

UCIDA

Ulster County Industrial Development Agency

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY MINUTES OCTOBER 11, 2017

A regular monthly meeting of the Ulster County Industrial Development Agency was held at 8:00 a.m., Wednesday, October 11, 2017, Legislative Chambers, 6th Floor, Ulster County Office Building, 244 Fair Street, Kingston, NY.

Roll Call:

The following agency members were present:

John R. Morrow	Chair
Randall Leverette	Vice-Chair
Michael Bernholz	Treasurer
John Livermore	Assistant Treasurer

The following agency members were absent (with notice):

Robert Kinnin	Secretary
James Malcolm	Member

Office of Economic Development Staff:

Suzanne Holt
Timothy Weidemann
Bernadette Andreassen

UCIDA Attorney and Bond Counsel:

A. Joseph Scott Hodgson Russ LLP

Chief Financial Officer:

Christopher J. Rioux

Additional Attendees:

Chuck Malcolm, Esq.	Hodgson Russ LLP
Nan Potter	Real Estate Broker

P.O. Box 4265, Kingston, NY 12402-4265

Geddy Sveikauskas
William Kemble
Jennifer Schwartz Berky

Ulster Publishing
The Daily Freeman
Ulster County Legislator, District 7

Mike Moriello, Esq.
Zachary Lewis
Sari Botton
Jeffrey Morell
Sarah Wenk
Bill Slutzky
Tanya Garment
Camilla H.

Counsel for HVKD, LLC
311 Partners LLC and BBG Ventures LLC
Resident/Writer
Resident
Resident
Resident
Resident
Resident

The meeting was called to order at 8:02 AM

PLEDGE OF ALLEGIANCE

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

READING OF THE UCIDA MISSION STATEMENT

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.

INTRODUCTIONS

Introductions were exchanged among the public attendees, the Board members and staff who were present.

PUBLIC COMMENT ON AGENDA ITEMS ONLY

Sarah Wenk, Main Street, Kingston, expressed her concern as well as the concerns of the community about the process for tax abatement and questions on how it is being done. She does not feel that the proposed hotel will be as great as the developer says. She questioned if it has been demonstrated that project cannot move forward without the tax abatements. She concluded that she would like to see it done in a rational and sensible way rather than rushing headline into it which is not always healthy.

Zachary Lewis (311 Partners LLC and BBG Ventures LLC) stated that he is present and available to answer and questions regarding his project.

Jennifer Schwartz Berky, Ulster County Legislator, District 7, delivered a packet of signatures on a Petition submitted by Kingston Citizens. The Petition contains 140 plus signatures requesting to slow down the process so that more of the questions from the public concerning the project can be addressed. She remarked that the organization's statement that is on their webpage can be reviewed. John Morrow was not familiar with the organization and asked Ms. Schwartz Berky to elaborate. Ms. Schwartz Berky replied stating that Kingston Citizens is a non-partisan citizen-run organization focusing on increasing citizen engagement in development. It is a grass-roots organization made up of over 2,000 people who participate in educational events. Their goal is simply to open up activity in government to the public. The organization is mostly focused on Kingston. She further stated that any additional questions may be directed to the Editorial Board of Kingston Citizens.org. (A copy of said Petition is on file.)

Sari Botton described herself as a "transplant from New York City" stating that she could no longer afford to live there. In August, she and an author, Jeremiah Moss, went to Kingston City Hall for a discussion on how to engage in helping a city grow without having the same thing that happened in New York City happen here and in many other cities. Approximately 100 people were in attendance and it was co-sponsored by the Kingston Citizens Organization. She reported that Jeremiah Moss has a blog "Vanishing New York" which may be viewed. She expressed her mixed feelings regarding the desire to have great things come here and develop and have Kingston grow, but at the same time she does not want to be displaced. She is a writer and considers herself a part of the artist/creative class. She does not want people of color or people of the lower economic strata to be displaced as a result of the development. Ms. Botton would like to be involved in persuading the County and the City to consider doing things differently than normally done, which is to give big tax breaks to developers. She added that when developers and businesses get breaks they gain more control, and she believes this scenario has been "killing cities all over the country." She does not want to see Kingston become a gentrified city, another playground for the rich, losing character and becoming generic. Ms. Botton concluded by saying that she agrees with the sentiment of Kingston Citizens.org to slow the process down and let more people speak.

Tanya Garment, a resident of Kingston, commented on the developer of the boutique hotels having a huge presence as the "hotel uptown". She stated that they will have a huge advantage (almost toward a monopoly) and will bring more tourists, being two things together that she believes will force out a lot of small businesses. She believes that although some small businesses may benefit from the tourists, the trend is often that the large developers come and they co-op all of those benefits. From the application, she does not see a way in which they would be helping the community to warrant a tax break. They did not show anything in terms of sustainability or good wages. It seems to be the bare minimum. Ms. Garment pointed out that in an earlier project, a historic building downtown which the developer purchased in 2004, is now an empty lot which is getting tax breaks from the City in exchange for letting people park there. To her, this indicates "speculator more than developer". She also believes that the process should be given more time.

A copy of a letter from an uptown resident, Sarah Franklin, which was addressed to Mayor Steve Noble, was read by Ms. Garment (A copy of said letter is on file).

Before the letter was read, Ms. Garment remarked on her skepticism toward the developer, Charles Blachman stating that not only does he have a failed development that also supposed to be a boutique hotel in the Rondout which never

came to fruition, there is also an empty space in the Burgevin building in Kingston. The "but for" clause in the IDA agreement indicates that a business cannot go forward or succeed "but for" this tax help. She believes Mr. Blaiichman has purchased many high-priced properties including a property in Rhinebeck which has never been completed, and for those reasons wishes that the process is slowed down and reviewed to ensure that the applicant really needs this help. Ms. Garment added that there are many residents and small businesses owners that do need the help.

In response to the comments given, Nan Potter spoke on behalf of Mr. Blaiichman, in an effort to go on record and put the NOAH issue to rest. She stated that the only one who lost money on NOAH is Mr. Blaiichman. He invested a lot of money. He tore down the meat packing business building, all at his cost. Any bonds or proposed support that the City had in place was never taken advantage of, any monies that were borrowed from the KLDC were paid back; the lot was cleared at his expense, the environmental, the Brownfields everything except for one part that the City caused, were done at his expense. This year, the fish building was taken down at his expense. The land has been cleared, and he is not getting a tax break from the City. It is free parking for anyone in the City who wants to park there (there are no meters). It is not a City parking lot. It is free for anyone who visits the downtown. However, Ms. Potter wants to clarify on record that Mr. Blaiichman will someday build on that property and that is the reason for keeping it. "A developer waits for right time to develop it."

She also wished to clarify that Mr. Blaiichman bought 4 buildings, but they are not 4 boutique hotels, rather one hotel with 4 locations, reason being he did not want to build a new building and have 150 rooms where there would be an over saturation of people. He thought 4 small hotels would not over compromise the area but would bring people to four places and then they would take advantage of everything that was uptown.

Valet parking will address the parking problem. Parking will not be at the buildings, but on another piece of property uptown.

Mr. Blaiichman started the process and is not walking away. Only his money is involved in the project. Ms. Potter further stated that he is not going for grants, but for a PILOT program where "he would be paying the taxes any way you look at it". She further explained that the only difference would be that the PILOT program offers 5 years at the beginning to pay a base tax that accelerates up to a "humongous" tax after ten years. She invited anyone who wishes to read the chart which is available on the internet. She clarified that they are paying taxes through the entire period and they are not off the tax rolls. It is not a "free ride" but an incentive to give a few years to get hotel up and running stronger.

She stated that Mr. Blaiichman does have an investment in Rhinebeck with different partners. It is in the process of remediation and stabilization. There is work going on there every day.

Ms. Potter stated that she manages the Opera House. Leases are in place. And anyone wanting to lease or wishes a Lease renewal can contact her.

The Public Comment on the "agenda items only" section of the agenda was closed.

MINUTES

Motion: John Livermore, seconded by Randall Leverette, moved to approve the Minutes of the September 13, 2017 meeting. A copy of said Minutes is on file.

Vote: The motion was adopted.

FINANCIALS

Chief Financial Officer, Christopher J. Rioux, presented the Financials ending September 30, 2017. A copy of said financials is on file.

In response to a question posed by Randall Leverette regarding the status of bank transfers, Mr. Rioux explained that with Mr. Kinnin away, he has no one else to sign in the old bank. Although Mr. Livermore is on the account he needs two signatures to move funds. Mr. Rioux stated that he is now in the process of getting John Morrow set up since he understands Mr. Kinnin's return date is unknown.

Motion: John Livermore, seconded by Michael Bernholtz, moved to accept the financials for the period ending September 30, 2017.

Vote: The motion was adopted.

2018-2021 BUDGET

CFO, Christopher J. Rioux, presented the proposed 2018-2021 Budget for approval and adoption by the Board. He stated that the budget before the Board represents the Budget discussed with the Finance Committee at the September meeting with one change to the Shovel Ready Feasibility Study which was recommended at that time.

By way of information, Attorney Scott added that Budget needs to be filed with the ABO Office by the end of this month.

Motion Randall Leverette, seconded by John Livermore, moved to approve the 2018-2021 Budget as presented. A copy of said Budget is on file.

Vote: The motion was adopted.

COMMITTEE REPORTS

Audit Committee

Suzanne Holt reported that the Audit Committee had not met within the last month.

Governance Committee

Suzanne Holt reported that the Governance Committee met within the last month and reviewed the Bylaws and the application.

She stated that work is still being done on the application to make it more consistent and easier to use and understand. She estimates that it will take another month or so to bring the application back to the Committee.

Ms. Holt stated that the Bylaws before the Board for approval were reviewed and revised according to the recommendations of the Governance Committee and the Committee voted to approve them at their meeting in September. At the request of Michael Bernholtz, Suzanne Holt gave an overview of the pertinent changes.

Motion: John Livermore, seconded by Michael Bernholz, moved to approve the revised Bylaws.
(A copy of said amended Bylaws is on file.)

Vote: The motion was adopted.

PROJECTS

311 Partners LLC and BBG Ventures LLC

Attorney A. Joseph Scott distributed copies of the necessary materials to go forward with the proposed project. Mr. Scott reviewed in detail the Project Synopsis which outlines the proposed project with the Board members and asked if there were any questions regarding the same.

He continued by stating that the first resolution for consideration is the SEQR Resolution. The major issue with respect to the SEQR Resolution first action SEQR review by the host municipality (in this case the City of Kingston). The City has adopted a negative declaration with respect to the project and appointed itself lead agency with respect to the project. He explained that because the IDA is a governmental body need to complete a SEQR review before taking final action with respect to the project.

Randall Leverette stated that he was very impressed with the fact that the applicant paid the back taxes on the foreclosed building before possession. This action demonstrated an investment in community prior to making a dollar.

Chair Morrow pointed out the following three corrections to be made in the transcript concerning Page 2:

“APPEARANCES: IDA Board Membership”:

Randall Leverette, Public Hearing Chair
John Morrow, IDA Chair

“ALSO PRESENT:”

City of Kingston Alderwoman Deborah Brown

**SEQR RESOLUTION
311 PARTNERS LLC AND BBG VENTURES, LLC PROJECT**

Motion: Randall Leverette, seconded by John Livermore, moved to approve the SEQR Resolution, 311 Partners LLC and BBG Ventures, LLC Project. (A copy of said Resolution is on file.)

Discussion: Michael Bernholz asked if the conditions mentioned in the letter dated February 24th, 2017, regarding the SEQR were met (specifically, Landmark Preservation Commission and the Ulster County Board of Health). Mr. Lewis confirmed that all the work required was performed.

Vote: The motion was adopted.

**APPROVING RESOLUTION
311 PARTNERS LLC AND BBG VENTURES, LLC PROJECT**

Attorney Scott explained that now that the SEQR Resolution has been adopted, the final approval resolution with respect to approving the IDA straight lease documents, approving the PILOT agreement, sales tax letter and Clawback Agreement as outlined on page 3 of the resolution. Before closing on transaction a follow up will be made to receive written confirmation regarding the issues brought up by Mr. Bernholz earlier, collect the IDA Administration fee and proof of insurance.

Motion: Randall Leverette, seconded by John Livermore, moved to adopt the Approving Resolution 311 Partners LLC and BBG Ventures LLC Project. (A copy of said Resolution is on file.)

Vote: The motion was adopted.

HUDSON VALLEY KINGSTON DEVELOPMENT LLC

Chair John Morrow stated that both staff and the Board will continue to review the project with a final review by the next meeting of the IDA. He emphasized that it appears it is the Board's feeling that more time is needed to make a

decision. They will continue to review and analyze comments made from the public. It was unanimously agreed that no Resolution would be offered at this time.

OLD BUSINESS

There was no old business.

NEW BUSINESS

There was no new business.

ECONOMIC DEVELOPMENT UPDATE

Suzanne Holt reported the following:

- The office has been very busy with potential applications from 6 different towns around the County, including a proposed project for Senior Housing.
- A press event was held yesterday regarding where the County Executive launched a film finance program to work with financial institutions in order to grow and attract film, media and television business.
- Two more follow-up industry/training workshops will be held on October 24th and November 1st to educate local businesses on how they can be involved in the film industry.
- The Alms House was leased by a film company.
- Four Square: In negotiations with them to get them here.

PUBLIC COMMENT

Comments included, but were not limited to the following:

- Having gone through the process, Zachary Lewis stated that he believes the Ulster County IDA is very diligent in their application process. He said his application took considerable time with much attention given to the same.
- Legislator Jennifer Schwartz Berky stated she purchased her house on Hone Street because Charles Blauchman was going to build the Noah Hotel around the corner. She counted on this hotel project to increase the value of her house.

- o Geddy Sveikauskas, Ulster Publishing, commented and complimented the Ulster County IDA by stating that he has attended their meetings for many years and he believes that the Board does a very good job of publicizing its meetings and encouraging public input. He continued by stating that residents have a responsibility as well to learn on their own about how IDAs work and encouraged their use of the Ulster County's website to acquire more information.

Many of the comments that followed reiterated the sentiments previously expressed in the earlier public comment section of the agenda and summarized the general feeling of the public to slow down the process and more public awareness.

EXECUTIVE SESSION

Motion: Randall Leverette, seconded by John Livermore moved to enter Executive Session for the purpose of discussing pending litigation by 2-4 Kieffer Lane, LLC.

Vote: The motion was adopted.

The Board of Directors moved into Executive Session at 9:31 AM

Motion: Randall Leverette, seconded by John Morrow, moved to come out of Executive Session.

Vote: The motion was adopted.

The Board of Directions moved out of Executive Session at 10:25 AM

No official action was taken by the Board during Executive Session.

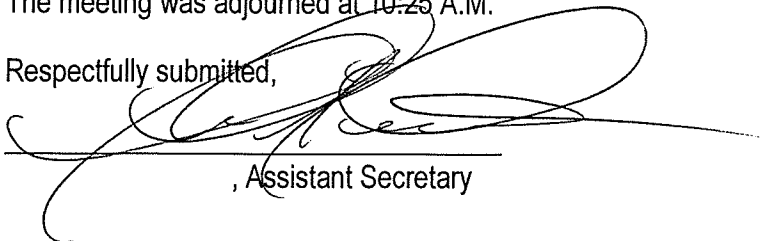
ADJOURNMENT

Motion: Randall Leverette, seconded by Michael Bernholz, moved to adjourn the meeting.

Vote: The motion was adopted.

The meeting was adjourned at 10:25 A.M.

Respectfully submitted,



, Assistant Secretary