

UCIDA

Ulster County Industrial Development Agency

Ulster County Industrial Development Agency Minutes July 9, 2014

A regular monthly meeting of the Ulster County Industrial Development Agency was held at 8:00 a.m., Wednesday, July 9, 2014, Legislative Chambers, 6th Floor, Ulster County Office Building, 244 Fair Street, Kingston, NY.

The following agency members were present:

Paul Colucci	Assistant Chair/Assistant Secretary – arrived late ¹
Michael Horodyski	Chair
Robert Kinnin	Assistant Chair/Assistant Secretary
James Malcolm	Assistant Chair/Assistant Secretary
John Morrow	Secretary
Steve Perfit	Treasurer

The following agency members were absent:

None.

Offices of Business Services Staff:

Linda Clark
Suzanne Holt

Ulster County Finance Office:

None.

UCIDA Attorney and Bond Counsel:

A. Joseph Scott Hodgson Russ LLP

Additional Attendees:

Elliott Auerbach	Ulster County Comptroller
Thomas J. Briggs	Chair, Ulster County Legislature Economic Development & Tourism Committee
Jessica DiNapoli	Times Herald Record
Paul Hakim	Pioneer Capital Group – representing the Nevele
Sam Kandel	Small Business Development Center
Bill Kimble	Daily Freeman
James Maloney	Legislator/Assessor Town of Ulster
Kathi Meci	Nevele
Chan Patel	Darienlake – Kingston
Amit Shaw	Darienlake - Kingston
Scott Shaw	Ellenville Central School District
Michael Smith	Nevele
Rachel Van Cleve	Intern, Ulster County Comptroller's Office

¹ Mr. Colucci was not present for the vote on the Minutes and the motion with reference to the Certificate of Deposit.

Chair Horodyski called the meeting to order at 8:04 a.m.

PLEDGE OF ALLEGIANCE

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

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 James Malcolm, seconded by Robert Kinnin, moved to approve the Minutes of the June 11, 2014, meeting. A copy of said Minutes is on file.

Vote: The motion was adopted.

FINANCIALS

No financials were presented for review. Chairman Horodyski requested that when the financials became available that they be emailed to all members.

Certificate of Deposit

Chair Horodyski stated that the Agency has previously discussed the matter of the Agency's CD at M&T Bank. Discussion included moving said CD to Catskill Hudson Bank. The 30-day CD at M&T has been an inconvenience dealing with it. What is proposed is a 90-day CD in the amount of \$125,000 at 20 basis points and a 60-day CD, somewhere between \$50-\$100,000, at 15 basis points. This will be a small ladder. We will pull some money out of the regular operating account. Catskill Hudson Bank has been a good partner for the Agency; they are a local bank located here in Kingston. He felt it was important that business was conducted with local financial institutions.

Motion: John Morrow, seconded by James Malcolm, moved to move \$125,000 to a 90-day Certificate of Deposit at 20 basis points to Catskill Hudson Bank and then \$50-\$100,000, but not more than \$100,000, placed into a 60-day Certificate of Deposit at 15 basis points to Catskill Hudson Bank.

Vote: The motion was adopted.

COMMITTEE REPORTS

Audit Committee

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

Governance Committee

Committee Chair John Morrow reported that the Governance Committee would be meeting in the near future.

Ready2Go

Ms. Holt reported that no meeting had been held.

PROJECTS

Nevele-R LLC

Chairman Horodyski stated the business before the Agency today is to approve the setting of the date for the Public Hearing which will be held in Ellenville. As usual, public hearings are scheduled in the jurisdiction where the project will be "housed".

Mr. Paul Hakim, Pioneer Capital Group, representing the Nevele addressed the members of the Agency. The UCIDA application was submitted last week with multiple addendums. The addendums included the economic impact study as well as some renderings of the project.

Continuing Mr. Hakim stated that he felt certain that the members were familiar with the former Nevele Resort which is going to be re-incarnated over the next couple of years. The Gaming Application has gone into New York State; the deadline was last week. They are hoping to be successful in vying for that Gaming Permit from the State Gaming Commission. The current hotel facility has been closed for about five years; it housed an 18-hole golf course and there were approximately two hundred and fifty rooms, an ice skating arena and some other outdoor amenities. The new project is estimated to be between four and six hundred million dollars depending how and if the project is phased, which will be dependent on how many casino licenses come into the Catskills. They are estimating close to twenty six hundred direct jobs at the facility as a result of this renovation. There will be over four hundred hotel rooms, a seventy thousand square foot gaming floor, the ice skating arena is going to be totally refurbished; there will be an outdoor ski-hill and multiple millions of dollars are going to go into refurbishing the beautiful golf course and getting it back into the magnificent state it once was. As is known, the Ellenville area has been depressed for some time. They have lost quite a bit of industry and this will be a great boost to the local economy. They are anticipating close to two hundred and fifty to three hundred million in actual construction which a Project Labor Agreement has been reached. The majority of the labor will be local. They are estimating close to a thousand direct construction jobs as well two thousand direct and indirect construction jobs throughout the region. He keeps using regional numbers because this is a project that has a regional impact. Employees and materials will be drawn from a several hour radius. The gaming traffic they estimate that the facility will draw 4.3 million unique visitors to the site per year. There is a huge amount of "trickle-down" effect as a result of the project. This will create over seven hundred million dollars in economic impact to the region that relates to five hundred and ninety-six million of new outside money re-circulating through the local economy and after three years of the project start, they are estimating four thousand nine hundred direct and indirect jobs as a result of the growth in the local economy. The PILOT Program as illustrated in the application keeps the taxes flat for the first five years; there is no PILOT payment for the first five years. They are eligible for the standard fifteen year PILOT.

Counsel Scott pointed out that there is no diminution of the existing taxes.

Mr. Hakim agreed. The taxes on the site right now are approximately one hundred and seventy three thousand dollars. That base stays in place and then the PILOT payments are in addition to that.

Mr. Steve Perfit asked if they were anticipating a two-year construction.

Mr. Hakim responded yes. They are anticipating a two-year construction timeline. The construction is actually anticipated to start prior to the casino license being awarded, which will be more capital at risk, but that is the only way to make the two-year deadline on this magnitude of a project.

Mr. Perfit stated so basically when it is fully constructed you are looking for zero tax abatement for years three, four and five.

Mr. Hakim responded that that was correct.

Mr. Perfit asked if the PILOT would start today or would it start when

Mr. Hakim responded that it would start at closing.

Mr. James Malcolm stated that just for clarification and for the members of the Agency. He knows that the Agency has endeavored to keep these construction jobs and jobs as a whole local and it is his understanding that the Project Labor Agreement will do that. The counties that are touching around Ulster denote local labor.

Chair Horodyski stated that he thought that was congruent with what the Governance Committee has been talking about in setting their Labor Policy.

Chair Horodyski stated that the need for the PILOT, there has been some conversations in the media that the PILOT would give you the ability to build a bigger building.

Mr. Hakim responded that what the PILOT does is allow the project to be better. They are going for a LEEDS Gold, so these types of incentives will help the project not be phased and make the project better.

Mr. Malcolm asked how does it help you secure a license. You put in an application with the extent of your scope of your project. Are you speaking at this point, when you speak of addendums, are you asking to go back to the Governor with an addendum saying we would like to change the scope of our project based upon a PILOT Program. How does this play into it when it is all said and done. You drop off that big heavy document, the committee looks at it. If you secure a license, then it is a benefit.

Chair Horodyski asked if the PILOT is changing or making your application more marketable or is the application, since it has already been submitted, is what it is.

Mr. Hakim responded that it is not affecting the Gaming License Application. The Gaming License Application criteria, as he understands it, 70% is aiding a distressed area and then there are three or four other criteria for the other 30% of the weighting. What this does, is allow the project This is a destination resort project with a casino amenity. Just like any other hospitality project, it needs financing. This is going to help round out the financing and without the Gaming License obviously, the financing is going to be much harder to obtain.

Chair Horodyski asked if there is still a commitment to build if they put a casino in Tuxedo or Woodbury.

Mr. Hakim responded that the way he understood it was that anybody outside of Orange County is going to have trouble securing financing if a project is awarded in Orange County because the thought is going to be that nobody is going to travel that far from the Thruway if they can just stop in Harriman or somewhere closer to the city.

Chair Horodyski stated that there are people up north though. They could come down the Thruway.

Mr. Hakim responded that the draw and they are looking to site up in Albany, the gravity models indicate that our draw are coming from southern Connecticut, as well as northern New Jersey and New York City.

Mr. Perfit stated that he assumed that this was a deviated PILOT.

Mr. Hakim responded no. It is a standard PILOT.

Mr. Perfit asked who designed the zero taxes for the first five years.

Chair Horodyski responded that it is part of the Agency's UTEP with the jobs. The job numbers alone would put them into that fifteen year classification.

Mr. Hakim thought that the job number alone was almost triple what that threshold was.

Chair Horodyski responded far and above. It is a standard fifteen year PILOT.

Mr. John Morrow stated but you are still going to pay the one hundred and seventy three thousand dollars throughout the five years, so it isn't a zero tax, it is a zero PILOT tax.

Mr. Hakim responded that it is a zero increase so that the taxes on the improvements turn into a PILOT payment which is abated 100% over the first five year period.

Chair Horodyski asked what the temperature was of the local municipality regarding the PILOT.

Mr. Hakim responded that everything he has heard has been very favorable. As the Agency probably knows, last Monday the final GEIS was approved by the town, so SEQR is complete and the site plan is ready to pull permit.

Chair Horodyski stated so the site plan is done too.

Mr. Hakim responded that the site plan may have a couple of things that may have to be adjusted, but they are 99% there and have had overwhelming unanimous support from the region.

Mr. Perfit stated that he has read in the press from Orange County where this is one giving ten million dollars to the town; this one giving five million to the school district, etc. Aside from the PILOT, is there any other developer contribution.

Mr. Hakim responded that there is an extensive Community Mitigation Plan that has been reached with the town and there are time periods whereby they will come together to discuss any impacts that have occurred that were unanticipated and then they have agreed to work towards the mitigation of those issues. They are also funding a large dollar amount to the rescue squad to handle the additional flow and the workforce development plan, a multi-county, multi-agency, multi-SUNY program has been developed. There is an extensive workforce development. They have identified close to three hundred separate skill sets that are going to be needed to operate the facility; everything from security, food service, hospitality, as well as gaming operators.

Chair Horodyski requested a copy of that agreement.

Mr. Hakim responded certainly.

Mr. Robert Kinnin asked if that was a part of the Camoin Report.

Mr. Hakim responded no; that is the Economic Impact Report and the Community Mitigation Report is a separate document.

Mr. Kinnin stated that you touched on the rescue squad and the fire district and he saw that when he was reading over the Camoin Report this last week. It was nice to see that.

Mr. Hakim replied that they are aware and cognizant of the impacts and have been squarely at the table trying to address everything. The workforce development program was obviously one of the biggest programs that they have developed. They have been at least a year to a year and a half working on that.

An unknown speaker stated that this was an approach by many different counties, as well as Ulster and Dutchess and as far north as Columbia and Green counties as well. We really want to harness the Hudson Valley people because we are from the Hudson Valley as well.

Chair Horodyski stated that he thought that was important as well. Much as we use our Labor Incentive to get local labor going, he thought that same thing would hold true, that the jobs remain local. He did not think that any member of the Agency would not recognize a shot in the arm for the Ellenville Wawarsing area would be much needed and much helpful.

Mr. Malcolm responded that anybody who pumps in "x" number of dollars and it's just not that, it's after the fact you are going to have jobs and they aren't six dollar an hour jobs, not ten dollar an hour jobs. They are jobs where people can afford to stay in the community and can be domiciled and can raise the community up again.

Mr. Hakim stated that one of the biggest numbers that jumped off the page to him was the 4.3 million unique visitors coming into the area. You know that they are just not going to go to the Nevele and leave. They are going to come in and all of those dollars will be re-circulated through the community.

Mr. Malcolm stated like Ulster County's Woodbury Commons; they can package deals, i.e. Apple fests, etc.

Mr. Hakim continued that they are looking at close to one hundred and forty seven million dollars in estimated payroll. As noted in the Economic Impact Report, they estimate seventy per cent of those payroll dollars are re-circulated through the local economy. Those payroll dollars in turn create seven million dollars in new state sales tax as a result of that one hundred and forty seven million. There is going to be a lot of people benefitting from this.

Chair Horodyski stated that his only suggestion is that the one or two times that he may have visited the casino in Connecticut, he never left. If there could be incentives or ways to push people out into the community, take in the sights, take in the attractions it would be helpful. What he has seen, normally you go to these resorts/casinos, they are all inclusive. You eat there, you sleep there, you swim there and you hang out and drink there, if you are inclined to do that thing. It is all there; so if there could be some push from the Nevele's standpoint to say, listen the Walkway is forty-five minutes away, whatever the case may be.

Unknown speaker stated that one of their plans is to put local brochures, local amenities at their concierge desk and the concierge staff will be well versed on what is going on in the area and directing people to other areas. They are also looking at running some shuttle service within Ellenville, as well as shuttle service from some of the trains to get customers up and around.

Mr. Hakim responded that he may be partial to the area, but we offer a lot more in this area than central Connecticut and central New York. We do have things that people are going to want to go and see.

Unknown speaker. With over 35 years of experience in the casino field, she had worked in a lot of places that have called themselves resorts. This is truly the first resort that she has worked with in that it is family oriented and typically you don't hear family and casino in the same sentence because it is oxymoronic. However, this is something a family can come to. Child care facilities will be available so mom and dad can spend time with the children out of doors during the day and at night the children can be with a sitter and they can enjoy dinner, etc.

Unknown speaker. Additionally they have five miles of rail trail. They are working to really develop that; it is a very popular amenity to have and they are very excited about it.

RESOLUTION AUTHORIZING THE DIRECTOR OF THE OFFICE OF ECONOMIC DEVELOPMENT OF ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY TO HOLD A PUBLIC HEARING REGARDING A PROPOSED PROJECT TO BE UNDERTAKEN FOR THE BENEFIT OF NEVELE-R, LLC

Counsel Scott presented an overview of the Resolution. This is formatted like prior straight lease projects that the UCIDA has considered; this is what this project is a Straight Lease Project. On the top of Page 2, the second WHEREAS paragraph, describes the project. It is done generally in order to provide some flexibility as we go through the process. Towards the end of that paragraph, five lines from the bottom of that paragraph, clause B, we talk about the financial assistance being considered by the UCIDA with respect to this project, and that is exemption from sales and use tax, real estate transfer tax, mortgage recording tax and real property tax. The amounts of those benefits are aligned in estimate form in the application. The next WHEREAS paragraph talks about under the IDA statute in order to grant any kind of financial assistance in an amount over one hundred thousand dollars, we need to hold a public hearing and this project certainly fits into that category. The meat of the resolution is Section 1 where the Agency authorizes the staff of the UCIDA to schedule and hold the public hearing. As the Chairman indicated, under the law, we need to hold it at the site of the project and that has been our policy independent of that statutory requirement and it is ten days published notice in a local newspaper having circulation. Copies of the Notice will also be sent formally as is our typical policy to the chief elected officials of each affected taxing jurisdictions and we typically hold those public hearings in the evening to make sure that it is convenient for people to attend the public hearing. Then Sections 2 and 3 simply authorize the implementation of the discussion on Section 1.

Motion: Steve Perfit, seconded by Robert Kinnin, moved to approve said resolution as presented.

Vote: The motion was adopted.

Chairman Horodyski stated that we must establish a venue before we can schedule. He thought that Legislator Briggs and Mr. Auerbach could possibly assist with a venue. It was thought there would be a fair amount of people attending so we want to make certain we have a comfortable air conditioned venue. The school could be a possibility.

Darienlake – Kingston

Chair Horodyski stated that the purpose of this is to get a bit of a thirty thousand foot elevator view of the project and again we will be moving towards public hearing if we so choose.

Mr. Chan Patel addressed the members of the Agency with reference to the Darienlake – Kingston Project a proposed Holiday Inn Express in Lake Katrine, NY. Mr. Patel introduced his colleague Mr. Admit Shaw. They attended the December 20, 2013 meeting of the Agency and at that time the project was in its very early stage. The Agency

advised that they submit the plan to the Town of Ulster and to come back. They have submitted the plan to the town at the May 20, 2014 meeting of the Town Board and on July 2, 2014 they submitted all the drawings and details. Mr. Dennis Larios is already working with the Department of Transportation (DOT) to get permits. In several months they will receive approval from the town. The project is simple; it is a 101 room Holiday Inn Express. They have four acres of land; right now they will be using two acres. They don't know at this time what they will be doing with the additional land. In the future, they may have a water park, but right now they only are working on the hotel. They are going to create 18-20 jobs as well as construction jobs. As background they have a 195 room hotel with an indoor water park and restaurant and bar in Batavia, NY.

Mr. Malcolm asked if at this point were they were working with a local construction manager/general contractor.

Mr. Patel responded no, not at this point. The bidding will begin at the end of this month.

Mr. Malcolm stated that as with the Nevele, they would like to see people endeavor to use local labor. In the past, projects have been built in this county where the workforce has not been domiciled; it has been from other states. No benefit was realized back into the local economy.

Mr. Patel responded that when they built the water park in 2011 in Batavia, NY, they completely used local labor and also the slide they purchase was made in the USA. When they did the bidding, they received responses from Korea, China, everywhere, but they used the one from the USA.

Mr. Kinnin asked if they were going to do a water park too. Is it going to look like the picture in the application.

Mr. Patel replied perhaps in the future, but for right now the financing is only for the hotel.

Mr. Kinnin asked if there were also going to be banquet facilities.

Mr. Patel responded no. Express provides only a small meeting room.

Mr. Kinnin asked Counsel Scott if the application needed to be modified because it talks about the option to buy expiring already.

Counsel Scott responded that Ms. Holt actually pointed that out to him yesterday. This application was submitted at the end of last year and it requires some updates from them.

Chair Horodyski stated that the Agency is precluded from acting necessarily until SEQR is done. The Agency can authorize the setting of the public hearing, but until SEQR and the town are done we are at a standstill. He suggested that the application be "squared away" and then, if it is alright with the project applicants, to come back in August and authorize the setting of a public hearing. Typically it is pretty simple; probably sometime at the end of August. We will just hold this over until August and when we get the application squared away and some of the nuances cleared up we can set the public hearing.

RESOLUTION AUTHORIZING THE DIRECTOR OF THE OFFICE OF ECONOMIC DEVELOPMENT OF ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY TO HOLD A PUBLIC HEARING REGARDING A PROPOSED PROJECT TO BE UNDERTAKEN FOR THE BENEFIT OF DARIENLAKE KINGSTON LLC

Motion: John Morrow, seconded by Robert Kinnin, moved to table said resolution until the August meeting.

Vote: The motion was adopted.

OLD BUSINESS

ARHC BCKNGNY01 – LaSalle Benedictine

Counsel Scott reported that they are still trying to work out the PILOT arrangements with the City of Kingston. There have been discussions; he thought that they may be close on a number but the reality the issue is process. Related to that if the members recalled, there are actually two LaSalle projects; one for Benedictine, the other for the office building located in New Paltz. The New Paltz one is moving forward in the next two to four weeks.

14 Pine Street – Blue Haven Hosiery

Counsel Scott reported that he has had discussions; they have been pushing their counsel, but their delays, which they are telling us, the delays are related to the insurance adjustments and they have not received their insurance adjustment or deposit. That is still on hold. The Agency's papers are out; we are ready to go.

Ulster Commons

Counsel Scott reported that his last discussion with Ulster Commons was about ten days ago. They are still trying to work through the site issue. He reported at the last meeting that they were focusing on the office building that we had previously approved (Mid Hudson Medical Group) to get that finished up.

Mr. Perfit stated that he has personally spoken to Joe Kirschhoff. They are not happy with the sound engineer's report to move the hotel to the front of the property. They have hired a new sound engineer to try to move it back to the far end of the property. The new plan is to develop the front for more retail. The sound issue is almost identical to the Hampton Inn situation; they are both on the rail. They are working to see how they can better buffer the sound. Hotel in the back; retail in the front.

Mr. Kinnin asked if that might be why the Holiday Inn Express (Darienlake-Kingston) is so close to the road in terms of design.

Mr. Perfit responded that they are pretty insulated from the tracks.

Mr. John Morrow stated that most of the noise comes from the tracks when the trains blow their horns. It isn't so much the train itself. A train certainly generates noise.

Mr. Perfit suggested that they build the sound barrier walls like they do in Jersey.

Mr. Morrow stated that what they should do is make "quiet zones" so they don't blow their horns when they cross the crossings.

Mr. Paul Colucci stated they can't do that per Conrail's laws.

Mr. Morrow disagreed. He thought that they can, Conrail just doesn't want to spend the money. They have to have a different gating system. They have to have a gate that you can't possibly drive through.

Chair Horodyski stated that the Agency staff will continue to monitor. If any updates are received they may be shared.

NEW BUSINESS

RFP – Agency Auditor – RFP – Agency Bond Counsel

Chair Horodyski requested a motion and directed Ms. Holt to prepare Requests for Proposals for both the Agency's auditor and bond counsel. This is no comment on either. He thought that both did a good job. This is just making sure that we are in the right neighborhood.

Motion: John Morrow, seconded by James Malcolm, moved to direct Ms. Suzanne Holt, to prepare Requests for Proposals for auditor of the Agency and Agency's bond counsel.

Vote: The motion was adopted.

Wildberry Lodge

It was noted that a Notice of SEQR Determination of Significance, Positive Declaration was received from the Town of New Paltz Planning Board with reference to Wildberry Lodge Waterpark Recreation Resort. A copy of said document is on file. No application has been filed with the Agency with reference to this project.

PUBLIC COMMENT

Chair Horodyski opened the meeting for public comment.

Mr. Perfit requested the privilege of the floor. He stated that he has not been recommended for reappointment to the Agency. He stated that it has been a pleasure serving with the members and thanked them for the opportunity to serve the county.

Chair Horodyski stated that from a personal standpoint Mr. Perfit has been a great resource; fantastic to chat with. We will certainly miss his insights from a real estate perspective.

Chair Horodyski stated that he did not believe that Mr. Colucci submitted for reappointment.

Mr. Colucci responded that he did not. His question is at what point does his term expire?

Chair Horodyski responded that he believed Messrs. Colucci and Perfit terms expire upon the actions of the Legislature at their July 15, 2014 meeting. Upon those appointments, he assumed that a letter would be issued from the Legislature thanking Messrs. Colucci and Perfit for their service. He extended the Agency's thanks to both gentlemen.

The public comment section of the Agenda was closed.

ADJOURNMENT

Motion: Steve Perfit, seconded by John Morrow, moved to adjourn the meeting

Vote: The motion was adopted.

The meeting was adjourned at 8:45 a.m.

Respectfully submitted,

John Morrow
Secretary