

Allegany County Industrial Development Agency

June 9, 2022

Crossroads Conference Center, Belmont, New York 14813

ACIDA.org

OPENING REMARKS

Chairman Ewell called the Board meeting to order, in person, at 10:00 A.M. and asked the Board if there were any conflicts of interest. No conflicts were declared. The Chairman welcomed guest, Dave Ditanna, from BWB, our auditors for the IDA.

- Present: Richard Ewell, Judith Hopkins, John Ricci, Ward "Skip" Wilday and Douglas Frank.
- Absent: Randy Shayler
- Others present: Dr. Craig Clark, IDA Executive Director
Pamela Common, Recording Secretary
Dave Ditanna, CPA-Director at Buffamante, Whipple, Buttafaro, P.C.
Daniel Compitello-Project Developer-Delaware River Solar

Live streaming on YouTube at: <https://www.youtube.com/watch?v=chht4Hr7iF8>

Presentation I- Review and approval of the 2021 Preliminary Financial Audit report 2021

Dave Ditanna introduced himself to the IDA Board and presented the 2021 preliminary audit.

Dave Ditanna: There are a couple open items and there is one adjustment we will talk through. This will give you a good overview of the 2021 year. I will walk you through the highlights of the year. First, if you turn to the first and second page, there is our independent audit. I think most of you were on the Board last year and, if you were to pull out last year's audit and compare it to this year's audit, it looks a lot different than before. There was a major overhaul by the AICPA, the group that governs us. How this is reflected, the first, biggest change, is in the first paragraph. Our opinion, which used to be discussed towards the end, now, it is first because it is the most important. It is presented, first, on whether or not your financial statements are fairly presented, in accordance with generally accepted accounting principles & providing clean, unmodified opinions. So, it is the same, overall opinion in prior years, just with a movement to the top. There's more in the middle, in prior years.

What were the other changes, in responsibility for management? You'll notice the second paragraph talks about going concerns and the evaluation of whether or not we can continue a year past December 31, 2021. Years ago, there was a lot of consideration and we had to think through that that. There was, actually, footnotes within the financial statement, that described a little bit about the entity and what your plans were. Nothing has changed there but the values are in writing. The biggest area of change is, actually, the next section of the auditor's responsibility. The first paragraph talks about what assurance are we providing. It is reasonable assurance? It's not absolute. It is a high level of assurance but, not absolute. Part of that is descriptions of whether there was fraud or frauds that are harder to detect, during the course of a financial audit. It gets even harder if there's collusion among staff members. It goes on to talk a little bit about what some of our responsibilities are, to exercise professional judgement, identify risks of material statements so, risk assessment and where we should chart our course for the audit. The next page talks a little bit about internal controls. This isn't geared to be an internal control audit; however, we are required to understand your controls but, we don't provide an opinion on controls. We evaluate your accounting policies and principles. Lastly, we have a responsibility to evaluate going concerns. All those bullet points were in play, in prior years but, they are, now, just embedded.

Dave thinks it adds to value and gives a clearer picture of what the audit is all about.

renewable energy projects. Included, were the PILOTS we get a percentage of the PILOT administration dollars and the fee from Great Lakes Cheese, as well.

Expenditures, you can see the breakdown of the expenditure, most significantly, are the legal, professional fees. Those are attorney fees, the SEQR and geotechnical drilling related to Great Lakes Cheese. Last year, with the ACUC, if you look at the very bottom, we had a positive net position of eight thousand dollars because we received that grant from New York, we did the work and some of that was capitalized. This year is more of reflective of our operations. We had thirty-seven thousand dollars of income and ninety thousand in expenditures. So, we have a net loss, from operations, of about sixty thousand.

R. Ewell: Does it show the interest expense of the bond and how much of it is our mortgage. Is that broken out anywhere?

D. Ditanna: Yes. I will point them out. Any questions on the financial statements?

R. Ewell: We'll just remove the vehicles.

D. Ditanna: Yes. You have no vehicles.

On pages ten through thirteen, are notes of the financial statements. There is a lot of good information here. Turn to page twelve and thirteen and that gives you a good perspective of all the debt & maturities we currently have. It is detailed information. You've re-financed the debt over the years and this gives you what your current maturities look like. Page thirteen, you see a little bit on the operating leases, which is on the far-left top column. It talks about the buildings, leases that we have, our maturity schedule and we're anticipating what we have agreements for, for the next twenty years.

C. Clark: You were saying, in the future, those are going to change, right?

D. Ditanna: Yes. So, included in the management letter, we have a comment about the accounting for leases. It is a new standard, in effect, for next year, where the reporting of the leases will change, both on the lessor side, which would be us and the lessee side. In the past, operating leases, for instance, space, has been more on the income statement and, in the future, some of that will, actually, be shown, on the balance sheet. The sheet will show assets and liabilities. You will still have expenses related to that transitioning to that new standard. Any questions on that?

There were no questions or comments.

The next section, page fifteen, reflects our independent, audit report, on compliance and internal controls. As mentioned, we're not actually providing an opinion on your compliance with controls or your overall, internal controls. We are not giving you an opinion on your compliance but, during the course of the audit, if there is anything that we see that we believe, warrants a comment, it is included within these financial statements. We have a couple findings. There are four, starting on page 17, that I would like to go through. They are consistent with what we have had in the past. The first one being, adjusting entry disclosures and we play a role, helping you put this document together. Some of these disclosures are included. We make some journal entries, during the course of the audit and that is a comment we have made in the past that will continue in the future. There is nothing to be alarmed about that. On page 18, segregation of duties. Well, for a small entity, for the most part, Pam Common plays a major role in recording, receiving and doing the records. Although, the Board plays a role in oversight, as well as, Craig Clark plays a role, reviewing things. Ultimately, we have very few people doing the same operations. That is a risk and it is a tough one. You know, we are probably not going to overcome it. It will just be a continual thing that the Board has to be aware of. You play a higher role than an entity that's a large entity, with good segregation of duties.

R. Ewell: Pam, you have, in your file cabinet, every check you write, all the back up that goes with every, single check, just like a municipality would have, like a voucher system? Could we just have those available to us, even if it's one month after she pays those. Would that be better?

P. Common: No.

C. Clark: They have some people that can help.

D. Ditanna: We have some folks that can help and they have good training online, too.

C. Clark: Between the two, I think we can get up to speed and be better off in the long run.

D. Ditanna: The very last section, pages twenty-one and twenty-two, is our management letter. Some of these comments have been made in the past, like forecasting and recording in kind donations, such as your staff's time working on the IDA vs county. Page twenty-two, now, we have a new PILOT agreement, we will continue to look at what the conditions are, compare to what we receive. We will monitor that. The last two comments are, one, being the collateral of cash. Our cash level exceeds FDIC balance. As I have mentioned to Craig, a lot of banks provide additional collateral, some entities go that way. You can also split some of your cash, with different institutions. It is something to look at. Your cash balance is now at a level that you will have to look at that.

Lastly, we talked through leases. This gives you a little background on it, the standards and a little background, for next year. We will give you some material on it and go over some of the changes that will happen next year.

R. Ewell: What PILOT agreement were you talking about. Is that where it differs from the original PILOT?

D. Ditanna: The Alliance one.

C. Clark: Yes, that was the one where we got a large payment from, which transacted through us. It was a different PILOT and we got a percentage. They are all paid up to date, until next year when it will go through the county.

D. Ditanna: Annually, we will have to look at the agreements, to make sure it agrees with what has come in. Again, we will make that investment for resale and we need a couple of responses for comments we have. Then, we will be in a position to finalize it.

R. Ewell: So, can Doug and Craig work with you on those responses?

D. Ditanna: Yes.

C. Clark: We will get those taken care of.

D. Frank: I, normally, get a questionnaire on fraud and didn't get one. Will that be coming up, too?

D. Ditanna: We can certainly do that. Are there any other questions?

C. Clark: I will work with Doug and get those answers to you. We had discussed, on the phone but, hadn't talked to Pam, I would like to go to QuickBooks, in the near future so, she's doing that, this year, so, then, in January we can just drop QuickBooks. We're just not waiting until January and say, "Oh my, I'm starting a new system." We'll start now so she has a few months under her belt and do both systems. I think that makes more sense.

R. Ewell: We can talk about it under new business. Thank you, Dave, for coming in. You do a great job for us, as usual.

PRESENTATION II-Delaware River Solar project

Daniel Compitello: Good morning everyone. I am Dan Compitello with Delaware River Solar. The Board members introduced themselves to Mr. Compitello.

C. Clark: So, you're on the agenda for Alfred solar but, I know you're doing more than that Alfred solar project.

D. Compitello: We do have a few other projects that we are working on now. I am not ready to present them yet. At Delaware River Solar, we previously developed the NY Rushford I solar project, which we name for the Town of Rushford project. It is great to be with the Board, today. I know, we didn't get a chance to meet, in person back then, because of Covid restrictions were just starting, at that point. We really

suitable for the right zoning district. We start looking at a lot of land but, not all makes it through to a project.

D. Frank: Where do you see solar energy, as a whole, going in Allegany County. Didn't Cattaraugus County have a stoppage response, as far as approving?

J. Ricci: Did they put a moratorium on it?

D. Compitello: Well, I think the utility lines, in Allegany County, definitely need some improvement. Right now, that is the main limitation to the capacity that's available on those lines now, in substations. Overall, the state sees solar as being just a component of the renewable energy in the state, over the next few years, approaching 10-15 % of the actual power, that is put onto the distribution grid, in the state. It won't be everywhere. Other things, like wind and hydro, will probably offering more power, more electrons, over time. I think that solar is definitely the cheapest form of energy today. It beats out any other energy, generating facility, for dollar per watt, in terms of developing and operating it. Over time, you may see more solar, as the grid gets improved.

R. Ewell: Where are the solar panels made? Are they made in the US or China?

D. Compitello: A good amount of them are made in Southeast Asia, countries like Malaysia, Cambodia. A lot of the panels that we're sourcing are Jinko solar panels, which are made, primarily, in Malaysia then, imported into the country. Right now, there is a big effort to get American made, utility-scale, solar panels. Most of the panels, that go on rooftops, in this county, are made here in U.S. There aren't enough manufacturers that can produce utility-scale solar panels. They are something like the size of this table, that is what our panels look like. On a house, that might be half the size of this table. The wattage is a little different but we, definitely, expect to see American made solar panels coming from Georgia and Arizona, probably, within the next year and a half.

D. Frank: What is the life on one of those panels and what happens to them after they die?

D. Compitello: So, the first panel ever built is still operating today and that was by NASA. It is in a museum and it's still producing electricity, as long as light hits the silicon, on the solar panel. They can, really, last forever, essentially. We expect to get, at least, twenty-five years out of all the panel that were purchased, before we consider replacing them, with an updated panel. They may last for thirty years but, over time, they do degrade a little bit. Just like a windshield on an old car, they get chips or wear and tear to it. The components are glass, silicone, an aluminum frame and some silver, run across the silicon, to conduct electricity that when someone gets the silica. They are really, incredible durable things. You can throw a baseball at these things; 100 mph and they'll last.

J. Hopkins: Are your panels rotating panels or are they stationary?

D. Compitello: These will be tracking systems so, they will rotate. They will be facing the sun, in the morning with motors that turn the panels so, they follow the sun throughout the day. That gets us, about, twelve percent more efficiency, out of the system. So, we are still producing five megawatts of power, producing more kilowatt hours, throughout the daytime. We can, actually, power more households, more customers, that way.

J. Hopkins: Going back to the power grid and everyone knows, the American power grid is on the edge, vulnerable to a lot of things that can happen to it, you mentioned, it needs to upgrade. Can you tell me, what the upgrades will need to be, from the power companies and are they will to do that? You know it is all over our states and, you know, a lot of it is ancient.

D. Compitello: A good amount of it is pretty old. Beginning with this project, we have to make line improvements, just for the line to be able to carry the power. That is something we provide to RG&E, to put that equipment on the lines to handle the power. That improves the line, overall. It isn't just for our project, actually, it adds some resiliency to that line so it can run against brown outs and blackouts, over time. For every solar project you see, those are improvements that the utility wouldn't have made otherwise. For some projects, we have, further down the line, there might be some improvements on the substations, other metering, fuses and transformers, all the way down the line, to the substation, itself. Starting locally, that is a good way that these projects have a good impact, on the local grid. Regionally, looking across the grid, itself, in New York State and connecting grids, we don't have as much of a role in this. The state and federal government are, now, requiring upgrades to your transmission grid. Particularly, in New York State,

- **Abstract Report-** June, 2022 expenses-A motion was made by J. Hopkins and, seconded by D. Frank, to approve the June, 2022 Abstract Report, by a vote of 5-0. There were no questions or discussion.
- **Banking & Financial Summary-**June, 2022-A motion was made by D. Frank and, seconded by J. Ricci, to approve the Banking and Financial Summary for June, 2022, by a vote of 5-0. There were no questions or discussion.

Building Maintenance Report-None

Executive Session

A 10:52 am, a motion was made by S. Wilday and, seconded by J. Hopkins to enter into Executive Session to discuss a contractual/legal issue.

At 11:32, a motion was made by S. Wilday and, seconded by J. Ricci to resume the IDA Board meeting. All members were in favor, by a vote of 5-0.

Action Items

- **Resolution to approve local labor requirement waiver-Hume Wiscoy I & II-**A motion was made by S. Wilday and, seconded by J. Ricci to approve the local labor requirement waiver for Hume Wiscoy I & II projects. All members were in favor by a vote of 5-0.
Roll Call, as follows:

J. Hopkins-Abstain	D. Frank-Aye	J. Ricci-Aye
S. Wilday-Aye	R. Ewell-Aye	
- **Resolution adopting agency meeting policy-**R. Ewell stated the reason for the policy, so that people can attend and vote remotely, under certain circumstances. We ask that you let C. Clark and me know so, we can approve it.
C. Clark: It is a change in the law that allows remote.
A motion was made by J. Hopkins and, seconded by D. Frank, to approve the agency meeting policy. There was no further discussion or questions. All members were in favor, by a vote of 5-0.
- **Resolution to accept the financial assistance application-NY Alfred I, LLC-**A motion was made by S. Wilday and, seconded by D. Frank to approve the financial assistance application for NY Alfred I, LLC. All members were in favor by a vote of 5-0, with no further discussion or comment.
- **Resolution to hold a public hearing for financial assistance-NY Alfred I, LLC-**A motion was made by J. Hopkins and, seconded by J. Ricci, to approve holding a public hearing for NY Alfred I, LLC. There was no further discussion.
Roll Call vote, as follows:

S. Wilday-Aye	J. Ricci-Aye	D. Frank-Aye
J. Hopkins-Aye	R. Ewell-Aye	

C. Clark: Long term, it will be easier for Pam, too, because it's gives better reports.

P. Common: It will be easier and Dave will work with us on all the categories we need.

R. Ewell: Could you let us know. Send an email, to the Board and let us know how much it is going to cost. Get the costs from BWB for the cost of training. Do you want to set up a limit so we don't have to hold this up for a month? Do we want to say we'll spend \$5,000.00 or up to \$5,000.00 or up to \$10,000.00?

C. Clark: Basically, we will get this in the near future so, at the end of the year, she has worked with the system.

P. Common: It will be a better, seamless system.

R. Ewell: Shall we say, not to exceed \$10,000.00?

C. Clark: It won't be that much.

R. Ewell: Do we need a vote? It can't hurt.

A motion was made by S. Wilday stating he supports whatever we need, up to \$5,000.00, for QuickBooks and, seconded by J. Ricci. All members were in favor by a vote of 5-0. There was no opposition or further discussion.

NEW BUSINESS-None

GOOD TO THE ORDER-None

CALENDAR

Next Meeting: July 14, 2022 @ 10:00 A.M.
The Crossroads Commerce Center, Belmont, NY

ADJOURNMENT

With no further business, at 11:43 am, a motion to adjourn was made by J. Hopkins and, seconded J. Ricci, to close the special meeting.

Respectfully submitted,
Pamela Common, Recording Secretary.