

Economic Development Committee Minutes

June 2, 2010 – 3:30 p.m.

Present: Chairman Daly; Supervisors Grattidge, A. Johnson, Richardson, Sausville Yepsen and Wood; Spencer Hellwig, Mgmt. Analyst; Jason Kemper, Planning; Mike Russo, Global Foundaries; Jim Angus, Shelby Schneider, Dennis Brobston, SEDC; Missy Shorey, Kathy Wren, Shorey PR; Press.

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

On a motion made by Mr. Grattidge, seconded by Mr. Richardson the minutes of the May 4, 2010 meeting were approved unanimously.

Ms. Daly gave a brief update on the Haiti initiative as follows: The Hadley and Mechanicville school districts have materials that are in the process of being picked up by the Department of Public Works. The Shenendehowa Board of Education has passed a resolution in favor of that initiative, and they will begin to compile their materials.

Mr. Grattidge said that Burnt Hills and Galway schools have both committed to the program.

Ms. Daly presented a mid-year report as follows: Ms. Daly said she has been working with several individuals over the last couple of months in doing some additional studies and research. As indicated by some of the people that we have been in touch with lately Dr. Gillo and Mr. David Lawrence, there is quite a bit that can be learned. Dr. Gillo made an analogy with attracting Global Foundries as our time to dance with the bears. We came out of 2009 knowing that in order to be successful we had to educate, adapt, innovate and collaborate. From there, once we became more educated on the changes that were going to be occurring, we reached out to each one of our towns. Soon you are going to be hearing about the report that each community spoke out and collaborated about. Together we implemented the first “Message Map” that is a true accomplishment for this committee and for the Board of Supervisors, to actually have a working document that they can use. It’s also a good opportunity to reflect back on some things that may have been taken advantage of that we didn’t remember we had in this county.

As we move forward, we must engage in a thoughtful analysis of our regional assets and our needs to create comprehensive strategies that are capable of successfully promoting our region. If we do all this work and it becomes nothing but print on paper, we really haven’t done our job. As our region is moving forward and we are learning at a very rapid pace, through all the information that is available through computers, the communication technologies are phenomenal. What is beginning to be known is that regional clusters are taking on a more interesting phenomenon with respect to economic development. The reason for this is that it becomes a lesson of efficiencies for them. If

they can co-locate like businesses together or businesses that support each other, then you can create a situation that becomes more beneficial for more people. They are also advocating, as did Dr. Gillo, to look at involving active networks of organizations that can benefit various businesses. Dr. Gillo referred to this when he talked about networking the networks, getting these individuals and businesses together and formulating active networks is going to be vitally important as we move forward. We need to collaborate with our partners like CEG and capitalize on this unique situation, she said. What is ahead of us is new and different and it is going to require all of us to stay involved in a learning process because we have never done anything like this before. As we move forward with this committee and the county, you are going to see a little different paradigm to economic development. We are going to recognize that geographic location is now becoming something that is going to be referred to as the center of knowledge and connectivity. If you put all of this information together and you step back and look, you can say that it is already happening. Global Foundries is here because of the unique education and universities in research and development. That is going to become more of the driving force for the new economic development. The Rockefeller Institute of Government has done some studies. They have actually shown where the old approach to economic development, and going after what they call the “bull market”, trying to get the big employer into town, and creating as many jobs as you possibly can, is actually something that needs to be flip-flopped as a model. We now look at our economic development being driven much more so by the education, in particular, higher education institutions. Discussions took place about taking the knowledge that is being generated, thinking about all the research and development that is needed for these chips fabs to be able to manufacture their goods, and how it is conditional upon what is learned and what is generated out the universities. We will see a whole different approach as to how economic development plays out in Saratoga County, she said.

Mr. Russo gave a brief update on Global Foundries as follows: We have just made the announcement of the expansion of Global Foundries, which will consist of three components: Singapore, Dresden Germany, and New York. The Singapore piece will be the first piece to come on line, and will increase the capacity in Singapore by approximately 20%. Dresden Germany will be the second component to come on line, with the annex in Dresden to be focused more on 40 and 45 nano meter nodes, which would be up and running sooner than in Malta. The timing is perfect for the build out of the fab, which currently has a 210-sq. ft. clean room. The expansion will add another 90 sq. ft. We are able to achieve the economy of scale because there are cranes and workers on site. It is anticipated that it will generate another 500,000 plus hours of work for the construction trade. Full volume production in the current project, phase one of module one, is expected by 2013. The expansion will be beyond that.

Mr. Sausville said that at one time it was said that the technology that is going into the fab had not really been defined and developed. Is that true, and is it a potential worry for Global Foundries? Mr. Russo said, the fab would be the most technically advanced fab in the world. Currently there are people developing processes for the tools and the process itself here in New York. When the fab is up and running it will be the most advanced processes. Part of those processes and components are not even developed yet.

Are we worried about that? No. We have the best and brightest in the industry with Global Foundries and we are continuing to build a team that is second to none. There is always new technology that is being developed or going to be developed. The key to Global Foundries will be our ability to not only stay ahead of the curve when it comes to processes necessary to produce various technologies, but also design enablement. If someone were to development a technology and they wanted to work in this application, there is a huge piece that is very time consuming and costly where you take the technology and make it work in that application. One of the things that we are doing as a company that is second to none on the planet is the design enablement piece, so when going to a company and saying, we will make your technology for you we can also say, we will provide the design enablement piece, which is a huge advantage.

Ms. Yepsen asked what was the basis of the decision for the expansion? Mr. Russo said, it is demand. Right now we have customers that have requested that we build their technology that we have had to turn down. What we are doing is increasing our capacity so we can meet today's need and the anticipated need moving forward. We don't make technology for just one customer, right now we have over 150 customers, he said.

Mr. Richardson said in time there will be new technology, are they going to be able to re-tool this entire project so that it continues to move along with technology as it changes. Mr. Russo said, yes. Our R&D operation is also second to none. With the additional expansion we also will have the room to grow, to move, and to change.

Mr. Grattidge asked if vendors have been notified about their rolls as subcontractors? Mr. Russo said it is still limited. We have said that we would work with SEDC to really use them as a clearinghouse to provide information on what the needs are going to be, whether it is a service, material or equipment.

Ms. Yepsen asked for an update on the hiring phase of the project. Mr. Russo said there are currently approximately 70 people that work for Global Foundries. With phase one it will be well over 1,400. Hiring will increase greatly in the 2011 to 2012 time frame. The earlier jobs are going to be filled with people who already have the expertise in starting up fabs. Approximately half of the administrative jobs will come from the area. There are two concurrent initiatives going on. There are the initiatives to the community college and the education pipeline that feeds the community colleges to get students through school and go directly into a job. The Department of Labor initiative will identify existing workers that are underemployed or unemployed from around the state, and find out who may be qualified or may be a little short in skills. A gap analysis will be done on their skills, and the potential to provide training funded through grants and other funding mechanisms that exist will be explored.

Ms. Daly asked how many construction workers are currently on site? Mr. Russo said there are approximately 400 on site currently. When the project is fully underway it is estimated that there will be 1,600 people engaged in the construction project.

Mr. Brobston from SEDC gave a brief overview of the Assets and Needs Assessment and highlighted the top goals for countywide priorities and Economic Development as follows:

Countywide priorities:

Goal 1:

1. Increase or stabilize the tax base and provide services without levying additional taxes.
2. Preserve the rural character and agricultural development
3. Develop a shared vision for the future, revitalize and develop under served communities and create quality job opportunities.

Goal 2:

1. Expand the infrastructure – Water, Sewer, broadband and cell service.
2. Manage growth and implement planning strategies – balance residential and commercial growth while balancing the tax base.
3. Provide job opportunities for residents either in the community or in the county.

Goal 3:

1. Provide business and job opportunities for residents in either high tech, industrial, commercial, home based businesses, farming, touring and recreation, etc.
2. Provide relevant residential services
3. Shorten or offer a predictable time frame for planning board approvals and permitting.

Economic Development Goals:

1. Job creation and business attraction
2. Community Development – Service, community planning and development, accommodate for tourism based opportunities.
3. Tourism and ancillary hospitality businesses
4. Affordable housing
5. Broadband (last mile) and cell service in Northern and Shoulder towns.
6. Attract and retain the younger population.

Mr. Kemper requested approval of an amendment to Resolution 199-09.

In October of 2009, the Land Preservation Committee recommended to the Board of Supervisors a grant award to protect 70+/- acres of farmland in the Town of Northumberland to Lyle Purinton of Purintondale Farm. At that time the grant application indicated that there were anticipated total project costs of \$365,000 requesting

a County grant of \$328,500. This number represented 90% of the total project cost as required by the grant. Due to the number of grant applications the committee received, and the quality of the applications, Lyle was offered a reduced grant award of \$300,000 including a landowner donation no less than \$50,000 upon which he accepted, and the Board of Supervisors adopted resolution 199-09 supporting the award.

With the reduced county award and no other funding from outside agencies we believed his in kind contribution would far exceed the \$50,000 as was required in the resolution. Since that time the Purintondale Farm has received an appraisal that state the farm's overall value of the easement at \$326,000 and significantly less than the original grant application indicated or what we believed it would be appraised at. Given the reduced amount in value even after out of pocket expenses (legal fees, appraisal, title work, etc) the required landowner donation of \$50,000 is unable to be met. Given the lower than anticipated appraisal we are requesting to amend resolution 199 of 2009 to state the landowner donation must be no less than 10% of the total project cost. The total project cost is \$335,040.50 so the match would be \$33,504.05. Discussion has taken place with County Attorney, Mark Rider and Chairman Peck, and in the future we will just list the county match in the application so that this issue does not come up again, he said.

A motion was made by Mr. Grattidge, seconded by Mr. Johnson to approve a resolution to amend Resolution 199-09 stating that the landowner donation must be no less than 10% of the total project cost of \$335,040.50, for a total of \$33,504.05. Unanimous.

Ms. Daly announced that Congressman Murphy will be holding an Economic Development Round Table Discussion in Clifton Park at 6:00 p.m., and all supervisors are invited to attend.

On a motion made by Mr. Grattidge, seconded by Mr. Richardson the meeting was adjourned.

Respectfully submitted,
Chris Sansom