

**Town of Champlain Industrial Development Agency
Meeting - Minutes
October 2, 2006**

The meeting was called to order at 5:02 p.m. on October 2, 2006 at the Town of Champlain IDA at 729 Route 9, Champlain, NY by Chairperson Rob Casey.

Agency Members Present:

Robert Casey, Richard Baker, Rolla Parker, and J. Bruce Seguin

Agency Members Absent:

Kenneth Laplante

Agency Members Excused:

Paul Gehrig, Jane West

Others Present:

Adoré F. Kurtz, Mark J. Rogers, Esq., Peggy Ashline, Lucy Carroll CPA, AFRC

R. Casey called the roll.

R. Casey asked if there were any questions or objections regarding the draft minutes of the meeting of August 22, 2006. There being no questions or objections therefore, on a motion by J. Bruce Seguin and seconded by R. Baker, it was unanimously carried to approve the minutes of the August 2nd meeting.

R. Casey asked for a motion to dispense of the reading of the legal notice. There being no questions or objections therefore, on a motion by R. Parker and seconded by J. Bruce Seguin, it was unanimously agreed to dispense of the reading of the legal notice.

Bills and Communications:

A. Kurtz referred to the letter dated July 17, 2006 from Anthony Dolan of the Office of the State Comptroller's Office to the Town Supervisor, Larry Barcomb, stating that this was the 3rd letter sent by the Comptroller regarding the TCIDA losing its ability to grant financial assistance within 60 days. The first two letters (she has been provided no copies) were sent to TCIDA Treasurer Jane West. A. Kurtz said she received the letter from the Comptroller's office on 8/23/06 and

responded to the Comptroller's Office on 8/24/06. She provided a copy of her letter. A. Kurtz added that she has already

engaged the auditor (Lucy Carroll from AFRC) for the 2006 audit to get things back on track and to get the 2006 financials done in a timely manner.

R. Casey said that he has received letters from the NYSEDC, Site Selection and Marcus & Millichap regarding advertising/membership and recommends no action at this time. A. Kurtz noted that TDC already advertises with Site Selection and that she is the V. Chair on the NYSEDC for the state and that she and Agency Council M. Rogers are both active members of the organization. A. Kurtz asked R. Casey if she could get a copy of the correspondence.

Report of the Treasurer

Lucy Carroll reviewed the Independent Auditor's Report (attached).

Page 1-2 of the Independent Auditor's Report expresses an opinion on the financial statements based on the audit. As referred to in Paragraph 3, it is the auditor's opinion that the financial position shows a clean opinion with no problems at all with the conducting of the audit. Paragraph 4 does state an issue of whether the Agency is a "going concern", as there is not a constant source of revenue. R. Casey stated that there has been little-to-no activity in the last 5 years, so Paragraph 4 should be was no surprise to them.

Page 3 is the Balance Sheet showing assets/liabilities at any point in time – in this case Year-end 2005. Balances are also shown for 2004. Cash and cash equivalents are any amounts in checking/savings accounts. "Other" would be old balances carried forward for previous ARFC audits and what LDC owes IDA. Liabilities/Fund Deficits – Long term liabilities are what TCIDA owes the LDC. L. Carroll said that she went back into the archives to try to piece together how the receivable/payable activity occurred at A. Kurtz's request. She said that the TCLDC and TCIDA intermingled funds (to support each other) and that this went on for years. These related party payables and receivables were never reconciled or paid off. Then the LDC disbanded or ceased activity. R. Casey said that the actual letterhead had both the TCIDA/TCLDC on it and so it was often hard to differentiate between the entities. Discussion followed as to when it went defunct. R. Baker said that he has been an Agency member since 1997 and does not remember the TCLDC being active since this time. L. Carroll continued her review stating that total assets show \$34,041. Liabilities – Agency borrowings are what is owed to NYS by the Agency. Accounts payable represents amount owed for audit and Clinton County for PILOT Administration. Accounts payable – contractors refers to the road that was constructed on Lincoln Blvd. (Luck Bros. for the road, Sutherland (engineer) of which neither was paid. Per A. Kurtz Luck Bros. has a judgment against the TCIDA. R. Casey said he believed they got a partial payment. R. Baker noted that there is no one

here on board from that time. A. Kurtz stated that A. Strack has been very helpful. L. Carroll said that TCIDA didn't get the balance of the

expected funds (99,000) from the state to pay contractors and the state has demanded repayment of \$133,000.

Page 4 shows the Income Statement (Revenues) and will show whether a surplus or a deficit (Net Worth after you pay your bills). This deficit has been growing each year and is substantial.

Page 5 shows how the Agency used its cash. Virtually all the cash used in 2005 was for monthly bank charges for two checking accounts.

Page 6-8 is the Notes to Financial Statements. There is only one Industrial Revenue Bond (IRB) left, World Warehouse whose PILOT runs until 2015. TCIDA is not liable for the notes but did issue them. 3. Agency Borrowings – State was supposed to grant \$232,000 but TCIDA only received 133,000. 99,000 was not received as the road was not accepted and then the determination was made by the state that the \$133,000 was to be repaid to the state as well. A. Kurtz said that ESD is researching into this (money that the state gave to TCIDA and now wants back). R. Casey understands the story to be that the TCIDA planned to pay the state from proceeds of the sale of lots that were never sold. B. Seguin asked if the individual IDA members could be held responsible. A. Kurtz said no, just that this is to report the current situation to members and for them to be aware of. B. Seguin asked that if the TCLDC doesn't exist now, how can we settle? M. Rogers suggested checking with the State to see if the TCLDC is continuing their activities or winding down affairs. A. Kurtz believes that Jules Trahan as the last person to be knowledgeable. A. Kurtz would like to see these financials cleaned up. L. Carroll said that the balance on the notes were cumulative (2,000 here, 5,000 there) – small amounts that added up and not from one larger sum of money or debt. R. Parker asked if we could show this as a “bad debt”. M. Rogers said that the statute of limitations is 6 years so the creditors can't sue the TCIDA to collect so each could charge as a bad debt. L. Carroll said that the Agency owes the TCLDC more than the TCLDC owes the TCIDA. M. Rogers said that we could do a resolution for this board but not on LDC. A. Kurtz thinks J. Trahan will provide good direction on this. M. Rogers needs to make certain whether or not the TCLDC is still in business. To charge off as a bad debt from the IDA's point of view, L. Carroll doesn't think it makes any difference but is hesitant because of the not-for-profit status. She added that she supposes that it could show as “other expenses”. The TCIDA did pay down \$20,000 of the payable to Luck Brothers at some point subsequent to 1995. M. Rogers said that on a judgment, the interest rate is automatic at 9%, but Luck Bros. could agree to accept whatever they want. 8. Subsequent Event – TDC taking over management agreement.

Page 9-10 This report is required for compliance and has been a standard report for many years. Nothing has changed since 1997. There was no general ledger as there may have been only one check issued. There used to be an Executive Director &

Bookkeeper but there were problems with embezzlement (20,000-30,000) Partial restitution was made.

L. Carroll noted that the Annual Financial Report to the Comptroller (attached) is just a rehash of Financial Statement in a different format. R. Parker asked what UDC stood for. A. Kurtz said New York State Urban Development Corporation. All the tax exemption numbers come from County Treasurer's Office. A. Kurtz added that the Comptroller's Office has indicated that they would accept the report as submitted this year without employment number, but next year they need actual employment/job numbers. B. Seguin asked if the Charter One Bank accounts should be closed.

Report of the Committee

A. Kurtz thanked Lucy for giving the report and for all her work.

A. Kurtz said that the main goal is to pay off the debt. A. Kurtz said that the company interested in the Rouses Point facility may likely happen but it maybe not be with an IDA transaction. They are interested but concerned that we have a 30-day notice before a required public hearing. They do not want to make any application until after their announcement. There was a potential to close in escrow proposed by bond counsel. They also may have issues with sales tax on any equipment. The project is, however, still moving forward in a positive way. J. Seguin asked if we could use any fee money for loans to other prospects. A. Kurtz explained that this is not a Revolving Loan Fund (RLF) situation. NCA has a RLF and TDC also has a RLF that serve the Town of Champlain. If the Agency does a project, fees come to IDA based on the size of the project. Expenses to attorneys, etc. are paid first, County is paid for PILOT bill presentation. R. Casey asked if all projects go to TCIDA except for those interested in CIP. A. Kurtz said yes.

A motion was made by J. Bruce Seguin to accept the report and seconded by R. Baker. It was unanimously carried to approve the report.

Old Business

A. Kurtz would like to consider authorization to pursue settlement of the inter-party debts between the TCIDA and the TCLDC. A motion was made by J. Seguin and seconded by R. Baker. It was unanimously carried for authorization

to pursue settlement.

New Business:

A. Kurtz stated that there are a lot of TCIDA PILOT projects that are fully-matured but are still in the IDA's name and need to be reconveyed back to the company (s). M.

Rogers said that typically a PILOT is for 15 years. There are several loan related documents and other interrelated documents to review and terminate. Usually when the loan is paid off the IDA reconveys it back to the company and get it back on the tax rolls. Virtually all of the TCIDA projects now need to go back to the company and onto the full tax rolls. Only some PILOTS have been terminated. J. West mentioned at the August 22, 2006 meeting that there were tax benefits to getting projects off the IDA rolls because once the project is back to the owner the percentage of county sales tax which accrues to the TOC goes up. A. Kurtz said that the World Warehouse PILOT for the Ridge Road site is now mature. World Warehouse on Coton Lane has a longer PILOT that is not yet matured. Ridge Road needs to be conveyed back to the company. A. Kurtz would like to see these go back on the tax rolls and is hoping for a one a month pace for all the matured projects.

M. Rogers explained that some of the financing documents become liens back to the property. The Agency needs to make sure all liens are cleared before the deed goes back. For example, C.J. Tower is now owned by FedEx Trade Networks. R. Casey said that he believed that another company owned in between. This month the plan is to get World Warehouse back on the tax rolls. A. Kurtz said that World Warehouse has requested this be done. M. Rogers believes this may be more an obligation than desire to do this. R. Casey asked if there are certain things which need our permission. A. Kurtz said yes, that everything has to be in order to clear the title.

A motion was made by R. Parker and seconded by J. Seguin to Re-convey World Warehouse's Ridge Road facility back to the company. The motion was unanimously carried and approved.

Executive Director's Report:

A. Kurtz said that the Comptroller's Office has accepted TCIDA 2005 Financial Report as submitted. The next meeting is scheduled on 11/6/06 at 5:00 pm. A. Kurtz asked if the members would consider filling the Secretary position on the TCIDA. She suggested it be someone who is in town most of the time, as signatures will be required on resolutions. The positions held are: Treasurer, Jane West, V. Chairperson, Paul Gehrig, Chair, R. Casey. Since there were three members not present at the meeting, Rob Casey would like to put this on November's Agenda.

There being no further matters, J. Seguin made a motion to adjourn the meeting at 6:08 p.m. R. Baker seconded the motion.

Paul Gehrig, Vice Chairman