

Economic Development Committee Minutes
July 16, 2012 – 4:00 p.m.

Present: Chairman Daly; Supervisors Kinowski, Sausville, Lawler, Grattidge, Raymond and Wormuth; Spencer Hellwig, Administrator; Larry Benton, IDA; Jason Kemper, Planning; AnnaMarie Bellantoni, Keith VanVeghten, Saratoga Chamber; Bill Leitch, Nita Chicatelli, Chicatelli Leitch; Steve Dorsey, County Attorney; Karen Martell, Lemery Greisler; Melissa Deandre, 28 Tables.

Ms. Daly called the meeting to order and welcomed all in attendance.

On a motion made by Mr. Sausville, seconded by Mr. Kinowski the minutes of the June 6, 2012 meeting were approved unanimously.

Ms. Deandre from 28 Tables gave a brief update on the restaurants progress, stating that Panza's restaurant will be celebrating their 75th anniversary in January. She said it has been 36 years since the business was in Saratoga Springs, so they are very excited to be back and a part of all the activities in the city, such as chowder fest, restaurant week, etc. She said 28 Tables will be a polished casual dining atmosphere, which will be fine dining at casual prices. There will be a new menu, which will feature many specials, with new tasting menus for the summer.

Ms. Bellantoni said year to date occupancy tax revenue is up 25% and in the second quarter 18 ½%. The year to date occupancy rate is up 14.5% with the average daily rate up 7.5%. The revenue per available room is up 23.1%. Ms. Bellantoni said there are 2,607 total rooms in the county, with some of the newest properties to include Hilton Garden Inn, Clifton Park with 104 rooms; Hyatt Place in Malta with 120 rooms; and Hampton Inn with 123 rooms.

Mr. Lawler asked what the actual occupancy rate was. Ms. Bellantoni said for 2012 it is 59.8%, compared to 52.2% during the same period last year.

Ms. Bellantoni said inquiries are up approximately 4%, with 70% of them coming from print, and 30% from digital for the spring campaign. She said the chamber is doing a complete digital campaign for the summer. Mr. Lawler asked how marketing was done to the western part of the state. Ms. Bellantoni said they will be advertising around the State Fair in Syracuse, along with generating stories in those regions trying to get travel writers to do stories and different publications. Mr. Lawler asked if there was a budget for this. Ms. Bellantoni said this year's budget is approximately \$115,000.

Mr. Sausville asked if people coming to Global Foundries has any impact on the occupancy rates. Ms. Bellantoni said it definitely has an impact on the occupancy. She said she would gather more data on that and report back to the committee at the next committee meeting.

Mr. VanVeghten said there will be two videos on the waterways, one on the Tugboat Roundup in Waterford and the other to promote the waterways in general in Saratoga County. He said they have reached out to the Schuyler Yacht Basin to help promote the waterways in Saratoga County, and on July 29th at 5:00p.m. a video will be taken at the Marina of all the activities that take place on the waterways including people fishing, swimming, boating, etc. The Tugboat video will be completed on August 17th

Ms. Daly suggested that Mr. VanVeghten get in touch with the county Planning Director, Jason Kemper, as he has been very involved in the county recreation programs.

Ms. Daly said gave a brief update on the Capital Region Economic Development Council meeting as follows: She said the council has been broken up into several different work groups and all the groups have a different assignment. She said there is a strategic plan advancement that is supposed to structure and compile a yearend report and show progress. What they have done is a swap analysis which includes strengths, weaknesses, opportunities and the threats to the plan. Saratoga County's assignment has to do with plan implementation and developing a comprehensive implementation agenda for the plan that was put together last year. A letter of support was submitted for CFA that Global Foundries is submitting, and a letter of support was presented in support of LFTC, at the request of Mr. Relyea for CFA.

Ms. Daly said the Governor has decided that he would like to include history and the Chairman has been asked to provide that. Mr. Wood said one of the Governor's initiatives because New York State is so rich in history, is to utilize our rich history as an economic driver and try to integrate historical aspects of economic development into the comprehensive plan. Ten regional councils were created with a focus on the past and history, he said.

Ms. Daly said given everything that has been going on with Economic Development and watching Saratoga County business expand, the one thing we have learned through the subcommittee work and our close working with the Saratoga County IDA this year is that we need to continuously look out for ourselves. We need to collaborate with others, and we need to take on our own leadership role to identify our needs and advance our own Economic Development efforts.

Ms. Daly said she has been working with the County IDA and identified one area that is being brought forward today for consideration. This would be the formation of a Saratoga County Capital Resource Corporation. She said work has been done over the past months in a number of areas and this is one tool that could benefit the county in its current position. The establishment of this Capital Resource Corporation is very similar to a local development corporation.

Karen Martell from Lemery Greisler said several years ago there was a statute that allowed IDA's to apply for 501C3 projects, and it expired. IDA's could no longer issue tax exempt debt for hospitals, schools and other not for profits, so when that happened all of the 501C3's that used to go through the IDA were forced to go through the Dormitory Authority for their financing.

Lawyers around the state were not happy about this so they came up with the Capital Resource Corporation, which is a local development corporation that has the ability to issue tax exempt debt. In order to form the Capital Resource Corporation the Saratoga County Board of Supervisors would have to consent to the formation of the corporation and approve the form and substance of the corporation. This corporation would be allowed to issue tax exempt debt on behalf of Saratoga County, but just like with IDA financing, this is not a debt of Saratoga County, this is the debt of the 501C3, and would not have any impact on Saratoga County. Saratoga County would not be responsible for the bonds issued by the Capital Resource Corporation. She said Saratoga County has the ability to approve the creation of the LDC and in addition, the county has the ability to end the LDC of the Capital Resource Corporation.

The purpose is to promote community and economic development through the creation of not for profits and for profit sectors for the citizens of the county by developing and providing programs for not for profit institutions, manufacturing, industrial businesses and other entities to access low interest tax exempt and non tax exempt financing for their eligible projects.

The Capital Resource Corporation would have the power to issue and sell one or more series or classes of bonds and other obligations through public letting, private placement or negotiated underwriting to finance activities.

The corporation will not attempt to influence legislation, which is a very important part of the 501C3, and the offices of the corporation will be located in Saratoga County. Upon request by the County, the Corporation will make available any and all books and records of the corporation for inspection by the Chairman of the Saratoga County Board of Supervisors and his or her staff, and will submit an annual financial report to the Board of Supervisors.

The governing body of the County, the New York State authorities and Comptroller will have the right to conduct an annual audit of the books or records of the Corporation.

The county will be the sole member of the corporation, and the corporation will be managed by the Board of Directors, who are to be comprised of those persons determined by the Board of Supervisors.

The bonds or notes and other obligations of the corporation will not be a debt of the State of New York or Saratoga County, and neither the State of New York nor Saratoga County will be liable thereon, nor will they be payable out of any funds other than those of the corporation.

Karen said last year Coberg Village did a \$20 million issuance of a bond and in 2011 Skidmore College did \$2 million in bonds. When you go through the Dormitory Authority you have to pay an annual fee to the dormitory and you have to pay a bond issuance charge, in this case approximately \$504,000 for the two entities. In a situation such as this, your corporation would be able to charge a 1% fee through the 501C3 commission and that money would go into an account of the corporation that could be used, not just for a loan fund, but for a grant as long as there is a public purpose involved.

Ms. Daly said Saratoga Bridges is another entity that has in the past looked to do some sort of financing along these ways and hasn't done them because it was too costly for them to do it through the Dormitory Authority. We don't know how many entities there are, but we do know that there has been a call for this type of service in Saratoga County.

Mr. Benton said bonds make this very lucrative because it gets you up and running and pays for itself. It is not going to require continuous support from the county and it gives a platform to move forward in the future for other economic initiatives that the county might undertake.

Ms. Daly said one of the issues that the county has run into is that we would like to do some economic development initiatives, but we have no funding for them. The IDA is the only entity that has funding available for projects. There is only one pot and we cannot go into the county budget for everything we would like to do, so this was an opportunity to raise some revenue for some potential projects, she said.

Mr. Lawler said he thought this was a good idea.

Mr. Sausville asked if there would be any downside to this if we were to proceed. Mr. Dorsey said he hasn't seen any downside to this as yet.

Mr. Lawler said there isn't a downside to the bonding because the LDC, in this case, is just an agent for the transaction and never touches the money and never records a fee other the fee that it takes from the applicant. Where we have to be a little more careful would be at the second part where there is a grant program setup because if you are making loans, then you are in fact the lender or creditor, he said.

Mr. Leitch said it is in the best interest of the County to seriously consider pursuing this in the shorter term, not the longer term, because you may find yourself not too far down the road with some of the tools in your tool box being removed, and not by choice.

Mr. Kemper said the first harvest in Moreau has surpassed 2012 budget estimates.

Ms. Daly said the CFA that was submitted in the first go around with the Capital Region Economic Development Council did not make the cut. We thought that we would be able to resubmit, but there are many obstacles and an investment of more money than would be acceptable with an end result of probably not being successful, so the decision was to not resubmit this at this time.

On a motion made by Mr. Lawler, seconded by Mr. Sausville the meeting was adjourned.

Respectfully submitted,
Chris Sansom

