

**Ulster County Industrial Development Agency
Minutes
January 11, 2012**

A regular monthly meeting of the Ulster County Industrial Development Agency was held at 8:00 a.m., Wednesday, January 11, 2012, Conference Room 108, Business Resource Center, Development Court, Kingston, NY.

The following agency members were present:

Paul Colucci	Assistant Chair/Assistant Secretary
Robert Kinnin	Assistant Chair/Assistant Secretary
Michael Horodyski	Assistant Chair/Assistant Secretary
John Morrow	Secretary
David O'Halloran	Chair
Steve Perfit	Treasurer

The following agency member was absent:

James Malcolm	Assistant Chair/Assistant Secretary
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UCDC Staff:

Linda Clark
Lisa Fadelici
Lance Matteson

UCIDA Attorney and Bond Counsel:

A. Joseph Scott	Hodgson Russ LLP
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Additional Attendees:

March Gallagher	Representing the Ulster County Executive's Office
James Maloney	Assessor – Town of Ulster
James Quigley	Supervisor – Town of Ulster

Chair David O'Halloran called the meeting to order at 8:04 a.m.

PLEDGE OF ALLEGIANCE

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

PUBLIC COMMENT

Chair O'Halloran opened the meeting for Public Comment. There being no individual(s) requesting the privilege of the floor, Chair O'Halloran closed the Public Comment segment of the Agenda.

MINUTES

Motion: Steve Perfit, seconded by Robert Kinnin, moved to approve the minutes of the December 14, 2011 meeting. A copy of said minutes is on file.

Vote: The motion was adopted.

FINANCIALS

Motion: John Morrow, seconded by Michael Horodyski, moved to approve the financials for the period ending December 31, 2011. A copy of said Financials is on file.

Vote: The motion was adopted.

HUDSON VALLEY ECONOMIC DEVELOPMENT CORPORATION

The members of the Agency held a brief discussion concerning the Agency's participation in the 2012 Dues for the Hudson Valley Economic Development Corporation (HVEDC). The total Ulster County cost for 2012 is \$20,000. \$10,000 is included in the 2012 UCIDA budget.

In previous years Ulster County Development Corporation paid the \$20,000, with a \$10,000 contribution from the UCIDA. At this time, the UCDC Executive Committee has accepted CEO Matteson's recommendation to hold payment until Michael Oates, President of HVEDC has an opportunity to address the members of the UCDC Board of Directors.

It was unanimously agreed that an invitation should be extended to Michael Oates, President of HVEDC to attend the February meeting of the Agency. No action was taken with reference to the \$10,000 request.

COMMITTEE REPORTS

Governance. Committee Chair John Morrow reported that each member of the Agency is required to annually complete the Acknowledgement of Fiduciary Duty by the Authorities Budget Office (ABO). Additionally it was requested that each member take the opportunity to complete the Confidential Evaluation of Board Performance Form as the members of the Governance Committee must compile a Final Report for presentation to the members of the Agency. Copies of each form are enclosed in each Agency members' board materials.

Chair O'Halloran informed the members of the Agency that he believed that there was legislation forthcoming that will require the posting of all materials that will be reviewed/acted upon by its members on their website prior to the meeting.

Agency Counsel A. Joseph Scott stated that there was legislation on the Governor's desk which would require resolutions that are to be considered at an IDA meeting to be available at least 7 days prior to a meeting. He did not believe that the Governor had signed the legislation. It certainly is good practice to have these things available in advance. A lot of times, we do not have the resolution done. UCIDA Counsel will look into the matter and report back to the Agency.

Audit Committee. Committee Chair Steve Perfit reported that the Audit Committee had not met.

ELECTION OF OFFICERS

2011 ELECTION OF OFFICERS

Motion: Paul Colucci, seconded by Robert Kinnin, moved the 2012 Slate of Officers as follows:

- David O'Halloran, Chairman
- Stephen Perfit, Treasurer
- John Morrow, Secretary
- Paul Colucci, Assistant Chairman/Assistant Secretary
- Michael Horodyski, Assistant Chairman/Assistant Secretary
- Robert Kinnin, Assistant Chairman/Assistant Secretary
- James Malcolm, Assistant Chairman/Assistant Secretary

No vote was taken on this motion as it is contained within the Housekeeping Resolution.

RESOLUTIONS

2012 Annual Housekeeping Resolution

RESOLUTION APPROVING CERTAIN APPOINTMENTS AND ADMINISTRATIVE MATTERS OF THE AGENCY

Motion: John Morrow, seconded by Paul Colucci, moved to approve said resolution as follows:

Confirmation of Regular Agency Meeting Schedule	8:00 a.m. the second Wednesday of each month
Officers of the Agency	David O'Halloran, Chairman Steve Perfit, Treasurer John Morrow, Secretary Paul Colucci, Assistant Chairman/Assistant Secretary Michael Horodyski, Assistant Chairman/Assistant Secretary Robert Kinnin, Assistant Chairman/Assistant Secretary James Malcolm, Assistant Chairman/Assistant Secretary
Appointment of Chief Executive Officer and Staff to the Agency	Lance Matteson, CEO and Ulster County Development Corporation
Appointment of Chief Financial Officer to the Agency	Lisa Fadelici, CFO
Appointment of Accounting Firm of the Agency	Teal, Becker & Chiaramonte, CPAs
Appointment of Agency Counsel	Hodgson Russ LLP
Appointment of Bond Counsel to the Agency	Hodgson Russ LLP
Appointment of Bank of the Agency and Accounts	Key Bank and M&T Bank
Approval and Confirmation of Agency Policies	Mission Statement Code of Ethics Compensation Policy Defense and Indemnification Policy Enforcement of Agency Projects Policy Fee Schedule Policy Grant Funding Criteria and Application Investment and Deposit Policy Procurement Policy Property Disposition Policy Travel Policy and Reconciliation of Expense Uniform Tax Exemption Policy Uniform Tax Policy Matrix

	Whistleblower Policy
Appointment of Contract Officer	Lance Matteson
Appointment of Investment Officer	Lance Matteson
Appointment of Governance Committee Members	John Morrow, Chair Robert Kinnin James Malcolm
Appointment of Audit Committee Members	Steve Perfit, Chair Paul Colucci Michael Horodyski
Appointment of Finance Committee Members	David O'Halloran, Chair Paul Colucci Michael Horodyski Robert Kinnin James Malcolm John Morrow Steve Perfit

Vote: The motion was adopted.

PROJECTS

Stavo Industries, Inc. - Wolf-Tec

RESOLUTION AUTHORIZING THE SENDING OF A LETTER TO THE CHIEF EXECUTIVE OFFICERS OF THE AFFECTED TAXING ENTITIES INFORMING THEM OF A PROPOSED DEVIATION FROM ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY'S (THE AGENCY") UNIFORM TAX EXEMPTION POLICY IN CONNECTION WITH THE STAVO INDUSTRIES, INC. PROJECT.

Discussion included, but was not limited to:

- Chair O'Halloran reported
 - At a prior meeting of the Agency, this applicant was approved to go forward to Public Hearing
 - These resolutions will ask the members to include a Deviated PILOT which has been "worked through" by the leaderships of the three affected taxing jurisdictions; each taxing jurisdiction will, however, have to have it considered and approved by each of their respective boards.
 - The deviated PILOT is on the existing tax base, the existing building. The terms are quite generous. 15 year flat PILOT for each property.
 - With reference to storm water the issue is being resolved – a \$500,000 municipal problem. The City of Kingston came up with \$125,000, Central Hudson gave \$125,000 and we are working with the Ulster County Executive's Office to obtain shovel ready bonding in the amount of \$125,000. The applicant's will be responsible for up to \$125,000. Previously, he reported, initial discussions with the applicants were that the Agency would provide a PILOT that would return this money to them; that is no longer on the table. Applicants will just be required to provide \$125,000 of their own money. There is no repayment in this resolution of the \$125,000. The project applicant's will devise the split.
- Paul Colucci asked if the project comes in at \$400,000, does the applicant only pick up that portion of the \$125,000 or does the applicant still "kick-in" the entire \$125,000? Chair O'Halloran responded that in Central Hudson's case, they can only do up to \$125,000 at a 25% match – so if it was a \$400,000 project they would

only be able to put up \$100,000; the shovel ready bonding is the same issue. The only \$125,000 that would hold would be the City of Kingston, the others would reduce and the responsibility to the applicant would reduce as well. If it increases, that is another whole story because the other participant's are capped at \$125,000.

- Chair O'Halloran stated that the City of Kingston, as well as the other taxing jurisdictions must have each of their respective boards approve the deviated PILOT. When these projects are under consideration by each of the respective boards, Chair O'Halloran will be seeking representation at said meetings from members of the UCIDA, UCDC, County Executive's Office, business leaders, etc., because it is important to demonstrate that we are not going to let what happened with Colony Liquor happen again.
- Chair O'Halloran remarked that what the City of Kingston likes about this is the flat dollar amount because there are no certiorari opportunities for these applicants at any time. The applicant's came in asking for zero for 15 years; this rounds out about 30%. This was a long "give and take" between the three taxing authorities and the two applicants, with the UCIDA playing negotiator. There is going to be some "fit-ups" of these buildings as well as tearing down some space. The applicant's would provide a description of the "fit-up" and that description will be included in this PILOT. Their fit up requirements, in order for them to do business there, which generally would fall into a new PILOT, will be included in the PILOT Deviation.
- Steve Perfit thought that interior "fit-up" is not normally included in an assessment. Chair O'Halloran responded that the City Assessor disagreed.
- Steve Perfit asked if there was any possibility of getting a grant instead of a bond. March Gallagher replied not in a timely manner. There may be grant money in the future for other portions of this project but not in a time frame necessary to get work done at this site.
- Steve Perfit asked if the \$500,000 quote had been "hard-bid" yet? Chair O'Halloran responded it has been provided by Brinner and Larios.
- The next step would be to send a letter to the affected taxing jurisdictions asking for their input.
- We are still "holding-off" on setting the public hearing date.
- Resolutions will be prepared by UCIDA Bond Counsel for each of the three taxing jurisdictions for their review/approval.

Motion: John Morrow, seconded by Steve Perfit, moved to adopt said resolution

Vote: The motion was adopted.

RESOLUTION AUTHORIZING THE SENDING OF A LETTER TO THE CHIEF EXECUTIVE OFFICERS OF THE AFFECTED TAXING ENTITIES INFORMING THEM OF A PROPOSED DEVIATION FROM ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY'S (THE AGENCY") UNIFORM TAX EXEMPTION POLICY IN CONNECTION WITH THE WOLF-TEC, INC. PROJECT

Motion: John Morrow, seconded by Steve Perfit, moved to adopt said resolution.

Vote: The motion was adopted.

INCENTIVES FOR STAVO AND WOLF-TEC

Motion: Steve Perfit, seconded by Robert Kinnin, motioned to approve the per employee incentive for each company (Stavo and Wolf-Tec) as follows: \$1,000 per employee up to \$25,000 for the first year and an additional \$1,000 per employee up to \$25,000 after the first 12 months, for a total commitment of \$100,000 for both companies. These jobs must be at the new location.

Vote: The motion was adopted.

PROJECT MONITORING AND ENFORCEMENT

Hudson River Valley LLC (a/ka/ Head Trauma Center)

Agency Counsel A. Joseph Scott reported that he has been in contact with Hudson River Valley Counsel to “push-on” the SONYMA mortgage issue. Hudson River Valley counsel reported that SONYMA was receptive to our PILOT mortgage to secure the Hudson River Valley PILOT payments. It was requested that UCIDA counsel prepare a draft PILOT mortgage and forward same to SONYMA for consideration. Counsel Scott took this as a positive development on completing this matter.

Hudson River Valley continues to make their \$7,500 payments and it was understood that they have made their February 2012 large PILOT payment (\$363,000). The Town has hired outside counsel to look at several provisions of the Settlement Agreement. Things are moving forward and Counsel Scott hoped to have resolution on all matters by the next meeting of the UCIDA. At a minimum, SONYMA will have all the documents that we need to implement the PILOT mortgage. He could not guarantee how quickly SONYMA will act upon that. Hudson River Valley has also paid the UCIDA’s \$1,000 administrative fee and legal fees.

James Quigley, Supervisor, Town of Ulster, explained the situation that a municipality is placed in under the currently drafted PILOT Agreement. It is certainly recognized that it is important to work with these firms to keep them in business for the benefit of the community to keep the jobs alive. Unfortunately, with the 2% tax cap and all the other financial burdens that towns are facing, under the current language we are faced with one option ... we have to declare them in default. Economically when you declare them in default and put them back on the tax roles you are condemning them to death because they can’t economically afford to pay full taxes. Allowing a PILOT mortgage, or negotiating for a PILOT mortgage up front or similar language, the PILOT mortgage allows the municipality to grant some time knowing full well that their economic interests are protected for the future and they will eventually get paid; whether it be through a cure of the default or foreclosure of the loan. We then have the ability to forestall “pulling the trigger”.

Chair O’Halloran requested Governance Committee Chair John Morrow to review the PILOTs security; this should be reviewed with counsel. What are our claw backs options in the event of a default; what can we go back after in the event of default for the missing money?

Supervisor Quigley recommended that a review of the Agency’s current exposure in existing PILOTs. They are not in default now, that isn’t to say that they won’t be in default in the future.

Birchwood Village

Counsel Scott reported that he had received correspondence that Birchwood is reaching out to the new administration in the City of Kingston to reach a settlement. We have given them a time period to react and his expectation is that he will have more to report at the next meeting.

A copy of the apology letter sent from Steve Aaron to the members of the Agency is on file.

Next month, it is likely that we will officially be dealing with the official default; the three taxing authorities as well as the applicant should be invited to attend the February meeting of the Agency.

CEO REPORT

CEO Lance Matteson reported as follows:

- There are a bunch of leads and prospects
- Highland Square Project – in discussion with the new owners who are looking into new financing
- Hospitality Projects
 - New Paltz Hospitality
 - Nevele
 - Creditable potential buyer
 - Very ambitious project with a gaming component
 - Possible 2012 project with mid to late summer closing
 - \$26 Million capital budget

OLD BUSINESS

None.

NEW BUSINESS

New 2012 Procedure. It is requested that Agency staff contact the municipality's town supervisor, prior to contacting a potential applicant regarding the UCIDA benefits and applicability of the project. The primary reason for this is to "give a heads up" to the municipality, has the applicant talked to their planning board and any other insight that might be available.

Member Training. Members of the Agency were reminded that they must complete ABO Training by March 31, 2012. A copy of the ABO schedule has been included in member's board packages.

ADJOURNMENT

Motion: Robert Kinnin, seconded by Paul Colucci, moved to adjourn.

Vote: The motion was adopted.

Meeting adjourned at 9:15 a.m.

Respectfully submitted,

John Morrow
Secretary