

Warren County Board of Supervisors

**SPECIAL BOARD MEETING
MONDAY, JUNE 15, 2014**



NOTICE OF SPECIAL MEETING TO THE MEMBERS OF THE BOARD OF SUPERVISORS OF WARREN COUNTY:

You are hereby notified that, I, KEVIN B. GERAGHTY, Chairman of the Board of Supervisors of the County of Warren, pursuant to the power vested in me by Rule A.3 of the Rules of the Board of Supervisors, hereby call and convene a special meeting of the Board of Supervisors of Warren County to be held in the Supervisors' Room in the Warren County Municipal Center, Town of Lake George, New York, on June 15, 2015, at 11:00 a.m., for the purpose of considering, and if determined by the Board to be appropriate, voting on, or otherwise taking action on, the following matters:

1. Municipal Home Rule Request relative to New York State Assembly Bill A5297A, "An act to amend the public authorities law and the transportation law in relation to establishing the Corinth and Warren railroad authority and establishing the powers and duties of the Town of Corinth, the County of Warren and other municipalities located along the railroad line" and the Municipal Home Rule Request for the corresponding Senate Bill.
2. To conduct such other business as may properly come before the Board of Supervisors.

The Clerk of the Board of Supervisors is hereby directed to call for the meeting and give written notice to all members of the Board of Supervisor of such meeting.

Dated: June 11, 2015

KEVIN B. GERAGHTY, CHAIRMAN
Warren County Board of Supervisors

The Board of Supervisors of the County of Warren convened at the Supervisors' Room in the Warren County Municipal Center, Lake George, New York, at 12:07 p.m.

Mr. Kevin B. Geraghty presiding.

Salute to the flag was led by Supervisor Conover.

Roll called, the following members present:

Supervisors Conover, Monroe, Girard, McDevitt, Taylor, Brock, Kenny, Frasier, Simpson, Vanselow, Dickinson, Merlino, Strough, Seeber, Beaty, Westcott, Thomas, Wood and Geraghty - 19; Supervisor Sokol, Absent - 1.

At Chairman Geraghty's request, Amanda Allen, *Clerk of the Board*, read aloud the purpose of the meeting which was to consider a Municipal Home Rule Request relative to New York State Assembly Bill A5297A, "An act to amend the public authorities law and the transportation law in relation to establishing the Corinth and Warren railroad authority and establishing the powers and duties of the Town of Corinth, the County of Warren and other municipalities located along the railroad line" and

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the Municipal Home Rule Request for the corresponding Senate Bill. Chairman Geraghty then requested a motion to bring proposed Resolution No. 283 of 2015, *Home Rule Request by Warren County for the Enactment of Senate Bill No. S.3501A and Assembly Bill No. A.5297A entitled "An Act to Amend the Public Authorities Law and the Transportation Law, in Relation to Establishing the Corinth and Warren Railroad Authority and Establishing the Powers and Duties of the Town of Corinth, the County of Warren and Other Municipalities Located along the Railroad Line"*, to the floor. The motion was made by Supervisor Conover, seconded by Supervisor Monroe and carried by majority vote, with Supervisor Westcott voting in opposition.

Supervisor Kenny inquired whether there was a cost associated with establishing the Corinth and Warren Railroad Authority. Paul Dusek, *County Administrator*, advised that the objective right now was for the railroad to pay for itself through the fees submitted by the County's Railroad Operator. He explained the notion was that the fees collected covered the cost to the County, as well as the Town of Corinth; however, he noted, under the current arrangement there was the potential for a cost to be incurred by the County if an accident occurred that was not covered by insurance and sufficient funding was not available in the reserve fund the County had for the railroad. He continued, the County's contract with the Operator permitted the County and the Operator an out should such a failure with a significant loss occur. He apprised the issue was that if such a loss were to occur, there would no longer be an operable railroad in the County and the Board of Supervisors would have to make some decisions with that regard.

With respect to the proposed Corinth and Warren Railroad Authority, Mr. Dusek advised the concept was to transfer all of the real assets over to the Authority but the County would still be required to provide assistance in terms of staffing, just as it did right now, as well as the revenue to support it. He commented if things were to remain as they were now, there should be sufficient funding available to support the Authority; however, he noted, circumstances could change. He pointed out the Authority would have some additional expenses relating to accounting and legal fees in order to comply with PAAA (*Public Authorities Accountability Act*). He apprised the operations dictated the amount of fees that were available and therefore more successful operations allowed for the collection of more fees to cover these types of expenses. He commented he believed the County would have the same issue regardless of whether it was owned by the Authority or the County.

Martin Auffredou, *County Attorney*, apprised as he had previously specified, this was a mechanism to provide insulation and protection to the County and its taxpayers. He said the property of the Town of Corinth and the County would be placed, not necessarily in ownership, but in use by the Authority. He mentioned the Authority was scheduled to exist for a term of 30 years, or longer if bonds and obligations requiring repayment were incurred which exceeded the 30 years period. He explained after this period, the assets would be transferred back to the Town of Corinth and the County respectively pursuant to whatever agreements were in place. In terms of costs, he surmised there would be additional costs associated with accounting and legal fees, as indicated by Mr. Dusek. He stated the goal was to continue to operate the railroad as it had been but with a different entity in charge of the assets.

Supervisor Girard requested that Mr. Auffredou provide an explanation of the process required to establish the Authority for the Railroad. Mr. Auffredou apprised the legislation that the Board was being asked to enact today was the same as what they had been asked to enact on a number of other occasions in the past, specifically to adopt a resolution for a Municipal Home Rule Request. He said this would indicate to State Legislators that the County would like to move forward with the Authority. He mentioned once the legislation was enacted there would be a transitional period where the County would move forward with relaying assets to the Authority, which, he estimated, would take a significant

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amount of time. He continued, the Authority would have to be structured, the membership would have to be appointed, and by-laws and an ethics code for the Authority would need to be developed. He noted the most significant thing the County would have to do was determine how the assets would be transferred to the Authority so that they had control and use of them, as well as how the assets would be transferred back when the Authority ceased operating to ensure the County had a future interest in them and the ability to retain them.

Supervisor Dickinson queried whether what was required today was a resolution in support of Assembly Bill No. A.5297A and Senate Bill No. S.3501A so that the County could move onto the next step which involved the transfer of the property and Mr. Auffredou replied affirmatively. Mr. Auffredou advised the Board was being asked to take the same type of action they had in the past; however, he noted, in this case there had been some changes made which were outlined in an accompanying memo distributed to the Supervisors on Friday, May 12th; he noted that memo could be reviewed and discussed if it was the Board's pleasure to do so. He reiterated if the Board adopted the resolution today, they were essentially reaffirming to the State Legislators that Warren County would like to move forward with this before the close of this legislative session. He continued, assuming the State Legislature approved the Municipal Home Rule Request, it would become a law and Warren County would move forward to determine the following: how they were going to appoint the Authority; who the members were going to be; how the County could assist in establishing the Authority's by-laws; what assets the County would need to transfer to the Authority; and how this arrangement would be applied to the current agreement the County had with Iowa Pacific Holdings.

In response to an inquiry by Supervisor Dickinson, Mr. Dusek apprised the message he had received from a staff member in Assemblyman Stec's Office indicated that the State Legislature anticipated ending their session this week, which was why the County was informed that if they had any hope of getting their Municipal Home Rule Request approved, they would need to approve the proposed resolution and forward it to the State for approval early this week. He emphasized even if the municipalities adopted the Municipal Home Rule Request as presented, there was no guarantee that the State Legislature would act to approve it. He noted if no action was taken by the County then there was no way the Legislature could act upon it. He reminded the Board this issue had been before the Legislature previously and he explained it had been difficult to try and get the required approval from them because Authorities were not favored. He mentioned this year it appeared there was a slightly better chance that the Municipal Home Rule Request would be approved than in the past, but he noted it was plausible that the Legislature would not approve this Request because of their dislike for Authorities, or possibly because they were still not satisfied with the language of the proposed Bill. He added since the Bill had been developed rather quickly over the last week, it remained to be seen whether or not it was satisfactory to the Legislature.

Mr. McDevitt requested that Mr. Auffredou highlight the advantages of having the Authority in place rather than the current structure of the railroad should a catastrophic event occur. Mr. Auffredou advised that if a devastating event were to occur on the line right now, the primary responsibility for that liability would be with Iowa Pacific Holdings. He noted pursuant to their operating agreement with the County they were required to carry insurance on the railroad. He pointed out as an owner of the asset, the County was at risk of being party to litigation and possible exposure should there be an adverse outcome. He mentioned while there was no absolute protection from litigation, the Authority would provide a further level of insulation for the County. He continued, the County would no longer be in contractual privity with Iowa Pacific Holdings, as that relationship would transfer to the Authority. Mr. McDevitt commented although he knew that Warren County did not currently transport fuel oil, he was aware of surrounding Counties that did and he appreciated the potential protection this

arrangement would provide.

Supervisor Brock mentioned one of his concerns was that sufficient funding would not be available if a large catastrophe occurred on the railroad to assist the impacted homeowners and municipalities. He stated although he would not like to see the County presented with a large bill, he felt there should be sufficient guarantees in place to provide assistance to the Warren County residents and municipalities impacted by a catastrophe. Mr. Auffredou interjected since there was no guarantee in place right now, he did not foresee a guarantee being in place if they were to move forward with the Authority. Mr. Auffredou commented he believed it was a good idea for the County to move forward with the Authority to ensure that the County limited their potential risk if they were somehow brought into a liability situation because they were a passive owner. Supervisor Brock stated that he understood Mr. Auffredou's point; however, he said, he felt it was necessary to have some sort of mechanism in place to ensure there was a sufficient amount of insurance coverage to assist everyone impacted by the catastrophe. Mr. Auffredou advised he was unsure he would interpret the legislation as proposed to say that the County could dictate to the Authority how much insurance was required. He said the County could send a strong message to the appointees as to what their expectations were; however, he stated, the County would not be micro-managing everything the Authority was doing. He surmised if an event should occur that resulted in a catastrophic loss where they were not sufficient assets or remedies available, the County could examine the facts and circumstances that brought about the loss to determine whether there was anything they could do to assist. Supervisor Brock asked whether the County could cover the railroad on their own insurance and Mr. Auffredou surmised he did not envision the County continuing to hold the railroad as an insurable interest if it was transferred to the Authority.

In response to a question by Supervisor Strough, Mr. Dusek indicated that the current agreement in place required the Operator to pay a fee to the Town of Corinth and the County, which in turn was utilized to offset the County's costs associated with the railroad. He added the County had set up a reserve fund for significant incidences that could occur on the railroad, such as a washout of the tracks, etc. He mentioned the system in place was dependent upon the fees; therefore, he stated, he could foresee situations where those fees would not cover the cost. He said in this case the Town of Corinth and Warren County would have to come up with additional funding for the railroad to continue to operate. He apprised what he envisioned was the Authority would take over for the Town and the County, which meant they would be collecting the fees from the Operator and would pay out the expenses related to the railroad. He mentioned he felt there was a possibility that circumstances may arise wherein the Authority would request funding from the Town and the County in order to be able to continue to operate; however, he pointed out, he was unsure if this would occur since it related to the fees collected from the Operator. He reminded the Board that they would be negotiating a new five-year contract with the Operator in about a year. He pointed out that the Operator was currently paying taxes on property Warren County owned in the Town of Hadley because it was not tax exempt. He indicated the hope was that there would be a sufficient amount of revenue available for the Authority to cover their expenses but he noted there was no way to guarantee this would be the case. He reiterated the concept behind the Authority had always been to have this in place for liability protection services while also seeking to maintain some level of control by appointing 3 of the 6 members.

Supervisor Strough commented that he foresaw some value in the protection that the Authority provide; however, he stated, he felt the County could still be held liable if a fatality were to occur. He explained that if the Authority requested funding from the County because they did not have an ample amount of their own funding to sustain the railroad tracks and a fatality occurred because of this, he believed the County would be held liable. Mr. Auffredou interjected that there may come a time when the Authority would request additional funding; however, he said, the Operator would be required to

perform the maintenance on the railroad. He pointed out the County performed very little maintenance now and therefore, no additional maintenance would be required under the new arrangement, as this would be worked out between the Authority and the Operator. Supervisor Strough apprised the language of the agreement dictated that the Authority would be responsible for the maintenance of the railroad. Mr. Auffredou pointed out that under the current arrangement the County was responsible for the maintenance of the railroad but passed the responsibility on to the Operator through the agreement with them. He said he would imagine the Authority would do the same thing, as they were taking the place of the Town and the County. Supervisor Strough noted the Authority took the governance away from the County, who had to pay for it anyway and transferred it to the Authority. He continued, this meant the County had no say other than appointing 3 of the 6 members of the Authority. Mr. Auffredou advised this was the notion behind an Authority.

In response to an inquiry by Supervisor Strough, Mr. Dusek apprised that the portion of the railroad track that Warren County owned ran from Antone Road in the Town of Corinth, north to the Town of North Creek. He stated Iowa Pacific Holdings owned the track to the north of the Town of North Creek and the Town of Corinth owned the track to the south of Antone Road to a point just before the Town of Saratoga. He noted the Town of Corinth had trackage rights to the tracks south of Saratoga. Supervisor Strough queried why the Town of Corinth owned a portion of the tracks and not Saratoga County and Mr. Dusek replied that the Town of Corinth was the agency that chose to buy the tracks. Supervisor Strough asked whether the Town of Corinth had to pass a similar resolution and Mr. Dusek replied affirmatively; he said he had spoken with the Supervisor for the Town of Corinth and their Town Board passed this legislation unanimously.

Supervisor Wood requested Mr. Auffredou elaborate on whether the County was responsible for the Authority's debt if it were to cease operating prior to paying it off. She pointed out the current legislation did not cap the amount of bonding the Authority could do. Mr. Auffredou apprised that the legislation still said that the Authority had the power to borrow money but a new section was added which indicated "a project having an aggregate cost exceeding \$1 million including but not limited to the acquisition of real property by the Authority or by the expansion of the Authority's railroad facilities may be undertaken by the Authority unless such project was approved by ordinance of Warren County, adopted by majority vote and approved by the Board of Supervisors". He stated this was how the language was presented in the Public Authorities Law and he added that he felt \$1 million was on the low side, as he had seen instances where \$10 million was the figure presented. He explained that if the Authority had a project that exceeded \$1 million they were required to obtain a local law from the Board of Supervisors that provided them with prior approval to do so. He commented he felt this permitted the County to have a permissible say in how much money the Authority could borrow.

In response to a question by Supervisor Wood, Mr. Auffredou advised that the Legislation provided that the Authority continued until all debt was paid off. He said if the Authority was not engaging in operations and there were still outstanding bonds and obligations at that point in time those bonds and obligations had to be paid. He stated the assumption was the railroad would continue operation on some level or there would be some other means of arranging for the payback of that debt. He added another reason to keep control of the Authority's debt limits was that in the event that the Authority did not work out they would not have incurred large sums of debt which could not be paid off.

Supervisor Beaty commented he would be voting in opposition of the proposed resolution for a number of reasons, as he did not fully understand it and felt it was being rushed. He mentioned although he appreciated the meeting today, he did not feel it was being fully scrutinized. He pointed out according to the State the Corinth Industrial Agency had been out of compliance with State Law in putting forth

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their budget 3 years in a row. He stated this made him leery of going into “business” with the Town of Corinth when they had a difficult time following State Law. He apprised, in 2013, the State sent the Town of Corinth a letter of censorship, which alone concerned him dramatically. He advised he did not see a sufficient amount of protection to offset the County being liable. He reiterated he was not comfortable moving forward with this and therefore would be voting in opposition of it.

Supervisor Dickinson interjected that the Board was losing sight of the fact that all they were voting on today was a resolution in support of the Legislation acting upon this Authority before this session ended. He pointed out a great deal of the discussion and questions today concerned what the next step would be if the Legislature were to pass the Bill. He stated this was a discussion for later, as they needed the opportunity to see if further discussion was necessary. He mentioned although many good points had been brought forward, he believed they were present today to explore whether they wanted to request that the Legislature give them the option to go to an Authority. He added this did not necessarily mean the County would be moving forward with the Authority, it just meant they were requesting that the option be available for them to consider.

Supervisor Simpson asked whether there was a clause which would allow for the dissolution in less than 30 years and Mr. Auffredou replied that an Authority was created by Legislation and could be dissolved or terminated by Legislation, as well. He added there were also provisions included that stated the Authority automatically terminated after the 30 year period or until such time as the indebtedness was paid off or until such time a railroad service could no longer be secured. He advised under any of these circumstances the assets of the Authority which were once at least in part assets of the County, would be expected to transfer back to the County and Town respectively pursuant to agreements that were reached early on in the process. He commented he felt it was necessary to address these agreements if the Legislation passed and it was determined the County would like to move forward with this.

In regards to the statement made by Supervisor Dickinson earlier, Mr. Auffredou felt it was essential for him to address that it was fair to say if the resolution was adopted today, the County was sending a signal to the State Legislature that they wanted to move forward with this Authority. He said there may be some issues along the way with moving forward with the Authority but he felt the County was signifying to the State Legislature that they planned on acting upon this new Legislation in good faith to move forward with it. He mentioned it may get to the point where the Legislation was in place but the County discovered they could not move forward with it; however, he reiterated, he believed that if the County moved forward with the adopting the resolution a strong message was being sent to the Legislators in Albany that Warren County would make a good faith effort to move forward with the Authority.

Supervisor Seeber stated she felt she and Assemblyman Stec would agree that they were frustrated with the lack of notice and information ahead of time. She advised she had contacted Mr. Dusek and Chairman Geraghty to request additional information regarding the meeting on Thursday, June 11th and on Friday June 12th at 3:30 p.m. the supporting documentation was released. She commented she did not feel she had been provided a sufficient amount of time to review the information in order to make a final determination on it and she noted she had many questions regarding the matter, as she was unfamiliar with Authorities. She advised due to the lack of information available, she could not support moving forward with the proposed resolution. She pointed out the Office of the State Comptroller’s website stated the following, “Public Authorities play a significant roll in the debt structure of New York State. Currently over 94% of all State funded debt outstanding was issued by Public Authorities without voter approval”. She mentioned there appeared to be an abundant amount

of debt that was accumulated without voter approval. She said it could just be the fact that she was not entirely understanding the purpose of this Authority or why there was a push to rush it. She advised she had spoken with some of the more seasoned members of the Board of Supervisors about the matter since it had been before them in previous years; however, she apprised, she was unsure why they had to make a decision within 48 hours on the matter. She noted she could not make the best decision possible for the constituents she represented within that time frame, so she would be voting in opposition of the proposed resolution.

Mr. Auffredou advised he had not reviewed the information Supervisor Seeber was citing from the website of the State Comptroller's Office but he noted there were State Authorities and Local Authorities. He said some State Authorities that came to mind were the Thruway Authority, Canal Authority, etc. He apprised the proposed Authority would be a Local Authority in contrast to the State Authority. He indicated in this instance they made sure they took their time to ensure there was a safety mechanism in place on the borrowing. He commented although this may not be deemed sufficient to everyone under the circumstances, they did the best they could to ensure a provision was included to allow the Supervisors to have input in any funding for projects that exceeded \$1 million.

In terms of the statement that this matter had previously been brought before the Board of Supervisors, Mr. Auffredou mentioned he had been employed by the County since 2011 and he believed this was the third time this matter had been brought before the Board. He said that the past two times it had been favorably supported. He stated what differed today was that the previous requests were addressed at the regular Board Meetings and not a Special Board Meeting. He stated the reason for the rush was because they wanted to bring this matter before the State Legislature before they closed their session at the end of the week and Assemblyman Stec and his staff felt the State Legislature was more open to considering the matter than they had been in previous years. He commented this did not mean the Board of Supervisors had to adopt the proposed resolution today, as they had the option to oppose it but he felt it was necessary to clarify why there was a rush to make a determination on the matter rather than wait until the regularly scheduled Board Meeting this Friday, June 19th. He pointed out the proposed resolution was similar to the ones previously acted upon by the Board with the changes he outlined earlier in the meeting.

Mr. Dusek advised that while he was sympathetic to the frustration regarding the push to make a rush decision on the matter, he noted in this particular case it was not something they had any control over. He explained that after the State Budget was adopted the State Legislature moved onto other matters, such as this being addressed. He mentioned he had met with the State representatives in Albany, New York a few weeks ago to inquire whether there was an opportunity to move forward with this matter. He stated this was the first instance they had discussed some of their issues with the Legislation they would like to see changed. He said the matter had been discussed at the Public Works Committee Meeting on June 1st; however, he apprised, the final copy of the Legislation was not presented to the County until the end of last week. He pointed out the rush was not due to anything the County staff had done, as the delay related to when the proposed Bill was presented to the County by the State Legislature seeking support. He noted it was necessary for the Board of Supervisors to determine whether they wanted to support or oppose the proposed resolution today.

Supervisor Westcott stated he would like to briefly respond to the comments made by Supervisor Dickinson. He apprised he felt that Mr. Auffredou had addressed that the expectation was if the County adopted the resolution today and the State moved forward with the proposed Bill, there was reasonable expectation that the County would move forward with putting the Authority in place. He indicated his impression after reviewing the YouTube Video of the discussion that took place at the June 1st meeting

of the Public Works Committee was that the State could write the Legislation to direct the County to move forward with the Authority whether the Board was supportive of it or not. He asked whether this was an accurate interpretation of Mr. Auffredou's comments at the Public Works Committee Meeting and Mr. Auffredou replied he had not thought of the matter in regards to the State directing the County to do something. He stated he would standby what he had said at this meeting and the Public Works Committee Meeting, that if the Board adopted the proposed resolution today, the County would be sending a strong message to the State Legislature that they wanted to move forward with the Authority. Supervisor Westcott advised his point was that if they adopted the proposed resolution today, it was not just affirming the County was considering this matter but rather the County affirming they wanted to move forward with the Authority. He said it would send the wrong signals to the State Legislature if they approved the proposed Bill and Warren County did move forward with the matter. Mr. Auffredou indicated this would give the County the authority to put the framework in place to move forward with the matter. He reiterated he felt the County would have to make a good faith effort to move forward with establishing the Authority and transferring the assets. He apprised as he had previously stated to Supervisor Dickinson, it may be that circumstances arose where the County could not move forward with this. He said he was aware of State Agencies that had certain State Authorities where they attempted to get something accomplished but were unable to do so for whatever reason. He mentioned this could or could not occur in this case, as well but he reaffirmed the County would be sending a message to the Legislature that they were making a good faith effort to accomplish this.

Supervisor Taylor indicated that his original intention for today's meeting was to vote in favor of the proposed resolution based on his familiarity with the Glens Falls Housing Authority and the Glens Falls Transportation Authority. He said he had never heard of any issues with either one of those authorities, as he felt they were managed correctly. He stated he could foresee no reason why this proposed Authority would not be managed correctly, as well; however, he advised, he was concerned with Mr. Auffredou's statement that if the full Board approved the proposed resolution today, the County should plan on moving forward with it since it could hurt the County on the State level if they backed out. He added he was uncomfortable moving forward with the matter knowing that they would be increasing costs due to the requirement that the Authority be compliant with PAAA.

Supervisor Monroe stated as it stands now the County had the ability to borrow based upon their taxing authority. He said financial institutions would review the proposed Authority's revenue stream because there was no guarantee from the County of the repayment of debt and Mr. Auffredou concurred. Supervisor Monroe pointed out the Authority would be limited in the amount of funding they could borrow since their only source of revenue was the fees from the Operator. He mentioned the County would be relinquishing some of their control in exchange for some limitation on the County's liability.

Supervisor Brock queried whether anyone was aware of what the total value of the assets of the Authority would be if they took over the railroad tracks. He pointed out if they were to borrow it would be against their assets. Mr. Auffredou advised he felt the assets would be valued as part of the transition process. He added the mechanism would also include the amount of the anticipated revenues to determine a borrowing limit. Supervisor Brock asked whether anyone was aware of the value of the assets and Mr. Auffredou replied he was unsure, as he had never reviewed an appraisal of the value of the rail line and its impertinences.

Ms. Seeber advised that contained within the memo from Mr. Auffredou to Chairman Geraghty, dated June 12th regarding the Municipal Home Rule Request, the wording was changed from "may" to "shall" which she felt was rather significant. She asked whether this meant the County was required to give the Authority money if they requested it from them. Mr. Dusek advised that the State Legislature

wanted this particular wording included in the Legislation to ensure if the State created the Authority, the County would make a good faith effort to take the next steps. He pointed out when “shall” was referenced in the proposed Legislation it displayed several different options available that the County had to consider, such as conveying, leasing, etc. He noted the Legislation did not dictate exactly what steps the County would take. He commented he believed Mr. Auffredou appropriately explained that if the County adopted the proposed resolution today and the State Legislature adopted the Bill, they expected the County to move forward with setting up the Authority. He said the notion was that it would be assembled in such a way that the County would get the liability protection they desired. He surmised in order for the County to obtain the liability protection, some form of transferring of the assets was necessary.

Supervisor Seeber inquired whether the Board would be provided with copies of the Authority’s draft by-laws and who would be appointed to their Board before approving the establishment of the Authority since the County would not have the ability to make changes to these once it was established. Mr. Auffredou apprised that he envisioned the membership would draft the by-laws themselves, as he did not think it was intended that Warren County draft their by-laws. He added he thought it was intended that the County have very serious in-depth discussions with the Authority about what assets they were receiving, what the County’s expectations were and under what circumstances would those assets be transferred back to the County.

In response to a question from Supervisor Strough, Mr. Dusek advised the County owned about 40 miles of track and about 18 miles were owned by the Town of Corinth, which was significantly less than the County’s portion. Supervisor Strough apprised he was concerned that the County and the Town would be appointing three members to the Authority, which meant they had equal say on matters before them but most of the financial burden would fall upon the County since a larger portion of the tracks were owned by them. He stated he felt he was not alone in not fully understanding the matter. He noted the County would be forfeiting control over the railroad if they moved forward with the Authority.

Supervisor Westcott stated he had spent a number of hours reviewing the material over the weekend and he had compiled and submitted a list of questions to Mr. Dusek. He said he was not requesting that all the questions be answered this morning, as there was 26 of them of which a few had already been answered this morning. He advised, he would like his questions to be added to the public record. He noted he would be voting in opposition of the resolution at this time because he was ill equipped to make an informed decision.

Supervisor Taylor suggested the County purchase additional liability insurance on the railroad rather than establish the Authority, since it appeared to him the justification for it was to provide liability protection to the County on the railroad. Mr. Dusek interjected that the County did not have liability insurance on the railroad because it was covered through the Operator’s liability insurance policy. He said he was unsure of the amount of liability insurance the Operator had on the railroad. Supervisor Taylor asked whether the County could request that the Operator increase their coverage on the tracks and Mr. Dusek replied that it would have to be taken care of through negotiations with the Operator. He surmised there would be an additional cost if the insurance coverage was increased.

Supervisor Conover commented that the railroad today was nothing like what previously existed, as the Operator and the County had made substantial improvements to it. He stated he felt the question that needed to be answered, if not today then in the near future, was what was required to take the railroad to the next level. He said it was necessary to determine whether there was a need for a group of individuals focused on this type of transit business to make improvements to the railroad or could

the County continue to sustain the railroad with oversight through the Department of Public Works. He advised while he understood all of the arguments that had been made, he felt it was necessary to consider this Authority as a vehicle to assist the County with focusing on making improvements to the railroad. He indicated it was imperative to contemplate what would occur if there was no Operator for the railroad and consider what would occur if the County missed an opportunity in regards to the railroad because they were focused on other matters, etc. He commented although he was not normally in favor of Authorities, he believed the concept of having a group of individuals focused specifically on the railroad could be considered a step in the right direction. He noted it was essential to determine how the County wanted to organize for success moving forward.

Supervisor Brock apprised he felt Mr. Conover had a good idea but he felt this could be accomplished without an Authority. He said they could utilize a few volunteers from the Board to focus on the railroad and its future.

Chairman Geraghty called for discussion and public comment on proposed Resolution No. 283.

Travis Whitehead, *Town of Queensbury Resident*, commented he agreed with Supervisor Conover's comment that the railroad was in a better position because of the Operator; however, he noted, while the Operator did not have to disclose their finances to the County, they indicated at the March 30th meeting of the Public Works Committee that they had a seven figure loss on their operation of the SNCR (Saratoga & North Creek Railway) which was not sustainable. He stated the opinion relayed today was that if the Board moved forward with the proposed resolution, there was no backing out. He said it basically became administrative steps that must be taken with the chance that it could fall apart somehow. He emphasized the vote today was a critical one if they moved forward because they could not back out of it. He stated there was no doubt that there would be additional costs associated with the Authority, as there were legal and accounting fees associated with PAAA compliance that needed to be considered. He noted the increase in liability insurance could be negotiated with the Operator, as the rate increase would not double just because you doubled your liability coverage. He advised that he believed because the County had to approve borrowing for projects that exceeded \$1 million, they could be held liable should a catastrophe occur with a loss that exceeded the coverage amounts. He commented he felt the notion that the County could be much better off from the liability perspective, particularly if the County tried to retain a portion of control over this Authority was illusory. He suggested they consider the kind of power the Authorities did have, as it was not that long ago that the Warren Washington IDA (Industrial Development Agency) issued bonds for \$85 million to purchase the trash plant from Foster Wheeler and they fell short most years, in excess of \$5 million, on making those payments; therefore, he stated, the balance was paid by Warren and Washington Counties. He commented "if you give someone a loaded gun, you better be careful because it could come back at you".

Skip Stranahan, *We The People Representative and Warren County Resident*, advised if the County moved forward with the proposed resolution, they would be granting 6 individuals authority over Warren County's property, the right to sell bonds and mortgage the property in effect. He questioned what collateral the Authority would use to borrow against, and he said he assumed they would use the railroad itself for this purpose. He emphasized he believed the Authority would be granting the 6 members more power than they deserved over Warren County's property and he noted they could be transferring it to individuals who would put it in debt or lose it.

Mr. Dusek interjected that while he appreciated Mr. Whitehead's comments on the Warren-Washington IDA and the trash plant, he felt it was necessary to clarify for the record that obligation to Warren

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County did not arise simply because the Warren- Washington IDA went out and borrowed. He explained that it arose because the Warren County Board, at that point, agreed to be obligated to a contract which in turn cost the County to suffer those damages. He stated the Warren- Washington IDA all by itself could not have borrowed money and therefore it became the two County's liability and in fact, in that situation, it was a matter of the County agreeing. He apprised he was familiar with the transaction because it occurred before he was appointed as the County Attorney; however, he mentioned, he and Supervisor Monroe had been very actively involved with reviewing and restructuring the deal with the other involved parties. He said he felt it was necessary to clarify this so that the Board understood there was more to it than just simply the Authority locking the County in on a bond.

Chairman Geraghty called for a roll call vote on proposed Resolution No. 283. A vote was called and Resolution No. 283 of 2015 failed by a vote of 162 Ayes (Supervisors Conover, Frasier, Dickinson, Merlino and Thomas) and 753 Noes (Supervisors Monroe, Girard, McDevitt, Taylor, Brock, Kenny, Simpson, Vanselow, Strough, Seeber, Beaty, Westcott, Wood and Geraghty), with 85 Absent (Supervisor Sokol).

There being no one else wishing to address the Board of Supervisors, on motion made by Mr. Girard and seconded by Mr. McDevitt, Chairman Geraghty adjourned the meeting at 12:07 p.m..