

# UCIDA

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Ulster County Industrial Development Agency

**Ulster County Industrial Development Agency  
Minutes  
June 10, 2015**

A regular monthly meeting of the Ulster County Industrial Development Agency was held at 8:00 a.m., Wednesday, May 13, 2015, Karen Binder Library, 6<sup>th</sup> Floor, Ulster County Office Building, 244 Fair Street, Kingston, NY.

The following agency members were present:

Michael Horodyski	Chair
Robert Kinnin	Secretary
John Livermore	Assistant Secretary <sup>1</sup>
James Malcolm	Assistant Treasurer
John Morrow	Vice Chair

The following agency members were absent:

Floyd Lattin	Treasurer
Mary Sheeley	Member

Office of Economic Development Staff:

Robin Brophy  
Linda Clark  
Suzanne Holt

UCIDA Attorney and Bond Counsel:

A. Joseph Scott                      Hodgson Russ LLP

UCIDA CFO

Christopher Rioux

Additional Attendees:

T. J. Briggs	Ulster County Legislator
Peter Fairweather	Fairweather Consulting
Kent Gardner	CGR Inc.
William Kemble	Daily Freeman
James Nanni	Times Herald Record

Chair Horodyski called the meeting to order at 8:00 a.m.

**PLEDGE OF ALLEGIANCE**

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

**READING OF THE UCIDA MISSION STATEMENT**

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<sup>1</sup> Mr. Livermore arrived at 8:10 a.m. and was not present for the vote on the Minutes or Financials.

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.

A moment of silence was observed in memory of Len Cane an initiator of many economic initiatives within the county.

### **MINUTES**

**Motion** John Morrow, seconded by Robert Kinnin, moved to approve the Minutes of the May 13, 2015, meeting. A copy of said Minutes is on file.

**Vote:** The motion was adopted.

### **FINANCIALS**

**Motion** John Morrow, seconded by Robert Kinnin, moved to approve the Financials for the period ending May 31, 2015. A copy of said Financials is on file.

**Vote:** The motion was adopted.

### **COMMITTEE REPORTS**

#### **AUDIT COMMITTEE**

In the absence of Committee Chair Floyd Lattin, Chair Horodyski reported that the proposed meeting of the Audit Committee at 7:30 a.m. on Wednesday, July 8, 2015 will need to be postponed because CFO Rioux will be unavailable.

#### **GOVERNANCE COMMITTEE**

Committee Chair John Morrow reported that the committee had initiated a RFP for work to be performed on the Agency's Uniform Tax Exemption Policy. In response to the RFP, two proposals have been received. Representatives of each are present this morning to present their respective proposals.

#### **READY2GO**

Ms. Suzanne Holt reported that there is interest in the Ready2Go property in Saugerties for potential use as a marijuana farm. The interested parties are waiting for the state to award permits.

### **PRESENTATIONS**

#### **UNIFORM TAX EXEMPTION POLICY RFP**

**Fairweather Consulting.** Chair Horodyski introduced Mr. Peter Fairweather, representing Fairweather Consulting, New Paltz, NY. A copy of Mr. Fairweather's proposal is on file.

Mr. Fairweather's remarks included, but were not limited to, the following:

➤ Qualifications

- Knows Ulster County; knows industrial development agencies throughout the state; and has extensive policy experience.

➤ Discussion of Opportunities

- An opportunity to engage the broader Ulster County community in the work of the UCIDA; to give people the sense of what the UCIDA is; why it is here and what it is doing.

Chair Horodyski stated that it has been 4-5 years since the Agency has gone out for review of the Uniform Tax Exemption Policy (UTEP). The Agency was looking to see what other IDAs are doing, be competitive as possible and as fair as possible to Ulster County. We are not necessarily looking to "give the store away", but we also want to be competitive and be able to "land" economic development projects and compete with neighboring counties that are fairly aggressive and have good geography. It was suggested that there may be a more professional systematic approach that a consultant might bring to the process.

Mr. Fairweather stated that one of the ways the Agency is somewhat different from some of their colleagues is that the policy is framed in terms of the return expected from the client without necessarily defining any particular targeted industry.

Chair Horodyski responded that for Ulster County, at the end of the day, it is about good quality jobs and employing local residents. That has been the driving mission. The luxury has not existed to target specific industries.

Mr. Fairweather replied that he is the consultant for the Ulster County Economic Development Alliance (UCEDA) industry targeting effort. The extent to which you can be discerning really strengthens your ability to use your tax exemptions. That would be what this process would explore; the ability to say that these are the four types of industries that are our priority and we are going to go after them. The benefit to that is that you can clearly express that to your communities; these are our targets so if you see things like that coming, it is likely to be tied to IDA benefits.

Chair Horodyski asked Mr. Fairweather if he was with the Agency the entire way. Our Uniform Tax Exemption Policy does not stop with formulating a draft document. We have to "take the show on the road" and take public hearing comments. After those public hearing comments there may well be adjustments.

Mr. Fairweather responded that he would see that as a critical part of this process because there is a real opportunity to build relationships and good will.

Chair Horodyski stated that previously there wasn't an overly extensive participation rate, because it only resonates when there is a project coming into a municipality.

Mr. Fairweather thought that perhaps going before the Town Supervisors and the Chambers of Commerce, beyond the formal public hearing process might be a good effort.

Chair Horodyski responded that that was a fair point as he did not think that the Agency previously took it beyond the normal public hearing process.

Mr. James Malcolm stated for the Agency to be a bit more successful and have that public input, the public and the taxing jurisdictions need to understand, not what they think it may cost them at the end of the day, but what it brings. The Agency tracks jobs and someone says that they are going to provide fifty jobs over three years and if that isn't the case, we enact claw backs. We are not out there developing projects; we are trying to show people that it isn't just one project. He truly thinks that this is something that the taxing jurisdictions must understand and would be beneficial.

Counsel A. Joseph Scott asked about the outreach issue that Mr. Fairweather raised. His experience, throughout New York State, is that it is project driven. The municipalities say, wait a minute, we didn't know about this policy, who is the IDA, who are these IDA members. He finds this very frustrating for the unpaid volunteers that are members of the IDA because it is candidly ridiculous. So what is your reaction to that?

Mr. Fairweather responded that he thought that there were two things. It is important to go to them; they are not going to come to you. You have to do the public hearing, but that can't be the full extent of the outreach. They are not going to be interested until there is a project. You have to make it easier for them to participate. Secondly, there has to be a vision that the IDA is moving toward that people can understand. If people get that, then they will know that this is about building jobs and creating opportunities in this area in this way. Oneida County provides presentations as a way of building good will for the IDA. The IDA is not the economic development policy organization, but it is a key tool and it is key that the IDA is tied to that vision.

Chair Horodyski replied that he is not the arbiter of what projects come in and deeming what is needed. It is the County Executive, the Office of Economic Development; there are a lot more stakeholders in that determination. What the Agency tries to do is affect a policy that reflects what all that is.

Mr. Fairweather responded that in some places it may be tied directly to the sectors that are part of the vision of the other organizations. What needs to be worked out in that process is not just the minutia of this policy, but how does it relate to the other stuff that is going on in economic development in Ulster County; you want it to be seamless. The Agency plays an important role in the process and should be seen as part of a continuum, so no one is surprised when the IDA shows up.

Chair Horodyski stated regardless, the Agency could go out there on pulpits, with fireworks and could have the most plain perfect policy in the world it is still hitting the rank and file citizens of the county; why is he getting a tax break and I'm not. You could say it eight ways to Sunday and the fact of the matter is that you are giving the store away when I've been a resident here for my whole life.

Mr. Fairweather replied that you divide it into thirds. A third of the citizens, and that percentage will vary from community to community, will hate the idea regardless of what the project is because of that; the other extreme is that there are citizens that really understand economic development, they want it to happen and they are all for it; and then there is the undecided middle. If you are out there consistently with a vision and people understand that this is where the county is going and the IDA is participating in that, there will be more success with the undecided middle and that is what is going to swing the project. There are always going to be people who show up at project hearings hating the project. It is inevitable. The question is what happens with the middle; that is where there is a real opportunity for change.

Mr. John Morrow stated that some elected officials, especially school boards, do not have any idea as to what the IDA does. Oftentimes politics play more of a role than what is actually good for the municipality.

Chair Horodyski stated he thought that was why you have IDAs. If you left it up to elected officials you would be hard pressed. If you put a bunch of unpaid volunteers, that, to some degree will "take the bullet" for the betterment of the county at the perceived detriment to a specific municipality.

Mr. Fairweather thought that it was important that this work in terms of the politics in place was one of the unique capacities that he brings. It is not for nothing that he has worked in all of these towns and all over the state. There are parts of the state when there is a project announced everyone stands up and cheers and it is never hard. He thought that he is pretty fluent, culturally competent; he understands the culture of Ulster County and its communities. He felt that part of this work is going to be about that; making sure to the greatest extent possible, we get buy-in. There is an opportunity here to change the dynamic by having that conversation showing the role of the IDA in a proactive way.

CGR Inc. Chair Horodyski introduced Dr. Kent Gardner, Project Director, CGR of Rochester, NY. A copy of CGR's proposal is on file.

Dr. Gardner's remarks included, but were not limited to the following:

- Center for Government Research (CGR) was founded a century ago by George Eastman of Eastman Kodak, they are a 501(c)(3) and have been deeply embedded in the Rochester and Finger Lakes economy for a long time. In his tenure, which began in 1991, they have been branching out into other areas of the state as well as New Jersey, Pennsylvania and Ohio.
- Their focus has been on local government; because they are a 501(c)(3) and they are focused on the public interest and involving themselves in the communities in which they work.
- Personal history – Associate Professor of Economics at SUNY Potsdam, founding the North Country Economic Research Center; The Saratoga Associates; joined CGR in 1991 as Director of Economic Analysis – President from 2005-mid 2012; developer of InformANALYTICS an online economic development tool.
- Approach – review a cross section analysis by looking at comparables across comparable communities; perform a longitudinal assessment by looking at how the policy has worked for you over time and take a look at some of the exceptions that have been made. It was his opinion that you learn whether or not a policy is working by how often you have to deviate from it. If the policy works for you every time and you are never making exceptions, than you probably don't need to change. On the other hand if you are making repeated exemptions there is typically a pattern to those exceptions and perhaps raises some questions as to how you might want to change the policy to accommodate certain circumstances. Finally, there is a revision to your strategic plan pending and you might want to see how the policy fits with the new set of targets.

Mr. Malcolm asked with reference to changing habits, we receive some flack when doing a deviated PILOT as opposed to the cookie cutter type thing. To reach a certain level do we have to be more creative and get away from the norm.

Dr. Gardner responded that it depends on what the goals are.

Mr. Malcolm replied sustainable jobs. If you say Ulster County, nine times out of ten, people are going to think agriculture, but they forget that there was an IBM plant here; VAW, Imperial Schrade and associated businesses around it. Do you think IDAs in general need to be a little more creative and/or open minded.

Dr. Gardner responded that it is usually a mistake to put yourself in too small a box. The world has changed a lot; just because you are asked to pick a cluster doesn't mean that it is the right strategy. The most important thing is flexibility.

There are a lot of reasons for that. If you went back to 1955 there were these vertically integrated industries that didn't have a lot to do outside their own business. Kodak is a classic example. That is the way business used to be; very vertically integrated and industries used to be more homogenous and skills did not transfer as readily as they do now. Think about what digitization/computerization has done to American business. The dividing line between what appears to be very different alliances is gotten completely blurred, so to say that you should focus on only one thing when 60%, 80%, 70% of all the jobs could move to a completely different industry without even thinking about it. It means that the uniqueness with which each of us looks at our economies has really changed a lot and that means that you have to be flexible.

Chair Horodyski asked what type of time frame? The proposal, in his mind, was all encompassing as far as a lot of different looks.

Dr. Gardner replied that he thought that they would need a quarter. The fact that he is spending a lot of time in Orange County right now makes it a little easier for the in-person stuff. They are supporting Orange County's evaluation of the draft generic environmental impact statement for the Kiryas Joel annexation. It is a very intensive engagement between now and really October. That is why he was able to be here personally today. He is going to a hearing tonight and has a full set of interviews on Friday.

Chair Horodyski asked if this proposal included the idea that we work through to get a new draft Uniform Tax Exemption Policy that perfectly aligns with our goals and strategy, but then we take that UTEP and go out and elicit comments from our stakeholders throughout Ulster County. From that, there may be some changes. Is that all encompassing?

Dr. Gardner responded sure. He thought that by the time they had a draft out there it should already be capturing those impressions. We usually do that through the process; we develop something and then "kick-it out" for review while you are doing the work so that by the time you actually put something in writing and distribute it. It isn't controversial anymore.

Chair Horodyski stated that at the end of the day we want to be competitive in the economic development realm. We understand the geographic limitations and infrastructure limitations. We want to put on the best face to give us the ability to source and site good quality businesses and economic development engines to Ulster County.

Dr. Gardner thought that the biggest challenge that you confront as an IDA is your willingness to provide incentives for non-core activities. Someone comes in they are going to drop a manufacturing plant, that's easy. But if someone comes in and they are looking for you to cut their costs for something that may be supportive but isn't going to actually generate any new jobs, they are hard decisions. He has no problem with IDAs providing incentives or something that actually doesn't generate any new jobs, that sometimes is your job to encourage activities that don't have job creation attached to them. Let's just acknowledge that. You oftentimes run into this with downtown revitalization projects. You are providing an incentive for someone to do something in one part of your county instead of another part of your county. The net to the county is zero; the county itself isn't going to get anything new, yet you are catalyzing what could be an important bit of revitalization for a troubled urban core. That is a perfect legitimate thing for you to do. Let's not pretend it is job creating.

Chair Horodyski stated that when you look at our current UTEP it is heavily weighted towards job creation and how we calculate your points and your incentive is very much weighted to job creation.

Dr. Gardner replied that his advice to you would be to get away from that. Just because there are other good reasons to provide incentives to a community. The problem is that you set up a structure like that, then someone comes to you

with a proposal for something that you really should do ... pretty much everyone in Ulster County would say they want it; we need it. Create an incentive to encourage the developer to do it this way instead of that way, which is all fine. If you have too rigid a policy than you start pretending what the actual job creation is. You have this strong emphasis ...

Mr. Malcolm disagreed with that because you need to have some checks and balances. How do you go back to the public .... How do we go back to the Legislature and say this is what we did and these are the jobs that are created. There needs to be some black and white not because the theory behind it is it will work out good and three years down the line we gave it a shot. Prior boards there were actually members who said that guy tried. Theoretically, you are not taking dollars out of my pocket, but essentially you are because someone is paying for it. He did not know if he misunderstood what Dr. Gardner was saying, he certainly could not see getting away from ....

Chair Horodyski stated that the key for us is that it has to be, we appreciate our current UTEP because it does set forth what the game is and what the expected result is going to be and how we review that grade. He was not adverse to having other standards to which we grade a project outside of jobs. But he thought that there needs to be those standards.

Dr. Gardner completely agreed. His point is that the standards need to be more complicated than jobs. Just because that is the world we live in; it is not a black and white world. It is a world that is composed of grays. Dr. Gardner gave an example of a Monroe County IDA project.

Chair Horodyski thanked Dr. Gardner for his time.

No action was taken with respect to selecting a proposal. Members were asked to review the proposals and consider the presentations made by both companies. The matter will be placed on the July 8, 2015 meeting Agenda.

### **OLD BUSINESS**

#### Darienlake – Kingston

Counsel Scott reported that he had received an inquiry from the project applicant; a closing is expected in July or August.

#### Ulster Commons

Counsel Scott stated that there was nothing new to report.

#### 14 Pine Street

Counsel Scott stated that there was nothing to report.

#### Zumtobel

Ms. Holt reported that the state has said that they were going to give them money and so they are working through that right now. Central Hudson is also involved. They have not signed the UCIDA Agreement yet. She thought with the package with the state, with Central Hudson and with the UCCIDA and SUNY Ulster, we are hopeful that they are going to stay and accept all the grants and contract for services and continue to produce high quality lighting in Ulster County. They have accepted the training grant from SUNY Ulster and they are going back and forth with Central

Hudson because in order to get the money from Central Hudson they need to figure out what qualifies. They are working on that. She did not think that the ink was dry on the state contract.

### **NEW BUSINESS**

#### **Applications**

Ms. Holt reported that she expects to receive the Wildberry application soon. There is another fairly large manufacturer that is looking to grow. It is likely that a presentation and/or an application will be available at the next meeting.

#### **New Employee**

Ms. Holt introduced Robin Brophy to the members of the Agency. Ms. Brophy is the newest staff member of the Office of Economic Development.

### **PUBLIC COMMENT**

Chair Horodyski opened the meeting for public comment. There were no individuals who requested the Privilege of the Floor. The public comment section of the Agenda was closed.

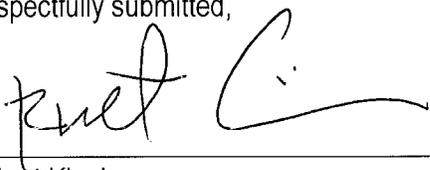
### **ADJOURNMENT**

**Motion:** John Morrow, seconded by John Livermore, moved to adjourn the meeting

**Vote:** The motion was adopted.

The meeting was adjourned at 8:50 a.m.

Respectfully submitted,



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Robert Kinnin  
Secretary