

Town of Montgomery Industrial Development Agency
Town of Montgomery Government Center
110 Bracken Road
Montgomery, New York 12549
<https://www.facebook.com/TownofMontgomeryOfficial/>

Tuesday, April 14, 2020
5:30 PM

Present: Jeffrey D. Crist, Chairman
Edwin Williams, First Vice-Chairman – via conference call
John Dickson, Second Vice-Chairman – via zoom
Matthew P. Stoddard, Treasurer and Member – via zoom
Randi Greene, Member – via zoom
Donald Berger, Member – via zoom
Robert Santo, Member – via zoom

Also Present: Robert McLaughlin, Esq. – via zoom
Brian Maher - Town of Montgomery Supervisor - via zoom
William Ibberson – President, Acquisitions Marketing
Members of the Audience – via-
<https://acquisitionsmarketing.com/>
<https://www.facebook.com/TownofMontgomeryOfficial/>

Suzanne Hadden, Secretary – via zoom

AGENDA

Call to Order and Declaration of Quorum

Approval of the March 23, 2020 Meeting Minutes

March Financial Report

Matrix Maple Development, LLC discussion

Local Business Support – Discussion

Berea and Riverfront Automatic Gates

UTEP discussion

Executive Director RFP update

Other Business

Next meeting scheduled for May 12, 2020

Adjournment

Chairman Crist called the meeting to order, a roll call of the board was taken, and all board members were found to be present.

Approval of the March 23, 2020 Meeting Minutes

Second Vice Chairman Dickson motioned to approve the March 23, 2020 special meeting of the audit committee minutes and the special meeting minutes, seconded by Member Santo. A roll call of the board was taken, and all members were in favor, all ayes, motion carried.

March Financial Report

Treasurer Stoddard reviewed the March financial report.

First Vice Chairman Williams motioned to accept the March 2020 financial report as submitted, seconded by Second Vice Chairman Dickson. A roll call of the board was taken, and all members voted in favor, all ayes, motion carried.

Matrix Maple Development, LLC discussion

Michael Doud with Matrix Development – I'm representing the Maple Solar Project and the PILOT application that we made to the IDA several months ago. On the phone we also have Scott Sabbagh, member of Matrix Development and consultant Sandy Mathis. I sent out an email earlier today. We put in an application, 2-million dollars' worth of tax revenue to the IDA and we are trying to maximize the community benefit here. We are trying to figure out how we can use this money to best benefit the residents of the town and the other taxing jurisdictions. Given the current crisis of today there are many jurisdictions that are looking for funding for a number of activities and we thought it might be a good idea to modify our application and present it in a way that could get you some upfront funding for business activities and other activities within the town or the school district, and maximize that community benefit to the residents. We are proposing to provide a 300,000 dollar up front payment to the IDA, and we can make recommendations where that is applied, but we are going to look to the board on how you want to spend it. The remainder of that 1.2 million dollars we would pay over the course of 25-years. Keep in mind, we are not seeking relief, we're looking to tie all three taxing jurisdictions into a single body, which the IDA has the power to do and provide a fair assessment. We are trying to take that assessment and provide you funding for whatever activities are necessary at this time and based on the current crisis. Unlike Amazon or any other applications that you may look at, solar array, we're not going to send kids to school, we don't drink water, we don't drive on the roads, we don't need ambulances; there's no drain on public infrastructure. It's 100% net benefit to the town and the other jurisdictions. The email I sent out today shows a chart of us banking 300,000 dollars up front.

Mr. Sabbagh – Maybe you should share your screen; that might be helpful.

Mr. Doud portrayed the chart that was emailed and asked the agency members if they had received the email?

All members said they had not received the email, except for Chairman Crist, he received the email late in the day.

Matrix Maple Development, LLC discussion

Mr. Doud – We provided an application that would yield a total benefit to the community of 1.2 million dollars and that's over 25-years. At the top of the chart there are two columns, there is IDA financing and owner financing. Each one of those columns starts with 1.2 million dollars and 1.2 million dollars is derived from the PILOT that we hope to reach with the IDA, that includes land taxes and special district taxes and that is all rolled up into the 1.2 million dollars over 25-years with a 2% escalator. The second cell farther down, I talk about the interest rate. Based on this concept of providing the IDA with 300,000 dollars up front, we have two choices. At our disposal right now, our financing comes in at about 8%, and if we borrow 300,000 dollars to provide an upfront payment to the IDA, we are incurring 8% interest over the next 25-years. The cell below that in red, interest expense and upfront payment, we did a calculation today, if we were to finance this ourselves over the next 25-years it would cost us 402,000 dollars over that 25-year period. Unfortunately, that takes away from the 1.2 million dollars that we are trying to provide the community as a community benefit in the form of taxes and PILOTs. The other option that we are proposing tonight is to work with the IDA to utilize the financing capacity of the IDA through your bonding mechanism. For analysis only, we don't know your actual rate, but it is usually around the 2% range, we did the same analysis, 300,000 dollars up front at 2.3% and that would save over the next 25-years roughly 304,000 dollars in interest that we could give back to the community and that is up for discussion.

Mr. Sabbagh – This represents just the taxes, both real property; the PILOT and special district. We know that special district is outside of your purview, but we are just illustrating what the total tax bill is. There are also benefits in the savings that are part of the application, the savings on the solar credits at a discount to the utility rate, that we have in the original application. In speaking to Brian and going through this over the last couple of weeks, he suggested maybe we could use some upfront money, what if it was 200,000, 300,000, that's how we came into this side by side comparison. We're happy with the original application, but maybe this is helpful, and we took the liberty of proposing and Sandy who is working with us has been involved with IDAs in the past and suggested that maybe the IDA could finance it. We wouldn't have anything to do with that, but we could help, and we could make sure it gets secured and it would be secured by the PILOT agreement.

Mr. Doud – Let me go through the rest of this chart so you understand where the numbers come from. You have the two options, the IDA bond financing or the owner financing of the 300,000 dollars, we left off at the interest expense, which is outlined in red. If you were to do a bond it would be roughly 97,000 dollars in interest versus the 402,000 dollars-worth of interest if we finance it directly. As you can see the special districts are going to be the same in either option. How we came up with the balance of the solar PILOT payments is we took the 1.2 million dollars, subtracted the 300,000 dollars upfront cost. We subtracted the interest for borrowing that payment and we subtracted the special districts and that's how we came up with the remaining PILOT payments. The difference between the balance of PILOT payments is just the interest savings. In the IDA bond financing option, the balance of PILOT payments are 453,000 dollars and in the owner finance model the balance of PILOT payments is 148,000. As you can see, it's the same amount of tax revenue that the town/community would benefit from, the exception is one option pays less interest. Under the bond option the town will have 304,000 dollars more tax revenue to benefit the community. We would like to hear feedback from the board on whether this is an option you would like to move forward with and whether you have the appetite to work with us on doing an IDA bond to benefit the Town of Montgomery.

Matrix Maple Development, LLC discussion

Chairman Crist – Concerning the upfront payment, what’s the thought process that goes with that, it’s related to the COVID-19 issues?

Mr. Doud – That was suggested to us from the town, it’s something that we could do, that would be of use. This came about with our discussion with the town.

Chairman Crist – Brian, I think it was your suggestion?

Supervisor Maher – Yes, we just received the information that you are seeing in front of you and this is the first time Jeff and I are seeing the interest and the role it would play in taking away from the bottom line of the total amount over the 25-year period of time. Also, part of our discussion was trying to figure out a way to put up some sort of an agreement that was not 25-years, that’s something that I think we’ve all talked about trying to avoid moving forward. Obviously solar projects are a different animal and it is hard to compare with other larger developments coming in because of the way that it is financed. Looking at the numbers it makes no sense to have an upfront payment no matter what the cause is, if you’re losing out on 400,000 dollars and change and I am not aware, nor do I have any advice or guidance in terms of the IDA financing an upfront payment. The thought was if there was a way to front a portion of the 1.2 million, again interest not standing as part of the conversation, it could potentially serve to help create a way to help assist local businesses in need and that was the genesis of the conversation. I’m looking at these options and I don’t want to represent that as something that I am putting forward because I do have some problems with them personally, but as a conversation starter, I would like to know how the board feels about it, but really the idea here was to try to figure out a way to have some upfront money to assist on COVID relief in the community, while also being a benefit to the community. It’s about creating that balance, which it is up to this board and the whole group to see if we can achieve it.

Chairman Crist – The 25-year PILOT for solar, I think there are some stipulations in the tax code that makes that imperative, could you address that Mike?

Mr. Doud – What are you referring to?

Chairman Crist – I thought I understood some of the guidelines in solar projects.

Mr. Sabbagh – Yes, that the Public Service Commission mandates, it’s a contract with the utility company for 25-years and it’s financed for 25-years, it’s a fixed rate. Everything is based off 25-years, that’s why we wanted the PILOT to match the revenue side and the financing. Otherwise it creates a ripple if it’s only for 15-years, then what happens in 15-years, you have to renegotiate, you’re subject to full assessment. It creates an uncertainty where it makes the financing difficult.

Chairman Crist – Any thoughts Bob where we are at?

Attorney McLaughlin – The proposal for the 25-years is not included in your current UTEP, so you would need to notice the taxing jurisdictions regarding that. There are many IDA’s in the state that do a maximum of 15-years, even on a solar UTEP. There is one that I’m aware of in the western part of the state that recently agreed to do 25-years. There is a trend in that direction, if there are one or two that are doing that.

Matrix Maple Development, LLC discussion

Attorney McLaughlin - The idea of using direct payments outside of an annual PILOT payment for 25-years, with respect to the current pandemic for as long as it's related to economic development, that's entirely feasible, possible and legal. It's up to the board for a discussion of what they are providing and if that something that the board wishes to consider, because I don't believe this board has ever done a PILOT or an application for a solar project, certainly not during my time of representation. Assuming you go forward, I do not believe that under this proposal that the IDA would need to do a new public hearing, which you've done already. I do believe you would need to notice the taxing jurisdictions because it is a deviation from your current UTEP policy. Your current UTEP policy states that deviation notice would be on 30-days, where practical. If it's not practical to do, a 30-day notice, you would provide the best notice to the taxing jurisdictions being mindful that we are in uncharted territory in that no one's at work. There's a question of who's getting mail and how they are getting mail and how they are getting notices, town hall is still closed, although two or three of you are still there. I'm not sure what part of the school district in their business offices are open or not; those are some things to consider.

Second Vice Chairman Dickson – Is there anyway we could get the numbers for what the full tax would be, compared to what they want to do with the PILOT?

Mr. Sabbagh – The full tax, since you opted into 487, it would be a PILOT agreement under 487 and negotiated separately between the town and the county. The school did not respond to our notice, so the way that this works is they have waived their right to participate, that is why we came to the IDA to try and do a global agreement; where all the three taxing authorities could participate. We can show you on the same screen what the benefit is versus not doing a solar farm and not benefiting from this tax versus the Ag land and that is what the million two is, it's additional revenue versus the Ag land that sits there today.

Supervisor Maher – We have been working on several other solar projects. There's one PILOT currently getting negotiated with the town and what I've learned is they're all different based on megawatts, they're all different based on what program, whether it's 487 or whether we go separate from 487. Our assessor does have some raw numbers available and John I think your question was, if we did not do a PILOT, what would be the actual assessment per kilowatt hour or megawatt, and I believe we can get to what that number would be. What you'll find is it's prohibitive to a project like Maple Solar moving forward and that's why they approached the IDA, otherwise it wouldn't likely be feasible for them to finance their project and actually operate, but we certainly can get you those numbers if you want to see them. It would be tough to compare, but we do have some.

Second Vice Chairman Dickson – I would like to see the numbers and I'd also like to know how many other solar fields in the town that the IDA has given to other solar projects. Are there any other solar projects that have received benefits?

Attorney McLaughlin – I believe the answer to that John is no. The only solar projects that have been done in the town to date, and the Supervisor can correct me, have been done directly with the town.

Supervisor Maher – Yes, that's correct.

Second Vice Chairman Dickson – How many permanent jobs would this project create?

Matrix Maple Development, LLC discussion

Mr. Doud – In the application we submitted to the IDA it has all those numbers, it has a breakdown of the employees and looks at the taxes to the existing land; I would direct you to that.

Attorney McLaughlin – Solar projects once they are constructed are not employee driven after they are put on line, and I'm sure the Matrix guys can disagree with me, but typically most solar projects after construction and when any issues are ironed out, there's usually one to five annual employees mostly monitoring unless there's an issue during the year where they have to employ others to fix something.

Mr. Doud – That is generally correct, but there are more than five employees. Throughout the year there is going to be landscaping people that will clean up the site, snowplowing, you have electricians when there's an electrical issue, they'll come and visit. You have some electricians that do operations and maintenance, you also have a number of people that monitor it remotely. One of the things I read about in your application about the jobs that it creates in New York State, not only in the Town of Montgomery, but in New York State, there are a number of jobs in aggregate that the project creates. Additionally, there's a whole side of the array, there's a subscription piece, so roughly speaking, about 2,100 people that can take advantage of the solar power and there's a whole management team behind that piece of it, that's why they call it Community Solar. Not only are there 2,100 residents, but you have to manage their bills, you have some people drop off, you have new people coming on. There's a whole team that will manage that and again it's an aggregate of jobs because not only is it going to manage our array, but those same people will also manage the other arrays in your town. They are not necessarily the same companies and they will compete, but unlike the systems of the past, there's a fair amount of people that have to manage the subscription of the system and the power. There are people at Central Hudson that will help manage that, there's some interfaces in between. There's a number of people that support this array. Insurance providers, insurance inspectors, they're all listed, probably not in its entirety, but all those folks are listed in the application in some form or matter.

Treasurer Stoddard – Scott, Mike, the 2,100 potential town residents, what percentage would they save on their utility bill?

Mr. Sabbagh – The current market for this is about 10% off the solar credit rate, so it's 10% off what they are paying now, or you call it roughly about one month a year of free electric.

Mr. Doud – As an aggregate over the next 25-years, that will amount to 3.3 million dollars and that math is represented in the application that we provided.

Member Berger – I've seen the numbers you have put up, we have to have long discussions on that to go anywhere with this, but I'm looking at your employment schedule on your application and it says you are only going to supply one full-time employee. You have a number of employees that would be independent contractors. I think what John was getting at, John correct me if I'm wrong, I think what he's getting at is how many people, or employees you will have at the site. I'm not sure that he is concerned about, nor am I, about other people who work within your corporation. I think he is talking about site employees.

Second Vice Chairman Dickson – Yes, I was.

Matrix Maple Development, LLC discussion

Member Berger – What I'm seeing here on Page 17 on your application, it only has one full-time employee.

Mr. Doud – There's several charts, 17 and 18.

Member Berger – They're sub-contractors on Page 17 and 18.

Mr. Sabbagh – Most of the work is during construction and we would try to use local sub-contractors, but the majority of jobs are during construction.

Member Berger – You plan on being up in business in September 2020, if everything is approved. Is that right?

Mr. Doud – Yes.

Member Berger – The other thing I would like to talk about is your taxes and how you are zoned. Right now, as of 2019, you guys are receiving an Ag exemption. Is that correct?

Mr. Doud – That's correct.

Member Berger – Is that going to continue?

Mr. Sabbagh – Partially, we'd like to hay some of the property. The solar array physically will fit on 10-acres and we have about 40 whole, so there may be some Ag, we still may try to hay, maybe do some sheep farming on some of the non-solar areas.

Member Berger – Jeff, you probably know more about this than anybody on our board, as far as the Ag exemption is concerned. Through the year 2019, should they have received an Ag exemption? They did purchase it on January 31st of 2019.

Chairman Crist – That would depend if the agriculture is still going on and they reapplied by March 1st for that exemption.

Mr. Sabbagh – We did, we applied March of last year, then we applied again by March of this year because it is still a hay field.

Member Berger – Is it being farmed?

Mr. Sabbagh – It is, yes.

Member Berger – By who?

Mr. Sabbagh – James Wiest.

Member Berger – Can you spell that?

Matrix Maple Development, LLC discussion

Mr. Sabbagh – The assessor has all the data, I can copy that to you, but they have all the applications, the forms, the lease, all that.

Member Berger – I think that is important Jeff, that we have copies of that.

Chairman Crist – Sure, and the change of ownership doesn't trigger a recapture of the Ag assessment as long as the continuation of the agriculture goes on and the application renewal is up to date.

Member Berger – I went by that property late last week and I'm not a farmer, but I didn't see anything going on over there.

Chairman Crist – I'm not sure it would be this time of year, especially for hay and that renewal would have been based on last year's agricultural crop coming off it.

Member Greene – Would there be a commitment to use local landscapers, not using an inhouse person?

Mr. Doud – I wasn't able to hear your question.

Mr. Sabbagh – She was asking about using local contractors for landscaping, electricians and the answer is yes. Early on in the application process I have been working hard to identify, there's a local electrical contractor and civil contractor to do the work on the construction side and then on the operation and maintenance side of the array, we certainly would look at the use of local landscapers or electricians. Just to let you know how this works, there's a central hub that will monitor this system 24 by 7 and so they are not going to send an electrician from another state away to go fix it. A lot of times they hire the electrician who builds it to do the maintenance and do preventative measures on a regular basis, that generally will be the local labor. I'm still looking for a good electrician, from my search I haven't found a company that is bondable that is located within the Town of Montgomery, but your application also talks about local, defines it as the greater Hudson Valley; we absolutely are going to use local labor to make this happen.

Chairman Crist - I think there is more to come, we have some things to research. I know Mike you do have a time frame, any closing thoughts for us?

Mr. Doud – The other thing that we didn't mention, in addition to the residents of Montgomery taking advantage of the solar credits, the Town of Montgomery, the town buildings can also take part in the savings. Part of that 3.3 million dollars in savings could be allotted to town savings as well. I will just recap here, the value of this program, not only do we provide upfront funding, but you are going to contribute to those local construction jobs, local maintenance jobs and we are also going to provide needed revenue, tax dollars for all the other activities long-term for both the fire department and the municipal buildings as well, that's what I have for you tonight. I appreciate your questions; you can always reach me. I do want to say that the application doesn't mask the way the solar business is run, it's typically for a brick and mortar building and we filled in the blanks where we could best apply the way the solar business works, but if you have any questions on that, I am glad to show you how we came to our numbers and how things are allotted and how it works.

Matrix Maple Development, LLC discussion

Member Stoddard – Mike and Scott, you do these solar farms in many different locations, correct?

Mr. Doud – Yes, we do.

Member Stoddard – Can you answer me roughly how many you have?

Mr. Doud – We are a mid-size company, we're with a company called AES Distributed Energy, that also owns several systems in the Town of Montgomery and our portfolio right now is Maple Solar and also a 200-acre solar farm in upstate New York; that's the extent of what we are working on today. With AES I've developed 30 megawatts of solar arrays that they operate.

Member Stoddard – Do you have them in multiple states, or is it just here?

Mr. Doud – My experience is in New York State with AES, you have two in the town.

Member Stoddard – On any of your solar farms in the past, have you requested IDA funding?

Mr. Doud – I have not.

Member Stoddard – Can I ask why all of a sudden did this idea come to you guys?

Mr. Doud – You have to look at the incentives, the incentives are declining every day. The incentives that we received from NYSEERDA and the utility revenue is very different than the incentive of the first project that went into the Town of Montgomery; by orders of 30, 40 percent and the need today is not the need that I had when I was developing those projects about 3-years ago. It's not necessarily all of a sudden, it's a factor of this declining incentive program that forces this need and until you have a project fully permitted you don't fully know what your incentive is. You have to go through the planning board process, you have to go through the utility study and it isn't until the end of that project, you know what your incentive is and then at that point that's when you negotiate the tax program. Most towns and most IDA's won't talk to you until you have a permitted system. It's great to think that you would work this from day one, but until you get one permitted, you get the utility study you can't negotiate the project; you can't start talking about taxes; the system isn't setup that way.

Member Stoddard – Is it fair to say from here going forward on any solar farms that you plan on building, that you will be checking with whatever community you are in for IDA benefits?

Mr. Doud – I want to go back to my original statements when I gave the application. We are not seeking relief; we are looking for a fair taxing program that takes all the factors into play and also combines the taxing jurisdictions. The IDA's offer ability to co-less both the county, the school and the town, it's very difficult to negotiate a PILOT with three entities at the same time and you don't know how much money you have until your done with negotiating all of them, then you may have to start again because one entity is asking for more money than the other. I can tell you on the other projects, my two-hundred-acre project in upstate New York, we are also seeking the help of an IDA for those exact same reasons.

First Chairman Williams – Do you have the final approval from the planning board

Matrix Maple Development, LLC discussion

Mr. Doud – We did receive final approval from the planning board. We have a special use permit that has been issued by the Town of Montgomery Planning Board.

Member Berger – Mike, it's unfortunate because of what's happening in our times today, but for me I can tell you that it was very difficult absorbing everything that you had to say through this process we are going through now; very difficult and I would like to have the opportunity to talk to you perhaps at another meeting or whenever we make ourselves available, but I do believe, for me anyway, it is very difficult crunching your numbers here and listening because a lot of this stuff was garbled, so I would like to have that opportunity to talk to you or your group with Jeff or perhaps any other of the IDA members moving forward.

Mr. Doud – I would welcome that Don, that would be great.

Chairman Crist – I might mention Don, that this last email from Mike we only got at 4:13 today, I was already on my way to town hall. I hadn't seen it until Brian brought it to my attention. Normally we would try to get that out to the board ahead of time.

Mr. Doud – My apologizes for the delay, sorry about that.

Local Business Support – Discussion

Chairman Crist – Our next item I am going to ask Brian to open it up, it is a unique opportunity possibly for the IDA to provide some immediate help to the Town of Montgomery in light of the COVID-19 circumstances and Bob is aware of these to some degree and feels in this time we also have more flexibility how some of these funds might be used.

Supervisor Maher – Really excited to talk about this program and the potential for IDA support. The Town of Montgomery Community Response Team now dubbed the TOMSTRONG Community Response team was established as a charitable fund of the Community Foundation of Orange and Sullivan. This fund was created to help support our community in response to the COVID-19 pandemic and working through some of the existing programs and past precedents set, partnering with the Community Foundation and the Orange County IDA we stumbled upon using the Community Response Team by creating a business relief fund to support our local businesses. The IDA according to your mission and your abilities can donate funds or allocate funds, however way you want to put it to support a program that will improve the local business economy and specifically help this program. We are looking to mirror the Orange County IDA program as much as possible and make it more specific to the Town of Montgomery. The idea is to do micro-loans or grants depending on the willingness of the IDA to be either repaid at some point in time or to just grant the funding to local businesses in need. We would take a look at certain expenses that includes paying rent, purchasing supplies, making critical utility and other operating payments. The idea would be to fill the holes in what's not covered or not adequately covered under the PPP program, other SBA loan programs and funding that's out there for businesses. Also, it could potentially be a quicker source of income that our businesses need right now because the federal funding is taking quite some time, so not all these businesses who are applying are getting the funding, some of them aren't getting approved and some of them don't have the time or the resources to apply for the funding.

Local Business Support – Discussion

Supervisor Maher - The first ask, a pool of money to help establish this relief fund to support hopefully dozens of local businesses within the Town of Montgomery. The second program is an allocation of 15,000 dollars and this would create a program partnering with local accounting firm Nugent and Haeussler and this program is important because it will provide a service at no cost to each of our local businesses to help identify and apply for the federal, state, local and private funding that's currently out there in response to COVID-19 and as some of you may know, a lot of these funding programs and these applications are ever changing. Some of the stimulus package money hasn't even been put into a program and it changes daily and weekly on what's available for our local businesses and our local farmers. Our farms would also be able to apply for this program. We are forming a committee; the Town of Montgomery Community Response Team has asked IDA board members who are willing and interested to be on this committee to help go through the businesses that apply and to allocate funds toward the businesses. We'd love for you guys to serve on that committee as well so we can do this together as a team. The current ask is to establish a fund in the amount of 200,000 dollars. If everyone maxed out, we would be able to help 20 businesses with 10,000-dollar loans, but obviously some may only need 5,000, some may need 2,500 and then it's up to you guys to have an internal discussion. You could do this like the Orange County IDA is and perhaps have it as a zero-interest loan that you have repaid back to you or we could do it as a grant, depending on what you are willing to do. We are establishing the criteria as we go, but the first thing is to create and ask and to get your buy in to get your comments and I'm happy to answer any questions you have.

Chairman Crist – Bob, any thoughts on what's doable in light of the circumstances in each of these requests?

Attorney McLaughlin – As we talked about at the board training, which was in March, typically the IDA needs to have a project and can provide certain financial assistance or bonds, by way of either a leaseback arrangement or an installment sale agreement. There is a very good argument that as long as the IDA is supporting economic development and maintaining jobs, that it can use those funds for those economic development purposes. I think what we have talked about here with the Supervisor is that this is a non-for profit that has been created by the town specifically in response for the unique circumstances that we are in right now, which is the pandemic and the economic fallout that's been caused by that. I think it's entirely defensible for the IDA to be a party to this type of relief program as long as, officially request the IDA to participate. I think the IDA program is really interesting and I think the board as a group needs to decide.

Treasurer Stoddard – How much will Sailfish bring in, a rough number?

Attorney McLaughlin – I shared that with Sue sometime ago, I think it's over 300,000.

Treasurer Stoddard – With what we have in the account right now between CD's and in the checking, that would bring us over a million dollars, so financially we are stable enough to do this.

Attorney McLaughlin – It would appear so, but that's the board's decision.

Second Vice Chairman Dickson – Bob, which would be better to do a grant or an interest free loan?

Local Business Support – Discussion

Attorney McLaughlin – Again, that’s a board decision. The problem with grants is the money’s gone. The advantage to a loan, even if it’s an interest free loan, there is a repayment component and that money eventually gets recycled so there is no real loss there except interest income. Either way in this time, a grant or an interest free loan will achieve the Supervisor’s goal of helping the businesses in the town to remain and to get through this tough period of time. It’s not unusual for corporations to offer interest free loans as a pre-funding of other monies that may come in, so to the Supervisor’s point of the SBA and triple P program all getting up off the ground, except for the initial 10,000 dollar program for the SBA that every small business was able to tap into, and that’s a loan. The other program is slowly getting started, it came down to what bank you applied to and worked with. If this can fill that gap, which I think is the Supervisor’s goal, this type of program can fill that gap and then you can get repaid as those other monies come in.

Treasurer Stoddard – Right now the interest rate is at 0%, isn’t it? Couldn’t these businesses just go to the bank and get that interest free loan, wouldn’t it be better if we have the resources to do this, if we can do it, wouldn’t it be better to do the grant?

Attorney McLaughlin – Again, that’s a board decision. I was on a call this morning with what’s called a special acts school district and they’re trying to get an extension and a new loan from their current bank and what the bank made very clear is that and this goes to Matt’s point, that there is a huge credit crunch right now, the banks are being inundated with requests for credit, their not certain how they are going to get repaid, if they are going to get repaid, and by whom and although there is supposed to be all of this capital out there, it’s difficult to access.

Member Santo – I have a suggestion, the first people that we look at are the people that have applied for these loans and because of the delay, the bureaucracy, we put those people first with the promise that as soon as the federal government answers them with their money they pass back right away. We have money sitting there for emergency, we could use it tomorrow.

Member Greene – I have quite a bit to say, first off there is not 0% financing, although that is available, people even the PPP, if you do not use it for approved funding you have to pay it back within 10-years at a super cent interest rate, I believe. I want to ask Brian, what is the discounted rate that Nugent and Haeussler will be offering, is that their standard rate, or is that a discounted rate?

Supervisor Maher – It’s a discounted rate, it’s 100 dollars an hour.

Member Greene – Being a small business I can say, I’ve applied for all these things. I don’t know anybody that has gotten an economic injury grant. What is their typical rate? The PPP was a nightmare to apply for.

Supervisor Maher – You may have to call in, we’re having difficulty hearing you.

Member Greene – What is their general rate per hour for service?

Local Business Support – Discussion

Supervisor Maher – Nugent and Haeussler is going to be charging a discounted rate of 100 dollars an hour and at the end of the day what they are hoping to do is for each business that applies for the help, they are looking to schedule it out in advance and make sure that they only spend about one hour per business and they are going to be flexible in terms in how they are going to do that, but they are looking to try not to burn us in terms of how much it's going to cost. I don't anticipate using all the 215,000, not even close to it, so we expect to be much less than that.

Chairman Crist – My opinion would be that's a very easy decision for us, provided we can do it, Bob's advising we can to help people get to some of these other emergency loan processes. The 200,000-dollar request is a little more interesting. Brian I'm curious, do you have a thought process for grants versus loans? In some ways, grants are easier and if they're put in the right place, it might make sense.

Supervisor Maher – Yes, you can do these two ways, if you're uneasy about it, we can take it application by application. What I've seen, especially in the Town of Montgomery, is that businesses are being realistic to what their needs are and if we take a look at a certain business's financials as part of the application, and we identify that they really are hurting, they already have a mortgage, they already have other loans and they really could use the grant, you could do a combination, where as part of the application, the need that they have, warrants a grant as opposed to a loan and then as Bob said, you might find a business that just really needs a cash flow, their bank isn't able to get them a loan and they are willing and able to repay the IDA back. If you allocate the 200,000 dollars to a grant/loan program, and you are part of the allocation and the application process, we can do an honest job, give grants out to the businesses that need them and give loans out to the businesses that are willing and able to repay them back and you could just do a combination and we can define that throughout the process together.

Member Berger – Brian, you had mentioned earlier about the vetting process of these applications and that IDA board members can be part of that process, I would like to be part of that process. I would like to volunteer for that, I think it's an important initiative. The thing that concerns me is, I would like this to see this be for the real small businesses of the Town of Montgomery and I'm talking about the residences that own little shops, little convenience stores, little bakeries, things like that. I'm not interested in larger scale businesses being a part of this program. I think the ones that really need the help are those real small family businesses. If you would have me on that, I would love to do that.

Treasurer Stoddard – Brian, Jeff and everybody there, what Don just said, I think the whole board might want to be on it, of course I do also. The parameters of these loans/grants are something that we are going to have to figure out down the road. We are financially stable, let's give back to the community, I'm 100 percent in favor of this and we have the money, let's give it back to our people.

Member Greene – As a small business owner, I do have a couple of things to say. First of all, the PPP was very difficult to get an application and you had to find a bank that then linked with a partner, because even the small business administration didn't know how they were funding and my understanding is it's a process of the SBA funds through banks, so banks had to find partners to fund and with their funding they are hoping to get reimbursed from the government for these loans.

Local Business Support – Discussion

Member Greene - Now they are approving them, but the approval process, although it only takes 24 to 48 hours, the funding takes at least 10-days. Most of us have been shut down for more than 3-weeks now and we only qualify for 2 ½ times what our payroll is per month. For myself, I employ 8-people, they are all part-time and my maximum benefit would be 14,000 dollars, that's not going to get me very far. I also can't justify rehiring 8 people, when my business is not going to be made whole as soon as this restriction is lifted. There's a lot of these that won't be approved funding, so then again turns into a loan. Although I don't agree with doing all grants, if you had a sliding scale fee with some criteria to keep it to a 0% to a 1 ½ % interest loan, that's even lower than these PPP's are going to be. If we do have the money, I think it would be great if we could help our local businesses. My suggestion, the criteria would be if their open more than 5-years, maybe it's a grant, if they're a little more solid, they have a little bit more intuitiveness and maybe the ones that are a little bit risky so that we don't throw money away, we do under 5-years, maybe it's a 0% loan and if they have been open less than a year, maybe it's a 1.5% loan. At least we can give everyone money with a little assurance that we will be getting some of it back.

Second Vice Chairman Dickson – My biggest concern is, I don't want to get into any illegal trouble doing something. I'm all for helping people, believe me, but my only concern is as a board, we do it legally, so we don't get in trouble down the road.

Chairman Crist – I assume it's going to be out of our hands once we provide the funding, Brian, other than advisory on a committee.

Supervisor Maher – I think there is a level of trust that's been established that we have to go with, by allocating the funding and by being asked to have some of your board members serve on the advisory committee, you're going to have as much of a say in it as the people who are official members of the committee, that's just the community that we have, I'm not worried about it one bit. I think we are going to figure this out together and all of you are going to have great ideas to add to the process to make this great. I would say I don't think we should do interest loans; I think it should be no interest for a grant, but again that could be a conversation for later and at the end of the day we are just looking for the allocation. To speak to Randi, Randi talked about a bunch of problems she had in applying for the application, the specific assistance we would be providing with the professional service, might make it more valuable than the allocation, so I'm excited about both of the programs and your support.

First Vice Chairman Williams – I think we should be deciding whether or not we are going to go with the business support, not discussing how we are going to do it, we're getting the cart before the horse. We should decide that yes, we are going to support the local businesses and leave it at that for now and at the next meeting we could talk about how we are going to do it.

Chairman Crist – Is that a motion Ed?

First Vice Chairman Williams – That's a motion.

Treasurer Stoddard – I'll second it.

Chairman Crist – Seconded by Matt, other discussion?

Local Business Support – Discussion

Member Greene – I don't think this can wait for the next meeting to discuss how we can do it. Is that correct Brian?

Supervisor Maher – Yes, the motion would be to allocate the 215,000 dollars to the Community Response Team business relief fund. Right?

Chairman Crist – Correct and I think a lot of the mechanics we are passing on to the town, the Community Foundation and the Advisory Committee.

Member Berger – I wanted to support Randi on what she was saying, I don't think this can wait until the May meeting. I think we need to set parameters to this and it needs to be done right away if we are going to move forward with this let's stop playing games and move. If we have to meet tomorrow, let's meet tomorrow. People are hurting right now; I don't think they can wait until the second week of May for us to make a decision.

First Vice Chairman Williams – We don't even have an application for a loan, no one is aware that we are going to do this.

Member Berger – You have to understand what we want to do, and we don't have that yet. We need to discuss that and come up with the guidelines. Forget about an application, we don't have a guideline yet, let's do that, let's do that tomorrow.

Treasurer Stoddard – Does Orange County have their guidelines in place?

Supervisor Maher – Yes, we have the frameworks for guidelines and applications and like Don said we can do that tomorrow, we can have a committee meeting and have that finalized. The most important part is this board's buy in, the allocation of funding, everything else will happen like dominoes and I have no doubt it will come together.

Chairman Crist – I think that's the decision on the table with the motion and the second that we have. Are we okay Bob?

Attorney McLaughlin – Brian, my only question is, because I have heard two different things, the Orange County program is really through the IDA and I think Brian you are proposing that there is a payment and that your committee run the program and the applications, is that correct?

Supervisor Maher – Yes, absolutely.

Attorney McLaughlin – The IDA's involvement after putting up the funds would only be those board members that would be part of the community committee that would administer the funds. Don to your point, I don't think this group has anything to determine other than will you make 215,000 dollars available for this community fund that's in response to the current pandemic.

Chairman Crist – Is everybody comfortable with the motion and understanding?

Second Vice Chairman Dickson – Are we going to go with the grant or interest free loans?

Local Business Support – Discussion

Chairman Crist – My understanding it would be at the discretion of the committee and it would be a combination of. I don't know if we would want to split it half and half to guide or that's too restrictive. Brian?

Supervisor Maher – You can do that Jeff and if it's not working we can always come back during the May meeting, but if you wanted to do that in the motion and have 100 be a grant and 100 be a loan to pay back, we could definitely do that; I'm not worried about that.

Member Greene – The 15,000 dollars for the accounting, I understand they are charging 100 dollars at a discounted rate. What I would like to know is what is their regular rate?

Supervisor Maher – I believe it's 225, I will have to double check that.

Member Greene – I would like to see if they maybe could do a little bit better, because I know the only person, I'm paying right now is my accountant to try and figure out my money and how I can get more. I don't think they are hurting for business, I'm sorry.

Treasurer Stoddard – Brian, Don showed interest, you know I showed interest, can we be put on that board and anybody from the Montgomery IDA to help with the decision making on this?

Supervisor Maher – Absolutely, and I think if more than three members wanted to be on board, we could do sub-committees so we don't violate sunshine law and we just break it up into groups, we can be sensitive to that. Anyone who wants to have a voice, we can make sure you have a voice in the process.

Chairman Crist – Are there other board members who would like to be on the advisory committee? I'm very supportive, but I just don't have the time to do that.

Member Santo – I have plenty of time.

Second Vice Chairman Dickson – I myself am busy.

Supervisor Maher – I hear, Bob, Matt and Don.

Chairman Crist – Randi?

Member Greene – I would love to, but I think with everything I have my hand in it might be a conflict of interest and at best poorly frowned upon. I think I'll stay out and hope that you guys can make some great decisions, I trust that you can.

Chairman Crist – I think three members is a nice number. I know there was considerable interest and engagement. Ed are you okay with the motion revised to 100,000 dollars in loans and 100,000 dollars in grants as a guide?

First Vice Chairman Williams – Yes.

Chairman Crist – Who made the second to that motion?

Local Business Support – Discussion

Treasurer Stoddard – That was me, Matt.

Chairman Crist – Okay Matt, are you okay with that?

Treasurer Stoddard – Absolutely.

Chairman Crist – Roll call for the vote, is that okay?

Member Santo – Before we vote on this, could you please repeat the motion?

Attorney McLaughlin – Jeff, I'm happy to do that. The motion on the table is will the Town of Montgomery IDA provide the community, Brian you will have to insert the name.

Supervisor Maher – Tom Strong Community Response Team.

Attorney McLaughlin – Would the IDA provide the Response Team with 200,000 dollars in funding to address the current economic development needs and employment retention issues that are currently being incurred by the Town of Montgomery small businesses in connection with the current pandemic crisis and in addition will the IDA support the payment of a fund of 15,000 dollars that would be used to help provide an advisory role for the accounting firm that the Town and the IDA uses to provide financial advice with respect to applying for various grants and other programs for your small businesses by the accounting firm of Nugent and Haeussler. I think Bob, that's the motion. You could caveat that or add on to that, that the proposal is also that the 200,000 would be left to 100,000 dollars in grants and 100,000 dollars in an interest free loan, to be administered by the response team.

Chairman Crist – Is everybody comfortable with the motion?

Treasurer Stoddard – Bob, if during this, can we move money, could it be more go to the grant or less go to the grant, right?

Attorney McLaughlin – That would be subject to the board, if you don't like that caveat, then pull it from the motion right now and just say you are providing the 200,000 dollars to the Community Response Team to be administered in their discretion.

Treasurer Stoddard – Let the advisory committee decide, I don't want to be handcuffed when we get in there.

Supervisor Maher – You guys will be part of the room, you will be the ones helping make the decisions with us, we will be a team about it.

Member Greene – Can we work up a plan with Nugent and Haeussler, that whatever is not used of that 15,000 dollars, roll it back over into the fund to loan to businesses please?

Chairman Crist – It depends on how the timing works out, I'm okay with that. I assume these processes will be going on for a period of time

Local Business Support – Discussion

Member Berger – Brian, how many people do you presently have on that committee?

Supervisor Maher – Five, including you three.

Chairman Crist – Matt, were you suggesting we take off the guidance of the grants versus the loans?

Treasurer Stoddard – If it's alright with the board, I think it handcuffs us, I think that new board that Brian is putting together should have the latitude to decide where the money goes when they see the application.

Chairman Crist – I understand your point, I thought it would help that we were looking to do some of both, and it might be more of a benefit, than a hinderance. The board can always take that restriction or adjust those numbers at a later date. I'm with Don, I'm not hesitant to call a special meeting if we need to of this board.

Treasurer Stoddard – Bob your thoughts?

Attorney McLaughlin – Again, I defer to the board.

Treasurer Stoddard – Is it alright that at a later date we can come and adjust it then?

Attorney McLaughlin – Absolutely.

Treasurer Stoddard – Then I'm good.

Second Vice Chairman Dickson – If we can adjust it, then that would be good.

Attorney McLaughlin – It is hard to adjust once the committee that you don't control away from the IDA board, if they've already committed funds, it's hard for you then to control the funds that are out the door or committed.

Chairman Crist – I assume this would be based on which way the funds are going, where we find the need to be the most and we would only redirect available funds not spoken for at that time.

Attorney McLaughlin – Once the committee fulfills its purpose, whether it's 3-months, 6-months, 2-years. I read a report that there is going to be some part of this continuing for 2-years, which is frightening, but once the committee fulfills its purpose, whatever's left over, whatever's been repaid comes back to the IDA.

Chairman Crist – Makes sense. I'd like to call the motion which still has the guidance of 100,000 dollars in grants, 100,000 dollars in loans, as well as 15,000 dollars for the support of businesses looking to get other loans outside of this program. Ed I will start with you, are you in favor?

First Vice Chairman Williams – I'm in favor, yes.

Chairman Crist – Matt?

Local Business Support – Discussion

Treasurer Stoddard – Yes.

Chairman Crist – John, Bob, Randi and Don?

All board members voted in favor of the motion as previously stated by Attorney McLaughlin.

Chairman Crist – I'm in favor, so all in favor and none opposed, that request is granted Brian, congratulations.

Supervisor Maher – Thank you all very much, this is a tremendous first step in really identifying the IDA as a profound and impactful support base for the Town of Montgomery business community and the community at large and this is just the tip of the iceberg, there is so much that we are going to do together in the months and years ahead, I'm really excited about working with this group. Thank you so much.

Berea and Riverfront Automatic Gates

Chairman Crist – I didn't see a summary of the total request. Do you have a handle of that Brian?

Attorney McLaughlin – It's about 17,000 dollars.

Chairman Crist – Is that the total?

Supervisor Maher – No, Shaun has that memorized, I think it's less than 20.

Member Berger – I have it. Shaun submitted three bids for the gates. One for the gate guys out of Rhinebeck New York. There are two gates, one would be 12,986 and another would be 10,407. Two other bids were from Precision Fence and Automatic Gates, out of Peekskill New York, that was 15,800 for one and 17,800 for another and then the third was from Ketcham Fencing out of Otisville, that was for a total of 23,355 for one and 25,120. I did have a long discussion with the highway superintendent on that and he is in favor of the two lower bid applications. Shaun stated to me that he was in favor of the electrical bid by ADCO Electric.

A further discussion was held on where the parks were located, the bids received and around what the total fee would be from the lower bids.

Member Greene – \$ 27,393.60, both gates and electric for both gates.

Treasurer Stoddard – Don, you said they are the lowest bids and they are all local labor. They all fall into the Local Labor Policy. Rhinebeck is Dutchess County and that falls under the Hudson Valley region.

Second Vice Chairman Dickson – Were these bids under the prevailing rate?

Member Greene – Yes.

Berea and Riverfront Automatic Gates

Chairman Crist – Is this something we can entertain with our funds?

Attorney McLaughlin – Not at this time, I would like to understand it a little bit more and see if there is a way, especially in light of the last motion, perhaps get this done for the benefit of the town. Something like this would be violative of an existing state attorney general's opinion, as well as an opinion from the state comptroller from the late 1990's. I'd be happy to share them with the board, I'm not saying that it is an absolute no, we don't have enough information to evaluate it right now.

Chairman Crist – Is that something we can discuss further at our next meeting?

Attorney McLaughlin – Absolutely, and in the interim I'll circulate to the board members the attorney general's opinion from about 5 or 6 years ago as well as the opinion of the state comptroller, which I think was in the late 1990's.

Chairman Crist – Is everybody okay with that for now?

All board members agreed.

Member Berger – I'm okay with it, I think we need to have Shaun at that meeting.

Chairman Crist – Yes, that's probably a good idea, but it's a matter of if we can do it. I think the board would entertain it if we can, but he would be welcome Don.

UTEP discussion

Chairman Crist – On the UTEP discussion, everything that has transpired in the last month has delayed our process and in light of our need to go into executive session, I would suggest we defer this discussion to our next meeting, unless someone has a particular comment right now.

Member Greene – Can the committee members for this try to get together, at least via phone before the next meeting?

Chairman Crist – I think we can at anytime Randi, as long as we abide by the public meeting's law and I don't know if you have any advice on that Bob?

Attorney McLaughlin - The Governor has suspended portions of Article 7 of the public officer's law dealing with public meetings. If you want to move the UTEP discussion in light of the fact that we may not be together in person for quite some time, or at least not until June, the committee should meet and discuss it. You need to provide Sue the information of when you are going to have a phone call under the Executive Order, there needs to be recording or transcription of the public meeting and then you're fine.

Chairman Crist – Sue circulated a UTEP from another IDA in the State that Bob offered, which again is something that we talked about at the last meeting where Orange County is geared toward different types of businesses. I would hope if we are able to bring in an Executive Director, it would assist in this process as well.

Executive Director RFP update

Chairman Crist – We do have a candidate available to join us in Executive Session tonight and I would suggest we take a motion to go into Executive Session, unless you have another thought Bob.

Attorney McLaughlin – Jeff, I wanted to pick up on one of the questions earlier about when the closing fee would come in from Sailfish. Draft documents went out to their counsel at the end of February, there was some heavy negotiations on some provisions of the lease that Amazon's inhouse counsel and outside counsel from Texas and Washington DC weighed in on and then unfortunately the virus hit and pushed everything on the back burner for a couple of weeks while people figured out how to work from home. I did get some comments about two-weeks ago that I responded to and I've implored them that it is imperative that we proceed with this closing. I do think the local counsel is doing everything they can to move their client forward and I am hopeful that we can close by the end of the month.

Member Greene – The email, has everyone logged in successfully to their Proton mail email, which is your first initial, last name at Montgomeryida.com?

Members Berger and Dickson said they had.

Member Greene – I know Matt and Don have, I know Jeff and Sue have and I know Bob also has access through his work emails, he has all our new emails. I don't know if Bob wants to speak to that a little bit if it's necessary. It's imperative that we only use these emails, we can't use our personal emails anymore; it's non-compliant.

Attorney McLaughlin – That is absolutely correct and is the best news that I could hear today.

Member Greene – If anyone has any issues, reach out to Jeff for my cell phone number and I'll talk you through it.

Second Vice Chairman Dickson motioned for the IDA members to go into Executive Session with their counsel to interview the Executive Director, as well as have some discussion amongst the board, seconded by Member Greene. A roll call of the members was taken, and all members voted in favor of holding the Executive Session, all ayes, motion carried.

Treasurer Stoddard motioned for the IDA members to end the Executive Session, seconded by Second Vice Chairman Dickson. All in favor, all ayes, motion carried.

Chairman Crist – The board has come out of Executive Session and I would like to report that we interviewed a candidate for Executive Director, that person being Connor Eckert and we voted to approve the hiring of Conner for Executive Director, salary and benefits to be negotiated by the chair and that completes the business we had in Executive Session. I would entertain a motion to adjourn our meeting for this evening.

Member Santo motioned to adjourn the meeting, seconded by Second Vice Chairman Dickson. A roll call of the members was taken, all voted in favor, all ayes, motion carried.

MEMORANDUM

TO: Secretary, Town of Montgomery IDA

FROM: Agency Counsel

RE: Meeting Minutes – April 14, 2020

As discussed during the Board meeting on May 12, 2020, please add this Memorandum as an addendum to the meeting minutes approved for the April 14, 2020 Board meeting. Please note this memorandum if the final form of the minutes so the public will be made aware of this addendum.

ADDENDUM TO MEETING MINUTES OF APRIL 14, 2020

At the meeting of the Board of Directors of the Town of Montgomery Industrial Development Agency held on April 14, 2020 via Zoom conference, two Agenda items regarding the use of Agency funds were considered: the first was a request for assistance with a program being developed by the local #TOMSTRONG for small businesses in the Town effected by COVID-19; the second was for the payment of a gate at a local park. While Agency Counsel's advice was the same for both, in reviewing the tape of the meeting, Counsel realized that because of the Zoom-video format, the restrictions on the use of Agency funds was not clearly conveyed the same in both cases.

As discussed during the meeting, there are long-standing State Comptroller and State Attorney General opinions restricting the use of Agency funds. These opinions – copies of which have been provide to the Board members – make it clear that Agency funds cannot be used other than for authorized purposes. Specifically, as discussed during Board training on March 10, 2020, funds cannot be used, at this time, for a loan or grant fund sponsored by a public or private interest.

Since the start of the COVID-19 pandemic, there have been several proposals raised with the Governor and Legislature that would expand, in a limited way, the use of Agency funds to assist small businesses during this crisis. While confidence is high that these proposals will be duly considered by the Governor and the Legislature as the COVID-19 crisis evolves, they remain proposals and the Agency cannot transfer any funds for #TOMSTRONG at this time. In reviewing the tape of the meeting on April 15, 2020, Agency Counsel realized that this restriction was not made clearly.