

**MADISON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MINUTES OF THE IDA BOARD MEETING**

October 18, 2007

A meeting of the Madison County Industrial Development Agency was convened in public session in the IDA Conference Room, Canastota, New York at 3:00 p.m. on Thursday, October 18, 2007.

Attendance was recorded as follows:

Board Members Present: Richard Bargabos (Chairman), and Elizabeth Moran (Secretary), James Rafté (Vice Chairman), John Becker (Treasurer)

Board Members Absent: Dave Rogers, Bill Shea

Also Present: Kipp Hicks (Executive Director), George Cregg (General Counsel), Becca Brier-Rosenfield (MC Ag. Economic Development Specialist), Jim Bays (Partnership for Community Development), Martha Conway (Eagle Newspaper), Alaina Potrikus (Post Standard), others: Sue McVaugh, Ed Hotaling, Don Haight, Carolyn Todd, Carl Albrecht, Suzanne Collins, Sean Graham, Scott Mills, Walt Jaquay, Jim Bays, Steve Keyes, Stuart Loewenstein, Dennis Holbrook, Adam Schoonmaker, Mike Nataluk, Chris Hoffman, Robert Smith, Wayne Sherwood, Jim Goldstein.

Chairman Bargabos called the meeting to order at 3:15 p.m.

I. Board Business

Review of board minutes from August and September (See attached). Becker made a motion to accept as presented, Second by Moran, unanimous by all. Overview of August and September financials. Hicks noted the building expense line item, as the reason for the budget modification request, noting the principle and interest payments represent payments through the end of the 2007 calendar year. Motion by Rafté and Second by Becker. Roll call: aye by all; Rogers was absent. Hicks commented that the proposed budget was presented to the Planning Committee, and it received preliminary acceptance. The IDA budget will be referred to the Ways and Means Committee as part of the Planning Department's budget.

Discussion regarding the Morrisville dorm project and the potential of the arbitrage situation that could exist if Morrisville completes the bond work in 2007, and does not spend those proceeds until the spring of 2008. Decision that the IDA cannot participate in the potential loss in the two rates, but suggested that the Auxiliary Corp might consider the transaction to protect themselves from the potential interest rate risk in holding the closing of the financing until 2008.

II. Presentation by Jim Goldstein and Nornew, Inc.

Chairman Bargabos invited our guests: Jim Goldstein and representatives from Nornew, Inc. Stuart Lowenstein, Dennis Holbrook and Steve Keyes; and turned the time over to Goldstein who gave an overview of Nornew's history in Lebanon. Goldstein's goal is to explore options for keeping some of the gas pulled from the ground in Madison County to be used in Madison County, or the possibilities of purchasing some of the gas in the County, for economic development purposes. Two companies in Lebanon have expressed interest in accessing lower cost, locally provided, natural gas. Nornew stated that they are not a utility, but have worked with Chautauqua's IDA, and arranged for an agreement in which the IDA distributes natural gas to two of their IDA operated industrial parks. Nornew is restricted to

not have more than 19 customers throughout the state, which they serve directly, to prevent them from being categorized as a utility. Wayne Sherwood, an OMEC representative, expressed their desire to further investigate potential partnerships to create an electric generation facility to serve their members. Mike Nataluk from SUNY Morrisville expressed a similar desire to explore direct relationships with Nornew and the University.

Several concerns were voice from attendees of the meeting regarding seismic testing, drilling, road impacts, etc. from Nornew operations. Bargabos insisted that the IDA is hearing these concerns for the first time, and that we are simply in a fact-finding situation to learn more about economic development opportunities; the IDA, and this IDA Board Meeting are not the forum for any legal or regulatory issues regarding gas production in Madison County. Goldstein invited other municipal representatives and other elected officials to weigh-in on their thoughts on the economic development aspects of the topic. Comments ranged from when Nornew planned to expand into Hamilton, how residential customers might take advantage of lower cost local gas, and other topics. Specific questions from the public and others regarding regulatory and seismic questions were encouraged to be asked when Nornew gathers in an outside location, following the IDA Board Meeting. The Board of Public Utilities in Jamestown, NY was also stated as a model for the Madison County IDA to consider when looking into economic development opportunities. The amount of pressure and length of pipes are the questions that Nornew must ask itself, along with the consistency of the wells – in its ability to look at wholesale gas delivery options.

Bargabos thanked the attendees of our meeting. He commented that the Board will discuss if it is appropriate for the IDA to take a lead role, or if the initiative should be a grass-roots effort. He stressed that the IDA is very interested in learning more about opportunities with all forms of energy production and that we look forward to continuing this discussion.

III. Presentation by Jerome Dawes of Ferris Industries (Briggs & Stratton)

Dawes gave an overview of Ferris Industry’s history, and thanked the IDA and Madison County for their support over the years. He then explained that it is the intention of Briggs & Stratton Power Group, LLC to eliminate the Ferris Industries tax identification number, for tax filing purposes. This consolidation will eliminate the ability to further their participation as an Empire Zone qualified company, and take advantage of the tax benefits associated with that designation. Dawes expressed his plans to speak with the school and town representatives about the possibility of applying to the IDA for a PILOT agreement on the company’s recent expansion project. The IDA Board of Directors is willing to review an application, especially in light of Jerry’s plans to discuss the matter on a local level, and involve the potential impacted parties.

IV. Overview of IDA reform legislation and local actions

Hicks presented a letter, which received approval from the Board, to Senator Little regarding the impact that the proposed Hoyt legislation would have in hampering the Madison County IDA’s ability to perform economic development. Of particular interest is the statutory prevailing and living wage requirement for all IDA projects. Cregg added that previous reform efforts have made IDA reporting more difficult, but those changes would not put us out of business. The proposed changes, as written in the Hoyt bill – takes everything a bit further. He recommends that the Board and staff become more active in meeting with our state elected officials and to make them aware of and become more

involved with every activity that the IDA does, which should raise their awareness of our function and our value to the community.

V. Discussion on the request by PCD

Bargabos gave the board an overview of the request by the Partnership for Community Development for either operating or project dollars. After a discussion, the general consensus was that funding their operations is not the IDA's role. Specific requests based on project income will be considered on a case-by-case basis, as we have done in the past.

VI. Director's Report

Hicks gave an overview of existing projects. Oneida Health Care is anticipating a close by 11/8/07, the IDA will need to call a special board meeting to pre-close and sign the necessary documents. A date was set for 11/5/07 – all members present confirmed their ability to attend. Morrisville anticipates needing time into January of 2008, to finalize their transaction. There is a more than likely chance that they will not be able to close prior to the end of the year. Monahan / CCLF project is moving forward – they have received approval in their application to the state for bond value cap extension.

Two new companies who do not have existing operations in Madison County have inquired about doing business here. Both have been made aware of the available property at the former Smith Medical facility in Wampsville. Hicks will continue to pursue business recruitment and expansion opportunities for that space. Hicks is also actively working with our Ag Economic Development specialist, on both a meat packaging plant and a value added dairy operation.

Other updates included a successful ribbon cutting event for the new Madison County Center for Economic Development. Nearly 50 people came for the event. Hicks has also pursuing hiring a new administrative assistant and hopes to fill that position in the very near future. Referrals continue with the SBDC, most notably a new business start-up, with the potential for up to 3 employees in the electrical engineering industry. Hicks also recognized and thanked Martha Conway for her willingness to offer the IDA's association and resource of helping new start-ups in conjunction with the SBDC offices.

Hicks also indicated that he attending a PARIS training program, which is the new software program for public authority reporting to the state. Other recent meetings included Robb Simpson and Tom Blanchard with the MDA, Mayor Todd Rouse of Canastota, Mayor Bob Freunsch of Chittenango, and a future meeting with George Turner of the Town of Madison.

Business Retention and Expansion meetings for the month included meetings with Bob Sweet Jr. of Hartman Enterprises and Steve Miller of Queensboro

VII. Next meeting date: Monday, November 5th (special session) to be held in the Madison County Center for Economic Development.

Motion by Becker and second by Moran to adjourn the meeting at 5:47 pm.

Respectfully submitted,
Elizabeth Moran
Secretary