

SARATOGA COUNTY CAPITAL RESOURCE CORP.

July 23, 2019

Meeting Minutes

Stewart's Office Plaza, Route 9, Malta, NY 12020

Members Present: Arthur Johnson, Ann Frantti, Valerie Muratori, Matthew Veitch, Mark Hillman.

Staff Present: Raymond O'Connor, CEO; Jeffrey Reale, CFO; Chris Canada, Bond Counsel; Lori Eddy, administrative secretary.

Absent: Chairman Anita Daly, Jim Carminucci, Counsel.

Vice Chairman Johnson called the meeting to order at 4:00 p.m.

Approval of the April 23, 2019 Board meeting minutes:

Vice Chairman Johnson asked for a motion to approve the April 23, 2019 Board meeting minutes. A motion to approve the minutes was made by Mr. Veitch and seconded by Mr. Hillman. There was no further discussion. All board members voted in favor.

Review of Financial Report as of June 30, 2019:

Mr. Reale stated there is not a lot of activity for this quarter. The checking account has \$167,590.00 in it and we have CD's worth \$404,562.00 for a total of \$572, 152.00. We have a loss so far this year of \$47,038.00. Mr. Reale asked if there were any questions on the balance sheet. The Board members had no questions on the balance sheet.

Review of Budget Report as of June 30, 2019:

Mr. Reale stated the as of June 30th we have earned interest income revenue of \$2,304.76. We have total expenditures of \$49,342.26. Mr. Reale asked if there were any questions on the Budget. The Board members had no questions.

Invoices for approval:

Vice Chairman Johnson stated there is one invoice for approval for Ms. Eddy for secretarial services in the amount of \$150.00. A motion to approve the invoice was made by Ms. Frantti and seconded by Ms. Muratori. There was no further discussion. All board members voted in favor.

Bond Counsel report on IRS matter:

Mr. Canada stated we filed a response to the IRS related to Saratoga Hospital. You will recall that they were randomly audited because the official statement that was related to the official statement. Under Federal tax rules, the cost of issuance to pay lawyers, accountants and other costs is limited to 2% of the Bonds. The gist of it is that the official overstated cost of issuance and that in reality, the costs were less than 2%. We filed a response on July 17th to the IRS, three days before the deadline. We are waiting to hear back from them. He is pretty confident that they will issue a no action letter saying that everything checks out. Saratoga Hospital counsel Rich Frankel is involved. Mr. O'Connor stated he read through those bond documents as well and the actual costs of issuance were just below 2%. Mr. Johnson asked if there were any questions of Mr. Canada regarding this. Ms. Muratori questioned if it was our issue or the Hospital's issue? Mr. Canada stated because we are the bond issuer, they send the Audit request to us.

But we had an engagement letter with the Hospital. So, the CRC pays no money related to this because even though it is our bond issuance, the hospital is liable and may lose their tax exemption on this issue.

Authorities Budget Office (ABO) Audit:

Vice Chairman Johnson asked Mr. O’Conor to discuss the next agenda item regarding a Authorities Budget Office (ABO) Audit. Mr. O’Conor stated the Authorities Budget Office pulled out some of our transactions to audit. They asked that we make two changes to reports that were made four years ago, also on a Saratoga Hospital transaction. The crux of the issue was we did a refinance of existing debt that was initially issued by the IDA for approximately \$43,000,000. A portion of that was characterized in the report as not being a refinance, but for new money, which it wasn’t. They asked him why was it reported this way. He stated he must have reported it in error. The ABO asked that we make adjustments to our earlier filings. Mr. O’Conor stated that anytime you change something in the PARIS reporting system for the ABO, they have to open up the files for you to be able to go in and make changes. They opened up the file and he made the changes. They sent an email thanking him for making the changes. Mr. O’Conor stated he went back and looked at the printed reports he had filed and thought they were accurate. Vice Chairman Johnson questioned if they issue a written report on their findings? Mr. O’Conor stated they only issued an email which he saved and archived. Vice Chairman Johnson questioned if they only reviewed that one transaction? Mr. O’Conor stated no, they reviewed others. They looked at the RW Preservation transaction and one other and they said those were fine. Vice Chairman Johnson questioned if we were randomly selected? Mr. O’Conor stated he thinks they go through everybody eventually. If you look on the ABO’s website, there is usually more than 100 organizations that are on the list of organizations that have failed to file documents and some of them go back years. Ms. Muratori questioned how much teeth they have, so what if you don’t file? Mr. Canada stated it would be more scorn than anything and it would affect your ability to issue bonds or do financing. Vice Chairman Johnson asked if there were any further questions or discussion on this item? There were no further questions from the Board members.

Saratoga Institute for Management Agreement:

Vice Chairman Johnson stated regarding the Saratoga Institute for Management Agreement, we partnered with the Saratoga Chamber and Empire State College where we gave them a \$27,000.00 grant for scholarships to this program. We never signed a formal Agreement for this. Mr. O’Conor stated he met with Kathleen Fyfe who runs the program and he is in the process of drafting an agreement and will send it to Mr. Carminucci for review. Vice Chairman Johnson stated Kathleen was here at our last meeting and gave us an update on the program itself and how successful it has been. Mr. Hillman questioned if they will give us statistics after track three? Mr. O’Conor stated yes, they will. As a matter of fact, Kathleen would appreciate coming here to a Board meeting once a year to give a report on the participants and their success. All of the participants have gotten a lot of the program. He thinks all but one went into the second track. There were more participants in the next track than the first.

Other Matters:

Vice Chairman Johnson asked Mr. O’Conor if there were any other matters to discuss with the Board? Mr. O’Conor stated he did not have anything else other than what is listed at the bottom of the agenda, if everyone could check their calendars, we have the annual Governance and Finance Committee meetings. Vice Chairman Johnson stated Chairman Daly asked if there was any update on Wesley. Mr. O’Conor stated that is a good question. He and Mr. Canada were swapping emails about this for the past week or so. He has sent both emails and also left a voicemail for Brian Nealon of Wesley. He hasn’t heard back from him yet. Mr. Canada stated it is a pretty big bond deal, it would be around \$20,000,000.

Vice Chairman Johnson stated the next meeting is Tuesday, October 22nd. We have the Governance Committee, Finance Committee and regular Board meetings starting at 4:00, 4:15 and 4:30. Mr. O’Conor stated Mr. Johnson is on the Governance, Audit, Finance. Mr. Veitch is also on the Governance. All of the Board members are on the Finance Committee. Ms. Muratori is the Chair of the Governance Committee.

Mr. Hillman stated he has a question. Past minutes said something about Mr. O’Conor and Chairman Daly meeting with Phil Barrett about an Aquatic Center. Mr. O’Conor stated there is a group of folks who have started a not-for-profit organization to build an aquatic center which is a high-end swimming pool and diving facility. They have acquired some property off of Exit 12 in Malta and done some initial fundraising. They have done a lot of analysis and studies about aquatic centers and the area geographically they could draw on to bring swimming competitions and those sort of events to this facility. He thinks the cost of the facility is about \$20,000,000. They are also talking with Schenectady County about a site is in the vicinity of the Rivers Casino and with a financing arm down there, Metroplex.

Vice Chairman Johnson asked if there was any further business to discuss. There was no further business brought before the Board. A motion to adjourn was made by Ms. Frantti, seconded by Mr. Veitch. All were in favor and the meeting was adjourned at 4:40 p.m.

Respectfully submitted,

Lori A. Eddy, Administrative Secretary

Approved _____ Date July 23, 2019