

Ulster County Economic Development Alliance
P.O. Box 1800, 244 Fair Street
Kingston, NY 12402-1800
Tel: 845.340.3556



MINUTES

DECEMBER 17, 2014

A meeting of the Board of Directors of the Ulster County Economic Development Alliance was held at 3:30 p.m., Wednesday, December 17, 2014, Conference Room 108, Ulster County Business Resource Center, 1 Development Court, Kingston, NY.

The following Board Members were present:

Anthony Campagiorni, Chair
Kenneth Crannell
Burton Gulnick, Jr.
James Maloney
Robert Sudlow
Ward Todd

The following Board Members were absent:

Thomas J. Briggs

Additional Attendees:

Linda Clark, Office of Economic Development
Thomas Collins, Commercial Associates Realty
Joseph Deegan, Deegan Sanglyn Commercial Real Estate
Suzanne Holt, Office of Economic Development
Clinton Johnson, County Attorney's Office
Jane Kellar, Executive Director, Friends of Historic Kingston
Christopher Rioux, Department of Finance
Dr. Peter Roberts, President, Friends of Historic Kingston
Karl Schlegel, Office of Economic Development
Geddy Sveikauskas, Ulster Publishing
Kenneth Wishnick, Ulster County Legislature
Arthur Zaczekiewicz, Office of Economic Development

The meeting was called to order at 3:30 p.m.

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MINUTES

Motion: Ward Todd, seconded by Robert Sudlow, moved to approve the Minutes of the September 30, 2014 meeting. A copy of said Minutes is on file.

Vote: The motion was adopted. Kenneth Crannell abstaining from the vote.

FINANCIALS

Motion: Robert Sudlow, seconded by Ward Todd, moved to accept the financials for the period ending October 31, 2014. A copy of said financials is on file.

Vote: The motion was adopted.

REVOLVING LOAN FUND ADMINISTRATIVE FEE POLICY

Mr. Christopher Rioux presented a draft copy of the Revolving Loan Fund Administrative Fee Policy, a copy of which is on file. Past practice was to charge 50% of the fees collected which included principal and interest. They dwindled away our lending power a little bit. He has proposed 50% of the interest collected. In that way the loan funds can still have a piece of the interest and the operating body can still have a piece of it.

Mr. Kenneth Crannell asked if Mr. Rioux could give the members of the board a sense of the amount of fees collected.

Mr. Rioux responded that 25% is about \$6,000, so 50% would be about \$12,000. It is not much, but it will help out our operations a little bit.

Mr. James Maloney asked where the other 50% goes.

Mr. Rioux responded that it will stay in the loan funds to increase our lending power.

Clinton Johnson, representing the County Attorney's Office, asked for a few moments to review the document. It will be brought up again at the end of the Agenda.

FRIENDS OF HISTORIC KINGSTON

Ms. Jane Kellar, Executive Director, and Peter Roberts, President, of the Friends of Historic Kingston, addressed the members of the Board of Directors. The Friends of Historic Kingston are almost fifty years old. In 1965 they were chartered by the NYS Board of Regents. The group was formed with members of the business community and they believed that history was vital to the community, but it didn't belong on the bookshelf. History was a part of the streets and our buildings. Their mission today continues with that guiding principal. They believe in history and preservation as an economic development tool. A copy of their presentation regarding the Alms House, a/k/a the Infirmary, a/k/a the County Health Department is on file. The report was prepared by their board. Their board members include Jen Zell, Frank Flynn, Frank Braunlein, Eli Basch, Hayes Clement, Ann Brett, Patricia Finch, Ward Mintz, Paul O'Neill, Dr. William Rhoades, Bridget Smith Bruhn, and Paul Tully. The photograph on the cover of the presentation is of the old Alms House dating back to 1918 or so.

PUBLIC COMMENT

Chair Campagiorni 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.

RFQ – 300 FLATBUSH AVENUE/GOLDEN HILL

Thomas Collins, Commercial Associates Realty Inc.

Mr. Thomas Collins addressed the members of the Board of Directors. Mr. Collins stated that he has been in business in Kingston for 27 years. He has been involved in the re-development in almost every historic mill building in the City, except for a couple over the past 15 years; from the Lace Mill which is currently being renovated all the way back to the Canfield Buildings and Pine Grove Avenue Buildings which are all now being redeveloped for more contemporary uses – from medical to housing and other commercial concerns. This property is up his alley; he likes to deal with historic buildings and see them get re-used. At the time this building first reverted back to the county, he encouraged the County Executive not put it up for auction but to find a LDC to put it in so that you could have contingent offers. He is so happy to see that it has landed here because it will help the county maximize value for it. The previous situation did not allow for contingent offers; you put it up for auction and you take the highest bid. Since the zoning is single family residential, it greatly limits the amount of risks someone would take buying it without any assurance that they could get the property re-zoned and have highest and best use there. Personally, he thought the highest and best use is a combination of commercial and residential; multi-family residential there. There has been some interest expressed and he thought it would ultimately be the board's decision of what the best proposal they get from the sector or perhaps the quasi-private sector to make something valuable to the community.

Mr. Johnson stated that there are two pieces of property, not just the Flatbush Avenue property.

Mr. Collins acknowledged that there is the Golden Hill property as well.

Mr. Johnson asked if Mr. Collins had given any thought to the Golden Hill property.

Mr. Collins responded yes; that was a whole different animal. It is land-locked and it has a fair amount, according to the published maps, a fair amount of wetlands in it. He thought that it was the kind of property that you have to put "out there" and see what comes back. The good news is that it has water and sewer.

Mr. Johnson stated that there is actually a right of way.

Mr. Collins continued that it is in the water/sewer district; by right it has access to water and sewer. That gives it some value. Probably the highest value for that is for a contiguous property owner. That would have to be explored first. Other than that we are a ways away from the economics of developing that site being appropriate for someone to come in to develop the site. The development costs would be quite high. Probably would be multi-family for more assisted living, the existing owners of Golden Hill may be interested in turning it into a memory care facility or something like that. That would make a lot of sense because they already have the infrastructure there. It is a different municipality, but we have crossed those barriers before.

Legislator Kenneth Wishnick stated that he would be curious to know if what Mr. Collins had just described, who he saw as potential buyers for the two properties and how will you do your marketing to reach those buyers.

Mr. Collins replied that marketing in his industry has changed dramatically in the last ten years. There are two approaches. One is local outreach which is basically the networking they do on a local basis. Two they reach the

whole world through a number of internet marketing sites. The majority of his operating budget goes to those sites, GoStar, Loopnet, Catylist, etc. In that way people from all over the world can see what you have to offer. If you try too hard to target, you might miss something that you didn't think of. You really need to reach the whole world. Obviously, the Flatbush Avenue property you have a corner there that is a very viable commercial corner, somewhere between 2 and 3 ½ acres. It is probably not another drug store site because the market is fairly saturated and none of the other flags are looking at this market right now. He would say highest and best use for that if that is what the County's interest is the highest return on this property would be a commercial development of some sort, perhaps a small strip center. The people that pay the most are the biggest companies.

Legislator Wishnick asked about the building itself.

Mr. Collins responded that the building's highest and best use is multi-family of some sort. Currently there is roughly 3.25 million square feet of office space vacant in Ulster County. They are practically giving away rental space; the cost to renovate that for office is not going to happen, unless there was a user who was looking for that kind of square footage and wanted to make a statement and were willing to spend the extra money to have an environment that they thought represented them. You may find someone like that who wanted to buy it for their own use to make an office building presence out of it, but that would be unusual. He would say that it would either be a multi-family developer, a tax credit developer, like the Alms House in Poughkeepsie. Rents are getting close now to where a renovation of a property like this could be done by a private multi-family developer.

Chair Campagiorni asked in terms of timing how long did he think it would take to dispose of the properties.

Mr. Collins responded six months to a year. You have a wild card there. You have the City of Kingston that is going to alternately be the planning and zoning power. Whoever it is that has a plan, they will have to go to the City; it is going to take a re-zoning and probably an EIS and that process, depending on what the use is, could take from three to six months, perhaps longer. The Planning Board is a pretty good planning board to work with, but the process takes time particularly if it is a re-zoning. It will have to go to the Common Council and be re-zoned and then the site plan. They could be done simultaneously, but it is a fair amount of work for someone; a lot of engineering, legal, expensive process. Right now it is zoned single family and that isn't going to work.

Mr. Johnson asked if the entire parcel is zoned single family.

Mr. Collins responded yes, the entire parcel. Even the corner.

Chair Campagiorni asked as a practical matter can the property be sold without getting the re-zoning substantially done.

Mr. Collins replied that you could probably sell it to someone who would take a flyer on it, but they are only going to pay a couple of hundred thousand dollars for it because the risk would be so great. To maximize value you would have a contingent deal that would bring highest and best use. They know what they can afford to pay.

Chair Campagiorni asked are those conversations that you are having with the municipality in order to get it re-zoned.

Mr. Collins replied that he had personally spoken to the Mayor of the City of Kingston about it. They are all for it. They want to get it back on the tax roles and maximize use. They have concerns about certain uses. The Mayor did not want another drug store. The drug store is going to be the highest tax payer. You have to trade that off. We would be lucky to get a drug store for they would pay the most, but ultimately that would be out of his hands.

Joseph Deegan, Deegan Sanglyn Commercial Real Estate

Mr. Joseph Deegan addressed the members of the Board of Directors. He had a feeling that the Friends of Historic Kingston would be here because he had heard that there is a huge cry that that building not be torn down. From a purely real estate perspective, it would be worth more if it wasn't there. He was not advocating that. He was proud to have been involved in the most recent renovation of the former Ulster Lighting Building into the Finklestein Law Practice with three apartments located above. He does understand this type of property. For those of you that don't know, he was happy to say that he has twisted the county's arm and had them get the property professionally surveyed, retained an architect and had architectural plans which are huge tools in marketing if the building is going to stay as he expects it will be able and to email those to clients. With all due respect to the Friends of Historic Kingston this property creates a real albatross. The commercial piece on the corner, the three acres definitely has some value but to marry those two is a hard trick. He asked if everyone was aware that the underlying zoning was R2; that has to be changed with just about any offer. He asked if people were familiar with commercial real estate offers typically on how they string out contingencies; I am going to buy this property subject to re-zoning, subject to sub-division, subject to financing, etc. That should not scare you off. That is what hampered the sale of the property the first time around when the county owned it because the county could not accept an offer like that which is why it never sold. Now an offer may be taken with those string of contingencies we can get somewhere. Mr. Deegan made use of a printed map (a copy unavailable) to point out features of the property. As part of the property under discussion he commented that there is a piece of truly undevelopable real estate; he did not want people to think that there is a fifteen acre piece of real estate. It was his estimation that there was 6 maybe 7.5 acres. With reference to an adjacent property, he currently has it listed at a market price of \$169,000, a 2.6 acre piece of real estate which also suffers from a rock ledge which is completely useless, allowing for 1 usable acre. Why is that important to this property? If you have 17 acres, a Planning and/or Zoning Board looks at that and says that we will allow you to put "x" amount of square footage on it or "x" amount of storm water retention, or "x" amount of parking. So while this is a significant add-on, it is a significant add-on to a new re-development of the property.

Mr. Ward Todd asked Mr. Deegan who the neighbor was just on the other side of that.

Mr. Deegan responded that he thought it was owned by the Town of Ulster.

With reference to the Golden Hill piece of property, Mr. Deegan stated that he has been very successful in this business by setting people's expectations from day one. He thought that it was a relatively unsalable piece of property, to think otherwise is thinking that you are going to get money for it. He was sorry to be so short and brief but that is what it is. It has egress/ingress issues, cul-de-sac issues.

Mr. Johnson stated that a right of way has been created.

Mr. Deegan responded that a Planning Board is going to do that differently.

Mr. Johnson stated that that has been taken care of. Besides the potential egress/ingress issues that he sees, do you see any other issues.

Mr. Deegan replied that there is only water to it, not sewer. There is a lot of rock up there. He developed a lot of the properties up there – Mid-Hudson Family Medical Services and Gateway Community Industries – thus the name Stone Hill Industrial Park. Putting septic systems up there for any large development is going to be extremely problematic. It is a tough piece of property.

Mr. Robert Sudlow said that Phil Sinagra said that you couldn't grow a rose bush up there!

Mr. Deegan continued by stating his three tiered approach to marketing the property. He would like to think that he a fairly well-established real estate broker; his website receives a thousand hits per month, so he hits the local market. He hits a regional market. He is a member of the NYS Commercial Association of Realtors. They meet the second Tuesday of every month in Newburgh. About 25-45 brokers from five or six counties show up; everybody lays out their wares. Nationally he is a CCIM, which is the highest designation that you can get in the commercial real estate field and he is the incoming President of the Upstate New York CCIM Chapter and is very involved in national committees etc. He has local, regional, national – in that order. He is also an attendee of the Society of Exchange Counselors; these are equity marketing exchange people. Mr. Deegan also manages fifty-three tenants and thirty-five buildings, so he is able to speak when he meets with potential developers as to the uses of the buildings; snow removal per square foot, heat/electric per square foot, trash removal. He has re-developed the Hutton Nursing Home thanks to the assistance of the UCIDA and he has re-developed the Rent-a-Center Building at Academy Green. He would like to think that he comes to the table with a lot of experience in terms of brokerage, management, consultant and development.

Mr. Todd asked about the similarities of this property with the school buildings that you have worked with. Do you see any

Mr. Deegan responded yes. The fact that they got Tillson closed and sold was a miracle. They have Zena in contract. He wished he could tell you that this was all tremendous skill, it absolutely was not. It was luck. Currently there is an offer on Anna Devine right now that he would never have dreamed of; now mind you it is way off the appraisal, but an offer.

Mr. Todd asked how they were being re-purposed.

Mr. Deegan replied that Tillson is being converted to housing; Zena will be Rock Arts Academy School and some outdoor playgrounds for the Woodstock Day School and perhaps another artist component. It was really a unique find and fit. In his humble opinion, if you want to preserve the Alms House, re-develop it, it has tremendous amount of challenges to do so. It can be done into something that will compliments, in a nice way, but an economically feasible way, some sort of commercial development on that corner so you can make the economics work. There is a large regional health care provider right now looking for a 30-40,000 sq. ft. box. He did put this forth, clearly disclaiming that he did not have it listed, but that it would be coming available on the market. He thinks that they are going to look at it; it seems to fit. It's a stone-throw from the hospital, water/sewer. They understand that the building needs to stay with the 2.6 acres behind it, so if they want a 40,000 sq. ft. building and they go two-stories, they have used a half-acre of land, it probably fits there with good parking.

Legislator Wishnick stated that indirectly you have painted the picture that both of these parcels are going to be very difficult to sell. In terms of traditional real estate, it is all about price. With reference to this particular building, is it a matter of price or is it just a matter of finding someone who has a use for it.

Mr. Deegan responded that he worked with his father for 22 years and they were opposites on this. His dad argued that price would sell anything in a matter of hours. He argued that when someone had a need for it, than price became the issue. He still subscribes to his theory. Price is always an issue, but somebody first has to say that I want and need this; then price always becomes the issue. He would not make price the issue to get rid of this. You put this on the market for \$200,000, he did not think that people would beat the door down to get it. It comes with a set of issues to work through. Pricing alone will not get this off the books.

Chair Campagiorni asked in terms of timing how long did Mr. Deegan think it would take to sell this property.

Mr. Deegan responded that pretty much everything that he does takes 12-24 months regardless of what it is. We could get lucky and beat that, sure, but that is his historic timeframe.

Mr. Todd asked to close; particularly with the contingencies.

Mr. Deegan replied yes. Contingencies here aren't really going to be the end of the world. There are no show stoppers to get the contingencies done. He does not mean to be negative at all, it has it challenges and it can be done.

EXECUTIVE SESSION

Motion: James Maloney, seconded by Robert Sudlow, moved to adjourn into executive session at 4:10 p.m.

Vote: The motion was adopted.

Motion: Ward Todd, seconded by Burton Gulnick, moved to adjourn out of Executive Session at 4:21 p.m.

Vote: The motion was adopted.

No official business transpired during Executive Session

SELECTION OF BROKER

Motion: James Maloney, seconded by Kenneth Crannell, moved to hire Joseph Deegan of Deegan Sanglyn Commercial Real Estate as the broker of record to market these properties.

Vote: The motion was adopted

FOCUS MEDIA UPDATE

Ms. Suzanne Holt presented the Focus Media update. Her comments included, but were not limited to the following:

- 2014 was the first full year of the Ulster County EDA
- Focus Media was retained to kick-off the marketing of Ulster County
- Focus Media came up with the idea of the Office of Economic Development as the "front door" with the EDA as a valuable tool for the purpose of marketing and education
- Focus Media started with the three SWOTs, the Strength and Weakness Analysis which made it clear that Ulster County's biggest strengths were strategic location, coupled with exceptional quality of life
- A second contract was initiated with Focus Media to be put together collateral in order to promote the two strengths. The contract included an external marketing piece, a internal marketing piece and a fact sheet, as well as a brochure for the UCIDA
- Working to finish the internal brochure as well as the UCIDA brochure
- Focus Media assisted with the website – still a work in progress – bringing in the UCEDA, UCIDA, UCCRC under the umbrella of Ulster County Office of Economic Development

- Video – will play on the website/UTube. (Video was played)
- Site Selector magazine advertisement
- Three mailers to the Northeast site selectors

Mr. Crannell asked Ms. Holt what her plans were for next year.

Ms. Holt response included the following:

- Narrow the target more
- Speaking to Focus Media as well as other Ulster County companies to get different ideas
- Hiring a professional to prepare a target industry analysis to take what was received from the SWOTS, to take a more wide range objective criteria; look at the workforce, look at what businesses are looking for as far as infrastructure
- Know of some private firms that have done this type of work – cost is very high.
- Recently learned of several schools i.e. Northern Iowa Institute for Decision Making, possibly Marist and others that may do the same quality work for a much more affordable price
- Targeting campaigns – three of the clusters that we know that are good to target - value add produce, “technopreneurs”, and targeting second home owners. Possibly start with one of those.
- Building Ulster County Together; Spanish Speaking Seminars, webinars, seminars and conferences sponsored by the UCEDA.

Chair Campagiorni asked what the time frame was for the targeted industry clusters.

Ms. Holt responded that assuming that this is something that the Board wanted, she has already started talking to Drew Conrad from the Northern Iowa Institute for Decision Making and Kristi Caredi from Marist and Peter Fairweather. In the next month or two she will narrow it down and see what the board thinks. She thought that Focus Media got us off to a great start with the SWOTS and the new collateral, we now have something to say and we can now articulate in a really professional way that competes both regionally with all the other counties/municipalities that are competing for attraction.

Chair Campagiorni cautioned about how many dollars you are going to spend on it because what he thought they were going to find the statistics with the Department of Labor and how you are going to define clusters that can be manipulated. He felt that there was a sense, who your anchors are in terms of your marketing materials to help sell from. He would like to see what prices you are getting before a firm decision is made. Let's not forget about the available inventory of real estate and how that meshes with what we are trying to sell.

PRESIDENT'S REPORT

Ms. Holt reported as follows:

- Ulster Advantage was kicked off. This is the County Executive's Buy Local Initiative. There is a new website; five or six of the local banks are participating. There will be an Ulster Advantage sticker on the bank card; businesses are signing up every day.
- The gaming license was not awarded to the Nevele

- The Mid-Hudson Region did very well in the CFA process. There were a lot of big wins; CERES Technology, Zumtobel, Selux, Williams Lake, Phoenicia Festival, DePuy Canal House, etc. The region was number one.

OLD BUSINESS

None.

NEW BUSINESS

The members of the committee revisited the Policy for Loan Fund Administration Fees. Mr. Johnson presented an amended version of the policy. A copy of the amended version is on file.

Vote: Ward Todd, seconded by Robert Sudlow, moved to adopt the Policy for Loan Fund Administration Fees as amended.

Vote: The motion was adopted.

ADJOURNMENT

Motion: Robert Sudlow, seconded by James Maloney, moved to adjourn the meeting.

Vote: The motion was adopted.

Meeting Adjourned at 4:45 p.m.

Respectfully submitted,
Ward Todd, Secretary