

UCIDA

Ulster County Industrial Development Agency

**Ulster County Industrial Development Agency
Minutes
August 14, 2013**

A regular monthly meeting of the Ulster County Industrial Development Agency was held at 8:00 a.m., Wednesday, August 14, 2013, Karen Binder Library, 6th Floor, Ulster County Office Building, 244 Fair Street, Kingston, NY.

The following agency members were present:

Paul Colucci	Assistant Chair/Assistant Secretary
Michael Horodyski	Chair
John Morrow	Secretary
Steve Perfit	Treasurer

The following agency members were absent:

Robert Kinnin	Assistant Chair/Assistant Secretary
James Malcolm	Assistant Chair/Assistant Secretary

Offices of Business Services Staff:

Linda Clark
Suzanne Holt

Ulster County Finance Office

Christopher Rioux Deputy Commissioner of Finance

UCIDA Attorney and Bond Counsel:

A. Joseph Scott Hodgson Russ LLP

Additional Attendees:

Kitty Brown	New Paltz
Paul Brown	New Paltz
Jessica DiNapoli	Times Herald Record
Dennis Doyle	Ulster County Planning
James J. Hanson	Ulster County Budget Director – Arrived 8:45 a.m.
Jeff Logan	Town of New Paltz
James Maloney	Assessor, Town of Ulster and Chair, Ulster County Economic Development and Tourism Committee
George Sifrie	New Paltz
John Walsh	IBEW 363 Electrical Workers

Chair Michael Horodyski called the meeting to order at 8:02 a.m.

PLEDGE OF ALLEGIANCE

The members of the Agency participated in the Pledge of Allegiance to the flag.

P.O. Box 4265, Kingston, NY 12402-4265

READING OF THE UCIDA MISSION STATEMENT

Chair Horodyski read the Mission Statement of the Agency.

The mission of the Ulster County Industrial Development Agency is to advance the job opportunities, general prosperity and long-term economic vitality of Ulster County residents by targeting tax incentives, bonding and other assistance to foster creation and attraction of new business and the retention and expansion of existing business.

PUBLIC COMMENT

Chair Horodyski opened the meeting for Public Comment. The following individuals requested the Privilege of the Floor:

1. Mr. John Walsh, representing IBEW 363 Electrical Workers, presented copies of the Agency's Suspended Labor Policy (Suspended January 21, 2009), Nassau County Industrial Development Agency "Prevailing Wage Policy" and Labor Policy of the County of Rockland Industrial Development Agency to the members of the Agency. He indicated that Orange and Sullivan counties were working on similar policies; he suggested that perhaps counsel gets together with the other counties so that all IDAs have the same language. He was under the impression that the policies of one county cannot be mixed with the other. It was his opinion that only Rockland and Nassau counties have current labor policies at this time. In the past the Ulster County IDA had a Labor Policy. He thought that he could perhaps get on the Agenda for the next meeting of the Agency to re-introduce a policy.

Chair Horodyski stated that typically policy discussions are held at the Governance Committee meeting level. Discussion on this matter will be referred to the Governance Committee to take a look at this policy without necessarily committing one way or another to what we may do. He did not know the history of the policy as to when the policy was instituted and the sense of why or the motivation as to why it was suspended.

Mr. Paul Colucci stated that he would like to see some type of vote/opinion from the full board to see if this matter needs to be sent to Governance. He needs more of an understanding as to why it was suspended; once we were brought up to speed on that then go from there. The little bit that he does know about this, he is fully aware of what this representative from the Electrical Union is proposing. If you understand the whole issue of prevailing wage, he was not certain that the Agency should move forward on this based upon the economic times.

Chair Horodyski responded that prior to sitting with the full board, the natural progression would be to have it discussed in Governance and then one way or another it is going to come out of Governance.

2. Mr. Paul Brown, a resident of the Town of New Paltz, addressed the members of the Agency. He thanked the Chair for reading the Mission Statement prior to the meeting. Agency member Steve Perfit has in the past coached those who visit to keep in mind that Mission Statement. After the last meeting he sent a copy of that Mission Statement to about 75 of his closest friends. Individuals are learning a lot more about UCIDAs/PILOTS, for instance Viking gets a PILOT. He also heard at the last meeting that you are looking for good projects. The Mission Statement, after he had sent it out, he heard back from "thought leaders" in the community was to understand that they had the responsibility to find good projects and he was hoping that they will go to the Town Board to support those projects. He also looked at an application that was

submitted. It is not active because it requires SEQR to be completed, however, he is concerned that the members are busy people and this is a big thick application that Wilmorite put in for the Park Point Project. He could say that over 50% of the words in the ponderous tome that you have are old and are not relevant because when they came before the Agency we were told that the State of New York would not invest in the University. Maybe 730 beds and 10 building would be good for our community; well it turns out the State of New York is now putting \$100 million into the campus and \$25 million of that is going to be for a new dormitory, 228 beds. Basically he urged the Agency to ask the applicant to refresh the application so that you are not reading old data. Many of the premises are gone; he wasn't saying that it wasn't a good application for a PILOT. There are literally hundreds of person hours in New Paltz looking at the old and looking at the new. He reported back to his colleagues/friends about the fact that the Agency looks for comments and input from the school board, the town and we have a responsibility to give it to you. He believed that the Agency would be hearing from the school board and the town board. In the next week, there will be well over 25 residents of the town going to the school board urging to them to take a stand, not on the project, but on the PILOT. Everyone understands that they have old data.

Chair Horodyski responded that many times as a project proceeds through the SEQR process, once it comes back to the Agency there is often times an amendment to the application. That very well could be the case here.

3. Mr. Jeff Logan, Town Councilperson from the Town of New Paltz and liaison to the Town of New Paltz Planning Board and ZBA, addressed the members of the Agency regarding the Park Point Housing Project. A copy of his statement is on file.

Chair Horodyski stated that as this application moves through the process the Agency will host a public hearing in your town to provide an opportunity for public comment in a much more formal transcribed setting.

4. Ms. Kitty Brown, Town Councilperson from the Town of New Paltz addressed the members of the Agency regarding PILOTS and Park Point. A copy of her statement is on file.

Mr. Steve Perfit stated for clarification, that the Agency was not funded by taxpayers. The Agency's funding flows from fees that are collected from applicants. We receive no money from the county; in fact, the Agency pays the county for the services that they supply. We are not regulated by county government but by the state government. We are appointed by the County Legislature and regulated by New York State.

REPORT FROM THE OFFICE OF BUSINESS SERVICES

Suzanne Holt, Director, Office of Business Services addressed the members of the Agency. At the Audit Committee meeting, Mr. Perfit had asked for an update on the contract for services between the Agency and the County. The Agency pays the county to provide services. There are ten provisions in the contract. The provisions are as follows:

1. The County Office of Business Services, a division of the Planning Department will act as the point of contract for UCIDA applicants.
 - a. That is complete. Potential projects contact our office and we work with them.

2. In conjunction with and oversight of the IDA Treasurer and Audit Committee, the county will provide accounting and financial reports as reasonably required.
 - a. That has also been done. She has requested Christopher Rioux who is Deputy Commissioner of Finance to be here today should a member have any questions. It has been a successful transition.
3. The county will coordinate all meetings of the board, including working with the Chair and Bond Counsel to distribute the Agenda, Minutes and packets.
 - a. This is done on an ongoing basis.
4. The county will file all required reports with the Authorities Budget Office including the Public Authorities Report and PARIS.
 - a. This is also happening. We did have a "glitch"; one of the documents that were uploaded has not been adopted by this board; otherwise everything has been done.
5. The county will provide to municipal taxing entities PILOT statements for PILOT Agreements.
 - a. It was believed that there has been a history on how towns have been processing the PILOTs and each town is doing it differently and there are problems. She met with the Director of Real Property yesterday and basically they are working very hard to make sure each town/village and the City of Kingston that has a PILOT, knows how to bill properly. It is an enormous project, but it is happening. Hopefully, by September when the schools have to send out their bills they will know what to do and how to do it properly. She has requested that the Real Property Tax Agency call all 12 municipalities today and let them know how close we are and hopefully we will get them the proper information in September. They are really close; it is complicated because each town did it differently.

Chair Horodyski thought that his was monumentally important because this is where we ran into PARIS issues last year. Projects paid what they were billed and we come to find out that the bills were incorrect. He thought that this educational effort on the part of the county is monumentally import. It can be an enigma for some municipalities as to how you come to that calculation. The fact that we are moving in a direction in getting consistency, getting a knowledge base to the Assessors on how the billing works is great.

Mr. James Maloney echoed Director Holt's comments. For clarity, it was his understanding that they will be sending school districts what their draft statements should be; then sending the towns in January. This is a multi-step process. This is an issue that was just not towns, it was school districts. There were a variety of issues, but what the county did was to place a person in Finance to specifically do this job.

Mr. Colucci stated that it would be nice to have a follow-up on where we are at.

6. The county will market Ulster County as a choice location and what the county has done for marketing.
 - a. The Planning Department, under Dennis Doyle, held a Shovel Ready/Ready2Go Training which had 33 attendees which were mostly planning, zoning, town officials and engineers.

- b. The staff of the Office of Business Services has attended multiple Hudson Valley Economic Development Corporation meetings/conferences. More than 1,000 brochures have been printed and distributed since January of this year. There have been 7 conferences and consortiums that Office of Business Services' staff have attended and represented and marketed the county. Seventeen Chamber events; Winston Farm site tour, meetings with multiple municipalities, meetings with various businesses, many CFA meetings. Specifics can be provided. The county has made a significant effort since January, 2013 to market Ulster County as a great place to do business.
7. The county will provide certain record management services.
 - a. This is being done; the county is taking over the record management services the Agency.
8. The county will maintain and host the IDA website.
 - a. Work is underway and is anticipated to be complete by the end of the year.
9. The county will undertake research for financially and legally required UCIDA reports and prepare said reports for presentation.
 - a. Two so far – a Cost Benefit Analysis and an analysis of the Shovel Ready Process.
10. The county will provide additional services as requested.
 - a. To the best of her knowledge, nothing has been requested to date.

In addition, Ms. Holt stated that work will begin shortly on the 2014 Contract for Services between the Agency and Ulster County.

The Authorities Budget Office has sent notification that the 2014 Budget is due October 31, 2013.

2012 AUTHORITY MISSION AND GOALS MEASUREMENT REPORT

Ms. Holt asked members to review the 2012 Authority Mission and Goals Measurement Report. This document was not previously approved by the members of the Agency and is needed to be added to the Agency's 2012 PARIS Report. A copy of said report is on file.

Motion: John Morrow, seconded by Steve Perfit, moved to approve the 2012 Authority Mission and Goals Measurement Report. A copy of said report is on file.

Vote: The motion was adopted.

MINUTES

Motion John Morrow, seconded by Steve Perfit, moved to approve the Minutes of the April 10, 2013 meeting. A copy of said Minutes is on file.

Vote: The motion was adopted.

Motion John Morrow, seconded by Steve Perfit, moved to approve the Minutes of the June 12, 2013 meeting. A copy of said Minutes is on file.

Vote: The motion was adopted.

FINANCIALS

Motion: Paul Colucci, seconded by John Morrow, moved to approve the financials for the period ending July 31, 2013. A copy of said financials is on file.

Vote: The motion was adopted.

COMMITTEE REPORTS

Audit Committee. Mr. Steve Perfit, Chair of the Audit Committee, reported that the committee met and reviewed the financials for the second quarter. The bank statements, bank reconciliations, disbursements and receipts were reviewed and there were no questions about the cash flow. Financially the Agency is in very good condition because of some closings late last year and some this year. In addition, discussion was held regarding the Agency's banking relationship. Difficulties have been experienced with one of the Agency's major banking institutions and the Agency is now in the process of switching accounts to an approved local bank.

Chair Horodyski stated that he was a huge proponent of dealing more locally than with Ohio based institutions. The Audit Committee recommended that we move the Agency's banking relationship from KeyBank to the Catskill Hudson Bank located and headquartered now in Kingston.

Mr. Colucci asked why this bank was chosen.

Chair Horodyski responded that a list was provided by Ulster County that provided options. There were other banks local, but not necessarily one with a bank located in Kingston. Empire State Bank was another option with New Paltz their closest branch.

Motion: John Morrow, seconded by Paul Colucci, moved to move Agency funds from KeyBank to Catskill Hudson Bank.

Vote: The motion was adopted.

The Agency's Certificate of Deposit will remain with M&T Bank.

Governance Committee. Mr. John Morrow, Chair of the Governance Committee reported that the Committee had not met. We will be meeting to review the Labor Policy.

Ready2Go Committee. Mr. James Maloney reported that the Ready2Go Committee had not met. The property on Old Kings Highway continues to be marketed. It was anticipated that at the next meeting there will be a "reach out" to all brokers to see if the inventory can be increased.

PROJECTS

Golden Hill

Counsel A. Joseph Scott reported that the transaction was closed in July; a straight lease transaction.

Viking Industries

Counsel Scott reported that the Viking Industries re-financing closed formally last week on August 6, 2013. The old bonds were paid off on August 7, 2013 and that UCIDA matter is closed.

Rocking Horse Ranch – Stavo Industries

Counsel Scott reported that both requests were for the signing of Subordination Agreements on subsequent financings that they did. There was no financial assistance granted by the UCIDA; none requested. Those were relatively straight forward and administrative matters. The documents that were entered into in the original transaction for both Rocking Horse Ranch and Stavo Industries authorized the execution of subsequent subordination agreements. By way of background, there has been an inquiry from Rocking Horse Ranch about a potential matter involving them so there are some discussions with staff.

CORRESPONDENCE

Village of New Paltz – Park Point

Correspondence is on file from the Village of New Paltz regarding their concern regarding Park Point.

ABO Resubmission of Mission & Goals Measurement Report

Correspondence is on file from the Authorities Budget Office regarding the need to file the 2012 Mission & Goals Measurement Report.

ABO – Reminder re: 2014 Budget

Correspondence is on file from the Authorities Budget Office regarding the requirement to file the Agency's 2014 Budget not later than October 1, 2013.

PROJECT MONITORING AND ENFORCEMENT

TLB Management – Lloyd Park II

Counsel Scott reported that at the June meeting the Agency's discussed in general terms the suspension or rescission of the portion of the policy that reflected the looking at of transactions that we had closed prior to enacting a claw-back policy. There was discussion at that meeting about that; there was a sense that the Agency wished to go in that direction. Counsel was asked to come back for this meeting and describe what was needed to be done.

Chair Horodyski stated that the Agency actually voted at that meeting to rescind that portion of the policy.

Continuing Counsel Scott stated that the action item for today is for confirmation from counsel as to what we need to do on TLB and Lloyd Park II and then presumably just "buttoning up" in terms in giving final direction to actually do it.

With respect to TLB Management, the Agency had taken action earlier in the year about putting the property back on the tax roles and we did that and so what we will need to do is to rescind that or "unwind" it, that is to take the property

back off the tax roles so that it is an unwind of the documents that were recorded in March or April. We are prepared to do that and work with TLB's counsel to do that.

With respect to Lloyd Park, it is much simpler. We adjusted the PILOT Agreement to reflect a slightly higher PILOT Payment. We advised the taxing jurisdictions of the amount to be billed and the "unwind" with respect to Lloyd Park would be to advise the taxing jurisdictions that we are rescinding that increase in the PILOT amount and if they have already billed it, they should treat it as a credit for the following year because it is probably easier for them to treat it as a credit, than a refund.

Counsel will work with OBS staff to connect with the appropriate taxing jurisdictions so there are no misunderstandings and to coordinate with TLB's counsel to get the proper documentation recorded so that we "unwind" the prior action taken with respect to TLB.

OLD BUSINESS

None.

EXECUTIVE SESSION

Chair Horodyski requested that the Agency move into Executive Session to discuss pending litigation.

Motion: Steve Perfit, seconded by Michael Horodyski, moved to adjourn into Executive Session.

Vote: The motion was adopted.

The Agency adjourned into Executive Session at 9:00 a.m.

Motion: Steve Perfit, seconded by John Morrow, moved to adjourn out of Executive Session.

Vote: The motion was adopted.

The Agency adjourned out of Executive Session at 9:05 a.m.

No actions were taken during Executive Session.

NEW BUSINESS

Mr. Maloney stated that at a recent meeting with Assessors, Tom Jackson, Real Property Tax, made the statement that the county was going to send the school district a draft to tell them what they should be billing. The school district does not know until the town and county rates are set in January. If you send them a draft bill now in September, you are already wrong and they are going to be confused. His concern was that they send them a letter, it sits on a desk, there is no enforcement; whereas when it was on Role Section 1 they actually got a bill and if they didn't pay it went through the process. In a PILOT is there any way to add some type of enforcement similar to what is in real property tax law.

Counsel Scott asked do you mean if we prepare a bill and it says that they owe \$100, but the school district prepares a bill and they think they only owe \$80

Mr. Maloney responded no. If you send the school district a bill for \$100 and they don't pay it, we don't have any recourse. It is not a tax bill; it is a letter. We are going to be actually sending letters out on letterhead.

Chair Horodyski asked, when you say we, you are sending the letter from ...

Mr. Maloney replied from the municipal office to the property owner. Now the property owner is going to receive three letters. One from the school, one from the county and one from the town.

Chair Horodyski stated but they are all part and parcel to their PILOT obligation, so if they don't make their PILOT obligation payment now

Mr. Maloney responded but the only recourse of action is to violate them and put them back on the role. That is like 18 months to do that.

Counsel Scott stated that if they haven't paid in 30 days, that is a default. We should never have a build-up.

Chair Horodyski didn't think there was any other recourse we have other than putting it back on the role. He didn't think he had a "collection hammer".

Counsel Scott stated that you sue under contract. It was his recommendation that if a big company comes in and we do a \$50 million dollar PILOT, he would suggest that the Agency do a mortgage to secure the PILOT Agreement and that would put us in the same position as Real Property Tax. What you are looking for is a tax lien and in large transactions we recommend that to our IDA clients. On these smaller transactions, it usually adds too much complexity; the banks get all worried because it potentially impacts their lien. The only time you really run into a problem with a PILOT is if the bill is unpaid and it sits for several years and given the amount of monitoring now, that should never happen. If they are in default of their PILOT for 30 days we should know about it and then we default them and put them back on the tax roles.

Chair Horodyski stated that these bills will go out in September. By the end of October we will have an idea of who didn't pay. At that point we have the discussion ... all right it is a default scenario and move them through the default process.

Mr. Perfit asked on the default do we have the full claw-back provisions.

Chair Horodyski responded yes on the new ones yes, but the old ones we do not.

Additionally, Mr. Maloney requested that Governance review the redistribution of the percentages in the UTEP.

Chair Horodyski responded that the Agency's breakdown of that PILOT payment is the standard breakdown.

Counsel Scott responded that it can only be changed if everyone approves it. The IDA statute says that you need to treat all the affected taxing jurisdictions equitably and in accordance with their tax rates. If the breakdown is 60 for the school, 30 for the town and 10 for the county and we want to change those percentages what we typically do on an individual basis, because it is the individual deal, we could certainly do it countywide if we got everyone to sign off respectfully and if they want to do it retroactively too, but we need all three parties, or at a minimum the party that is giving up some to say that it is OK. We cannot do it unilaterally. Under the old law we could do it; this IDA never did it. Some IDAs did and that's why the law was changed because the state government said no you can't do that. You

can't shutout the school for instance. We could do it, but we will need approval and it all depends on how you want to handle it. If you want to do it on a policy basis

Chair Horodyski asked if he thought that it would be better done on an individual basis rather

Mr. Maloney responded you could separate it where housing was one thing. Here it is 71 cents on a dollar.

Chair Horodyski asked what was the chance of them saying that they agreed with you. The school is certainly not going to come to the table and say you guys are right take 10% off. He didn't know about looking at it on a broad based basis or an individual basis and try to talk some sense into a school district even though they have no impact.

2014 Contract for Services with Ulster County

Mr. Perfit asked if there was any talk about the fees for services for next year with the County.

Chair Horodyski responded that he had not talked about fees yet. He thought that he would not expect to see the proposed contract to come back cheaper than where we are at this year nor did he know if it would stay stable. This was a learning year that the county found out that there is a lot to it and \$20,000 per year We will need to have an idea to proceed with the 2014 Budget. He had a number in his head that he thought they would want to be at which is on a percentage basis considerably higher than where we are right now and that he would like to do a two year contract and perhaps ladder that increase or that potential increase out over two years rather than just one year. It was his opinion that the county has certainly seen that this was a much bigger endeavor than they first anticipated.

ADJOURNMENT

Motion: John Morrow, seconded by Paul Colucci, moved to adjourn the meeting

Vote: The motion was adopted.

The meeting was adjourned at 9:15 a.m.

Respectfully submitted,

John Morrow

Secretary