

MINUTES OF THE  
COUNTY OF CLINTON  
INDUSTRIAL DEVELOPMENT AGENCY  
MONDAY, NOVEMBER 26, 2018

The meeting was called to order by T. Trahan, Chairperson, at 12:08 p.m., at the office of the County of Clinton Industrial Development Agency, 137 Margaret Street, Suite 208, Plattsburgh, New York 12901.

MEMBERS PRESENT: Trent Trahan, Chairperson  
Keith Defayette, Treasurer and Chief Financial Officer  
Michael Zurlo, Secretary  
Kim Murray, Assistant Secretary  
Mark Leta, Member

MEMBERS EXCUSED: David Hoover, Vice Chairperson  
John VanNatten, Member

STAFF PRESENT: Renee McFarlin, Executive Director  
George Cregg, Esq., Agency Counsel  
Christopher Canada, Esq., Agency Counsel  
Toni Moffat, Executive Assistant

OTHERS PRESENT: Richard Chun, Delaware River Solar  
Richard Winters, Delaware River Solar  
Tony Maglione, Monaghan Medical Corporation

T. Trahan stated that there was a *quorum* present.

T. Trahan waived the reading of the notice of the meeting published in the *Press Republican* on December 22, 2017.

**Presentation**

**Delaware River Solar – Mooers IV Project**

Richard Chun from Delaware River Solar (DRS) provided a brief overview of their request for the Mooers IV Project PILOT deviation, stating that NYSERDA changed their Value Distribution Energy Resource (VDER) formula for solar incentives. R. McFarlin stated the original PILOT was \$369,600, and the proposed 50 percent reduction in PILOT payments would be \$184,800. She stated the DRS - Mooers IV Project will generate 18 percent less revenue (\$1,329,134) than Projects I-III. This decrease in revenue leads to a higher expense ratio, and a 27.81 percent of the difference in revenue that the \$184,800 represents.

M. Zurlo inquired about the project's viability should the CCIDA decline DRS's deviation request. R. Winter replied that if the current PILOT is maintained and no deviation is granted, development would slow; he explained that NYSERDA changed the VDER formula to encourage companies to make these projects more cost-efficient. R. Winter added that efficiencies for the Mooers IV project might include moving the project's location and/or waiting for materials costs to decrease, but that if the deviation is granted and Mooers IV can continue to progress, DRS could engage in additional agreements to benefit the town, and would continue to work with them and hopefully build future additional solar projects.

T. Trahan thanked R. Chun and R. Winters for reviewing DRS's Mooers IV PILOT deviation with the Board.

At this point, R. Chun and R. Winters left the meeting. The DRS presentation has been attached to the minutes.

### **Monaghan Medical Corporation**

Tony Maglione, from Monaghan Medical Corporation, reported the Project is proceeding accordingly and they expect to close on the property December 10, 2018. The anticipated timeline includes activity to begin in December, breaking ground in March or April of 2019, and be in the new building by Spring 2020.

R. McFarlin reported the Town of Plattsburgh has assumed the role of lead agency for SEQR. The Planning Board voted on Monaghan Medical's sketch at their October 20, 2018 meeting. Thereafter, Monaghan Medical submitted final details to the Town and County Planning Boards. The Town issued a final determination at the November 20, 2018 meeting, allowing the CCIDA Board to consider final approval of Monaghan's project at the meeting.

### **Approval of the Minutes of the October 15, 2018 Meeting**

T. Trahan asked if there were any questions regarding the draft minutes of the October 15, 2018 meeting of the CCIDA. There were none.

On a motion by K. Defayette, and seconded by K. Murray it was unanimously carried to approve the minutes of the October 15, 2018 meeting of the CCIDA.

### **Public Comment**

None

### **Treasurer's Report**

K. Defayette reviewed the Treasurer's Report. There were no questions or concerns.

On a motion by M. Leta, seconded by K. Murray, it was unanimously RESOLVED to approve the Treasurer's Report as presented by K. Defayette.

### **Old Business**

#### **Schluter Systems Update**

R. McFarlin reported Schuler Systems plans to move forward with executing closing documents for the previously approved Thinset Manufacturing Facility and Warehouse Expansion projects, and that Hodgson Russ has circulated finalized closing documents for both.

#### **Update on Delaware River Solar - Mooers IV Project**

R. McFarlin stated she will contact the chief executives of the taxing jurisdictions and continue discussions on DRS's proposed reduction.

### **New Business**

#### **Monaghan Medical Project**

Today the members are being asked to approve two resolutions:

Concurring in the Determination by Town of Plattsburgh Lead Agency SEQOR Determination

The following resolution was offered by M. Zurlo, seconded by K. Murray, to wit:

Resolution No. 11-18-01

RESOLUTION CONCURRING IN THE DETERMINATION BY TOWN OF PLATTSBURGH PLANNING BOARD, AS LEAD AGENCY, FOR THE ENVIRONMENTAL REVIEW OF THE MONAGHAN MEDICAL CORPORATION PROPOSED PROJECT.

WHEREAS, County of Clinton Industrial Development Agency (the "Agency") is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 225 of the 1971 Laws of New York, as amended, constituting Section 895-f of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of commercial facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct and install one or more " projects" (as defined in the Act) or to cause said projects to be acquired, constructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, in February, 2018, Monaghan Medical Corporation, a New York business corporation (the "Company"), submitted an application (the "Application") to the Agency, a copy of which Application is on file at the office of the Agency, which Application requested that the Agency consider undertaking a project (the "Project") for the benefit of the Company, said Project consisting of the following: (A) (1) the acquisition of an interest in an approximately 17 acre portion of an approximately 32.55 acre parcel of land located on Airport Road in the former Clinton County airport (being a portion of Tax Map No. 220.-1-3.1-1) in the Town of Plattsburgh, Clinton County, New York (the "Land"), (2) the construction on the Land of an approximately 60,000-65,000 square foot building and other site improvements (the "Facility") and (3) the acquisition and installation therein and thereon of related fixtures, machinery, equipment and other tangible personal property (collectively, the "Equipment") (the Land, the Facility, and the Equipment hereinafter collectively referred to as the "Project Facility"), all of the foregoing to constitute a medical device manufacturing and warehouse facility and other directly and indirectly related activities; (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real property transfer taxes and mortgage recording taxes (collectively, the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, by resolution adopted by the members of the Agency on February 12, 2018 (the "Public Hearing Resolution"), the Agency authorized a public hearing to be held pursuant to Section 859-a of the Act with respect to the Project; and

WHEREAS, pursuant to the authorization contained in the Public Hearing Resolution, the Executive Director of the Agency (A) caused notice of a public hearing of the Agency (the "Public Hearing") pursuant to Section 859-a of the Act, to hear all persons interested in the Project and the financial assistance being contemplated by the Agency with respect to the Project, to be mailed or hand delivered on September 24, 2018

to the chief executive officers of the county and of each city, town, village and school district in which the Project Facility is to be located, (B) caused notice of the Public Hearing to be posted on (1) September 25, 2018 at the Town of Plattsburgh Town Hall located at 151 Banker Road in the Town of Plattsburgh, Clinton County, New York and (2) September 21, 2018 on the Agency's website, (C) caused notice of the Public Hearing to be published on September 27, 2018 in The Press Republican, a newspaper of general circulation available to the residents of Clinton County, New York, (D) conducted the Public Hearing on October 12, 2018 at 9:00 a.m., local time at the Town of Plattsburgh Town Hall located at 151 Banker Road in the Town of Plattsburgh, Clinton County, New York, and (E) prepared a report of the Public Hearing (the "Public Hearing Report") fairly summarizing the views presented at such Public Hearing and caused copies of said Public Hearing Report to be made available to the members of the Agency; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act") and the regulations (the "Regulations") adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, "SEQRA"), by resolution adopted by the members of the Agency on February 12, 2018 (the "Preliminary SEQR Resolution"), the Agency (A) determined (1) that the Project involves more than one "involved agency", and (2) that, the Agency wished to investigate the advisability of undertaking a coordinated review with respect to the Project and (B) authorized the Executive Director of the Agency to contact all other "involved agencies" for the purpose of ascertaining whether such "involved agencies" were interested in undertaking a coordinated review of the Project and, if so, designating a "lead agency" with respect to the Project (as such quoted terms are defined in SEQRA); and

WHEREAS, further pursuant to SEQRA, the Agency has been informed that (1) the Town of Plattsburgh Planning Board (the "Planning Board") was designated to act as "lead agency" with respect to the Project, and (2) the Planning Board issued a Determination of Non Significance on November 20, 2018 (the "Negative Declaration"), attached hereto as Exhibit A, determining that the acquisition, construction and installation of the Project Facility will not have a "significant effect on the environment"; and

WHEREAS, the Agency is an "involved agency" with respect to the Project and the Agency now desires to concur in the determination by the Planning Board, as "lead agency" with respect to the Project, to acknowledge receipt of a copy of the Negative Declaration and to indicate whether the Agency has any information to suggest that the Planning Board was incorrect in determining that the Project will not have a "significant effect on the environment" pursuant to SEQRA and, therefore, that no environmental impact statement need be prepared with respect to the Project;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY, AS FOLLOWS:

Section 1. The Agency has received copies of, and has reviewed, the Application, an environmental assessment form prepared by the Company and the Negative Declaration (collectively, the "Reviewed Documents") and, based upon said Reviewed Documents, the Agency hereby ratifies and concurs in the designation of the Planning Board as "lead agency" with respect to the Project under SEQRA (as such quoted term is defined in SEQRA).

Section 2. The Agency hereby determines that the Agency has no information to suggest that the Planning Board was incorrect in determining that the Project will not have a "significant effect on the environment" pursuant to the SEQRA and, therefore, that environmental impact statement need not be prepared with respect to the Project (as such quoted phrase is used in SEQRA).

Section 3. The members of the Agency are hereby directed to notify the Planning Board of the concurrence by the Agency that the Planning Board shall be the "lead agency" with respect to the Project, and to further indicate to the Planning Board that the Agency has no information to suggest that the Planning Board was incorrect in its determinations contained in the Negative Declaration.

Section 4. This Resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

Trent Trahan	VOTING	YES
David Hoover	EXCUSED	EXCUSED
Michael E. Zurlo	VOTING	YES
Kim Murray	VOTING	YES
Keith Defayette	VOTING	YES
Mark Leta	VOTING	YES
John VanNatten	EXCUSED	EXCUSED

The foregoing Resolution was thereupon declared duly adopted.

Authorizing Execution of Documents in Connection with a Lease/Leaseback Transaction

The following resolution was offered by K. Defayette, seconded by M. Leta, to wit:

Resolution No. 11-18-02

RESOLUTION AUTHORIZING EXECUTION OF DOCUMENTS IN CONNECTION WITH A LEASE/LEASEBACK TRANSACTION FOR A PROJECT FOR MONAGHAN MEDICAL CORPORATION (THE "COMPANY").

WHEREAS, County of Clinton Industrial Development Agency (the "Agency") is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 225 of the 1971 Laws of New York, as amended, constituting Section 895-f of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of commercial, manufacturing and industrial facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct and install one or more "projects" (as defined in the Act) or to cause said projects to be acquired, constructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, in February, 2018, Monaghan Medical Corporation, a New York business corporation (the "Company"), submitted an application (the "Application") to the Agency, a copy of which Application is on file at the office of the Agency, which Application requested that the Agency consider undertaking a project (the "Project") for the benefit of the Company, said Project consisting of the following: (A) (1) the acquisition of an interest in an approximately 17 acre portion of an approximately 32.55 acre parcel of land located on Airport Road in the former Clinton County airport (being a portion of Tax Map No. 220.-1-3.1-1) in the Town of Plattsburgh, Clinton County, New York (the "Land"), (2) the construction on the Land of an approximately 60,000-65,000 square foot building and other site improvements (the "Facility") and (3) the acquisition and installation therein and thereon of related fixtures, machinery, equipment and other tangible personal property (collectively, the "Equipment") (the Land, the Facility, and the Equipment hereinafter collectively referred to as

the “Project Facility”), all of the foregoing to constitute a medical device manufacturing and warehouse facility and other directly and indirectly related activities ; (B) the granting of certain “financial assistance” (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real property transfer taxes and mortgage recording taxes (collectively, the “Financial Assistance”); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, by resolution adopted by the members of the Agency on February 12, 2018 (the “Public Hearing Resolution”), the Agency authorized a public hearing to be held pursuant to Section 859-a of the Act with respect to the Project; and

WHEREAS, pursuant to the authorization contained in the Public Hearing Resolution, the Executive Director of the Agency (A) caused notice of a public hearing of the Agency (the “Public Hearing”) pursuant to Section 859-a of the Act, to hear all persons interested in the Project and the financial assistance being contemplated by the Agency with respect to the Project, to be mailed or hand delivered on September 24, 2018 to the chief executive officers of the county and of each city, town, village and school district in which the Project Facility is to be located, (B) caused notice of the Public Hearing to be posted on (1) September 25, 2018 at the Town of Plattsburgh Town Hall located at 151 Banker Road in the Town of Plattsburgh, Clinton County, New York and (2) September 21, 2018 on the Agency’s website, (C) caused notice of the Public Hearing to be published on September 27, 2018 in The Press Republican, a newspaper of general circulation available to the residents of Clinton County, New York, (D) conducted the Public Hearing on October 12, 2018 at 9:00 a.m., local time at the Town of Plattsburgh Town Hall located at 151 Banker Road in the Town of Plattsburgh, Clinton County, New York, and (E) prepared a report of the Public Hearing (the “Public Hearing Report”) fairly summarizing the views presented at such Public Hearing and caused copies of said Public Hearing Report to be made available to the members of the Agency; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the “SEQR Act”) and the regulations (the “Regulations”) adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, “SEQRA”), by resolution adopted by the members of the Agency on February 12, 2018 (the “Preliminary SEQR Resolution”), the Agency (A) determined (1) that the Project involves more than one “involved agency”, and (2) that, the Agency wished to investigate the advisability of undertaking a coordinated review with respect to the Project and (B) authorized the Executive Director of the Agency to contact all other “involved agencies” for the purpose of ascertaining whether such “involved agencies” were interested in undertaking a coordinated review of the Project and, if so, designating a “lead agency” with respect to the Project (as such quoted terms are defined in SEQRA); and

WHEREAS, further pursuant to SEQRA, by resolution adopted by the members of the Agency on November 26, 2018 (the “Final SEQR Resolution”), the Agency (A) concurred in the determination that the Town of Plattsburgh Planning Board (the “Planning Board”) is the “lead agency” with respect to SEQRA and (B) acknowledged receipt of a negative declaration from the Planning Board issued on November 20, 2018 (the “Negative Declaration”), in which the Planning Board determined that the Project would not have a significant adverse environmental impact on the environment, and therefore, that an environmental statement need not be prepared with respect to the Project; and

WHEREAS, the Agency has given due consideration to the Application, and to representations by the Company that (A) the granting by the Agency of the Financial Assistance with respect to the Project will be an inducement to the Company to undertake the Project in Clinton County, New York and (B) While the completion of the Project Facility may result in the removal of a facility of the Company or any other proposed occupant of the Project Facility from one area of the State of New York to another area of the State of New York or in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project Facility located within the State of New York, the Company has represented that such

abandonment and removal are reasonably necessary to preserve the competitive position of the Company or the proposed occupant of the Project Facility in their respective; and

WHEREAS, the Agency desires to encourage the Company to preserve and advance the job opportunities, health, general prosperity and economic welfare of the people of Clinton County, New York by undertaking the Project in Clinton County, New York; and

WHEREAS, in order to consummate the Project and the granting of the Financial Assistance described in the notice of the Public Hearing, the Agency proposes to enter into the following documents (hereinafter collectively referred to as the "Agency Documents"): (A) a certain lease to agency (the "Lease to Agency" or the "Underlying Lease") by and between the Company, as landlord, and the Agency, as tenant, pursuant to which the Company will lease to the Agency a portion of the Land and all improvements now or hereafter located on said portion of the Land (collectively, the "Leased Premises"); (B) a certain license agreement (the "License to Agency" or the "License Agreement") by and between the Company, as licensor, and the Agency, as licensee, pursuant to which the Company will grant to the Agency (1) a license to enter upon the balance of the Land (the "Licensed Premises") for the purpose of undertaking and completing the Project and (2) in the event of an occurrence of an Event of Default by the Company, an additional license to enter upon the Licensed Premises for the purpose of pursuing its remedies under the Lease Agreement (as hereinafter defined); (C) a lease agreement (and a memorandum thereof) (the "Lease Agreement") by and between the Agency and the Company, pursuant to which, among other things, the Company agrees to undertake the Project as agent of the Agency and the Company further agrees to lease the Project Facility from the Agency and, as rental thereunder, to pay the Agency's administrative fee relating to the Project and to pay all expenses incurred by the Agency with respect to the Project; (D) a payment in lieu of tax agreement (the "Payment in Lieu of Tax Agreement") by and between the Agency and the Company, pursuant to which the Company will agree to pay certain payments in lieu of taxes with respect to the Project Facility; (E) a uniform project benefits agreement (the "Uniform Project Benefits Agreement") by and between the Agency and the Company regarding the granting of the financial assistance and the potential recapture of such assistance; (F) a certain recapture agreement (the "Section 875 GML Recapture Agreement") by and between the Company and the Agency, required by the Act, regarding the recovery or recapture of certain sales and use taxes; (G) a sales tax exemption letter (the "Sales Tax Exemption Letter") to ensure the granting of the sales tax exemption which forms a part of the Financial Assistance; (H) a New York State Department of Taxation and Finance form entitled "IDA Appointment of Project Operator or Agency for Sales Tax Purposes" (the form required to be filed pursuant to Section 874(9) of the Act) (the "Thirty-Day Sales Tax Report") and any additional report to the Commissioner of the State Department of Taxation and Finance concerning the amount of sales tax exemption benefit for the Project (the "Additional Thirty-Day Project Report"); (I) if the Company intends to finance the Project with borrowed money, a mortgage and any other security documents and related documents (collectively, the "Mortgage") from the Agency and the Company to the Company's lender with respect to the Project ("the "Lender"), which Mortgage will grant a lien on and security interest in the Project Facility to secure a loan from the Lender to the Company with respect to the Project (the "Loan"); and (J) various certificates relating to the Project (the "Closing Documents");

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. All action taken by the Executive Director of the Agency with respect to the Public Hearing with respect to the Project is hereby ratified and confirmed.

Section 2. The law firm of Hodgson Russ LLP is hereby appointed Agency Counsel to the Agency with respect to all matters in connection with the Project. Agency Counsel for the Agency is hereby authorized, at the expense of the Company, to work with the Company, counsel to the Company and others to prepare, for submission to the Agency, all documents necessary to effect the transactions contemplated by this Resolution. Agency Counsel has prepared and submitted an initial draft of the Agency Documents to staff of the Agency.

Section 3. The Agency hereby finds and determines that:

(A) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act;

(B) The Project constitutes a “project,” as such term is defined in the Act;

(C) The Project site is located entirely within the boundaries of Clinton County, New York;

(D) It is estimated at the present time that the costs of the planning, development, acquisition, construction, reconstruction and installation of the Project Facility (collectively, the “Project Costs”) will be approximately 10,000,000;

(E) While the completion of the Project Facility may result in the removal of a facility of the Company or any other proposed occupant of the Project Facility from one area of the State of New York to another area of the State of New York or in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project Facility located within the State of New York, the Company has represented that such abandonment and removal are reasonably necessary to preserve the competitive position of the Company or the proposed occupant of the Project Facility in their respective industries;

(F) (1) The Project Facility does not constitute a project where facilities or property that are primarily used in making retail sales of goods and/or services to customers who personally visit such facilities constitute more than one-third of the total cost of the Project, and accordingly the Project is not prohibited by the provisions of Section 862(2)(a) of the Act, and (2) accordingly the Agency is authorized to provide financial assistance in respect of the Project pursuant to Section 862(2)(a) of the Act;

(G) The granting of the Financial Assistance by the Agency with respect to the Project will promote and maintain the job opportunities, general prosperity and economic welfare of the citizens of Clinton County, New York and the State of New York and improve their standard of living, and thereby serve the public purposes of the Act;

(H) The Agency has reviewed the Public Hearing Report and has fully considered all comments contained therein;

(I) The Project should receive the Financial Assistance in the form of exemptions based on the description of expected public benefits to occur as a result of this Project, as described on Exhibit A attached hereto and failure by the Company to meet the expected public benefits will result in a recapture event, as described on Exhibit B attached hereto; and

(J) It is desirable and in the public interest for the Agency to enter into the Agency Documents.

Section 4. In consequence of the foregoing, the Agency hereby determines to: (A) accept the License Agreement; (B) lease the Project Facility to the Company pursuant to the Lease Agreement; (C) acquire, construct and install the Project Facility, or cause the Project Facility to be acquired, installed and constructed; (D) enter into the Payment in Lieu of Tax Agreement; (E) enter into the Uniform Agency Project Agreement; (F) enter into the Section 875 GML Recapture Agreement; (G) secure the Loan by entering into the Mortgage; and (H) grant the Financial Assistance with respect to the Project.



Section 5. The Agency is hereby authorized (A) to acquire a license in the Licensed Premises pursuant to the License Agreement, (B) to acquire a leasehold interest in the Leased Premises pursuant to the Underlying Lease, (C) to acquire title to the Equipment pursuant to a bill of sale (the “Bill of Sale to Agency”) from the Company to the Agency, and (D) to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisitions are hereby approved, ratified and confirmed.

Section 6. The Agency is hereby authorized to acquire, construct and install the Project Facility as described in the Lease Agreement and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition, construction and installation are hereby ratified, confirmed and approved.

Section 7. The Chairperson (or Vice Chairperson) of the Agency, with the assistance of Agency Counsel, is authorized to negotiate and approve the form and substance of the Agency Documents.

Section 8. (A) The Chairperson (or Vice Chairperson) of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Agency Documents, and, where appropriate, the Secretary (or Assistant Secretary) of the Agency is hereby authorized to affix the seal of the Agency thereto and to attest the same, all in the forms thereof as the Chairperson (or Vice Chairperson) shall approve, the execution thereof by the Chairperson (or Vice Chairperson) to constitute conclusive evidence of such approval.

(B) The Chairperson (or Vice Chairperson) of the Agency is hereby further authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).

Section 9. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Agency Documents, and to execute and deliver all such additional certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing Resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Agency Documents binding upon the Agency.

Section 10. This Resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

Trent Trahan	VOTING	YES
David Hoover	EXCUSED	EXCUSED
Michael E. Zurlo	VOTING	YES
Kim Murray	VOTING	YES
Keith Defayette	VOTING	YES
Mark Leta	VOTING	YES
John VanNatten	EXCUSED	EXCUSED

The Board discussed the definition of the local labor area in Exhibit A of the Resolution, and agreed it is Clinton, Essex and Franklin Counties. On a motion by K. Defayette, seconded by M. Leta the foregoing Resolution was thereupon declared duly adopted as amended.

**MHAB Project – Clinton Community College Faculty Student Housing**

R. McFarlin reported that the CCIDA issued the bonds for the Clinton Community College Faculty Student Association dormitory project in 2002. Mike Carpenter, of MHAB Enterprises, intends to purchase the Clinton Community College dormitories to provide transitional housing to individuals recovering from substance abuse issues. MHAB inquired as to the status of these bonds and potentially working with the CCIDA on this project. R. McFarlin will continue to speak with the MHAB principals and update the Board.

**North Country Chamber of Commerce – Doing Business in the US Seminars/Invitation**

Due to the Board’s concerns about the cost to present at this seminar, it was unanimously decided to decline the invitation.

**Management Team Reports**

**Project Monitoring**

There was no report.

**Project Status Update**

There was no report.

**Executive Director’s Report:**

R. McFarlin informed the Board about an inquiry from counsel for Ardak Hospitality Group regarding potential CCIDA fees associated with refinancing their mortgage. Upon discussion, the Board agreed that R. McFarlin should contact Ardak counsel to clarify the purpose for refinancing for the Board’s consideration in determining potential fees.

R. McFarlin continues to attend meetings and events to strengthen community partnerships.

R. McFarlin reported she was appointed to the Durkee Street Project Advisory Committee.

R. McFarlin updated the Board on prospective projects.

**Other Business:**

There being no further business to discuss, M. Zurlo motioned to adjourn the meeting, seconded by K. Defayette at 1:37 p.m.



Trent Trahan  
Chairperson



# Effect of VDER on Solar Development

10/3/18

## **Delaware River Solar: Development in New York**

Delaware River Solar (“DRS”) is a solar developer that builds, owns and operates solar projects in Upstate New York. DRS has a pipeline of projects in varying stages of development stretching through 2021.

As part of the development process, DRS has sought to enter into PILOT arrangements with local municipalities in order to gain greater certainty around the cost to operate solar projects over their expected life.

Since DRS began operating, the compensation system through which solar projects generate revenue has fundamentally changed. The result has been that DRS has seen a significant decrease in the expected value of a large subset of projects under development.

## **Solar Energy Compensation: From Net Metering to VDER**

Prior to 2017, the program in New York that provided for solar arrays to generate revenue by selling energy to customers was known as Net Metering (“NEM”). Under NEM, a solar array injected energy into the grid and was given “kWh credits” by the utility. These credits were then sold to customers at a \$-per-kWh rate. Each kWh credit a customer purchased reduced the number of kWh’s that they were charged for on their utility bill by one.

During 2017, a new program known as “VDER” was introduced that replaced NEM. Under the new VDER program, when a solar array injects energy into the grid it is no longer given kWh credits. In place of providing kWh credits, the utility uses a formula to calculate a dollar-valued credit given to the array. Customers purchase these credits at a discount to their face value and then use them to reduce their utility bill dollar for dollar.

## **The Value of VDER Credits (1/4)**

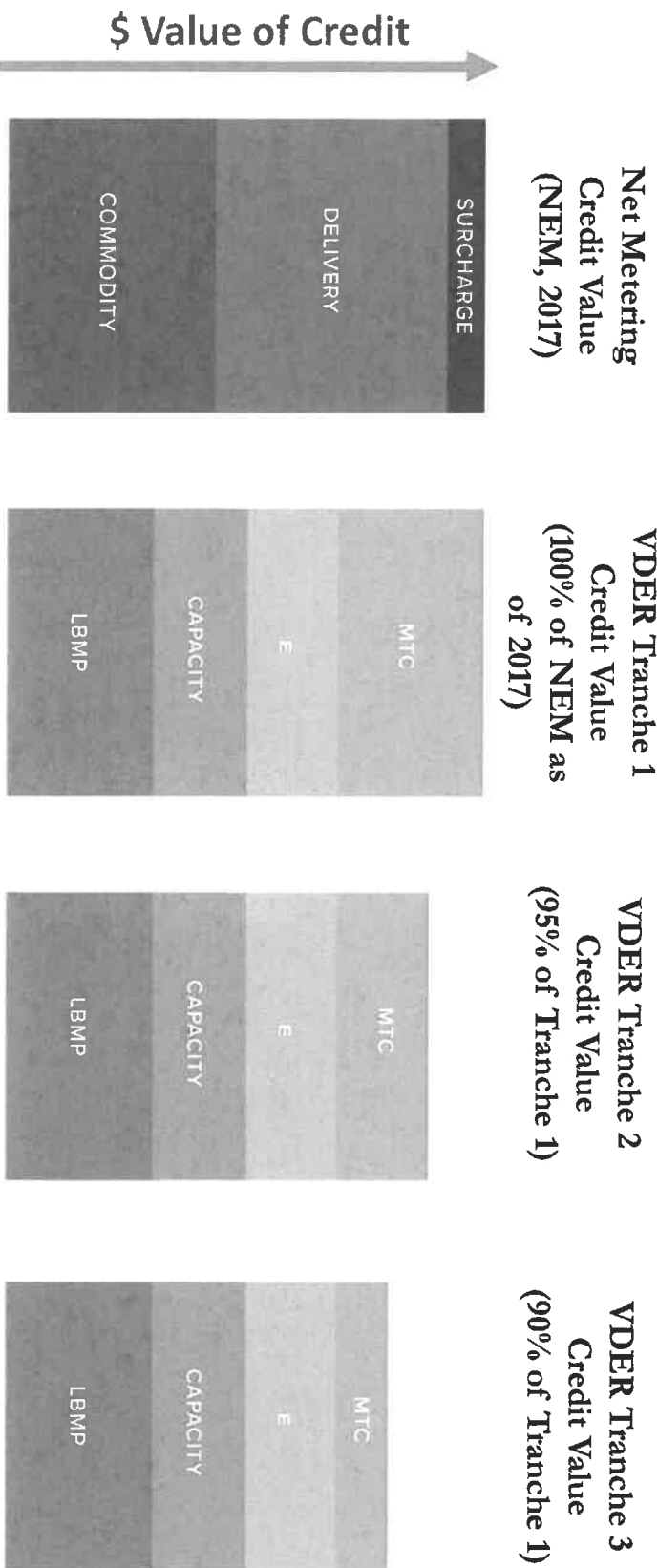
The value of the VDER credit is determined by a formula that adds together multiple “values” into a “value stack”. This “value stack” is the dollar value assigned to credits produced by the solar array.

A full explanation of the “value stack” methodology would take its own presentation, but the “values” are meant to represent the benefits that are produced by the solar array.

The “values” are meant to include the avoided cost of energy purchases by the utility, environmental benefits, and avoided investment cost for the utility. There has been much discussion and disagreement about how much these “values” are worth, and whether or not other identifiable “values” should be included.

## The Value of VDER Credits (2/4)

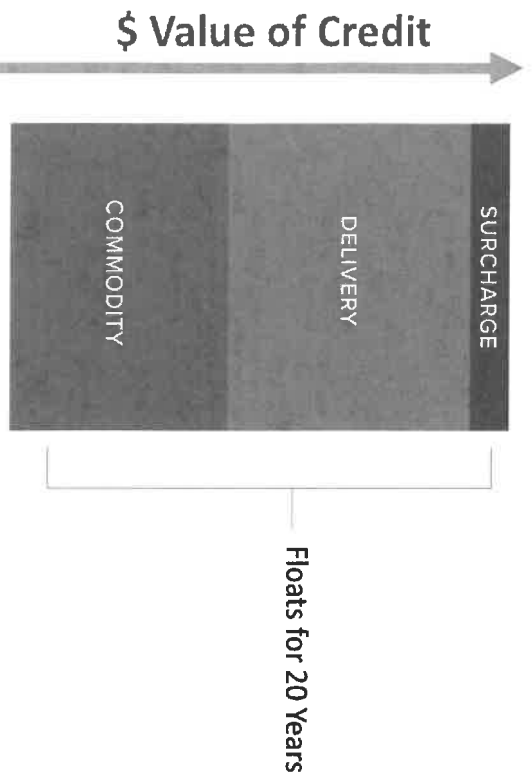
When the formula for the VDER credit value was created, the total dollar-value of the credit was less than the \$-per-kWh rate being charged by the utility - so less than the NEM credit value. As a temporary fix, an additional "value" called the "MTC" was added. To make this fix temporary, "tranches" of specific megawatt size were created that would fill up as solar arrays entered the VDER program. The value of the "MTC" is less for each tranche.



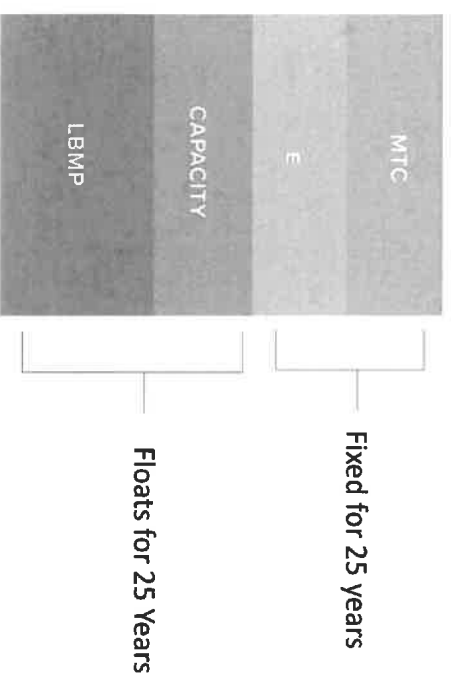
## The Value of VDER Credits (3/4)

Unlike the components of the NEM credit value, not all of the components of the VDER credit value float over the life of the project. DRS expects the VDER credit to escalate at a rate between 1-2%, compared to 2-3% for NEM credits.

**Net Metering  
Credit Value  
(NEM, 2017)**



**VDER Tranche 2  
Credit Value  
(95% of Tranche 1)**





## The Value of VDER Credits (4/4)

As shown below, the VDER Tranche 2 project that DRS is developing in Clinton (“Boas #4”) is expected to generate 11% less revenue in year 1 and 18% less revenue over 20 years than an equivalent project operating in the NEM program.

**NEM Project: Boas #1, #2, or #3**

Year	\$ per kWh	kWh	Revenue
1	0.0908	673,265	61,123
2	0.0926	3,482,580	322,649
3	0.0950	3,465,150	329,060
4	0.0973	3,447,720	335,590
5	0.0998	3,430,291	342,241
6	0.1023	3,412,861	349,015
7	0.1048	3,395,431	355,913
8	0.1074	3,378,002	362,938
9	0.1101	3,360,572	370,092
10	0.1129	3,343,142	377,377
11	0.1157	3,325,712	384,795
12	0.1186	3,308,283	392,347
13	0.1216	3,290,853	400,037
14	0.1246	3,273,423	407,867
15	0.1277	3,255,993	415,837
16	0.1309	3,238,564	423,951
17	0.1342	3,221,134	432,211
18	0.1375	3,203,704	440,620
19	0.1410	3,186,274	449,178
20	0.1445	3,168,845	457,889
<b>Sum</b>		<b>63,861,799</b>	<b>7,410,732</b>

**VDER Tranche 2 Project: Boas #4**

Year	\$ per kWh	kWh	Revenue
1	0.0809	673,265	54,449
2	0.0816	3,482,580	284,247
3	0.0828	3,465,150	287,087
4	0.0841	3,447,720	290,055
5	0.0855	3,430,291	293,153
6	0.0868	3,412,861	296,387
7	0.0883	3,395,431	299,761
8	0.0898	3,378,002	303,279
9	0.0913	3,360,572	306,945
10	0.0930	3,343,142	310,766
11	0.0946	3,325,712	314,746
12	0.0964	3,308,283	318,890
13	0.0982	3,290,853	323,203
14	0.1001	3,273,423	327,691
15	0.1021	3,255,993	332,360
16	0.1041	3,238,564	337,216
17	0.1063	3,221,134	342,264
18	0.1085	3,203,704	347,511
19	0.1108	3,186,274	352,962
20	0.1132	3,168,845	358,626
<b>Sum</b>		<b>63,861,799</b>	<b>6,081,598</b>

VDER Revenue / NEM Revenue
89%
88%
87%
86%
86%
85%
84%
84%
83%
82%
82%
81%
81%
80%
80%
80%
80%
79%
79%
79%
78%
<b>82%</b>

<- Y1 Revenue Difference

<- Total Revenue Difference

## Expense Ratio Comparison

The lower revenue on the VDER Tranche 2 project results in a significantly higher average expense ratio of **38.6%** compared to **31.9%** for an identical project operating under the NEM program. Even with a 100% reduction in the PILOT, the expense ratio would be higher at **32.3%**.

### NEM Tranche 0 Project *Including Tranche 0 PILOT*

Year	Revenue	Project Expenses Inc. PILOT	Expenses as a % of Revenue	Average Expense Ratio
1	61,123	(26,934)	44.1%	<b>31.9%</b>
2	322,649	(107,942)	33.5%	
3	329,060	(109,184)	33.2%	
4	335,590	(110,450)	32.9%	
5	342,241	(111,741)	32.6%	
6	349,015	(113,058)	32.4%	
7	355,913	(114,402)	32.1%	
8	362,938	(115,773)	31.9%	
9	370,092	(117,170)	31.7%	
10	377,377	(118,596)	31.4%	
11	384,795	(120,051)	31.2%	
12	392,347	(121,534)	31.0%	
13	400,037	(123,047)	30.8%	
14	407,867	(124,591)	30.5%	
15	415,837	(126,165)	30.3%	
16	423,951	(127,771)	30.1%	
17	432,211	(129,408)	29.9%	
18	440,620	(131,079)	29.7%	
19	449,178	(132,783)	29.6%	
20	457,889	(134,521)	29.4%	

### VDER Tranche 2 Project *Including Tranche 0 PILOT*

Year	Revenue	Project Expenses Inc. PILOT	Expenses as a % of Revenue	Average Expense Ratio
1	54,449	(26,934)	49.5%	<b>38.6%</b>
2	284,247	(107,942)	38.0%	
3	287,087	(109,184)	38.0%	
4	290,055	(110,450)	38.1%	
5	293,153	(111,741)	38.1%	
6	296,387	(113,058)	38.1%	
7	299,761	(114,402)	38.2%	
8	303,279	(115,773)	38.2%	
9	306,945	(117,170)	38.2%	
10	310,766	(118,596)	38.2%	
11	314,746	(120,051)	38.1%	
12	318,890	(121,534)	38.1%	
13	323,203	(123,047)	38.1%	
14	327,691	(124,591)	38.0%	
15	332,360	(126,165)	38.0%	
16	337,216	(127,771)	37.9%	
17	342,264	(129,408)	37.8%	
18	347,511	(131,079)	37.7%	
19	352,962	(132,783)	37.6%	
20	358,626	(134,521)	37.5%	

### VDER Tranche 2 Project *With No PILOT*

Year	Revenue	Project Expenses Inc. PILOT	Expenses as a % of Revenue	Average Expense Ratio
1	54,449	(22,134)	40.7%	<b>32.3%</b>
2	284,247	(88,742)	31.2%	
3	287,087	(89,984)	31.3%	
4	290,055	(91,250)	31.5%	
5	293,153	(92,541)	31.6%	
6	296,387	(93,858)	31.7%	
7	299,761	(95,202)	31.8%	
8	303,279	(96,573)	31.8%	
9	306,945	(97,970)	31.9%	
10	310,766	(99,396)	32.0%	
11	314,746	(100,851)	32.0%	
12	318,890	(102,334)	32.1%	
13	323,203	(103,847)	32.1%	
14	327,691	(105,391)	32.2%	
15	332,360	(106,965)	32.2%	
16	337,216	(108,571)	32.2%	
17	342,264	(110,208)	32.2%	
18	347,511	(111,879)	32.2%	
19	352,962	(113,583)	32.2%	
20	358,626	(115,321)	32.2%	



## **Conclusion**

In summary, the revenue available to support operating expenses under the VDER program is significantly lower than under the NEM program. The primary drivers of this are (1) the lower credit value under the VDER program and (2) the fixed components that make up the “value stack” which result in lower-than-inflation revenue escalation.