

UCIDA

Ulster County Industrial Development Agency

**Ulster County Industrial Development Agency
Minutes
October 8, 2014**

A regular monthly meeting of the Ulster County Industrial Development Agency was held at 8:00 a.m., Wednesday, October 8, 2014, Karen Binder Library, 6th Floor, Ulster County Office Building, 244 Fair Street, Kingston, NY.

The following agency members were present:

Michael Horodyski	Chair
Robert Kinnin	Assistant Chair/Assistant Secretary
Floyd Lattin	Member
John Livermore	Member
James Malcolm	Assistant Chair/Assistant Secretary
John Morrow	Secretary
Mary Sheeley	Member

The following agency members were absent:

None.

Offices of Business Services Staff:

Linda Clark
Suzanne Holt
Karl Schlegel

Ulster County Finance Office:

Christopher Rioux

UCIDA Attorney and Bond Counsel:

A. Joseph Scott Hodgson Russ LLP

Additional Attendees:

T. J. Briggs	Ulster County Legislator
Joseph Eriole	Deputy Ulster County Comptroller
Jeff Kane	Kirchhoff Properties
Bill Kimble	Daily Freeman
Geddy Sveikauskas	Ulster Publishing
Elizabeth Waldstein-Hart	Walkway Over the Hudson

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

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.

MINUTES

Motion Floyd Lattin, seconded by James Malcolm, moved to approve the Minutes of the September 10, 2014, meeting. A copy of said Minutes is on file.

Vote: The motion was adopted.

FINANCIALS

Christopher Rioux presented the financials for the period ending September 30, 2014. A copy of said financials is on file

Motion: Robert Kinnin, seconded by Mary Sheeley, moved to accept the financials as presented.

Vote: The motion was adopted.

APPROVAL OF THE 2015-2018 BUDGET

Chairman Horodyski presented the 2015-2018 Budget. A copy of said budget is on file.

Motion: James Malcolm, seconded by Floyd Lattin, moved to approve the 2015-2018 Budget as presented.

Vote: The motion was adopted.

APPLICATION FOR SERVICES – WALKWAY OVER THE HUDSON

Chair Horodyski introduced Elizabeth Waldstein-Hart, Executive Director of the Walkway Over the Hudson.

Chair Horodyski recused himself from the presentation and the vote regarding said Application as he sits on the Board of Directors of the Walkway Over the Hudson. Chair Horodyski left the room.

Ms. Waldstein-Hart presented the Application to the members of the Agency. A copy of said Application is on file. Her presentation included, but was not limited to the following:

- The mission of the Walkway is to take the benefits of the Walkway beyond the Walkway itself...primarily Ulster and Dutchess counties. To that end, they have created a number of projects; economic feasibility studies; economic impact studies which addresses how the Walkway affects the region.
- Most recently a program has been created with about 100 stakeholders; one-third of them from Ulster County and two-thirds from Dutchess. They are the Walkway as Gateway to Success. A number of Ulster County

businesses like Rocking Horse Ranch and Ulster County Realtors have seen fit to invest in the Gateway signs. The idea is to get these 500,000 people, which are still coming, to get them off the Walkway into local businesses, eateries, hotels. They are not there yet.

- Working on an overall marketing and branding strategy with the stakeholder group.
 - The Grant is through the CFA (Consolidated Funding Application) to fund a bigger program.
 - The initial investment was made by the Dyson Foundation, Chamber of Commerce, Dutchess and Ulster County Tourism, and Scenic Hudson.
- Working with SUNY New Paltz, who has agreed to do some of the GIS/GPS mapping and Marist College who has agreed to host some of the digital outreach.
 - The idea is to have a nice big screen at the three entrances to the Walkway which are now the elevator, the Highland approach and the Poughkeepsie approach. This would be an interactive screen so that people may connect with a variety of services and sites around the valley. This will allow for a more user friendly atmosphere and be more digitally advanced.
 - Currently there are 32 sites on the Walkway that can be used in conjunction with a “smart phone” that provides information in Spanish, Chinese and English. Some include the ecology of the river – the fish; some about the FDR Bridge; it is a variety of information.
 - In order to build on the current sites, they would like stationary kiosks. The first they would like to build with the assistance of the UCIDA. This would be the one on the west side of the Walkway. The Highland side is the first side/approach that is slated for, hopefully, sewer/water and a new building. State Parks has the funding, about one million dollars, to build a building. The representation included in the application is very preliminary and not necessarily what the building will look like, but it gives an idea on how it will set.
 - Her organization is the not-for-profit arm of that Friends Group, so they have to work with both the cities, the counties and the parks to accomplish it.
 - They are funding three of them. If they get funding for three, the price goes down; that would be an estimated \$45,000 budget for all of them. Some of the core costs are shared. In addition to the UCIDA’s request, there are two additional grants out. She has funding from the Hudson River Improvement Fund; grant out with SUNY New Paltz to the Greenway asking for money. The big bulk of the funding is in the CFA Grant, which would really build out the whole program.
 - They can proceed with this one piece and get the digital interactive board up. She was not completely certain that they will go with Janus. They do outdoor kiosks that hold up under pretty harsh conditions. The kiosk would be under an awning and protected, but they want for it to be accessible not in a building that needs to be staffed.
 - Saratoga Associates and Parks will build the building (no bids are out for construction at this time), while SUNY and Marist will provide the technical expertise.

- The building may be built with composting toilets, but this is not ideal. It is hoped that sewer will be linked from Havilland Road to the west approach. The Town of Lloyd has approved the sewer/water district and Morris Associates in designing that piece of it.
- There are several choices as to where the display could be located. The display could be located at the pavilion on the left side where the volunteers are; it could be erected on the pavilion now.
- Originally it was thought to fund one display at a time; this is not economical. If they only fund two, they will do it ... one on the west, one on the east; they will let the elevator site wait for a while.
- All the kiosks will have the same content.
- Support has been sought from Rocking Horse Ranch (\$4,500 into the Gateway signs); Mohonk is thinking about putting in; Ulster County Realtors (\$4,500). There has been some substantial investment by the businesses.
- The Walkway Over the Hudson will be maintaining the kiosks; that is where there will a need for businesses to support it through advertising and connections. It will need to be updated and changed on occasion.
- Alternate forms of transportation ... i.e. trolley, electric vehicles have been discussed.

Motion: James Malcolm, seconded by John Morrow, moved to approve the request from the Walkway Over the Hudson in the amount of \$15,000 for the purpose of constructing a digital display terminal kiosk.

The members of the Agency discussed the Application for Services. Discussion included, but was not limited to the following:

- Is this the right place for this? Is there a program for funding non-profits for something like this?
 - The UCIDA in the past has funded the Hudson Valley Agri-Business Development Center, the Hudson Valley Economic Development. In addition, they do get requests for Contract for Services on a regular basis.
- What is the over-arching program; is this just a thing that we will do from time to time.
 - There is a line in the budget for Contract for Services and it is for contracts that fit the mission of the Agency. It is pretty broad.
- Should this be handled under the UCCRC rather than the UCIDA? There is no right or wrong. It could be done by either. The UCCRC is a not for profit, but this is creating tangible jobs and that is the UCIDA's mission; creating jobs at the restaurants, hotels/motels, etc. It is contributing to the creation of jobs; it is not creating direct jobs.

Counsel Scott stated that there is an economic development aspect to this; he was comfortable having it fall under the UCIDA. If the members want to do it under the UCCRC that is fine. The UCCRC's powers are broader with respect to making grants and loans. From a legal standpoint, it is certainly smoother going through the UCCRC. From a mission and purpose standpoint he was comfortable. Some state regulators take a very narrow view as to the powers of IDAs and there have been some issues on grants/loans.

Mr. Malcolm asked counsel for his advice. Should it be handled under the UCIDA or the UCCRC?

Counsel Scott responded that the smoothest way legally is through the UCCRC.

Mr. James Malcolm rescinded his original motion and recommended that it be handled under the proper course of business under the UCCRC.

COMMITTEE REPORTS

Audit Committee. Mr. Floyd Lattin, Chair of the Audit Committee, reported that the committee had met at 7:30 a.m., this morning to review the 3rd Quarter financials for the Agency.

Finance Committee. Chair Horodyski reported that the Finance Committee had met immediately following the September 10, 2014 UCIDA meeting to review the presented draft budget. The members of the Agency have already approved the 2015-2018 Budget earlier in the Agenda.

Governance Committee. Mr. John Morrow, Chair of the Governance Committee reported that the committee had met on October 3, 2014. Committee Chair Morrow stated that the members of the committee made several recommendations to amend/change the Agency's Bylaws. One significant recommendation is that all members of the Agency, with the exception of the Chair, Treasurer and Secretary were Assistant Vice Chairs, but in the absence of the Chair, nobody knew who was really in charge. A recommendation was made to make a single Vice Chair, voted upon by the full board, which will help knowing who would run the meetings in the Chair's absence. Additionally, Committee Chair Morrow reported that the committee recommended that everyone, with the exception of the Chair and Secretary be appointed Assistant Secretary so in the event of the Secretary's absence, resolutions/documents may be signed/notarized. A copy of the proposed amended Bylaws is on file.

Chair Horodyski stated that the Agency will be reorganizing sometime in the near future; usually in the past it has been done in January. That is where we will re-appoint and re-elect the officer positions of the Agency.

Committee Chair Morrow thought that between now and then, it was hoped that the Agency's Bylaws would be amended and adopted by the full membership of the Agency.

Committee Chair Morrow also reported that the members of the committee started to look at the points structure for applications. The committee thought that some things were not necessary to be in the points structure; some of the points given to certain categories were too heavily weighted compared to what the committee thought the were important to the Agency. Recommendations will be made in the future.

Chair Horodyski stated that the Agency's plan in 2014 was that the Agency was going to go out again and review the Uniform Tax Exemption Policy (UTEP), the Points Calculator and go out again to the jurisdictions and make some changes. 2014 obviously got away from us; there is money budgeted in the 2015 budget in the amount of \$2,000 for UTEP. It is expected that in 2015 to take the recommendations from Governance, and incorporate them into the new UTEP Policy and go out from there. This is a very labor intensive process for staff and for the members of the Agency. We will be going out to the affected taxing jurisdictions asking for their comments, asking for the questions/criticisms, etc. We will make changes based upon that.

Mr. Lattin asked if it was known what other counties do.

Committee Chair Morrow responded that that was one of the questions that the committee posed to Ms. Holt. She will get back to us with some of those ideas and thoughts.

Chair Horodyski stated that the Agency's Points Calculator is probably one of the more formal Points Calculators in the state from an IDA perspective. The Agency does a good job trying to quantify, opposed to other IDAS.

Mr. Lattin replied formal meaning rigid.

Chair Horodyski agreed rigid as far as quantify what a benefit for a particular project is really going to be.

Chair Horodyski reported that there is a forthcoming report from the Ulster County Comptroller's Office, entitled A Study of the Impact and Best Practices for Industrial Development Agencies, dated October 7, 2014. A copy of which is on file. The report states that the Agency has retained or provided 97% of the promised jobs. Out of 4,000 jobs, there have been 3,900+ provided. It is a pretty solid report card in the sense that what we have been promised has been done.

Continuing, Committee Chair Morrow stated that Governance discussed the Shovel Ready Feasibility Studies. After considerable discussion, the committee made the following recommendation: In the future counsel should add to every Agreement for Feasibility Study that if the study is not complete after one year, quarterly progress reports will be required for the duration of the second year. At the conclusion of the second year, two quarterly extensions may be awarded at the pleasure of the Agency. Failure to file said quarterly reports may revoke said agreement.

The members of the Agency were in agreement to this recommendation.

Ready2Go. No report was offered.

OLD BUSINESS

14 Pine Street – Blue Haven Hosiery

Counsel Scott reported that an email response was received. The project owners were still negotiating with their insurance company and will not move forward until those issues are resolved.

Ulster Commons

Mr. Jeff Kane addressed the members of the Agency with reference to the Ulster Commons Hotel project. He gave an overview of the entire campus which included the Mid-Hudson Medical Building, Tractor Supply, Hardees Restaurant, and 12,000 additional retail space. The proposed project is a 95-bed hotel. Initially, the hotel was designated for one of the rear pads of the site. Several months ago he reported to the Agency that there was interest in moving the hotel to the front, more towards the 9-W side. Those negotiations did not progress. A decision has been solidified to place the hotel in the back, which is why they have proceeded with construction along the front. The hotel location remains toward the back, which is reflected in the initial Application to the UCIDA. He stated that he would like to tell the members of the Agency that we have finalized the site plan with the hotel, but they have not. They remain deep in those conversations, but they are not there yet. They would appreciate the Agency to continue to be patient with them as they finalize that process.

Chair Horodyski asked if there was an expected time table.

Mr. Kane responded that he always had an expected time table but he remains more optimistic than most. He would like to think that in 90 days they would be done, but history tells him that 180 days is more likely.

MID-HUDSON MEDICAL GROUP (MHMG-KM KINGSTON)

Mr. Kane addressed the correspondence dated October 2, 2014 from Joseph T. Kirchoff, Manager regarding MHMG-KM Kingston, LLC a New York limited liability company. A copy of said correspondence is on file. In essence, this is a request for an increase in the benefits there. Initially, there was a budget, an appraisal of the site, and there is always a gap between what the appraisal is and what the budget is.

Chair Horodyski stated that originally the Agency approved this project in the amount of \$32,000,000+. The project only used \$24,000,000. Now, you are going back and re-financing up to what the Agency thought was the original project. You paid us our fee based upon \$32,000,000. What he finds confusing is why you would pay the Agency more than you originally thought you were going to us. That is odd; not that many people over pay us.

Mr. Kane responded that the history on that is that the project budget, at least their interpretation as defined by the Agency's documents for what the entire project value is, the \$32,000,000+, that is the application to you is the entire project budget. We then had an appraisal and a loan for the \$24,000,000+ so the mortgage tax was on the \$24,000,000. As they have now completed that project, they had more expenses than they hoped; they also have a higher appraisal. When going into permanent financing that loan amount is increased from the \$24,000,000 to \$26.5.

Chair Horodyski stated that the project increased.

Mr. Kane responded that the project increased a little bit, the loan increased, so the request is for the extension of the mortgage tax on that permanent loan amount. Again the \$24,000,000 construction loan to the \$26,500,000; that \$2½ million extension of the mortgage recording tax benefit.

Chair Horodyski asked what the project value was now \$34,000,000.

Mr. Kane responded that he thought that the entire value is almost \$33,000,000. That is an appraisal value based on what we put into it as well as there was specific equipment that Mid-Hudson Medical Group put into the building that added to the value that was not part of the initial project values All the heavy imaging that was put in there, the MRI, CT, ultrasound.

Chair Horodyski stated that it doesn't sound like this is in your project value now.

Mr. Kane replied that it adds to the project value as part of the appraisal.

It should be noted that there was a malfunction in the recording of the meeting at this point in the discussion.

Continuing, Counsel Scott stated that if that is what had happened then we only need mortgage recording tax on the balance. But what usually happens because banks don't talk to each other

Mr. Lattin responded that banks do talk to one another; it is very typical for you to assign a commercial mortgage.

Chair Horodyski remarked as long as they get paid for it; they don't do it for free.

Mr. Lattin stated that in his experience it happens all the time.

Counsel Scott responded that he didn't mean to challenge Mr. Lattin on that, but he has actually seen just the opposite; that banks don't typically cooperate.

Mr. Lattin stated that this is a securitized lender; as long as there is a title company that will insure the mortgage, that mortgage will be assignable.

Counsel Scott stated that the reason they are coming back to the Agency is that the UCIDA has a lease-hold interest in the property and they need the Agency to sign the mortgage. That is the background for the request. His concern was, as outlined by the Chairman, was that he wanted to make sure that there wasn't any issues about the amount of the exemption compared to the project costs. They paid us an amount in excess; we are covered on that. From a legal standpoint the letter indicates that the increase in the mortgage is due to hard construction costs so that is consistence with the Agency's project, mission and purpose. It is now before the board for their consideration. The legal issues that he was concerned about appear to have been addressed in the letter and also by the comments from the project applicant.

Chair Horodyski stated that based upon the discussion is the Agency alright in extending the benefits for the gap in financing. Personally, he was ok with it as long as the Agency gets a sense as to what the total project cost is.

Mr. Malcolm stated that he can't make a decision until he knows that. This is something that has been in play for over a year. Until the questions are answered, even if it is a month

Chair Horodyski asked Mr. Kane if they were under time constraints Do you have a closing set?

Mr. Kane responded that a closing has been set. Would the Agency allow for him to make several telephone calls and then come back to them with a verbal report, followed by paper?

Counsel Scott replied to perhaps address Mr. Malcolm's concerns, in connection with any of the Agency's closings, a certificate is obtained indicating what the project costs is. That is what the admin fee is based upon. What would be done is that we would approve this mortgage, subject to a variety of conditions. One of the conditions being the delivery of a certificate indicating what the new project cost is and if it is in excess of the \$32,000,000 that was originally described they would pay the admin fee on that difference.

Mr. Malcolm stated that as long as everyone was secure with that.

Mr. Lattin asked how the Agency would know that equity is not being taken out.

Mr. Malcolm responded that he did not know that at all.

Counsel Scott replied again we have the letter.

Mr. Lattin stated that we have a letter saying that there were some brownfields. He presumed that this was the old Miron site. Wasn't this cleaned up; you bought a dirty piece of ground.

Mr. Kane responded yes.

Mr. Lattin replied without knowing what the costs would be to clean it up.

Mr. Kane responded that you never truly know what the clean-up costs are going to be. They knew walking into it that there were going to be some challenges related to some of the environmental contaminations. They voluntarily went into the NYS Brownfield Program which establishes both a clean-up level and parameters on how that is managed. They knew there were some petroleum tanks where the Police Barracks were. Those were "pulled". They also hit additional tanks in three other locations on the site which greatly increased their clean-up costs related to that program. As the case is made to both the UCIDA and the NYS Brownfield Program, and there is always "will the project proceed but for the benefits". We know that the project would not have proceeded without those benefits. It wasn't a matter of did the project perform; we would have quite simply run out of money.

Mr. Lattin stated that he found it a little difficult to believe that underground storage tanks that were usually used for oil would result in a \$2.5 million increase in your clean-up costs. That was way out of his experience with what it costs to clean-up a site.

Mr. Malcolm stated that he tended to agree with Mr. Lattin. Your unforeseen construction impact costs; it wasn't what we planned so we're coming back for more. He highly doubted that the project would have stopped; no one invests that kind of money and stops a project. That is just his take on it. Because it was poor planning on Kirchhoff Development which is a very smart professional organization, he would have thought that there would have been maps in and around Kingston that showed where these tanks were.

Mr. Lattin responded that they are recorded; there is a state registry.

Mr. Kane replied that these were not recorded. You are legally required to record these. They investigated this.

Chair Horodyski stated that he knew in renovations that they did they hit a tank that was not on any map.

Mr. Kane stated so you pulled the tank ... so what does a tank pull cost \$10,000, \$15,000. What happens is it is just not the tank. If you have had a tank there leaking for 25 years and you have soil and ground water contaminated that needs to be remediated. The soil gets pulled out of there at \$60/ton and taken to a facility to be handled. Then you have new material brought in at \$20/ton to put in place, managed and compacted. It really does add up. They had significant costs. As part of the brownfields program as well, to create a layer, they had to really encapsulate the land by, on average, four feet over the pre-existing grade on the site. That entire amount of fill on the site, quite simply a lot of money.

Mr. Malcolm asked if there were any surprises under the footprint of the hotel

Mr. Kane responded that he was an optimist. They started with a grid, with some 50 test grids across the site and thought they had it gridded fairly well; they did hit some surprises. Sure, there are wholes in the footprint of the hotel that they have dug. He didn't think they would find anything else.

Mr. Malcolm stated you're not coming back here again are you?

Mr. Kane replied that he certainly didn't plan to. They think they have everything encapsulated and are completing their Certificate of Completion with the DEC. That will be done this December.

Mr. Lattin stated that Cantor Fitzgerald will actually issue you a long-term securitized mortgage without the site remediation being completed.

Mr. Kane responded that the state issues the Certificate of Completion (COC) as part of the Brownfields Program. There are a number of sites around the state that they are involved with the program so every year they have a number that want to get there COC that year. They have this calendar of events that culminate in COCs being issued in December. It only happens once a year; you can't get it early. They have worked very carefully with Cantor for them to understand the documents, understand the cleanup. DEC has actually issued a letter which says that they have reached this clean-up standard, what remains is yes they have to review the Final Engineering Report (FER), the final Soft Management Plan (SMP) and the Final Environmental Easement. They have to review these final documents. They have a provision in their documents with both Cantor which makes them responsible for completing those documents. We have an obligation post closing to review those documents. They have accepted them, together with the communication from DEC that the clean-up standard has been met even though the COC has not been issued.

Mr. Lattin asked Mr. Kane if he did not think that there would be a surprise on the hotel side.

Mr. Kane replied affirmatively

Mr. Lattin stated that wouldn't the COC Does the mortgage for Cantor cover the hotel side?

Mr. Kane replied no.

Counsel Scott stated that they are all sub-divided parcels.

Mr. Lattin asked if there was actual ground water contamination.

Mr. Kane replied there was an incident of ground water and they ran a treatment system and treated about one million gallons of ground water through a carbon filtration system before it was discharged back. This had been completed and the filtration system is offsite.

Mr. Lattin asked is some type of impermeable layer was put in place under the new fill.

Mr. Kane responded that there is not an impermeable layer under the fill. The four feet of fill are in fact over the top of the existing Under the slab of the Mid-Hudson Medical Group building, as it will be for the other buildings within the brownfield, typically there is a vapor barrier. There is a thicker vapor barrier with a sub-slab depressurization system. It is a passive system; it's really some perforated pipe in stone which then has a pipe up in a couple of location that vent through the roof. It is passive; there is no fan that pulls vapors from the slab to top. As part of the Department of Health's involvement, we have set them in locations where we have to sample, he thought, 9 months after occupancy and then every three years after that to determine the level if any of soil vapors. Should the passive system not adequately move any potential vapors out we would then have to go back in and put an active system in place with a fan to move those vapors out into the atmosphere.

Motion: John Morrow, seconded by Mary Sheeley, moved to basically approve the additional mortgage tax benefit on the additional monies outside of the original \$24,000,000 and change, pending the certification of the project costs.

Counsel Scott stated that by way of information for the members of the Agency Page 4 of the resolution Section 2, there is a condition section which is our typical language for the UCIDA. The conditions include the payment of any administrative fee, there is a post closing administrative fee policy where we start from \$500 and go up

Chair Horodyski stated that he would like to add to that certification. He would like to see itemized year overage so that we can put that as a condition at least to alleviate some of the concerns as to equity coming out of the deal. You should show us something that equals that increase in the mortgage for the cost that you are incurring.

Mr. Malcolm stated that for the record he would rather see everything the Agency is asking for prior to. That is where he is coming from.

Mr. Lattin agreed.

Chair Horodyski stated that there is a motion on the floor and called for a vote on moving forward with those conditions with the added condition of the construction costs.

Vote: The motion was defeated.

Mr. Kane stated that they have a closing scheduled. We may proceed without the extension of the benefits on the additional mortgage. This doesn't stand in their way to refinancing and their ability to do that. Is that correct?

Counsel Scott stated that the Agency has not approved the execution of that mortgage. It would impact your closing schedule. If you want to change your request to simply have the Agency sign the mortgage because they have a lease hold interest in the property so that you can move forward without any of these benefits, that is something

Mr. Malcolm asked Mr. Kane when they became aware that this was going to become an issue.

Mr. Kane responded that he first heard about the issue, and again, he is not involved in the financing end, about two weeks ago.

Mr. Malcolm stated that the project has been in play for about a year now. You know the issues you ran into with the brownfields and the Agency meets every month. He was not saying that anyone is "holding the gun" to any one's head, he doesn't like people coming in at the last minute saying that they have do this because it will impact our closing costs. That is just his observation. We meet every month and when you have a \$20,000,000 plus project the issue doesn't come up one day and have to be taken care of the next especially with a group that is that experienced.

Mr. Kane requested that the Agency authorize a signature on the loan, benefits aside.

Chair Horodyski responded that the Agency is already out there on the construction mortgage. We can sign it without the benefit.

Counsel Scott responded that he has done that with other of his IDA clients where we agree to sign the new mortgage but there is no mortgage recording tax exemption on any excess of that mortgage.

Motion: Robert Kinnin, seconded by John Morrow, moved to sign the new mortgage without the mortgage recording tax exemption on any excess of that mortgage.

Vote: The motion was adopted. Floyd Lattin and James Malcolm voting no.

OLD BUSINESS (CONTINUING)

Feasibility Study – Town of New Paltz

Counsel Scott reported that he has a letter in the works for the town. It is being reviewed internally. He has the town attorney identified as to who the letter is suppose to go to.

Nevele

Nothing new to report.

NEW BUSINESS

None.

PUBLIC COMMENT

Chair Horodyski opened the meeting for public comment.

Geddy Sveikauskas, Ulster Publishing. There was discussion in the beginning when Ms. Waldstein Hart was here about the motion was he believed by Mr. Malcolm that we go ahead with it. The problem is it was never mentioned what the ask was.

Mr. Malcolm responded that it would be addressed under the Ulster County Capital Resource Corporation because it is a non-profit.

Mr. Sveikauskas responded that he understood that, but he was not clear what Ms. Waldstein Hart's request was.

Mr. Malcolm responded \$15,000.

Mr. Sveikauskas replied that it was rather odd to hear something discussed without the ask being known.

Chair Horodyski responded that all members of the Agency were supplied with a copy of the Application.

ADJOURNMENT

Motion: Mary Sheeley, seconded by John Morrow, moved to adjourn the meeting

Vote: The motion was adopted.

The meeting was adjourned at 9:05 a.m.

MEETING RE-CONVENED

Motion: Mary Sheeley, seconded by James Malcolm, moved to re-convene the meeting of the Ulster County Industrial Development Agency.

Vote: The motion was adopted.

The meeting of the Ulster County Industrial Development Agency was re-convened at 9:06 a.m.

Mr. Morrow wished to speak further to items discussed at the Governance Committee meeting specifically the draft Labor Policy.

Chair Horodyski stated that his only thought on the Labor Policy, when this was discussed in Governance several months back, he thought that the Agency was looking to implement the Labor Policy in conjunction with a new Points Calculator. We were going to provide more incentive points to a company that used local labor in accordance with our Labor Policy.

Mr. Morrow replied that it was true; they do go hand in hand.

Chair Horodyski stated that in order to do the Labor Policy, you have to have the UTEP component to it.

Mr. Malcolm thought that there weren't any issues. Reading the document and accepting it and making it go hand in hand and it becomes effective once you have the new UTEP calculator.

Mr. Morrow thought that the Labor Policy could be adopted and move on to the UTEP and change the Point Calculator and so forth.

Chair Horodyski stated that right now it says that you don't get a benefit if you don't use local labor.

Mr. Malcolm responded that you can make the thing effective April 1, 2015.

Chair Horodyski asked if the Agency could approve the Labor Policy subject to the completion of a new Points Calculator. Right now there is no reference to the points calculator in the Labor Policy. There is nothing that says in the Labor Policy how does the local labor going to affect the application. The way he was reading it is that if you don't use local labor, you don't get an IDA benefit.

Mr. Malcolm responded that that was not true.

Chair Horodyski replied if you read it is.

Mr. Malcolm responded that given what the committee went over

Chair Horodyski stated and that is the issue. With the new points calculator the Labor Policy becomes pertinent.

Counsel Scott responded that his suggestion would be to add a paragraph somewhere saying that the purpose of this policy is to add a point(s) somewhere in the points calculator.

Mr. Malcolm stated it would just be in the points calculator. The purpose of the policy is the purpose of the policy. It tells people what they can and can't derive. We are not turning this in with the calculator in hand with it. Once you address it with the UTEP and you make the calculator and everything the same. He thought it was something that they wanted to get done.

Chair Horodyski responded that initially he thought it would be done in conjunction because the idea in his mind was that the local labor point You got points towards your project in regards to the benefit you would be provided based upon the use of local labor. If he read the proposed policy it says that applicants receiving benefits shall utilize at least 75% of local labor for their approved projects unless and there are four basic conditions to that. Right now, if you do not use 75% of local labor, we are saying you don't get a benefit.

Mr. Malcolm said that that was not true at all. An applicant can come here and there is criteria in there that absolves you of that.

Counsel Scott remarked that all that needs to be done here is a paragraph

Mr. Malcolm replied that the Chairman's understanding of it is not what Governance brought forward. Is he missing something?

Mr. Robert Kinnin stated that one of the questions that were raised in the committee was like the chicken and the egg. Do we modify it first or do we create the policy. What we came out of this with was that there needs to be policy in order to create a line in the points calculator.

Mr. Morrow agreed with Mr. Kinnin; it was the thought that there are exceptions in the Labor Policy for the 75%, those four different exceptions, so that you can still obtain the benefit if you meet one of those four exceptions.

Mr. Kinnin thought that they were pretty broad. We thought about different scenarios in the Hudson Valley where there are projects going on in the valley where one of these four applied and yet they still qualified.

Mr. Morrow stated that there is an out in there whereby the Agency can look at a specific project and still give the benefits.

Chair Horodyski asked outside those four criteria.

Mr. Malcolm responded that there is a project in Orange County, Pratt Whitney. It is for the United States government. It is super secret; there is machinery that comes in and nobody around here is touching that machinery. They don't have anyone qualified to touch it and they bring their technicians in from Germany. You can't cut the guy off at the legs because he has to bring in special labor.

Mr. Morrow stated that Mr. Malcolm pointed out to the Governance Committee that there is a lot of gray area that the Agency has to look at and use flexibility and latitude.

Chair Horodyski asked if the members felt that there was enough flexibility in the document as it sits. That is his concern. He did not want to be hamstrung by it.

Mr. Kinnin stated that modifications were made during the meeting; so what the members of the Agency are seeing is something that provides for more flexibility.

Mr. Malcolm thought that the committee thought about it and there was a tremendous amount of latitude. This is a rational board and we can discuss it here, but he thought there was a need for some level of protection. You can always tweak things going forward, but you have to have a base and this is the base. Mr. Malcolm had no issue about moving it off until next month.

Chair Horodyski stated that the members have the proposed Local Labor Policy; members should review it and let's get a sense on where we are feeling on it. He appreciated the Governance Committee instilling a level of flexibility for a project. What we don't want to do is put ourselves at a competitive disadvantage with other counties in the use of local labor. But in the same token, if we can get some construction jobs locally out the projects that do work here, then that is important.

Mr. Malcolm stated that it could be any facet of the project.

Mr. Morrow asked as Chairman of Governance that any committee member that goes through it and has any thoughts and/or concerns that they contact him so that those concerns may be addressed.

Motion: James Malcolm, seconded by John Morrow, moved to adjourn the meeting of the Agency.

Vote: The motion was adopted.

The meeting was adjourned at 9:12 a.m.

Respectfully submitted,

John Morrow
Secretary

UCIDA

Ulster County Industrial Development Agency

**Ulster County Industrial Development Agency
Minutes
October 8, 2014**

A regular monthly meeting of the Ulster County Industrial Development Agency was held at 8:00 a.m., Wednesday, October 8, 2014, Karen Binder Library, 6th Floor, Ulster County Office Building, 244 Fair Street, Kingston, NY.

The following agency members were present:

Michael Horodyski	Chair
Robert Kinnin	Assistant Chair/Assistant Secretary
Floyd Lattin	Member
John Livermore	Member
James Malcolm	Assistant Chair/Assistant Secretary
John Morrow	Secretary
Mary Sheeley	Member

The following agency members were absent:

None.

Offices of Business Services Staff:

Linda Clark
Suzanne Holt
Karl Schlegel

Ulster County Finance Office:

Christopher Rioux

UCIDA Attorney and Bond Counsel:

A. Joseph Scott Hodgson Russ LLP

Additional Attendees:

T. J. Briggs	Ulster County Legislator
Joseph Eriole	Deputy Ulster County Comptroller
Jeff Kane	Kirchhoff Properties
Bill Kimble	Daily Freeman
Geddy Sveikauskas	Ulster Publishing
Elizabeth Waldstein-Hart	Walkway Over the Hudson

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

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.

MINUTES

Motion Floyd Lattin, seconded by James Malcolm, moved to approve the Minutes of the September 10, 2014, meeting. A copy of said Minutes is on file.

Vote: The motion was adopted.

FINANCIALS

Christopher Rioux presented the financials for the period ending September 30, 2014. A copy of said financials is on file

Motion: Robert Kinnin, seconded by Mary Sheeley, moved to accept the financials as presented.

Vote: The motion was adopted.

APPROVAL OF THE 2015-2018 BUDGET

Chairman Horodyski presented the 2015-2018 Budget. A copy of said budget is on file.

Motion: James Malcolm, seconded by Floyd Lattin, moved to approve the 2015-2018 Budget as presented.

Vote: The motion was adopted.

APPLICATION FOR SERVICES – WALKWAY OVER THE HUDSON

Chair Horodyski introduced Elizabeth Waldstein-Hart, Executive Director of the Walkway Over the Hudson.

Chair Horodyski recused himself from the presentation and the vote regarding said Application as he sits on the Board of Directors of the Walkway Over the Hudson. Chair Horodyski left the room.

Ms. Waldstein-Hart presented the Application to the members of the Agency. A copy of said Application is on file. Her presentation included, but was not limited to the following:

- The mission of the Walkway is to take the benefits of the Walkway beyond the Walkway itself...primarily Ulster and Dutchess counties. To that end, they have created a number of projects; economic feasibility studies; economic impact studies which addresses how the Walkway affects the region.
- Most recently a program has been created with about 100 stakeholders; one-third of them from Ulster County and two-thirds from Dutchess. They are the Walkway as Gateway to Success. A number of Ulster County

businesses like Rocking Horse Ranch and Ulster County Realtors have seen fit to invest in the Gateway signs. The idea is to get these 500,000 people, which are still coming, to get them off the Walkway into local businesses, eateries, hotels. They are not there yet.

- Working on an overall marketing and branding strategy with the stakeholder group.
 - The Grant is through the CFA (Consolidated Funding Application) to fund a bigger program.
 - The initial investment was made by the Dyson Foundation, Chamber of Commerce, Dutchess and Ulster County Tourism, and Scenic Hudson.
- Working with SUNY New Paltz, who has agreed to do some of the GIS/GPS mapping and Marist College who has agreed to host some of the digital outreach.
 - The idea is to have a nice big screen at the three entrances to the Walkway which are now the elevator, the Highland approach and the Poughkeepsie approach. This would be an interactive screen so that people may connect with a variety of services and sites around the valley. This will allow for a more user friendly atmosphere and be more digitally advanced.
 - Currently there are 32 sites on the Walkway that can be used in conjunction with a “smart phone” that provides information in Spanish, Chinese and English. Some include the ecology of the river – the fish; some about the FDR Bridge; it is a variety of information.
 - In order to build on the current sites, they would like stationary kiosks. The first they would like to build with the assistance of the UCIDA. This would be the one on the west side of the Walkway. The Highland side is the first side/approach that is slated for, hopefully, sewer/water and a new building. State Parks has the funding, about one million dollars, to build a building. The representation included in the application is very preliminary and not necessarily what the building will look like, but it gives an idea on how it will set.
 - Her organization is the not-for-profit arm of that Friends Group, so they have to work with both the cities, the counties and the parks to accomplish it.
 - They are funding three of them. If they get funding for three, the price goes down; that would be an estimated \$45,000 budget for all of them. Some of the core costs are shared. In addition to the UCIDA’s request, there are two additional grants out. She has funding from the Hudson River Improvement Fund; grant out with SUNY New Paltz to the Greenway asking for money. The big bulk of the funding is in the CFA Grant, which would really build out the whole program.
 - They can proceed with this one piece and get the digital interactive board up. She was not completely certain that they will go with Janus. They do outdoor kiosks that hold up under pretty harsh conditions. The kiosk would be under an awning and protected, but they want for it to be accessible not in a building that needs to be staffed.
 - Saratoga Associates and Parks will build the building (no bids are out for construction at this time), while SUNY and Marist will provide the technical expertise.

- The building may be built with composting toilets, but this is not ideal. It is hoped that sewer will be linked from Havilland Road to the west approach. The Town of Lloyd has approved the sewer/water district and Morris Associates in designing that piece of it.
- There are several choices as to where the display could be located. The display could be located at the pavilion on the left side where the volunteers are; it could be erected on the pavilion now.
- Originally it was thought to fund one display at a time; this is not economical. If they only fund two, they will do it ... one on the west, one on the east; they will let the elevator site wait for a while.
- All the kiosks will have the same content.
- Support has been sought from Rocking Horse Ranch (\$4,500 into the Gateway signs); Mohonk is thinking about putting in; Ulster County Realtors (\$4,500). There has been some substantial investment by the businesses.
- The Walkway Over the Hudson will be maintaining the kiosks; that is where there will a need for businesses to support it through advertising and connections. It will need to be updated and changed on occasion.
- Alternate forms of transportation ... i.e. trolley, electric vehicles have been discussed.

Motion: James Malcolm, seconded by John Morrow, moved to approve the request from the Walkway Over the Hudson in the amount of \$15,000 for the purpose of constructing a digital display terminal kiosk.

The members of the Agency discussed the Application for Services. Discussion included, but was not limited to the following:

- Is this the right place for this? Is there a program for funding non-profits for something like this?
 - The UCIDA in the past has funded the Hudson Valley Agri-Business Development Center, the Hudson Valley Economic Development. In addition, they do get requests for Contract for Services on a regular basis.
- What is the over-arching program; is this just a thing that we will do from time to time.
 - There is a line in the budget for Contract for Services and it is for contracts that fit the mission of the Agency. It is pretty broad.
- Should this be handled under the UCCRC rather than the UCIDA? There is no right or wrong. It could be done by either. The UCCRC is a not for profit, but this is creating tangible jobs and that is the UCIDA's mission; creating jobs at the restaurants, hotels/motels, etc. It is contributing to the creation of jobs; it is not creating direct jobs.

Counsel Scott stated that there is an economic development aspect to this; he was comfortable having it fall under the UCIDA. If the members want to do it under the UCCRC that is fine. The UCCRC's powers are broader with respect to making grants and loans. From a legal standpoint, it is certainly smoother going through the UCCRC. From a mission and purpose standpoint he was comfortable. Some state regulators take a very narrow view as to the powers of IDAs and there have been some issues on grants/loans.

Mr. Malcolm asked counsel for his advice. Should it be handled under the UCIDA or the UCCRC?

Counsel Scott responded that the smoothest way legally is through the UCCRC.

Mr. James Malcolm rescinded his original motion and recommended that it be handled under the proper course of business under the UCCRC.

COMMITTEE REPORTS

Audit Committee. Mr. Floyd Lattin, Chair of the Audit Committee, reported that the committee had met at 7:30 a.m., this morning to review the 3rd Quarter financials for the Agency.

Finance Committee. Chair Horodyski reported that the Finance Committee had met immediately following the September 10, 2014 UCIDA meeting to review the presented draft budget. The members of the Agency have already approved the 2015-2018 Budget earlier in the Agenda.

Governance Committee. Mr. John Morrow, Chair of the Governance Committee reported that the committee had met on October 3, 2014. Committee Chair Morrow stated that the members of the committee made several recommendations to amend/change the Agency's Bylaws. One significant recommendation is that all members of the Agency, with the exception of the Chair, Treasurer and Secretary were Assistant Vice Chairs, but in the absence of the Chair, nobody knew who was really in charge. A recommendation was made to make a single Vice Chair, voted upon by the full board, which will help knowing who would run the meetings in the Chair's absence. Additionally, Committee Chair Morrow reported that the committee recommended that everyone, with the exception of the Chair and Secretary be appointed Assistant Secretary so in the event of the Secretary's absence, resolutions/documents may be signed/notarized. A copy of the proposed amended Bylaws is on file.

Chair Horodyski stated that the Agency will be reorganizing sometime in the near future; usually in the past it has been done in January. That is where we will re-appoint and re-elect the officer positions of the Agency.

Committee Chair Morrow thought that between now and then, it was hoped that the Agency's Bylaws would be amended and adopted by the full membership of the Agency.

Committee Chair Morrow also reported that the members of the committee started to look at the points structure for applications. The committee thought that some things were not necessary to be in the points structure; some of the points given to certain categories were too heavily weighted compared to what the committee thought the were important to the Agency. Recommendations will be made in the future.

Chair Horodyski stated that the Agency's plan in 2014 was that the Agency was going to go out again and review the Uniform Tax Exemption Policy (UTEP), the Points Calculator and go out again to the jurisdictions and make some changes. 2014 obviously got away from us; there is money budgeted in the 2015 budget in the amount of \$2,000 for UTEP. It is expected that in 2015 to take the recommendations from Governance, and incorporate them into the new UTEP Policy and go out from there. This is a very labor intensive process for staff and for the members of the Agency. We will be going out to the affected taxing jurisdictions asking for their comments, asking for the questions/criticisms, etc. We will make changes based upon that.

Mr. Lattin asked if it was known what other counties do.

Committee Chair Morrow responded that that was one of the questions that the committee posed to Ms. Holt. She will get back to us with some of those ideas and thoughts.

Chair Horodyski stated that the Agency's Points Calculator is probably one of the more formal Points Calculators in the state from an IDA perspective. The Agency does a good job trying to quantify, opposed to other IDAS.

Mr. Lattin replied formal meaning rigid.

Chair Horodyski agreed rigid as far as quantify what a benefit for a particular project is really going to be.

Chair Horodyski reported that there is a forthcoming report from the Ulster County Comptroller's Office, entitled A Study of the Impact and Best Practices for Industrial Development Agencies, dated October 7, 2014. A copy of which is on file. The report states that the Agency has retained or provided 97% of the promised jobs. Out of 4,000 jobs, there have been 3,900+ provided. It is a pretty solid report card in the sense that what we have been promised has been done.

Continuing, Committee Chair Morrow stated that Governance discussed the Shovel Ready Feasibility Studies. After considerable discussion, the committee made the following recommendation: In the future counsel should add to every Agreement for Feasibility Study that if the study is not complete after one year, quarterly progress reports will be required for the duration of the second year. At the conclusion of the second year, two quarterly extensions may be awarded at the pleasure of the Agency. Failure to file said quarterly reports may revoke said agreement.

The members of the Agency were in agreement to this recommendation.

Ready2Go. No report was offered.

OLD BUSINESS

14 Pine Street – Blue Haven Hosiery

Counsel Scott reported that an email response was received. The project owners were still negotiating with their insurance company and will not move forward until those issues are resolved.

Ulster Commons

Mr. Jeff Kane addressed the members of the Agency with reference to the Ulster Commons Hotel project. He gave an overview of the entire campus which included the Mid-Hudson Medical Building, Tractor Supply, Hardees Restaurant, and 12,000 additional retail space. The proposed project is a 95-bed hotel. Initially, the hotel was designated for one of the rear pads of the site. Several months ago he reported to the Agency that there was interest in moving the hotel to the front, more towards the 9-W side. Those negotiations did not progress. A decision has been solidified to place the hotel in the back, which is why they have proceeded with construction along the front. The hotel location remains toward the back, which is reflected in the initial Application to the UCIDA. He stated that he would like to tell the members of the Agency that we have finalized the site plan with the hotel, but they have not. They remain deep in those conversations, but they are not there yet. They would appreciate the Agency to continue to be patient with them as they finalize that process.

Chair Horodyski asked if there was an expected time table.

Mr. Kane responded that he always had an expected time table but he remains more optimistic than most. He would like to think that in 90 days they would be done, but history tells him that 180 days is more likely.

MID-HUDSON MEDICAL GROUP (MHMG-KM KINGSTON)

Mr. Kane addressed the correspondence dated October 2, 2014 from Joseph T. Kirchoff, Manager regarding MHMG-KM Kingston, LLC a New York limited liability company. A copy of said correspondence is on file. In essence, this is a request for an increase in the benefits there. Initially, there was a budget, an appraisal of the site, and there is always a gap between what the appraisal is and what the budget is.

Chair Horodyski stated that originally the Agency approved this project in the amount of \$32,000,000+. The project only used \$24,000,000. Now, you are going back and re-financing up to what the Agency thought was the original project. You paid us our fee based upon \$32,000,000. What he finds confusing is why you would pay the Agency more than you originally thought you were going to us. That is odd; not that many people over pay us.

Mr. Kane responded that the history on that is that the project budget, at least their interpretation as defined by the Agency's documents for what the entire project value is, the \$32,000,000+, that is the application to you is the entire project budget. We then had an appraisal and a loan for the \$24,000,000+ so the mortgage tax was on the \$24,000,000. As they have now completed that project, they had more expenses than they hoped; they also have a higher appraisal. When going into permanent financing that loan amount is increased from the \$24,000,000 to \$26.5.

Chair Horodyski stated that the project increased.

Mr. Kane responded that the project increased a little bit, the loan increased, so the request is for the extension of the mortgage tax on that permanent loan amount. Again the \$24,000,000 construction loan to the \$26,500,000; that \$2½ million extension of the mortgage recording tax benefit.

Chair Horodyski asked what the project value was now \$34,000,000.

Mr. Kane responded that he thought that the entire value is almost \$33,000,000. That is an appraisal value based on what we put into it as well as there was specific equipment that Mid-Hudson Medical Group put into the building that added to the value that was not part of the initial project values All the heavy imaging that was put in there, the MRI, CT, ultrasound.

Chair Horodyski stated that it doesn't sound like this is in your project value now.

Mr. Kane replied that it adds to the project value as part of the appraisal.

It should be noted that there was a malfunction in the recording of the meeting at this point in the discussion.

Continuing, Counsel Scott stated that if that is what had happened then we only need mortgage recording tax on the balance. But what usually happens because banks don't talk to each other

Mr. Lattin responded that banks do talk to one another; it is very typical for you to assign a commercial mortgage.

Chair Horodyski remarked as long as they get paid for it; they don't do it for free.

Mr. Lattin stated that in his experience it happens all the time.

Counsel Scott responded that he didn't mean to challenge Mr. Lattin on that, but he has actually seen just the opposite; that banks don't typically cooperate.

Mr. Lattin stated that this is a securitized lender; as long as there is a title company that will insure the mortgage, that mortgage will be assignable.

Counsel Scott stated that the reason they are coming back to the Agency is that the UCIDA has a lease-hold interest in the property and they need the Agency to sign the mortgage. That is the background for the request. His concern was, as outlined by the Chairman, was that he wanted to make sure that there wasn't any issues about the amount of the exemption compared to the project costs. They paid us an amount in excess; we are covered on that. From a legal standpoint the letter indicates that the increase in the mortgage is due to hard construction costs so that is consistence with the Agency's project, mission and purpose. It is now before the board for their consideration. The legal issues that he was concerned about appear to have been addressed in the letter and also by the comments from the project applicant.

Chair Horodyski stated that based upon the discussion is the Agency alright in extending the benefits for the gap in financing. Personally, he was ok with it as long as the Agency gets a sense as to what the total project cost is.

Mr. Malcolm stated that he can't make a decision until he knows that. This is something that has been in play for over a year. Until the questions are answered, even if it is a month

Chair Horodyski asked Mr. Kane if they were under time constraints Do you have a closing set?

Mr. Kane responded that a closing has been set. Would the Agency allow for him to make several telephone calls and then come back to them with a verbal report, followed by paper?

Counsel Scott replied to perhaps address Mr. Malcolm's concerns, in connection with any of the Agency's closings, a certificate is obtained indicating what the project costs is. That is what the admin fee is based upon. What would be done is that we would approve this mortgage, subject to a variety of conditions. One of the conditions being the delivery of a certificate indicating what the new project cost is and if it is in excess of the \$32,000,000 that was originally described they would pay the admin fee on that difference.

Mr. Malcolm stated that as long as everyone was secure with that.

Mr. Lattin asked how the Agency would know that equity is not being taken out.

Mr. Malcolm responded that he did not know that at all.

Counsel Scott replied again we have the letter.

Mr. Lattin stated that we have a letter saying that there were some brownfields. He presumed that this was the old Miron site. Wasn't this cleaned up; you bought a dirty piece of ground.

Mr. Kane responded yes.

Mr. Lattin replied without knowing what the costs would be to clean it up.

Mr. Kane responded that you never truly know what the clean-up costs are going to be. They knew walking into it that there were going to be some challenges related to some of the environmental contaminations. They voluntarily went into the NYS Brownfield Program which establishes both a clean-up level and parameters on how that is managed. They knew there were some petroleum tanks where the Police Barracks were. Those were "pulled". They also hit additional tanks in three other locations on the site which greatly increased their clean-up costs related to that program. As the case is made to both the UCIDA and the NYS Brownfield Program, and there is always "will the project proceed but for the benefits". We know that the project would not have proceeded without those benefits. It wasn't a matter of did the project perform; we would have quite simply run out of money.

Mr. Lattin stated that he found it a little difficult to believe that underground storage tanks that were usually used for oil would result in a \$2.5 million increase in your clean-up costs. That was way out of his experience with what it costs to clean-up a site.

Mr. Malcolm stated that he tended to agree with Mr. Lattin. Your unforeseen construction impact costs; it wasn't what we planned so we're coming back for more. He highly doubted that the project would have stopped; no one invests that kind of money and stops a project. That is just his take on it. Because it was poor planning on Kirchhoff Development which is a very smart professional organization, he would have thought that there would have been maps in and around Kingston that showed where these tanks were.

Mr. Lattin responded that they are recorded; there is a state registry.

Mr. Kane replied that these were not recorded. You are legally required to record these. They investigated this.

Chair Horodyski stated that he knew in renovations that they did they hit a tank that was not on any map.

Mr. Kane stated so you pulled the tank ... so what does a tank pull cost \$10,000, \$15,000. What happens is it is just not the tank. If you have had a tank there leaking for 25 years and you have soil and ground water contaminated that needs to be remediated. The soil gets pulled out of there at \$60/ton and taken to a facility to be handled. Then you have new material brought in at \$20/ton to put in place, managed and compacted. It really does add up. They had significant costs. As part of the brownfields program as well, to create a layer, they had to really encapsulate the land by, on average, four feet over the pre-existing grade on the site. That entire amount of fill on the site, quite simply a lot of money.

Mr. Malcolm asked if there were any surprises under the footprint of the hotel

Mr. Kane responded that he was an optimist. They started with a grid, with some 50 test grids across the site and thought they had it gridded fairly well; they did hit some surprises. Sure, there are wholes in the footprint of the hotel that they have dug. He didn't think they would find anything else.

Mr. Malcolm stated you're not coming back here again are you?

Mr. Kane replied that he certainly didn't plan to. They think they have everything encapsulated and are completing their Certificate of Completion with the DEC. That will be done this December.

Mr. Lattin stated that Cantor Fitzgerald will actually issue you a long-term securitized mortgage without the site remediation being completed.

Mr. Kane responded that the state issues the Certificate of Completion (COC) as part of the Brownfields Program. There are a number of sites around the state that they are involved with the program so every year they have a number that want to get there COC that year. They have this calendar of events that culminate in COCs being issued in December. It only happens once a year; you can't get it early. They have worked very carefully with Cantor for them to understand the documents, understand the cleanup. DEC has actually issued a letter which says that they have reached this clean-up standard, what remains is yes they have to review the Final Engineering Report (FER), the final Soft Management Plan (SMP) and the Final Environmental Easement. They have to review these final documents. They have a provision in their documents with both Cantor which makes them responsible for completing those documents. We have an obligation post closing to review those documents. They have accepted them, together with the communication from DEC that the clean-up standard has been met even though the COC has not been issued.

Mr. Lattin asked Mr. Kane if he did not think that there would be a surprise on the hotel side.

Mr. Kane replied affirmatively

Mr. Lattin stated that wouldn't the COC Does the mortgage for Cantor cover the hotel side?

Mr. Kane replied no.

Counsel Scott stated that they are all sub-divided parcels.

Mr. Lattin asked if there was actual ground water contamination.

Mr. Kane replied there was an incident of ground water and they ran a treatment system and treated about one million gallons of ground water through a carbon filtration system before it was discharged back. This had been completed and the filtration system is offsite.

Mr. Lattin asked is some type of impermeable layer was put in place under the new fill.

Mr. Kane responded that there is not an impermeable layer under the fill. The four feet of fill are in fact over the top of the existing Under the slab of the Mid-Hudson Medical Group building, as it will be for the other buildings within the brownfield, typically there is a vapor barrier. There is a thicker vapor barrier with a sub-slab depressurization system. It is a passive system; it's really some perforated pipe in stone which then has a pipe up in a couple of location that vent through the roof. It is passive; there is no fan that pulls vapors from the slab to top. As part of the Department of Health's involvement, we have set them in locations where we have to sample, he thought, 9 months after occupancy and then every three years after that to determine the level if any of soil vapors. Should the passive system not adequately move any potential vapors out we would then have to go back in and put an active system in place with a fan to move those vapors out into the atmosphere.

Motion: John Morrow, seconded by Mary Sheeley, moved to basically approve the additional mortgage tax benefit on the additional monies outside of the original \$24,000,000 and change, pending the certification of the project costs.

Counsel Scott stated that by way of information for the members of the Agency Page 4 of the resolution Section 2, there is a condition section which is our typical language for the UCIDA. The conditions include the payment of any administrative fee, there is a post closing administrative fee policy where we start from \$500 and go up

Chair Horodyski stated that he would like to add to that certification. He would like to see itemized year overage so that we can put that as a condition at least to alleviate some of the concerns as to equity coming out of the deal. You should show us something that equals that increase in the mortgage for the cost that you are incurring.

Mr. Malcolm stated that for the record he would rather see everything the Agency is asking for prior to. That is where he is coming from.

Mr. Lattin agreed.

Chair Horodyski stated that there is a motion on the floor and called for a vote on moving forward with those conditions with the added condition of the construction costs.

Vote: The motion was defeated.

Mr. Kane stated that they have a closing scheduled. We may proceed without the extension of the benefits on the additional mortgage. This doesn't stand in their way to refinancing and their ability to do that. Is that correct?

Counsel Scott stated that the Agency has not approved the execution of that mortgage. It would impact your closing schedule. If you want to change your request to simply have the Agency sign the mortgage because they have a lease hold interest in the property so that you can move forward without any of these benefits, that is something

Mr. Malcolm asked Mr. Kane when they became aware that this was going to become an issue.

Mr. Kane responded that he first heard about the issue, and again, he is not involved in the financing end, about two weeks ago.

Mr. Malcolm stated that the project has been in play for about a year now. You know the issues you ran into with the brownfields and the Agency meets every month. He was not saying that anyone is "holding the gun" to any one's head, he doesn't like people coming in at the last minute saying that they have do this because it will impact our closing costs. That is just his observation. We meet every month and when you have a \$20,000,000 plus project the issue doesn't come up one day and have to be taken care of the next especially with a group that is that experienced.

Mr. Kane requested that the Agency authorize a signature on the loan, benefits aside.

Chair Horodyski responded that the Agency is already out there on the construction mortgage. We can sign it without the benefit.

Counsel Scott responded that he has done that with other of his IDA clients where we agree to sign the new mortgage but there is no mortgage recording tax exemption on any excess of that mortgage.

Motion: Robert Kinnin, seconded by John Morrow, moved to sign the new mortgage without the mortgage recording tax exemption on any excess of that mortgage.

Vote: The motion was adopted. Floyd Lattin and James Malcolm voting no.

OLD BUSINESS (CONTINUING)

Feasibility Study – Town of New Paltz

Counsel Scott reported that he has a letter in the works for the town. It is being reviewed internally. He has the town attorney identified as to who the letter is suppose to go to.

Nevele

Nothing new to report.

NEW BUSINESS

None.

PUBLIC COMMENT

Chair Horodyski opened the meeting for public comment.

Geddy Sveikauskas, Ulster Publishing. There was discussion in the beginning when Ms. Waldstein Hart was here about the motion was he believed by Mr. Malcolm that we go ahead with it. The problem is it was never mentioned what the ask was.

Mr. Malcolm responded that it would be addressed under the Ulster County Capital Resource Corporation because it is a non-profit.

Mr. Sveikauskas responded that he understood that, but he was not clear what Ms. Waldstein Hart's request was.

Mr. Malcolm responded \$15,000.

Mr. Sveikauskas replied that it was rather odd to hear something discussed without the ask being known.

Chair Horodyski responded that all members of the Agency were supplied with a copy of the Application.

ADJOURNMENT

Motion: Mary Sheeley, seconded by John Morrow, moved to adjourn the meeting

Vote: The motion was adopted.

The meeting was adjourned at 9:05 a.m.

MEETING RE-CONVENED

Motion: Mary Sheeley, seconded by James Malcolm, moved to re-convene the meeting of the Ulster County Industrial Development Agency.

Vote: The motion was adopted.

The meeting of the Ulster County Industrial Development Agency was re-convened at 9:06 a.m.

Mr. Morrow wished to speak further to items discussed at the Governance Committee meeting specifically the draft Labor Policy.

Chair Horodyski stated that his only thought on the Labor Policy, when this was discussed in Governance several months back, he thought that the Agency was looking to implement the Labor Policy in conjunction with a new Points Calculator. We were going to provide more incentive points to a company that used local labor in accordance with our Labor Policy.

Mr. Morrow replied that it was true; they do go hand in hand.

Chair Horodyski stated that in order to do the Labor Policy, you have to have the UTEP component to it.

Mr. Malcolm thought that there weren't any issues. Reading the document and accepting it and making it go hand in hand and it becomes effective once you have the new UTEP calculator.

Mr. Morrow thought that the Labor Policy could be adopted and move on to the UTEP and change the Point Calculator and so forth.

Chair Horodyski stated that right now it says that you don't get a benefit if you don't use local labor.

Mr. Malcolm responded that you can make the thing effective April 1, 2015.

Chair Horodyski asked if the Agency could approve the Labor Policy subject to the completion of a new Points Calculator. Right now there is no reference to the points calculator in the Labor Policy. There is nothing that says in the Labor Policy how does the local labor going to affect the application. The way he was reading it is that if you don't use local labor, you don't get an IDA benefit.

Mr. Malcolm responded that that was not true.

Chair Horodyski replied if you read it is.

Mr. Malcolm responded that given what the committee went over

Chair Horodyski stated and that is the issue. With the new points calculator the Labor Policy becomes pertinent.

Counsel Scott responded that his suggestion would be to add a paragraph somewhere saying that the purpose of this policy is to add a point(s) somewhere in the points calculator.

Mr. Malcolm stated it would just be in the points calculator. The purpose of the policy is the purpose of the policy. It tells people what they can and can't derive. We are not turning this in with the calculator in hand with it. Once you address it with the UTEP and you make the calculator and everything the same. He thought it was something that they wanted to get done.

Chair Horodyski responded that initially he thought it would be done in conjunction because the idea in his mind was that the local labor point You got points towards your project in regards to the benefit you would be provided based upon the use of local labor. If he read the proposed policy it says that applicants receiving benefits shall utilize at least 75% of local labor for their approved projects unless and there are four basic conditions to that. Right now, if you do not use 75% of local labor, we are saying you don't get a benefit.

Mr. Malcolm said that that was not true at all. An applicant can come here and there is criteria in there that absolves you of that.

Counsel Scott remarked that all that needs to be done here is a paragraph

Mr. Malcolm replied that the Chairman's understanding of it is not what Governance brought forward. Is he missing something?

Mr. Robert Kinnin stated that one of the questions that were raised in the committee was like the chicken and the egg. Do we modify it first or do we create the policy. What we came out of this with was that there needs to be policy in order to create a line in the points calculator.

Mr. Morrow agreed with Mr. Kinnin; it was the thought that there are exceptions in the Labor Policy for the 75%, those four different exceptions, so that you can still obtain the benefit if you meet one of those four exceptions.

Mr. Kinnin thought that they were pretty broad. We thought about different scenarios in the Hudson Valley where there are projects going on in the valley where one of these four applied and yet they still qualified.

Mr. Morrow stated that there is an out in there whereby the Agency can look at a specific project and still give the benefits.

Chair Horodyski asked outside those four criteria.

Mr. Malcolm responded that there is a project in Orange County, Pratt Whitney. It is for the United States government. It is super secret; there is machinery that comes in and nobody around here is touching that machinery. They don't have anyone qualified to touch it and they bring their technicians in from Germany. You can't cut the guy off at the legs because he has to bring in special labor.

Mr. Morrow stated that Mr. Malcolm pointed out to the Governance Committee that there is a lot of gray area that the Agency has to look at and use flexibility and latitude.

Chair Horodyski asked if the members felt that there was enough flexibility in the document as it sits. That is his concern. He did not want to be hamstrung by it.

Mr. Kinnin stated that modifications were made during the meeting; so what the members of the Agency are seeing is something that provides for more flexibility.

Mr. Malcolm thought that the committee thought about it and there was a tremendous amount of latitude. This is a rational board and we can discuss it here, but he thought there was a need for some level of protection. You can always tweak things going forward, but you have to have a base and this is the base. Mr. Malcolm had no issue about moving it off until next month.

Chair Horodyski stated that the members have the proposed Local Labor Policy; members should review it and let's get a sense on where we are feeling on it. He appreciated the Governance Committee instilling a level of flexibility for a project. What we don't want to do is put ourselves at a competitive disadvantage with other counties in the use of local labor. But in the same token, if we can get some construction jobs locally out the projects that do work here, then that is important.

Mr. Malcolm stated that it could be any facet of the project.

Mr. Morrow asked as Chairman of Governance that any committee member that goes through it and has any thoughts and/or concerns that they contact him so that those concerns may be addressed.

Motion: James Malcolm, seconded by John Morrow, moved to adjourn the meeting of the Agency.

Vote: The motion was adopted.

The meeting was adjourned at 9:12 a.m.

Respectfully submitted,

John Morrow
Secretary

UCIDA

Ulster County Industrial Development Agency

**Ulster County Industrial Development Agency
Minutes
October 8, 2014**

A regular monthly meeting of the Ulster County Industrial Development Agency was held at 8:00 a.m., Wednesday, October 8, 2014, Karen Binder Library, 6th Floor, Ulster County Office Building, 244 Fair Street, Kingston, NY.

The following agency members were present:

Michael Horodyski	Chair
Robert Kinnin	Assistant Chair/Assistant Secretary
Floyd Lattin	Member
John Livermore	Member
James Malcolm	Assistant Chair/Assistant Secretary
John Morrow	Secretary
Mary Sheeley	Member

The following agency members were absent:

None.

Offices of Business Services Staff:

Linda Clark
Suzanne Holt
Karl Schlegel

Ulster County Finance Office:

Christopher Rioux

UCIDA Attorney and Bond Counsel:

A. Joseph Scott Hodgson Russ LLP

Additional Attendees:

T. J. Briggs	Ulster County Legislator
Joseph Eriole	Deputy Ulster County Comptroller
Jeff Kane	Kirchhoff Properties
Bill Kimble	Daily Freeman
Geddy Sveikauskas	Ulster Publishing
Elizabeth Waldstein-Hart	Walkway Over the Hudson

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

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.

MINUTES

Motion Floyd Lattin, seconded by James Malcolm, moved to approve the Minutes of the September 10, 2014, meeting. A copy of said Minutes is on file.

Vote: The motion was adopted.

FINANCIALS

Christopher Rioux presented the financials for the period ending September 30, 2014. A copy of said financials is on file

Motion: Robert Kinnin, seconded by Mary Sheeley, moved to accept the financials as presented.

Vote: The motion was adopted.

APPROVAL OF THE 2015-2018 BUDGET

Chairman Horodyski presented the 2015-2018 Budget. A copy of said budget is on file.

Motion: James Malcolm, seconded by Floyd Lattin, moved to approve the 2015-2018 Budget as presented.

Vote: The motion was adopted.

APPLICATION FOR SERVICES – WALKWAY OVER THE HUDSON

Chair Horodyski introduced Elizabeth Waldstein-Hart, Executive Director of the Walkway Over the Hudson.

Chair Horodyski recused himself from the presentation and the vote regarding said Application as he sits on the Board of Directors of the Walkway Over the Hudson. Chair Horodyski left the room.

Ms. Waldstein-Hart presented the Application to the members of the Agency. A copy of said Application is on file. Her presentation included, but was not limited to the following:

- The mission of the Walkway is to take the benefits of the Walkway beyond the Walkway itself...primarily Ulster and Dutchess counties. To that end, they have created a number of projects; economic feasibility studies; economic impact studies which addresses how the Walkway affects the region.
- Most recently a program has been created with about 100 stakeholders; one-third of them from Ulster County and two-thirds from Dutchess. They are the Walkway as Gateway to Success. A number of Ulster County

businesses like Rocking Horse Ranch and Ulster County Realtors have seen fit to invest in the Gateway signs. The idea is to get these 500,000 people, which are still coming, to get them off the Walkway into local businesses, eateries, hotels. They are not there yet.

- Working on an overall marketing and branding strategy with the stakeholder group.
 - The Grant is through the CFA (Consolidated Funding Application) to fund a bigger program.
 - The initial investment was made by the Dyson Foundation, Chamber of Commerce, Dutchess and Ulster County Tourism, and Scenic Hudson.
- Working with SUNY New Paltz, who has agreed to do some of the GIS/GPS mapping and Marist College who has agreed to host some of the digital outreach.
 - The idea is to have a nice big screen at the three entrances to the Walkway which are now the elevator, the Highland approach and the Poughkeepsie approach. This would be an interactive screen so that people may connect with a variety of services and sites around the valley. This will allow for a more user friendly atmosphere and be more digitally advanced.
 - Currently there are 32 sites on the Walkway that can be used in conjunction with a “smart phone” that provides information in Spanish, Chinese and English. Some include the ecology of the river – the fish; some about the FDR Bridge; it is a variety of information.
 - In order to build on the current sites, they would like stationary kiosks. The first they would like to build with the assistance of the UCIDA. This would be the one on the west side of the Walkway. The Highland side is the first side/approach that is slated for, hopefully, sewer/water and a new building. State Parks has the funding, about one million dollars, to build a building. The representation included in the application is very preliminary and not necessarily what the building will look like, but it gives an idea on how it will set.
 - Her organization is the not-for-profit arm of that Friends Group, so they have to work with both the cities, the counties and the parks to accomplish it.
 - They are funding three of them. If they get funding for three, the price goes down; that would be an estimated \$45,000 budget for all of them. Some of the core costs are shared. In addition to the UCIDA’s request, there are two additional grants out. She has funding from the Hudson River Improvement Fund; grant out with SUNY New Paltz to the Greenway asking for money. The big bulk of the funding is in the CFA Grant, which would really build out the whole program.
 - They can proceed with this one piece and get the digital interactive board up. She was not completely certain that they will go with Janus. They do outdoor kiosks that hold up under pretty harsh conditions. The kiosk would be under an awning and protected, but they want for it to be accessible not in a building that needs to be staffed.
 - Saratoga Associates and Parks will build the building (no bids are out for construction at this time), while SUNY and Marist will provide the technical expertise.

- The building may be built with composting toilets, but this is not ideal. It is hoped that sewer will be linked from Havilland Road to the west approach. The Town of Lloyd has approved the sewer/water district and Morris Associates in designing that piece of it.
- There are several choices as to where the display could be located. The display could be located at the pavilion on the left side where the volunteers are; it could be erected on the pavilion now.
- Originally it was thought to fund one display at a time; this is not economical. If they only fund two, they will do it ... one on the west, one on the east; they will let the elevator site wait for a while.
- All the kiosks will have the same content.
- Support has been sought from Rocking Horse Ranch (\$4,500 into the Gateway signs); Mohonk is thinking about putting in; Ulster County Realtors (\$4,500). There has been some substantial investment by the businesses.
- The Walkway Over the Hudson will be maintaining the kiosks; that is where there will a need for businesses to support it through advertising and connections. It will need to be updated and changed on occasion.
- Alternate forms of transportation ... i.e. trolley, electric vehicles have been discussed.

Motion: James Malcolm, seconded by John Morrow, moved to approve the request from the Walkway Over the Hudson in the amount of \$15,000 for the purpose of constructing a digital display terminal kiosk.

The members of the Agency discussed the Application for Services. Discussion included, but was not limited to the following:

- Is this the right place for this? Is there a program for funding non-profits for something like this?
 - The UCIDA in the past has funded the Hudson Valley Agri-Business Development Center, the Hudson Valley Economic Development. In addition, they do get requests for Contract for Services on a regular basis.
- What is the over-arching program; is this just a thing that we will do from time to time.
 - There is a line in the budget for Contract for Services and it is for contracts that fit the mission of the Agency. It is pretty broad.
- Should this be handled under the UCCRC rather than the UCIDA? There is no right or wrong. It could be done by either. The UCCRC is a not for profit, but this is creating tangible jobs and that is the UCIDA's mission; creating jobs at the restaurants, hotels/motels, etc. It is contributing to the creation of jobs; it is not creating direct jobs.

Counsel Scott stated that there is an economic development aspect to this; he was comfortable having it fall under the UCIDA. If the members want to do it under the UCCRC that is fine. The UCCRC's powers are broader with respect to making grants and loans. From a legal standpoint, it is certainly smoother going through the UCCRC. From a mission and purpose standpoint he was comfortable. Some state regulators take a very narrow view as to the powers of IDAs and there have been some issues on grants/loans.

Mr. Malcolm asked counsel for his advice. Should it be handled under the UCIDA or the UCCRC?

Counsel Scott responded that the smoothest way legally is through the UCCRC.

Mr. James Malcolm rescinded his original motion and recommended that it be handled under the proper course of business under the UCCRC.

COMMITTEE REPORTS

Audit Committee. Mr. Floyd Lattin, Chair of the Audit Committee, reported that the committee had met at 7:30 a.m., this morning to review the 3rd Quarter financials for the Agency.

Finance Committee. Chair Horodyski reported that the Finance Committee had met immediately following the September 10, 2014 UCIDA meeting to review the presented draft budget. The members of the Agency have already approved the 2015-2018 Budget earlier in the Agenda.

Governance Committee. Mr. John Morrow, Chair of the Governance Committee reported that the committee had met on October 3, 2014. Committee Chair Morrow stated that the members of the committee made several recommendations to amend/change the Agency's Bylaws. One significant recommendation is that all members of the Agency, with the exception of the Chair, Treasurer and Secretary were Assistant Vice Chairs, but in the absence of the Chair, nobody knew who was really in charge. A recommendation was made to make a single Vice Chair, voted upon by the full board, which will help knowing who would run the meetings in the Chair's absence. Additionally, Committee Chair Morrow reported that the committee recommended that everyone, with the exception of the Chair and Secretary be appointed Assistant Secretary so in the event of the Secretary's absence, resolutions/documents may be signed/notarized. A copy of the proposed amended Bylaws is on file.

Chair Horodyski stated that the Agency will be reorganizing sometime in the near future; usually in the past it has been done in January. That is where we will re-appoint and re-elect the officer positions of the Agency.

Committee Chair Morrow thought that between now and then, it was hoped that the Agency's Bylaws would be amended and adopted by the full membership of the Agency.

Committee Chair Morrow also reported that the members of the committee started to look at the points structure for applications. The committee thought that some things were not necessary to be in the points structure; some of the points given to certain categories were too heavily weighted compared to what the committee thought the were important to the Agency. Recommendations will be made in the future.

Chair Horodyski stated that the Agency's plan in 2014 was that the Agency was going to go out again and review the Uniform Tax Exemption Policy (UTEP), the Points Calculator and go out again to the jurisdictions and make some changes. 2014 obviously got away from us; there is money budgeted in the 2015 budget in the amount of \$2,000 for UTEP. It is expected that in 2015 to take the recommendations from Governance, and incorporate them into the new UTEP Policy and go out from there. This is a very labor intensive process for staff and for the members of the Agency. We will be going out to the affected taxing jurisdictions asking for their comments, asking for the questions/criticisms, etc. We will make changes based upon that.

Mr. Lattin asked if it was known what other counties do.

Committee Chair Morrow responded that that was one of the questions that the committee posed to Ms. Holt. She will get back to us with some of those ideas and thoughts.

Chair Horodyski stated that the Agency's Points Calculator is probably one of the more formal Points Calculators in the state from an IDA perspective. The Agency does a good job trying to quantify, opposed to other IDAS.

Mr. Lattin replied formal meaning rigid.

Chair Horodyski agreed rigid as far as quantify what a benefit for a particular project is really going to be.

Chair Horodyski reported that there is a forthcoming report from the Ulster County Comptroller's Office, entitled A Study of the Impact and Best Practices for Industrial Development Agencies, dated October 7, 2014. A copy of which is on file. The report states that the Agency has retained or provided 97% of the promised jobs. Out of 4,000 jobs, there have been 3,900+ provided. It is a pretty solid report card in the sense that what we have been promised has been done.

Continuing, Committee Chair Morrow stated that Governance discussed the Shovel Ready Feasibility Studies. After considerable discussion, the committee made the following recommendation: In the future counsel should add to every Agreement for Feasibility Study that if the study is not complete after one year, quarterly progress reports will be required for the duration of the second year. At the conclusion of the second year, two quarterly extensions may be awarded at the pleasure of the Agency. Failure to file said quarterly reports may revoke said agreement.

The members of the Agency were in agreement to this recommendation.

Ready2Go. No report was offered.

OLD BUSINESS

14 Pine Street – Blue Haven Hosiery

Counsel Scott reported that an email response was received. The project owners were still negotiating with their insurance company and will not move forward until those issues are resolved.

Ulster Commons

Mr. Jeff Kane addressed the members of the Agency with reference to the Ulster Commons Hotel project. He gave an overview of the entire campus which included the Mid-Hudson Medical Building, Tractor Supply, Hardees Restaurant, and 12,000 additional retail space. The proposed project is a 95-bed hotel. Initially, the hotel was designated for one of the rear pads of the site. Several months ago he reported to the Agency that there was interest in moving the hotel to the front, more towards the 9-W side. Those negotiations did not progress. A decision has been solidified to place the hotel in the back, which is why they have proceeded with construction along the front. The hotel location remains toward the back, which is reflected in the initial Application to the UCIDA. He stated that he would like to tell the members of the Agency that we have finalized the site plan with the hotel, but they have not. They remain deep in those conversations, but they are not there yet. They would appreciate the Agency to continue to be patient with them as they finalize that process.

Chair Horodyski asked if there was an expected time table.

Mr. Kane responded that he always had an expected time table but he remains more optimistic than most. He would like to think that in 90 days they would be done, but history tells him that 180 days is more likely.

MID-HUDSON MEDICAL GROUP (MHMG-KM KINGSTON)

Mr. Kane addressed the correspondence dated October 2, 2014 from Joseph T. Kirchoff, Manager regarding MHMG-KM Kingston, LLC a New York limited liability company. A copy of said correspondence is on file. In essence, this is a request for an increase in the benefits there. Initially, there was a budget, an appraisal of the site, and there is always a gap between what the appraisal is and what the budget is.

Chair Horodyski stated that originally the Agency approved this project in the amount of \$32,000,000+. The project only used \$24,000,000. Now, you are going back and re-financing up to what the Agency thought was the original project. You paid us our fee based upon \$32,000,000. What he finds confusing is why you would pay the Agency more than you originally thought you were going to us. That is odd; not that many people over pay us.

Mr. Kane responded that the history on that is that the project budget, at least their interpretation as defined by the Agency's documents for what the entire project value is, the \$32,000,000+, that is the application to you is the entire project budget. We then had an appraisal and a loan for the \$24,000,000+ so the mortgage tax was on the \$24,000,000. As they have now completed that project, they had more expenses than they hoped; they also have a higher appraisal. When going into permanent financing that loan amount is increased from the \$24,000,000 to \$26.5.

Chair Horodyski stated that the project increased.

Mr. Kane responded that the project increased a little bit, the loan increased, so the request is for the extension of the mortgage tax on that permanent loan amount. Again the \$24,000,000 construction loan to the \$26,500,000; that \$2½ million extension of the mortgage recording tax benefit.

Chair Horodyski asked what the project value was now \$34,000,000.

Mr. Kane responded that he thought that the entire value is almost \$33,000,000. That is an appraisal value based on what we put into it as well as there was specific equipment that Mid-Hudson Medical Group put into the building that added to the value that was not part of the initial project values All the heavy imaging that was put in there, the MRI, CT, ultrasound.

Chair Horodyski stated that it doesn't sound like this is in your project value now.

Mr. Kane replied that it adds to the project value as part of the appraisal.

It should be noted that there was a malfunction in the recording of the meeting at this point in the discussion.

Continuing, Counsel Scott stated that if that is what had happened then we only need mortgage recording tax on the balance. But what usually happens because banks don't talk to each other

Mr. Lattin responded that banks do talk to one another; it is very typical for you to assign a commercial mortgage.

Chair Horodyski remarked as long as they get paid for it; they don't do it for free.

Mr. Lattin stated that in his experience it happens all the time.

Counsel Scott responded that he didn't mean to challenge Mr. Lattin on that, but he has actually seen just the opposite; that banks don't typically cooperate.

Mr. Lattin stated that this is a securitized lender; as long as there is a title company that will insure the mortgage, that mortgage will be assignable.

Counsel Scott stated that the reason they are coming back to the Agency is that the UCIDA has a lease-hold interest in the property and they need the Agency to sign the mortgage. That is the background for the request. His concern was, as outlined by the Chairman, was that he wanted to make sure that there wasn't any issues about the amount of the exemption compared to the project costs. They paid us an amount in excess; we are covered on that. From a legal standpoint the letter indicates that the increase in the mortgage is due to hard construction costs so that is consistence with the Agency's project, mission and purpose. It is now before the board for their consideration. The legal issues that he was concerned about appear to have been addressed in the letter and also by the comments from the project applicant.

Chair Horodyski stated that based upon the discussion is the Agency alright in extending the benefits for the gap in financing. Personally, he was ok with it as long as the Agency gets a sense as to what the total project cost is.

Mr. Malcolm stated that he can't make a decision until he knows that. This is something that has been in play for over a year. Until the questions are answered, even if it is a month

Chair Horodyski asked Mr. Kane if they were under time constraints Do you have a closing set?

Mr. Kane responded that a closing has been set. Would the Agency allow for him to make several telephone calls and then come back to them with a verbal report, followed by paper?

Counsel Scott replied to perhaps address Mr. Malcolm's concerns, in connection with any of the Agency's closings, a certificate is obtained indicating what the project costs is. That is what the admin fee is based upon. What would be done is that we would approve this mortgage, subject to a variety of conditions. One of the conditions being the delivery of a certificate indicating what the new project cost is and if it is in excess of the \$32,000,000 that was originally described they would pay the admin fee on that difference.

Mr. Malcolm stated that as long as everyone was secure with that.

Mr. Lattin asked how the Agency would know that equity is not being taken out.

Mr. Malcolm responded that he did not know that at all.

Counsel Scott replied again we have the letter.

Mr. Lattin stated that we have a letter saying that there were some brownfields. He presumed that this was the old Miron site. Wasn't this cleaned up; you bought a dirty piece of ground.

Mr. Kane responded yes.

Mr. Lattin replied without knowing what the costs would be to clean it up.

Mr. Kane responded that you never truly know what the clean-up costs are going to be. They knew walking into it that there were going to be some challenges related to some of the environmental contaminations. They voluntarily went into the NYS Brownfield Program which establishes both a clean-up level and parameters on how that is managed. They knew there were some petroleum tanks where the Police Barracks were. Those were "pulled". They also hit additional tanks in three other locations on the site which greatly increased their clean-up costs related to that program. As the case is made to both the UCIDA and the NYS Brownfield Program, and there is always "will the project proceed but for the benefits". We know that the project would not have proceeded without those benefits. It wasn't a matter of did the project perform; we would have quite simply run out of money.

Mr. Lattin stated that he found it a little difficult to believe that underground storage tanks that were usually used for oil would result in a \$2.5 million increase in your clean-up costs. That was way out of his experience with what it costs to clean-up a site.

Mr. Malcolm stated that he tended to agree with Mr. Lattin. Your unforeseen construction impact costs; it wasn't what we planned so we're coming back for more. He highly doubted that the project would have stopped; no one invests that kind of money and stops a project. That is just his take on it. Because it was poor planning on Kirchhoff Development which is a very smart professional organization, he would have thought that there would have been maps in and around Kingston that showed where these tanks were.

Mr. Lattin responded that they are recorded; there is a state registry.

Mr. Kane replied that these were not recorded. You are legally required to record these. They investigated this.

Chair Horodyski stated that he knew in renovations that they did they hit a tank that was not on any map.

Mr. Kane stated so you pulled the tank ... so what does a tank pull cost \$10,000, \$15,000. What happens is it is just not the tank. If you have had a tank there leaking for 25 years and you have soil and ground water contaminated that needs to be remediated. The soil gets pulled out of there at \$60/ton and taken to a facility to be handled. Then you have new material brought in at \$20/ton to put in place, managed and compacted. It really does add up. They had significant costs. As part of the brownfields program as well, to create a layer, they had to really encapsulate the land by, on average, four feet over the pre-existing grade on the site. That entire amount of fill on the site, quite simply a lot of money.

Mr. Malcolm asked if there were any surprises under the footprint of the hotel

Mr. Kane responded that he was an optimist. They started with a grid, with some 50 test grids across the site and thought they had it gridded fairly well; they did hit some surprises. Sure, there are wholes in the footprint of the hotel that they have dug. He didn't think they would find anything else.

Mr. Malcolm stated you're not coming back here again are you?

Mr. Kane replied that he certainly didn't plan to. They think they have everything encapsulated and are completing their Certificate of Completion with the DEC. That will be done this December.

Mr. Lattin stated that Cantor Fitzgerald will actually issue you a long-term securitized mortgage without the site remediation being completed.

Mr. Kane responded that the state issues the Certificate of Completion (COC) as part of the Brownfields Program. There are a number of sites around the state that they are involved with the program so every year they have a number that want to get there COC that year. They have this calendar of events that culminate in COCs being issued in December. It only happens once a year; you can't get it early. They have worked very carefully with Cantor for them to understand the documents, understand the cleanup. DEC has actually issued a letter which says that they have reached this clean-up standard, what remains is yes they have to review the Final Engineering Report (FER), the final Soft Management Plan (SMP) and the Final Environmental Easement. They have to review these final documents. They have a provision in their documents with both Cantor which makes them responsible for completing those documents. We have an obligation post closing to review those documents. They have accepted them, together with the communication from DEC that the clean-up standard has been met even though the COC has not been issued.

Mr. Lattin asked Mr. Kane if he did not think that there would be a surprise on the hotel side.

Mr. Kane replied affirmatively

Mr. Lattin stated that wouldn't the COC Does the mortgage for Cantor cover the hotel side?

Mr. Kane replied no.

Counsel Scott stated that they are all sub-divided parcels.

Mr. Lattin asked if there was actual ground water contamination.

Mr. Kane replied there was an incident of ground water and they ran a treatment system and treated about one million gallons of ground water through a carbon filtration system before it was discharged back. This had been completed and the filtration system is offsite.

Mr. Lattin asked is some type of impermeable layer was put in place under the new fill.

Mr. Kane responded that there is not an impermeable layer under the fill. The four feet of fill are in fact over the top of the existing Under the slab of the Mid-Hudson Medical Group building, as it will be for the other buildings within the brownfield, typically there is a vapor barrier. There is a thicker vapor barrier with a sub-slab depressurization system. It is a passive system; it's really some perforated pipe in stone which then has a pipe up in a couple of location that vent through the roof. It is passive; there is no fan that pulls vapors from the slab to top. As part of the Department of Health's involvement, we have set them in locations where we have to sample, he thought, 9 months after occupancy and then every three years after that to determine the level if any of soil vapors. Should the passive system not adequately move any potential vapors out we would then have to go back in and put an active system in place with a fan to move those vapors out into the atmosphere.

Motion: John Morrow, seconded by Mary Sheeley, moved to basically approve the additional mortgage tax benefit on the additional monies outside of the original \$24,000,000 and change, pending the certification of the project costs.

Counsel Scott stated that by way of information for the members of the Agency Page 4 of the resolution Section 2, there is a condition section which is our typical language for the UCIDA. The conditions include the payment of any administrative fee, there is a post closing administrative fee policy where we start from \$500 and go up

Chair Horodyski stated that he would like to add to that certification. He would like to see itemized year overage so that we can put that as a condition at least to alleviate some of the concerns as to equity coming out of the deal. You should show us something that equals that increase in the mortgage for the cost that you are incurring.

Mr. Malcolm stated that for the record he would rather see everything the Agency is asking for prior to. That is where he is coming from.

Mr. Lattin agreed.

Chair Horodyski stated that there is a motion on the floor and called for a vote on moving forward with those conditions with the added condition of the construction costs.

Vote: The motion was defeated.

Mr. Kane stated that they have a closing scheduled. We may proceed without the extension of the benefits on the additional mortgage. This doesn't stand in their way to refinancing and their ability to do that. Is that correct?

Counsel Scott stated that the Agency has not approved the execution of that mortgage. It would impact your closing schedule. If you want to change your request to simply have the Agency sign the mortgage because they have a lease hold interest in the property so that you can move forward without any of these benefits, that is something

Mr. Malcolm asked Mr. Kane when they became aware that this was going to become an issue.

Mr. Kane responded that he first heard about the issue, and again, he is not involved in the financing end, about two weeks ago.

Mr. Malcolm stated that the project has been in play for about a year now. You know the issues you ran into with the brownfields and the Agency meets every month. He was not saying that anyone is "holding the gun" to any one's head, he doesn't like people coming in at the last minute saying that they have do this because it will impact our closing costs. That is just his observation. We meet every month and when you have a \$20,000,000 plus project the issue doesn't come up one day and have to be taken care of the next especially with a group that is that experienced.

Mr. Kane requested that the Agency authorize a signature on the loan, benefits aside.

Chair Horodyski responded that the Agency is already out there on the construction mortgage. We can sign it without the benefit.

Counsel Scott responded that he has done that with other of his IDA clients where we agree to sign the new mortgage but there is no mortgage recording tax exemption on any excess of that mortgage.

Motion: Robert Kinnin, seconded by John Morrow, moved to sign the new mortgage without the mortgage recording tax exemption on any excess of that mortgage.

Vote: The motion was adopted. Floyd Lattin and James Malcolm voting no.

OLD BUSINESS (CONTINUING)

Feasibility Study – Town of New Paltz

Counsel Scott reported that he has a letter in the works for the town. It is being reviewed internally. He has the town attorney identified as to who the letter is suppose to go to.

Nevele

Nothing new to report.

NEW BUSINESS

None.

PUBLIC COMMENT

Chair Horodyski opened the meeting for public comment.

Geddy Sveikauskas, Ulster Publishing. There was discussion in the beginning when Ms. Waldstein Hart was here about the motion was he believed by Mr. Malcolm that we go ahead with it. The problem is it was never mentioned what the ask was.

Mr. Malcolm responded that it would be addressed under the Ulster County Capital Resource Corporation because it is a non-profit.

Mr. Sveikauskas responded that he understood that, but he was not clear what Ms. Waldstein Hart's request was.

Mr. Malcolm responded \$15,000.

Mr. Sveikauskas replied that it was rather odd to hear something discussed without the ask being known.

Chair Horodyski responded that all members of the Agency were supplied with a copy of the Application.

ADJOURNMENT

Motion: Mary Sheeley, seconded by John Morrow, moved to adjourn the meeting

Vote: The motion was adopted.

The meeting was adjourned at 9:05 a.m.

MEETING RE-CONVENED

Motion: Mary Sheeley, seconded by James Malcolm, moved to re-convene the meeting of the Ulster County Industrial Development Agency.

Vote: The motion was adopted.

The meeting of the Ulster County Industrial Development Agency was re-convened at 9:06 a.m.

Mr. Morrow wished to speak further to items discussed at the Governance Committee meeting specifically the draft Labor Policy.

Chair Horodyski stated that his only thought on the Labor Policy, when this was discussed in Governance several months back, he thought that the Agency was looking to implement the Labor Policy in conjunction with a new Points Calculator. We were going to provide more incentive points to a company that used local labor in accordance with our Labor Policy.

Mr. Morrow replied that it was true; they do go hand in hand.

Chair Horodyski stated that in order to do the Labor Policy, you have to have the UTEP component to it.

Mr. Malcolm thought that there weren't any issues. Reading the document and accepting it and making it go hand in hand and it becomes effective once you have the new UTEP calculator.

Mr. Morrow thought that the Labor Policy could be adopted and move on to the UTEP and change the Point Calculator and so forth.

Chair Horodyski stated that right now it says that you don't get a benefit if you don't use local labor.

Mr. Malcolm responded that you can make the thing effective April 1, 2015.

Chair Horodyski asked if the Agency could approve the Labor Policy subject to the completion of a new Points Calculator. Right now there is no reference to the points calculator in the Labor Policy. There is nothing that says in the Labor Policy how does the local labor going to affect the application. The way he was reading it is that if you don't use local labor, you don't get an IDA benefit.

Mr. Malcolm responded that that was not true.

Chair Horodyski replied if you read it is.

Mr. Malcolm responded that given what the committee went over

Chair Horodyski stated and that is the issue. With the new points calculator the Labor Policy becomes pertinent.

Counsel Scott responded that his suggestion would be to add a paragraph somewhere saying that the purpose of this policy is to add a point(s) somewhere in the points calculator.

Mr. Malcolm stated it would just be in the points calculator. The purpose of the policy is the purpose of the policy. It tells people what they can and can't derive. We are not turning this in with the calculator in hand with it. Once you address it with the UTEP and you make the calculator and everything the same. He thought it was something that they wanted to get done.

Chair Horodyski responded that initially he thought it would be done in conjunction because the idea in his mind was that the local labor point You got points towards your project in regards to the benefit you would be provided based upon the use of local labor. If he read the proposed policy it says that applicants receiving benefits shall utilize at least 75% of local labor for their approved projects unless and there are four basic conditions to that. Right now, if you do not use 75% of local labor, we are saying you don't get a benefit.

Mr. Malcolm said that that was not true at all. An applicant can come here and there is criteria in there that absolves you of that.

Counsel Scott remarked that all that needs to be done here is a paragraph

Mr. Malcolm replied that the Chairman's understanding of it is not what Governance brought forward. Is he missing something?

Mr. Robert Kinnin stated that one of the questions that were raised in the committee was like the chicken and the egg. Do we modify it first or do we create the policy. What we came out of this with was that there needs to be policy in order to create a line in the points calculator.

Mr. Morrow agreed with Mr. Kinnin; it was the thought that there are exceptions in the Labor Policy for the 75%, those four different exceptions, so that you can still obtain the benefit if you meet one of those four exceptions.

Mr. Kinnin thought that they were pretty broad. We thought about different scenarios in the Hudson Valley where there are projects going on in the valley where one of these four applied and yet they still qualified.

Mr. Morrow stated that there is an out in there whereby the Agency can look at a specific project and still give the benefits.

Chair Horodyski asked outside those four criteria.

Mr. Malcolm responded that there is a project in Orange County, Pratt Whitney. It is for the United States government. It is super secret; there is machinery that comes in and nobody around here is touching that machinery. They don't have anyone qualified to touch it and they bring their technicians in from Germany. You can't cut the guy off at the legs because he has to bring in special labor.

Mr. Morrow stated that Mr. Malcolm pointed out to the Governance Committee that there is a lot of gray area that the Agency has to look at and use flexibility and latitude.

Chair Horodyski asked if the members felt that there was enough flexibility in the document as it sits. That is his concern. He did not want to be hamstrung by it.

Mr. Kinnin stated that modifications were made during the meeting; so what the members of the Agency are seeing is something that provides for more flexibility.

Mr. Malcolm thought that the committee thought about it and there was a tremendous amount of latitude. This is a rational board and we can discuss it here, but he thought there was a need for some level of protection. You can always tweak things going forward, but you have to have a base and this is the base. Mr. Malcolm had no issue about moving it off until next month.

Chair Horodyski stated that the members have the proposed Local Labor Policy; members should review it and let's get a sense on where we are feeling on it. He appreciated the Governance Committee instilling a level of flexibility for a project. What we don't want to do is put ourselves at a competitive disadvantage with other counties in the use of local labor. But in the same token, if we can get some construction jobs locally out the projects that do work here, then that is important.

Mr. Malcolm stated that it could be any facet of the project.

Mr. Morrow asked as Chairman of Governance that any committee member that goes through it and has any thoughts and/or concerns that they contact him so that those concerns may be addressed.

Motion: James Malcolm, seconded by John Morrow, moved to adjourn the meeting of the Agency.

Vote: The motion was adopted.

The meeting was adjourned at 9:12 a.m.

Respectfully submitted,

John Morrow
Secretary