

Golden Hill Local Development Corporation  
Minutes of the Board of Directors

Date: August 1, 2012

Time: 9:00 AM

Place: Karen L. Binder Library, 6th Floor  
County Office Building, 244 Fair Street, Kingston, NY

Members Present: Michael Bernholz  
James Hanson  
Michele Iannuzzi (attending via phone conference)  
Jeanette Provenzano  
Robert Sudlow  
Dare Thompson

Members Excused: Marshall Beckman

Others Attending: Clinton G. Johnson, Esq., First Assistant County Attorney  
Kenneth Crannell, Deputy County Executive  
Justin S. Miller, Esq., Harris Beach, PLLC  
Joshua Jandrus, Marcus & Millichap Real Estate Investment Services  
Amy Borden, Paralegal

1. Call the Meeting to Order

Chairwoman D. Thompson called the meeting to order at 9:15 AM.

2. Minutes of the June 6, 2012 Meeting

Approval of the minutes was called by D. Thompson. J. Hanson made a motion to accept the minutes of the June 6, 2012 meeting. J. Provenzano seconded the motion. D. Thompson called the question. All approved.

3. Approval of Bills

- a. J. Hanson noted that the Ulster County Comptroller has reviewed the Lease & Leaseback arrangements and has no objection to the process by which the LDC will conduct its financial activities.
- b. J. Hanson requested that the approval of the legal services invoice be tabled until the next meeting.
- c. J. Hanson presented for payment an invoice for officer's liability insurance coverage, in the amount of Two Thousand, Six Hundred Three Dollars (\$2,603.00). J. Provenzano made a motion to approve payment of the invoice. R. Sudlow seconded the motion. D. Thompson called the question. All approved.

4. Deposit of Good Faith Checks

- a. J. Hanson informed the Board that six (6) checks of good faith deposits have been received from the bidders, totaling Nine Hundred Thousand Dollars (\$900,000.00). He noted that the monies will

be deposited into the LDC's account, and that no money will be spent out of that deposit until such time as purchaser is selected. At that time, the deposit of the purchaser will be retained, and the remaining deposits will be refunded to the bidders who were not selected. J. Hanson noted that a chain of custody has been completed, and Ulster County Commissioner of Finance is holding the checks until the Board accepts the checks.

- b. J. Provenzano made a motion to accept the good faith checks and deposit them into the LDC's account. R. Sudlow seconded the motion. D. Thompson called the question. All approved.

#### 5. Approval of 2012 Budget

- a. J. Hanson distributed a draft budget, based on initial estimates of costs for the activities of the LDC in selling the facility. M. Bernholz asked for clarification about amount allotted for "other operating expenditures." J. Hanson explained that the line is a contingency fund for unforeseen expenditures related to the debt associated with the LDC and the sale of the facility. He further noted that the amount is conservatively large, and it is likely that little, if any, money would be spent out of that line.

J. Provenzano questioned the Eight Million, Seven Hundred Fifty Thousand Dollar (\$8,750,000.00) "other non-operating expenditures" line. J. Hanson explained that the Eight Million Dollars (\$8,000,000.00) is the revenue associated with the LDC which will be paid back to the County, and the remaining Seven Hundred Fifty Thousand Dollars (\$750,000.00) will be the refunds of the good faith deposits to the unsuccessful bidders.

M. Bernholz noted that the payment of principal on bonds and financing arrangements are shown as a separate expenditure line. J. Hanson clarified that payment must be put into a debt service reserve fund. He further noted that in 2012, the LDC will not be paying any principal or interest on any bonds taken out in 2012, and that it must be planned for in the budget for 2013.

M. Bernholz questioned the excess amount of One Hundred Fifty Thousand Dollars (\$150,000.00). J. Hanson noted that it will be rolled over into 2013's budget, and at the end of the entire process, any excess will be turned over to the County.

- b. J. Hanson made a motion to approve the 2012 budget. J. Provenzano seconded the motion. D. Thompson called the question. All approved.

#### 6. Review of Proposals

Mr. Jandris discussed the process which Marcus & Millichap undertook to market the facility and collect offers. Mr. Jandris distributed a summary showing a breakdown of the numbers of different contacts with potential sellers, and the names of buyers who submitted bids at or above the minimum required bid of Ten Million, Five Hundred Thousand Dollars (\$10,500,000.00).

Mr. Jandris stated that all six (6) bidders present a very low closing risk, meaning that if a bidder had not provided ample evidence of their ability to close the transaction in all cash, it exhibited very strong relationships with financial institutions wherein it would be able to secure financing within the time period allowed by the sale process.

Mr. Jandris shared some of the feedback received by bidders who toured the facility. He stated that all who toured the facility commented that the facility was "in amazing shape" and the staff was "very

welcoming". He noted that nine (9) bidders toured the facility and six (6) bids were received, which he deemed as a very good response.

J. Provenzano asked if any bidders showed apprehension at any renovation costs. Mr. Jandris stated that in the marketing process, it was made clear that there are some deferred maintenance issues in the facility, and the price-per-bed was set accordingly. Mr. Crannell noted that during the tours, some buyers expressed confidence in how solidly the facility is constructed and how well the facility has been maintained, including the impressive generator system, the roof replacement, and the kitchen expansion made in previous years.

J. Provenzano asked about required updates to the sprinkler systems. Mr. Crannell stated that Federal regulations require that the sprinkler heads be updated by next August, and that the County's intention is to budget for this expense in 2013.

R. Sudlow stated that while he was conducting tours, bidders expressed many positives about the facility, including the location within the city limits, the public transportation routes, and that the site lends itself to many opportunities. He noted that bidders had a very good impression of the facility.

Mr. Jandris noted that due to the structure of this particular sale, all due diligence is complete.

7. Old Business

J. Hanson noted that the quotes for the environmental site assessment have been reviewed by the County's Purchasing Department, and the project has been awarded to HRP Associates, Inc. He further noted that the Board previously authorized this expense, and no additional action was required by the Board at this time.

8. Executive Session

J. Hanson made a motion to move into Executive Session. R. Sudlow seconded the motion. D. Thompson called the question. All approved. Executive Session began at 9:45 AM, and ended at 11:45 AM.

9. New Business

Discussion was had about the next meeting date and time. The next meeting for the Board of Directors is scheduled for Friday, August 10, 2012 at 10:00 AM, in the Ulster County Legislative Chambers.

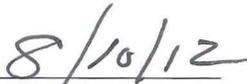
10. Adjournment

J. Hanson made a motion to adjourn. M. Bernholz seconded the motion. D. Thompson called the question. All approved. Meeting adjourned at 11:45 AM.

Respectfully submitted,

Amy Borden

  
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J. Provenzano, Secretary

  
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Date Approved