**Ulster County**

**Housing Development Corporation**

**Meeting Minutes**

**DATE & TIME:** December 12, 2022

**LOCATION:** 244 Fair Street, 6th Floor, Karen L. Binder Library, Kingston, NY

**CHAIRPERSON:** Hayes Clement

**PRESENT:** Tracey Bartels

 Dennis Doyle

 Marc Rider

**ABSENT:** Kenneth J. Ronk, Jr.

**QUORUM PRESENT: Yes**

**OTHER ATTENDEES:** Will D’Avella, Pennrose – Via Zoom

Richie Williams, UC Attorney’s Office

HDC Chair Hayes Clement called the Regular Meeting of the Ulster County HDC to order at 4:00 pm and asked those in attendance to introduce themselves.

1. Approval of Minutes

Chair Clement stated that action on the October 25, 2022 Minutes will be delayed until the next meeting.

1. Public Comment

None

1. Communications and Announcements – Discussed during New Business
	1. Revised Purchase and Sale Agreement
	2. Revised Local Development Agreement
2. Committee Reports

None

1. New Business
	1. Discuss and Consider Adoption of 2022-2026 Budget

Mr. Doyle stated we should adopt the budget prior to end of year in order to submit to the ABO. He stated the big item for $1,850,000, in Other Non-Operating Revenue, is coming from the sale of property associated with the Golden Hill development project, which also shows as an $1,850,000 expenditure from the Corporation back to Ulster County. Mr. Doyle stated the $10,000 listed in grants for 2023 could come from the County Planning budget, if needed, to provide funds for the Corporation if there is an audit in the first year of funding. From 2024-2026 there is $35,000 listed for a contract between Ulster County and HDC, as there is an expectation that HDC may be used for additional housing work.

Ms. Bartels wanted a better understanding of the $35,000 and what the Legislature would be paying the Corporation to do. Mr. Doyle answered those funds would be to hire a vendor for professional services. He explained that the Legislature made a $1.5 million amendment to the 2023 budget to fund a Landlord Ambassador Program and added the issue we are having at a county level is how to proceed, because housing is not a county purpose. The County Attorney’s office is looking for ways to contract directly or we may be able to funnel through the development corporation.

Ms. Bartels wanted to be on record that it is best practice to have external audit every year and suggested the $10,000 proposed for 2023 could be used for an audit.

Ms. Bartels stated the need to talk through the sale price as the appraisal done by Pennrose came back higher than the original number. Should we leave it as originally agreed upon or have a discussion about the higher value. Mr. Rider stated there has been discussion of our own independent appraisal, and if so, we would want funds in the 2023 budget. Mr. Doyle stated that during discussion with Pennrose regarding a 3rd party appraisal, it was noted that Pennrose’s banking institution is required to conduct a separate appraisal.

Mr. D’Avella stated It is expected that the construction lender will order an appraisal prior to construction closing, which happens before the transfer of land. Either HDC or the County can be listed as a relied upon party (2nd client) to the appraisal and have full access. The bank will pay for the appraisal and Pennrose will reimburse them. Mr. Doyle asked when the bank hires the appraiser, what assurances can Pennrose give that HDC will be added to appraisal. Mr. D’Avella stated this is not uncommon and he can make a request to potential lenders now and get assurances.

Ms. Bartels stated at the Legislative level they are having conversations of best practice as far as the County transferring or purchasing property. Usually, the County commissions the appraisal. She stated she would talk to Legislative leadership and in the future could have a policy requiring it. Mr. Doyle stated that Pennrose promised a 3rd party appraisal, made it clear that the appraisal will be independent of Pennrose and they will pay for it. Ms. Bartels stated from the Legislative perspective, independently ascertaining value for a County Asset, whether relinquished or gained, can be complicated by the value/importance of the project to the County. We are looking at the first appraisal vs. the agreed upon purchase price. The property is appraised at more, but the value of project is worth it.

Mr. Rider stated he was not open to reassess the purchase price two years down the road. There was a sale agreement with the purchase price. He was supportive of keeping it where it is. Mr. Doyle stated that as a non-profit, under the statute we come under, we are allowed to sell the property for less based on public benefit associated with it.

**Motion to approve and adopt the 2022-2026 budget as proposed was made by Mr. Rider. Seconded by Ms. Bartels.**

**No further discussion. All were in favor.**

**Motion passed.**

* 1. Golden Hill Project: Discuss and consider approval of proposed revised Purchase and Sale Agreement – Discussion without Action

Mr. D’Avella informed the Board that all of the changes relate back to the concept of demolition work being performed by the developer, which is now revised given that most of the work has substantially been done by the County. He reviewed the proposed revisions to the Purchase and Sale Agreement.

* 5B on page 2 notes that demolition is being done by the County replacing a previous paragraph.
* Section 10.B was deleted and restated. Purchaser Demolition and Abatement funding was struck.
* Section 12 - Purchaser contingencies is an added section. An indemnification clause was added so that Pennrose would be indemnified from any suits arising from demolition or abatement work done by County.

Ms. Bartels stated regarding indemnification of Pennrose, she was curious if the County Attorney or Legislative legal counsel would weigh in on asking HDC to indemnify Pennrose for work the Corporation didn’t do. Mr. Rider agreed and stated the County should indemnify Pennrose, not the Corporation (HDC), who is basically a pass thru.

Mr. D’Avella noted that although this was pretty standard language, a number of risk items will be delivered to Pennrose including tickets for soil and paperwork for the abatement of asbestos, which is a lot of the risk. If there are structural issues that keep HDC from taking the action, then Pennrose might reconsider the indemnification request. Mr. Doyle stated in 5B the property is “delivered as is, but the Development Corp will provide, to the extent it is able, access to documents on remediation, etc.” Our responsibility is to deliver the documents. Mr. Rider noted that in 5B “Seller shall at Seller’s sole cost” is not accurate. HDC is the seller, not the County, Housing Development Corp should be added to the language in 5B.

* Section 29 that deals with Assignment, has been restated. The addition is to specifically call out that the purchaser may transfer deed to Housing Development Fund Corporation, established and solely owned by Family of Woodstock, that was formed for purposes of holding title and deed. Mr. D’Avella wanted to be clear about that.

Mr. Doyle stated there is no issue to that as it is common to form a Housing Development Fund Corporation, especially where a non-profit is involved.

There was some confusion between the paperwork distributed to the Board and what the Developer was reading from. Mr. D’Avella clarified that in the amendment, numbers 2-4 are the only changes to the agreement and added that he will provide a red line with changes.

Mr. Doyle suggested changing Exhibits A & B now that we have a meets & bounds survey description and an approved subdivision at the city level. Mr. D’Avella asked Mr. Doyle to put his comments in writing for counsel.

* 1. Golden Hill Project: Discuss and consider approval of proposed revised Developer Agreement - Discussion without Action

Mr. D’Avella went over proposed revisions to the Land Development Agreement.

* Section 2.1(a) was added and touches on Broad Affordability. One sentence added to commit to an affordability period matching the affordability period of the NYS Low-Income Housing Tax Credit Regulatory Agreement with NYS Division of Housing and Community Renewal. Clarified to period of 30 or 40 years. Mr. D’Avella added it would most likely be 40 and most likely extended beyond that.
* Section 3.1 Obligations of Developer – All Other Permits & Approvals – revised to exclude demolition permits.
* Section 3.4 Obligation to Demolish Buildings at Golden Hill Site – revised to show demolition by Housing Development Corp in line with resolution passed by Ulster County Legislature. Mr. Doyle stated we need to correct the language to reflect that demolition was completed. Mr. D’Avella will get a redline of both documents.
1. Old Business
	1. Update on Pennrose Project

Mr. D’Avella stated that Pennrose submitted a draft PILOT resolution and agreement through the mayor’s office to the Common Council in November. It was referred to the Finance & Audit Committee. Pennrose gave a presentation, and no action was taken in November. The matter was referred back to City Hall to work on the proposal. There have been discussions with the Mayor’s office and county team about submittals for the January meeting of the Finance Committee. Pennrose is currently working on detailed construction drawings to execute toward the 3rd quarter of next year.

* 1. Update on Tax Auction Properties

Mr. Doyle stated there will be a public hearing for five properties. He added we must be careful of when and how to take title because the properties continue to accrue back taxes as we go through the transfer process, and we don’t want HDC to have to pay back taxes.

* 1. Remind Board Members to Complete Required Training

Chairman Clement asked if members completed their required ABO training.

Mr. Rider and Ms. Bartels both intend to do theirs.

Mr. Doyle and Mr. Clement have already done theirs.

1. Adjournment

Mr. Doyle stated the next meeting in will be in late January on a Thursday at 4PM.

**Motion to Adjourn at 4:56 PM was made by Marc Rider,**

**Seconded by Hayes Clement.**

**All were in favor.**