Fox (Watertown Daily Times)

- I. Call to Order:** The meeting was called to order at 4:05 PM.
- II. Meeting Minutes:**
- III. Financial Report:**
- IV. Correspondence:**
- V. Committee Reports**
- VI. Unfinished Business:**
 - a. K. Caughlin explained that there had been two lines to solving the pending issue of the lease terminating at the end of the year. K. Caughlin stated we have tried to persuade the JCIDA Board, CEO, and Counsel that the simple, one page solution would be to extend the lease, thus extending the PILOT as well.

K. Caughlin said the other approach is to make an application for a new PILOT to the JCIDA, while using the same mathematically formula, and terms of the original PILOT and extending the current lease between the agencies. K. Caughlin said this approach would involve the submittal of the PILOT application, a public hearing, and consent of the taxing jurisdictions. K. Caughlin felt this process would take more time, but should be completed by the end of the year, or shortly thereafter.

K. Caughlin said that at the last WIC meeting it was resolved the WIC would raise the question to the IDA board, so board to board asking them to consider a lease extension. K. Caughlin stated that the response from the IDA was not favorable to the WIC. K. Caughlin suggested that the IDA has made significant concessions from their original position, as they are now willing to waive the application fee,

and they would reuse the original PILOT details which is maxed out as it states from year 16, and thereafter. K. Caughlin stated this proposal would go through a public hearing, public involvement, due process, and the consent of the taxing jurisdictions.

K. Caughlin stated he had drafted a resolution to allow the WIC to discuss whether the Vice President of the WIC or the Director of Site Facilities should be authorized to execute an application to the JCIDA for:

1. the current Lease Agreement dated Sept. 21, 1995 to be extended for twenty years and;
2. to seek the continuation of the current Payment in Lieu of Taxes Agreement dated Sept. 21, 1995, including the payment formula, which continuation and extension shall be submitted for approval by the JCIDA, the subject of a public hearing and presented to the taxing jurisdictions for consent.

On a motion by K. Burto and second by N. Darling the board entered into discussion pertaining to the proposed resolution.

N. Darling asked what the opposition was to just extending the Lease and PILOT agreements. K. Caughlin explained that in the view of the WIC only the lease agreement needed to be extended as the language in the PILOT states that as long as the property is owned by the IDA and leased to the WIC the PILOT shall continue. K. Caughlin stated this view is not universally shared, but that is his view.

M. Capone stated for those reasons she is voting against this resolution. M. Capone said she agrees with Keith's opinion. M. Capone said if we are going to extend the lease then there is no reason to submit a new PILOT application, as it would only be an extension of the existing PILOT.

P. Morgan stated that after much thought he does not agree with the current position of the WIC. P. Morgan said that he doesn't not believe that all parties to the lease and PILOT agreements would have said these agreements are indefinite.

M. Capone stated that is what they did. P. Morgan stated he does not think they did. P. Morgan said you can read the wording anyway you wish, and the only definitive date in the lease is that after 20 years the WIC could purchase the property for a dollar, or they could purchase the property earlier, and the agreements would terminate earlier. P. Morgan said that is his interpretation which is as valid as the other one. P. Morgan stated that if it was anticipated that there would be an extension then normally it would reflect that in the lease and PILOT. M. Capone said it does, because it states year 16 and thereafter. K. Caughlin stated that a lease extension has to be agreed on by both parties, and the IDA has stated they are not willing to do that.

K. Caughlin stated that because of this we have to come to some form of compromise for both sides.

D. Alexander said the lease agreement is a sub topic, but it is the PILOT the IDA is concerned with. D. Alexander said the IDA and the WIC have been working together for years in an effort to make the organization successful, but the WIC needs to be reminded that the Comptroller stated the relationship between the agencies needed to be severed.

D. Alexander stated that he was involved with these discussions twenty plus years ago, he was the first President of the WIC, and he doesn't think that there was an implied extension beyond 20 years, no matter what is stated in the lease, and the PILOT was for 20 years. D. Alexander said the discussion with the taxing jurisdictions related to 20 years, even though they do not like 20 year PILOTS. D. Alexander said they agreed to do it because it had such community value, but he does not think there was ever intention for a renewal or extension after the 20 years or there would have been language in the agreements allowing for an extension. M. Capone said it did, as the language implicitly states as long the property is owned by the IDA and leased to the WIC then it would be continued under the PILOT, it specifically states that, it does not say that after twenty years it will terminate. P. Morgan stated that the lease is for 20 years, and it is being read in the favor of the WIC, and if this was a corporation with a PILOT there wouldn't be a question if this was terminated after 20 years.

M. Capone stated that it appears that a mistake was made when the PILOT and Lease were drafted. D. Alexander said in retrospect it should have been clarified. M. Capone stated that because this was a public/private partnership it was the intent that this would always remain within the context of a PILOT. M. Capone stated she is not against going back to the taxing jurisdictions to reaffirm the agreement, but she is against filing a new application. M. Capone stated the IDA can extend the lease, extend the PILOT and have the taxing jurisdictions reaffirm the agreements.

M. Bellinger asked why not just send a copy of the agreements to the taxing jurisdictions. K. Burto asked Don Alexander if he could send a resolution to the taxing jurisdictions informing them the IDA intends to continue the lease as is. D. Alexander said he could not, and further stated that because this would be considered a deviation from their Uniform tax policy, and when a deviation occurs the IDA has to seek permission from the taxing jurisdictions, because the IDA does not have a 20 year PILOT in the UTEP. D. Alexander stated that in essence all that is being asked for is an extension, it is not a difficult process, it is not costly, and the application allows the IDA to execute the documents on behalf of the WIC. D. Alexander stated he does not believe there will be any pushback to the request.

K. Caughlin stated the WIC is a very low maintenance agency, they do not demand a lot of services, they do not have children attending schools, and they do not have a lot of expenses for any of the jurisdictions. D. Alexander stated this

could have been a huge brownfield site, and a liability for the community instead of providing an opportunity space for jobs. D. Alexander said the transparency aspect of this process will once again showcase the value of the facility. D. Alexander stated that if the process was not followed, and the comptroller was to audit the agency and found that they did not follow the UTEP the comptroller could initiate a claw back of some form.

K. Caughlin stated counsel for the IDA has reviewed and approves of the resolution. K. Caughlin stated he recommends a 20 year extension as that is the max allowed. D. Alexander stated that over the last 20 years it has proved to be extremely beneficial to the community, and this investment in the community is paying dividends by the number of employees within its walls. N. Darling asked how much this was going to cost the WIC. B. Soluri stated he does not know what Jim Heary was going to charge for his services. D. Alexander stated the fees should be minimal. K. Caughlin stated that Jim Heary said the typical application fee would be waived. N. Darling stated minimal expenses to one may be different to another. B. Soluri stated the original number discussed by the WIC was around \$10,000 for everything. B. Soluri stated the fees should be lower as they are using the existing lease and PILOT.

On a motion by K. Burto and second by N. Daring the board authorized staff to execute an application to the JCIDA to extend the current lease agreement between the agencies, and seek continuation of the PILOT for a period of 20 years with submittal of a new PILOT application to the taxing jurisdictions for consent. P. Morgan, N. Darling, K. Burto, M. Bellinger voted in favor, M. Capone voted against, for the record D. Rutherford abstain; motion carried.

VII. New Business:

VIII. Adjournment: On a motion by P. Morgan and second by K. Burto the meeting was adjourned at 4:30 PM.

The next regular meeting will be Tuesday, November 17, 2015 at 8:30 AM at the Watertown Industrial Center board room, 800 Starbuck Ave., Watertown, New York.