

St. Lawrence River Valley Redevelopment Agency
Minutes of September 18, 2012 Meeting ~ Town of Louisville Municipal Offices, Massena NY

Call to Order: The meeting was called to order at 6:03 PM by Chairman McNeil.

Roll Call/Determination of Quorum: Mssrs. McNeil, Murphy, Burns and Strait attend. NYPA Representative Michael Huvane joins the meeting via conference call, while NYPA's Karen White is also in attendance. The quorum is recognized.

Public Notice: Public notifications were sent September 10, 2012 to, at a minimum: St. Lawrence County's newspapers designated for the publication of local laws and other matters required by law to be published. Notification also sent to other local media sources and websites.

Approval of Minutes: Strait/Burns motion to accept the August 21, 2012 regular meeting minutes. The minutes are accepted unanimously.

Financial Report: Mr. Plastino, Deputy Chief Executive Officer/Chief Financial Officer of the St. Lawrence County Industrial Development Agency presents the July 2012 financial report. Burns/Strait motion to accept the July 2012 financials. The report is accepted unanimously.

Committee Reports: None

Old Business: Now that the power contract has been approved by the Governor, Mr. McNeil notes that work is underway to develop an administrative process identifying criteria for the low-cost power applications. Attorney Gustafson notes that the parties are working together to develop the procedures involved in the administering the allocation. With respect to the process, Mr. McMahan notes that the low-cost power application will likely be formatted to resemble that of a loan or grant application.

Mr. McNeil asks if there have been any businesses expressing interest in the power. Additionally, Mr. Murphy inquires about the volume requested and the types of industry expressing interest. Mr. Plastino notes that about a half dozen or so contacts have been developed through our various marketing initiatives both locally and outside the County. Mr. Plastino expresses the need for companies to have a better understanding of the criteria involved, as a number of the requests thus far may not meet the required minimum net load requirements.

Mr. Murphy asks if any companies have expressed concern of the potential layoff of employees if they don't receive low-cost power for their business. Mr. Plastino responds, stating there have not been any indications of companies expressing concern of a layoff if low-cost power is not allocated to them. If there is mention of this in the future, Mr. Plastino acknowledges he would seek advice from other parties to offer additional support.

Mr. McNeil asks if NYPA will submit a contract for the RVRDA to sign. Attorney Gustafson acknowledges that he is working with NYPA Officials Judith McCarthy and Vincent Esposito and the contract is being finalized at this time. Mr. McNeil asks if there is anything else required of the RVRDA. Attorney Gustafson responds that he is not aware of anything else required of the RVRDA at this time, noting that its agreement with Massena Electric Department ("MED") is now in place.

Mr. McNeil requests a presentation from Mr. Kelly, Mr. McMahan and Attorney Gustafson to the RVRDA members, once the administrative process is formalized and complete, at the next meeting. Mr. McNeil suggests part of the presentation include the dollar amount in which power will be sold to

businesses. As per Mr. McNeil's inquiry regarding the current cost of power from other power distributors, Mr. McMahan notes that MED's "all-in" rate is roughly 6 cents/kw; while National Grid rate is roughly 11 cents/kw (low rate is 9 cents/kw). Mr. McNeil notes that the production cost for the RVRDA's power will be 1.2 cents/kw but that it isn't clear what a final price would be for a customer.

Mr. Kelly advises the group of a meeting last week with Julieanne Sullivan from NYPA where discussions took place pertaining to the preservation power application and the RVRDA application (power related issues and load). Mr. Kelly suggests streamlining applications in order to keep the process less cumbersome. In a question posed by Mr. Strait, Mr. Kelly acknowledges that preservation power is the same as the low-cost power allocated to the RVRDA for economic development purposes.

Mr. Murphy asks for a more definitive answer as to how many megawatts of power a company would require to be operational. Mr. McMahan responds, stating that it is difficult to determine what power requirements a specific company will need, as it is based on load demands. Mr. McMahan offers a comparison of General Motors using 12 megawatts of power versus Alcoa using 478 megawatts of power. Additionally, Mr. McMahan offers an analogy of a big box store that might use 400 kilowatts (normal load usage) as their typical demand at this moment. However, demands may change and the amount of required power can go up or down. He states that a traditional manufacturing business might have a daytime demand peak of 1.5 megawatts of power. However, when the shop closes at night, the demand is lowered to 50-75 kilowatts. Mr. Huvane adds that the type of machinery involved and the level of air conditioning required for the machinery will have an effect on the amount of power needed.

Mr. Strait inquires as to the amount of power required for residential users. Mr. McMahan responds that normal home usage is somewhere around 1,000 kilowatts/month, with 5-6 kilowatts at peak time.

In a question posed by Mr. Burns, Mr. Huvane acknowledges that 1.5 megawatts of preservation power is still available for allocation from the General Motors facility.

Mr. McMahan suggests having Adam White refresh the group with his Ontario Power presentation material. Mr. Huvane advises the group that there is a difference between kilowatts and kilowatt hours. Kilowatts reflect the maximum amount of power at any given moment. While kilowatt hours are the hours you are using the power. Mr. McMahan elaborates stating that 4 kw might be used at any given hour when the business is open, while 1 kw may be used at night when the business is closed.

Mr. Burns inquires about the amount of time it will take to actually allocate power to a business, since there are several players involved in the approval process. Mr. McMahan reminds the group that the Regional Economic Development Council has 60 days to respond. Mr. Huvane notes that NYPA Board of Trustees meets once a month and they ultimately approve each allocation being considered. Mr. Huvane adds that with preservation power, there must be a public hearing and then the information will go to the Governor. Mr. Kelly adds that the earlier in the expansion process we begin discussing the potential for a power allocation, the better.

New Business: Resolution: Strait/Murphy motion to accept the 2013 Tentative Budget. Mr. Plastino reviews the budget in detail with the members, noting the budget presented to them included input and review from Mr. Strait and Mr. McNeil. Discussion ensues around the Lot 18 & Lot 19 buildings. Mr. Murphy inquires about the depreciation of the buildings as noted in the draft budget. Mr. McNeil advises Mr. Murphy that depreciation will occur over time with any asset and must be documented as such in the budget. Mr. Strait asks if the buildings are being marketed with the intention of selling them. Mr. Kelly responds, stating the current tenant in one of the buildings has a lease with the option to purchase. Mr. Burns asks why the income projections from building 18 are lower for next year, while revenue in building 19 is projected to increase. Mr. Kelly notes that building 19 was vacant until June or July of this

year. While building 18 is budgeted for \$25,000 in revenue for next year that could be higher or lower. Mr. Burns asks if others will be contributing to the \$50,000 marketing budget expense. Mr. Plastino advises the group that the IDA is being asked to budget \$50,000 for marketing next year as well. When the marketing project was adopted earlier in the year, several parties became involved such as CITEC, Clarkson, National Grid, IDA-LDC and RVRDA (with National Grid underwriting half of the total cost). Mr. Plastino notes that \$190,500 in marketing needs to be spent by the end of the year to meet the obligations set forth in the National Grid grant agreement. At the end of last month, \$41,000 was spent as in-house costs and a total cost of \$163,950 will be spent in total costs from all of the agencies by December 31, 2012. In November a budget modification will be completed to recognize all marketing costs, as well as any other adjustments that are needed at that time. Mr. Huvane notes a correction with the depreciation expense listed under Massena Industrial Building 19, noting it should be listed Massena Industrial Building 18. Mr. Plastino acknowledges the adjustment to be made. Resolution is passed unanimously.

Resolution: Strait/Murphy motion to authorize a loan in the amount of \$700,000 to the St. Lawrence County Industrial Development Agency. Mr. Kelly notes RVRDA members have been involved in previous discussions where the IDA was seeking partnerships for constructing and marketing the building. He advises the group that this building is the first venture for development in the park and will be a unique economic development asset in Canton. Resolution is passed unanimously.

Staff Report:

- Mr. Kelly discusses the power contract and how to integrate it into existing offerings. He notes there will be a fair amount of adapting and customizing involved as we move forward. He adds that discussions are taking place with counterparts in Albany and NYPA officials. He acknowledges a fair amount of marketing is being conducted. Even though this is a great benefit to be marketed, it is a complicated one. Companies are already inquiring about the opportunity, wanting to get the details.
- Continued follow-up with the 2012 Community Development & Environmental Improvement Program (“CDEIP”). So far there have been 12 allocations, 10 signed agreements received and 3 companies have received funding. The other seven are in the process of providing documentation in hopes of being funded in the next month or two. Mr. Kelly notes staff is working on getting 2012 awards wrapped up.
- Marketing:
 - Mr. Plastino speaks on behalf of the marketing efforts...
 - 2-3 months of infrastructure building is on-going and a number of partners are involved.
 - Recently, staff met with Adam White of Aitia Consulting. Adam is working to get the RVRDA into the Ontario power trade association meetings, while providing the RVRDA with contacts in the industry.
 - Weekly reviews of pipeline leads are proving positive, with one strong lead from the recent Quebec mailing effort moving up the pipeline with potential for a business expansion in the County.
 - In a recent mailing of 5,000 to 6,000 pieces to Quebec, Mr. Plastino indicates 7-8 companies have expressed sincere interest and one company will soon visit the area.
 - Mr. Plastino mentions a mailing is being prepared emphasizing low-cost power availability. The fulfillment package identifies what we can do for businesses considering expansion into the U.S.
 - Mr. Plastino reports that leads are coming in from the mailings, tradeshow, and continual talks with past leads from previous IDA-LDC contact lists.

Mr. Murphy asks what will happen if a company needs more power than what is available. Mr. Plastino responds, stating every effort will be made to give the company the support they need. Mr.

Huvane notes that while the RVRDA only has 20 megawatts of low-cost power, there is plenty of power available (but at a different price).

Mr. Plastino reminds the group that low-cost power is not the only location factor. He emphasizes that marketing efforts must contain other components to prove there are additional benefits to a company locating to this area. While low-cost power may open doors for discussion, being prepared to offer other opportunities is important. Mr. McMahan emphasizes that there is no low-cost power anywhere else in this area. Mr. Huvane agrees that large hydropower areas might offer low cost power –however, there is also a price for delivering the power.

Mr. McNeil adds to the previous conversation relating to the power contract by noting that the RVRDA is working with our local NYS legislators to get legislation passed for the monetization of power. Attorney Gustafson agrees, but notes that there are presently no specific updates at this point in the process. Mr. McMahan reminds the group that with the power contract now in place, legislation for monetization will be the next hurdle to overcome.

Public Comment:

Mark Dzwonczyk:

- Thanks the RVRDA members again for their continued support and notes Nicholville Telephone has installed broadband to 293 residents since the RVRDA's last meeting.
- References a recent instance in Star Lake where a soldier had not seen his wife in 4 months and requested the ability to Skype her, enabling a face-to-face conversation with her over the internet. Nicholville Telephone has been working diligently to get broadband to that area. Mr. Dzwonczyk is pleased to note the company was able to install the necessary connections for the soldier to have a face-to-face conversation with his wife. Mr. Dzwonczyk notes the importance in connecting people and families together via the internet, even in the most remote areas.

Lucia Daily:

- Questions the final outcome of legally switching 2011 funding from the Village of Gouverneur to Kinney Drugs.
- Would like to see more of the Community Development Funding used for Community Development Projects – not Industrial Development Projects.
- Conversations go too quickly during the meetings making it difficult to follow information presented concerning the budget.
- Suggests redeveloping unused real estate before putting up new buildings. Don't want to see empty buildings. Would like to see what percentage of space is occupied by businesses in these buildings.
- Market low-cost power and other incentives to local businesses before going to Canada. Feels that most businesses in the area are not aware of tax break incentives.

Mark Dzwonczyk:

- Nicholville Telephone is reinvesting money back into the community after receiving funding from the St. Lawrence River Valley Redevelopment Agency and the St. Lawrence County Industrial Development Agency, and is most appreciative of the assistance given by both Agencies.

Lucia Daily:

- No issues with Kinney Drugs - prefer not to take money out of the Community Development and Environmental Improvement Program and give it to big building projects.

Chairman McNeil adds that 100 years ago Kinney Drugs was created in Gouverneur, New York by a local businessman. He notes that with the assistance of the St. Lawrence River Valley Redevelopment Agency's Community Development and Environmental Improvement Program, funding Kinney Drugs fire safety upgrades has helped the Gouverneur Community immensely through the leveraging of additional funding sources as they work through their water distribution issues.

Executive Session: Strait/Burns motion for Execution Session at 7:09 PM to discuss the financial history of a particular corporation.

Michael Huvane is excused at 7:09 PM due to a conflict with another appointment.

Return to regular session at 8:40 PM, upon the motion by Murphy/Strait.

The meeting is adjourned at 8:42 PM, upon the motion of Murphy/Strait.

Note: The next regularly scheduled meeting of the St. Lawrence River Valley Redevelopment Agency will be held at 6:00PM on Tuesday, October 16, 2012 at the Town of Louisville Municipal Offices.
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