

UCIDA

Ulster County Industrial Development Agency

**Ulster County Industrial Development Agency
Minutes
November 13, 2013**

A regular monthly meeting of the Ulster County Industrial Development Agency was held at 8:00 a.m., Wednesday, November 13, 2013, Karen Binder Library, 6th Floor, Ulster County Office Building, 244 Fair Street, Kingston, NY.

The following agency members were present:

Paul Colucci	Assistant Chair/Assistant Secretary
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

Kenneth Juras	Deputy Commissioner of Finance
Christopher Rioux	Deputy Commissioner of Finance - CPA

UCIDA Attorney and Bond Counsel:

A. Joseph Scott Hodgson Russ LLP

Additional Attendees:

Paul Brown	New Paltz, NY
Brian Cohan	Kirchhoff Properties
Jessica DiNapoli	Times Herald Record
Tim Rogers	New Paltz, NY
George Sifre	New Paltz, NY

Chair Michael 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

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

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.

PUBLIC COMMENT

Chair Horodyski opened the meeting for Public Comment. The following individuals requested the Privilege of the Floor:

Mr. Paul Brown requested the privilege of the floor. Mr. Brown stated that he always appreciated the reading of the Agency's Mission Statement. Mr. Brown applauded former Chair O'Halloran's leadership, as well as current Chair Horodyski. He was, however, disappointed that former Chair O'Halloran pointed out, a bit proudly, that he did not read the local newspapers in Ulster County. Mr. Brown thought that was a shame that he did not see it as part of his responsibility to read some of the local newspapers because it is the Ulster County Industrial Development Agency. One of the ways to keep in touch with local issues is to read what is happening in the Saugerties or Ellenville papers. Continuing, he stated that he brings news to the Agency that there has been no decision on SEQRA in New Paltz. In fact, the local Planning Board has decided with regard to the Wilmorite application, which you have "waiting in the wings" and cannot act upon as we all know until SEQRA is determined, is now scheduled for public hearing, their final Environmental Impact Statement. The meetings will take place on November 25th and then already determined in the Planning Board's actions to continue the public hearing through December 9th. They are acting in a deliberative fashion; this can be checked out by reading the New Paltz Times. After they make their SEQRA determination, the Agency will be getting the information. Mr. Brown remarked that the members may be wondering why there has been a flurry of emails and contacts from Wilmorite. It shows, in his humble opinion, the arrogance of power. For them, it is a predetermined outcome that they will get a "neg dec". That may be so, he thought that the final findings statement, not the 500 page DEIS and appendices, but the findings statement of the Planning Board, will be important and he urged the members of the Agency to pay close attention to that. In addition, buried in the DEIS, Appendix S-1 is an important evaluation of the economic impact of the project written by a Rochester based consulting firm CGR, which calls into question all the application materials which were submitted to the Agency by Wilmorite. While they have seen fit to contact the Agency and send materials, we from New Paltz, he along with Messrs. Sifre and Rogers, are here to tell you that they are interested just as much as the applicant. Mr. Brown stated that he continues to hear that "it is a done deal".

Mr. James Malcolm asked "a done deal" with whom?

Mr. Brown responded in their mind. There appears to be a lack of understanding that the Planning Board of New Paltz is an independent deliberative body and has to decide on SEQRA and until that is determined the UCIDA will not act. Speaking of that applicant, Mr. Brown knows that they are before the state to try to hire whatever labor they want and not adhere to certain labor policies. He wished to call to the Agency's attention the local labor policy of the Industrial Development Agency of Niagara County. They just decided in their local policies to demand that 90% of the labor be drawn from counties in western New York. He urged the members of the Agency to look into why they came to that decision and to ensure that projects did bring jobs to the community. He did not know if there was a similar policy in Ulster County. If there is, he admired it and if not he urged the members of the Agency to look into it.

Mr. Malcolm stated that it was funny that Mr. Brown brought it up because he reviewed a report yesterday at a buildings trades meeting that Monroe County has the same sort of policy and it has been "over the top" successful for local jobs and local entities.

Mr. Brown responded that it works powerfully in Niagara County. The skills are there; the jobs are there. The applicant Wilmorite says it is going to build a \$50 million project, but there are only seven low paying jobs. If we are going to get the benefit in Ulster County it would be in the jobs in construction. If they all go to people from Florida and Alabama, then what do we get? He thought that the members of the Agency must take that into consideration when they get there. Finally, on March 14, 2012, the applicant Wilmorite, already knew that it was coming through here with its project and so did this Agency. In fact, Chair O'Halloran pointed out a possible conflict for the Bond Counsel, Mr. Scott. Mr. Brown stated that he was not a lawyer, he did not know if there was a conflict or not, but in the minutes of the March 14, 2012 meeting, Chair O'Halloran requested a waiver of conflict of interest for bond counsel. Mr. Brown asked the members of the Agency to please look into the question of whether the bond counsel still has such a conflict, having to do with Wilmorite out of Rochester. Quoting from the minutes, Wilmorite is going to build a student housing facility at SUNY College of New Paltz and they are going to get financing from a lender. This is quite interesting since they still had not submitted an application here and they had not even applied to the Planning Board. Anyway, a year later, he and Messer's, Sifre and Rogers attended the February meeting when Mr. Tom George gave his first public presentation. Mr. Perfit spoke against it – Mr. Brown has a lot of respect for Mr. Perfit's background and his participation in this board – he was not supported by the majority of the Agency at that time which Mr. Brown thought they should have. He asked the members of the Agency to revisit that entire question. He did not think that the members of the Agency can waive a conflict; you can decide to ignore it, but it is for the courts to decide if there is a conflict and for the public. As a public official himself for many years, he could not waive a conflict for his members or himself. He can only report it and ask an Ethics Committee to tell him if there is a need for a waiver or if there is an ethical conflict, which Mr. Perfit pointed out. Even the appearance of a conflict in an instance like this and with a whole operation like the Industrial Development Agency is dangerous to this group. He urged the members of the Agency to revisit that whole question of conflict and see if the majority of the board still feels that it should be waived or can be waived.

Mr. Colucci requested that counsel touch on the statement that was made.

Counsel Scott stated that Mr. Brown accurately described the minutes of that March meeting; the context was and he thought that it demonstrates candidly his firm's sensitivity to potential conflicts and the Agency's sensitivity to potential conflicts. They certainly had not received an application on this matter. So there was no formal application by Wilmorite to the Agency at that point, however, there was word on the street on this project. He had received word of that situation; he had done an internal review as part of his normal procedures because his firm is very concerned about conflicts and in doing that internal review he discovered that one of his partners in the Buffalo office is representing the financing source, or a potential financing source, not Wilmorite. His firm is not representing the applicant. His firm is representing potentially one of the financing sources for the project. Rather than bringing this matter to the Agency's attention if and when a formal application is ever made to the Agency, he brought this matter to the Agency very early because, again, his firm is very sensitive to conflicts. They have had a long standing relationship with this Agency since the mid-80's. They obviously want to continue this relationship. A big part of that relationship is providing excellent service and also having the client recognize that our loyalties are to the client not to anyone else involved in the transaction. So if anything, candidly, the fact that we brought this to the Agency's attention in March demonstrates our concern about potential conflicts and addressing them early rather than later so that there is no misunderstanding by anyone involved in the transaction, most importantly, about the loyalties that we have with respect to our client. That is the background to that.

Mr. Colucci requested a follow-up on whether or not there has been any further continuance of discussions with the potential lender.

Counsel Scott responded absolutely. He received a telephone call directed to him from Mr. Perfit. Mr. Perfit had had a conversation with a reporter late last week, and Mr. Perfit can fill in the facts that he has on that. He returned the call to the reporter; he doesn't return calls or talk to reporters unless his client advises that it is OK for him to talk to the reporter. One of the questions that the reporter asked focused exactly on this issue. After he finished speaking to the reporter on this issue, he called his partner in the Buffalo office to find out if anything had developed with respect to the financing source and his work with the financing source. His partner advised that nothing has happened since their conversation in March; nothing formal. What he would do was he would call the financing source and determine whether anything has moved forward. He did get back to me and said that there has been a couple of "nibbles", some ongoing discussion, but there is no commitment letter, no closing date, no signed relationship between that financing source and the Wilmorite entity.

Ms. Suzanne Holt asked when that relationship if it is sealed, what does that mean for you and the Agency at that time.

Counsel Scott responded that the way they look at the transaction, the financings transaction, there are two transactions ongoing. There is a transaction between the borrower, the Wilmorite entity and the lender and then there is a transaction between the Wilmorite entity and the UCIDA. We represent the UCIDA and the UCIDA is adverse to Wilmorite. Assuming that they go forward with that financing source that is represented by the Buffalo partner, they are adverse to Wilmorite in that transaction. They are two separate transactions. The point that he is trying to make, which Mr. Brown he did not think intentionally suggested, but the reporter did suggest, demonstrating some misunderstanding and he thought that whenever you speak about conflicts it is oftentimes a very complicated issue. They do not represent the applicant; they do not represent Wilmorite. They represent two parties, the UCIDA and potentially the financing source which are all adverse to Wilmorite.

Mr. Colucci stated that we have an Ethics Board within the County; so if there was any question about this we could forward it to them to divorce ourselves ... to make it look clean as far as the concerns that the public has.

Chair Horodyski stated that if there was a feeling of the Agency that we would like to provide this scenario to the Ethics Board, we can do that, but let's back up.

Mr. John Morrow stated that the way it was presented to the Agency originally, the Agency acted as an Ethics Board itself. We looked at it, discussed it, looked at the pros and cons, pluses and minuses of what was going on and this Agency made a decision that there was no ethics violation and we could proceed.

Chair Horodyski remarked not that there was no ethics violation, the key here is the scenario that Counsel Scott presented that in the Agency's mind did not rise to the level that there would be a conflict. We did have one dissenting opinion though that the appearance of it may rise to a conflict, but in general, representing the lenders side and representing the UCIDA, he thought that the way Counsel Scott explained it with two adversarial sides, back in that point in time the Agency had vetted the issue.

Mr. Morrow responded that he didn't think that anything had changed that would change his opinion.

Chair Horodyski stated that that is fair enough, nor his opinion either. He suggested that it be taken under advisement and we will go from there.

Mr. Morrow stated that at this point there is nothing formal at this time; it is in discussion.

Chair Horodyski responded that it is here; we are waiting on SEQRA. It is definitely here and Mr. Brown brought up some points as far as SEQRA not being determined, there has been "scuttle-but" that that has happened. There is a 40 or 50 day comment period and then there will be public hearings, but to hear that there are additional public hearings by the Planning Board kind of inclines him to believe that it is not as done deal as may have been portrayed. He did instruct, as Mr. Brown was speaking, Counsel Scott will reach out to confirm some of the dates and times to make sure we are all on the same page of when some of the stuff is coming to fruition and then get a good solid idea of exactly where we are at.

Mr. Colucci stated so just so we can come up to speed real quick and not to belabor this point, he appreciated what Counsel Scott had said with respect to the conflict. We have an informal application is that correct.

Chair Horodyski responded we definitely have an application. We have not made any movement on it because it has to move through a process. Once it is through with that process, it has to move through our process.

Mr. Colucci asked if it was the norm or the experience here that the applicant would present an application for bonding or funding in respect to the UCIDA, is it typical that they would present the application prior to SEQRA being completed.

Chair Horodyski responded yes it is. To start the ball rolling on both sides to avoid getting to the end of one process The process requires that one process moves ahead of the other. For us we would like to see the lead agency make a determination on SEQRA before we do anything, so that automatically puts the New Paltz Planning Board ...

Mr. Colucci asked why would the applicant proceed with an application prior to receiving SEQRA if we are just going to sit on it. To make sure that the application has been here – we have a chance to vet the application and to start the process.

Mr. Steve Perfit stated that he prefers to see it here first, rather than in the press.

Mr. Colucci asked why we weren't deliberating on it then. He sits on the Planning Board in Gardiner and they are going through the same thing with a wireless facility right now and SEQRA has to be determined by the town board because they are lead agency and yet we are processing the application, not making any determinations. He doesn't understand why the Agency is not processing the application and waiting for the SEQRA to be completed.

Mr. Robert Kinnin responded that we have processed it to a certain point.

Chair Horodyski stated they came and gave a presentation, Mr. Brown has been here regularly making comments, but there is just not much to do.

Mr. Malcolm stated that he thought that the Agency was pretty clear to Wilmorite that we are not going to be "Big Brother" and step over the top of New Paltz. The transparency here, it would be letting the "horse out of the barn", if we moved ahead. We respect our partners in the community and Wilmorite was made pretty clear, because he personally sensed a sense of arrogance that it was a done deal. They did not get out of the local thing; we are certainly not going to make any less of the Planning Board, the Village of the Town. He thought that the Agency was pretty clear with them.

Chair Horodyski reassured Mr. Colucci that it has been a constant mantra. We have a process here that was established under former Chair O'Halloran and it is a deliberative process.

Mr. Malcolm remarked that prior to that, there wasn't. People just figured it was a done deal, walked in and moved on. To former Chair O'Halloran's credit, that's not how it works.

Mr. Perfit stated one other thing before putting it to rest, he thought that if it does get through the SEQRA process and receives a neg dec and they come back before us requesting a public hearing, he thought that they should refresh their application. They may wish to make some modifications to it and they may want to do another presentation.

Chair Horodyski responded that it was his feeling that they would not want to present the original application.

Mr. Morrow stated that with the change on this board it would be appropriate to bring all board members up to date on what they are doing.

Mr. Perfit asked what change?

Chair Horodyski responded we moved a couple of seats and lost a "soldier", but there weren't any changes in membership. We can certainly bring them back, but we would much rather have SEQRA determined – neg dec/pos dec – whatever it is going to be before we go bringing people back. We are going to follow the process that has been in place.

Mr. Perfit commented to Mr. Brown that "you know that we are transparent".

Mr. Brown responded that he does and to Counsel Scott he stated that he does understand the nuances and he applauds what he did and understands the action. He thought that counsel acted superbly. He was concerned about technically of a board waiving its own possible conflict in spite of what Mr. Morrow has said. He doesn't think that it is possible. He thought than an independent body has to act in that capacity otherwise we would be doing our own ethics evaluation. He respected what the Agency did then; it wasn't an issue. It is really now that he thought was an issue.

Chair Horodyski stated that when he served on the town board in Lloyd there was many times where he would bring up potential conflicts to the board. How to you guys feel about it? You want me to abstain ... no we are good with it. That was a formal action that was noted in the minutes that it was brought before that board, it was disclosed what the potential conflict might be and they made a decision.

Mr. Kinnin remarked that as a participant of the Ulster County Planning Board, they do this at every meeting.

MINUTES

Motion John Morrow, seconded by Robert Kinnin, moved to approve the Minutes of the October 16, 2013 meeting. A copy of said Minutes is on file. Paul Colucci wished to abstain from the vote.

Vote: The motion was adopted.

FINANCIALS

Motion: Paul Colucci, seconded by James Malcolm, moved to approve the financials for the period ending October 31, 2013. A copy of said financials is on file.

Vote: The motion was adopted.

COMMITTEE REPORTS

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

Governance Committee. Chair Horodyski reported that the Governance Committee had met on October 24, 2013. Both he and Mr. Kinnin attended. The Governance Committee reviewed the Agency's Policies and Procedures for 2014. The committee went through them individually and highlighted those that needed change or may need to be added to. Each of the policies was discussed. There were no real suggested changes other than formalize what we had done in June/July by removing Section 5D of the Enforcement of Agency Projects Policy; we have a small discrepancy between the Travel Policy and the Travel and Discretionary Funds Policy. We only need one policy. No changes to the Uniform Tax Exemption Policy (UTEP). The Audit and Governance Committee charter were updated to ... "Meetings of the committee are open to the public. The committee shall be governed by the rules regarding public meetings as set forth in applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice and conduct of Executive Session. ... Finance Committee Charter – need to have a separate committee. The Finance Committee makes recommendation to the board on a budget; what has been happening is everything is coming out of Audit. A copy of said Minutes is on file.

Mr. Perfit stated that as part of the Governance procedures, he would like to see applications come in at a cut-off date one week before the meetings. To receive this document with limited time to review does not really give us a lot of time.

Chair Horodyski responded that we do want to be open for business and we want to be proactive and reactive to businesses and developers coming into our community to do things. There may be a possibility that an extra meeting will need to be scheduled to allow for additional deliberation. He asked that a notice be placed on the website that applications must be received ten days before the meeting. Again, there may be a need for an extra meeting.

Ready2Go. There was no report from the Ready2Go Committee.

ULSTER COMMONS I, LLC

Mr. Brian Cohan, a representative of Kirchoff Companies, addressed the members of the Agency with reference to the Ulster Commons I, LLC project application. He was here to present and demonstrate and support the idea that this project will create jobs and generate meaningful tax dollars and revenue for the local economy. The project is a proposed 88 unit extended stay hotel and it is located within the 15 acre mixed use development, the old Miron Pre-Cast Concrete site. He knows that the members of the Agency are intimately familiar with this because the Agency was instrumental in assisting in making sure that that 85,000 sq. ft. medical office building that is currently under construction were to happen. He was here before the Agency for a second proposed use of the site; again an 88-unit extended stay hotel in the center of the site. The hotel will serve and support the local business community and will attract and capture leisure travelers throughout the region. It will further establish Ulster as a lodging destination for the Hudson Valley tourism region. Direct financial benefits which were part of the application – 31 full-time construction jobs; the project should last about 12 months with annual compensation and benefits of \$6.4 million which is \$418,000 in additional NYS income tax. Upon completion, the hotel will create 25 new full-time jobs and the new wage/benefits on an annual basis for those jobs is over \$700,000 with another \$46,000 in additional annual income taxes. First year purchases for the hotel will be about \$855,000 which is another \$68,000 in sales tax and then first year revenues are estimated and projected right now at \$3.3 million and that will be another \$267,000 in annual sales taxes. The estimated PILOT payment that the applicant is seeking, would result in \$2.2 million worth of real estate taxes paid over the 15 PILOT that they are requesting. Additional financial benefits that the hotel will bring to the community – recently the Dutchess County Tourism Board did a study and they found that 88% of all the lodging properties are located south of Hyde Park. Rhinebeck is actually number 2 and Red Hook is the number 5 destination for Dutchess County. Day

trippers spend \$294 per visit in contrast to overnight visitors who spend \$715 per visit. This is important since the Ulster commercial corridor serves this market and should continue to plan and invest and maximize that trend. Another recent study that Mr. Cohan cited was performed for a very similar project in Cincinnati and the study cited that for every \$1000 spent on operations for the local economy, the local economy grows by \$1,970. For this hotel, the operations expenses will be over \$1 million; that means another \$2 million in additional annual economic activity will happen in the local market. Another factor is induced economic impacts. When a new hotel is added to a market the demand for the market increases; mostly from capturing existing demand. But 20-25% of that is making the market more attractive to business and leisure travelers. Enhancing and further investing in Ulster as a lodging destination is a direct benefit. Hotels are absolutely a critical component of a community's infrastructure.

Mr. Malcolm asked if Mr. Cohan was saying that we are going to get more people shopping in Ulster County, because what he was being told is that the destination is Rhinebeck and Red Hook. Are we going to get more people going to the Best Buy or Dicks with you putting a hotel there.

Mr. Cohan responded absolutely. Part of the reason as one example; if you have a gentlemen who lives in Albany and is doing business in the Hudson Valley and he has to "plot his path" down to Westchester and back and he has three meetings to be had. He will make the assertion that prior to the Courtyard and the Hampton Inn being here, Kingston was no longer a lodging destination. He would make sure that his business meeting was at 8:00 a.m. in Ulster so that he could keep going on until he hit Newburgh or Fishkill for his night stay. He promised that when that person stays in a limited services hotel and he is by himself, they check into the hotel and there is no full service restaurant, they walk out the front door and find a restaurant in the local community and then to pass the time they can either go back to the room and hit the "clicker" or they go shopping. They spend their dollars outside their local community because they don't sleep in their local community.

Mr. Malcolm responded but that isn't what you are talking about. You are talking about a full-service suite with kitchens, it is kind of a reach to say that the only reason a person would stop in Kingston is because they have a meeting in Newburgh. It is a stretch to him.

Mr. Cohan stressed that that was an example. This hotel will capture significant business and when you capture those people into that market, yes, they are going to spend in that market.

Mr. Malcolm stated that he did not see people bypassing it based upon that. Looking at the application, he is involved in labor, there is no provision here for prevailing wage. That is kind of what the area standard is. He didn't 'see Kirchoff Company or whoever the entity is, coming in and saying normally the area standard for a room in the Kingston area is \$150 night per stay, but given the fact that we are going to build it with sub-standard wages for our construction, we are going to charge a \$100. There is a component here regarding training, apprenticeship, degrees. This project, the benefits start during, not after you open the front door. The construction component in this area probably the biggest overall employer is the construction workforce in this area and to have people come up and build this project based upon getting subsidies from this county and using sub-standard labor prices, he did not see the benefit to that majority. Kirchoff is probably one of the better companies Mr. Malcolm will ever have to deal with, they give a great project. He would be happier if it didn't involve the use of labor that they are making a sub-standard wage because that is the people who live in this area. They are not able to afford to shop in the high end and benefit the economy around here because the dollars aren't there. You are paying people significantly less, your contractors are paying significantly less than what the market is here. Every project they build; it doesn't matter. The project that is going on right now, the medical building, he would bet that the wages being paid there are 15-20% lower than the area standard. Contractors that come in there, more often than not, are not providing a medical benefit for their guys. This

is not just about the end of day and having a destination hotel and putting people in rooms, there is a large segment of the economy in the county that should also derive a benefit.

Mr. Perfit stated that he was familiar with the project and that there is no conflict of interest. He knows Joe very well. He is familiar with a number of things. A quick question, he has heard, and he has to confirm, that Joe Kirchoff and his company will own the hotel.

Mr. Cohan responded that Joe is the manager of the applicant which is Ulster Commons I, LLC.

Mr. Perfit replied that he was familiar with the Brownfield situation there. At completion is he planning on transferring ownership to another entity.

Mr. Cohan responded no.

Mr. Perfit stated that he will own the property and have management on site. He will be the owner of that particular property.

Mr. Cohan responded then a third party management company.

Mr. Perfit pointed out that you have 25 FTE on your application. He noticed a food service person. Is there a restaurant on the facility.

Mr. Cohan responded that there is a limited food service component; similar to limited service hotels where they will do a breakfast offering and several nights out of the week there is a manager's hour that for Monday-Thursday there is self-serve food.

Mr. Perfit asked if the units would have kitchens.

Mr. Cohan replied that they are typical extended stay units that have full kitchens and living areas.

Mr. Perfit asked if it will be a flagged name.

Mr. Cohan responded that a determination has not been made.

Mr. Perfit expressed a word of caution, the 25 FTE will be monitored, per your labor reports to the state, which is required by the State of NY. If you don't, discussion will begin regarding the termination of PILOT. It is very strong in the Agency's agreement and he wanted to make sure that Mr. Cohan was aware of it.

Mr. Colucci asked questions regarding the Summary Operating Statement (this document was not disclosed as it was Confidential).

Chair Horodyski reminded Mr. Colucci to keep the questions fairly generic. Questions regarding said document will be discussed off-line with Mr. Colucci.

Mr. Colucci questioned ... that you haven't determined what franchise you are going to be using, however, you did "plug-in" a franchise fee.

Mr. Cohan clarified that he did not wish to publicly disclose.

Mr. Colucci continued by questioning the real estate taxes – you plug in a number for real estate taxes and how was that number derived?

Mr. Cohan responded that that figure was taken directly from Melinda Beuf's estimates; and actually in the financials it is assuming not having the benefits. It is showing the full burden.

Chair Horodyski stated that again we look at what our mission is; we are looking to target our incentives to developments that are going to provide economic stimulus through jobs and further development to our county. As much as we will look at a profitability standpoint, we are going to look to see how will this project impact Ulster County, the Town of Ulster, the surrounding communities and what does it bring to the table for those communities.

Mr. Malcolm stated that he did not know for example if it is the Holiday Inn. They may bring in 12 people from somewhere else. In the spirit of things it is a new job in Ulster County, but it is not a new job. It is not 25 Ulster residents. It is a reach. We have had prior applicants before this board. We had a local financial institution and what happened in the past they were going to create 6 new jobs. They put a branch in Port Ewen and they just moved 6 people from Kingston to Port Ewen. Technically, you created 6 new jobs but in the spirit you didn't create them.

Mr. Cohan responded that the 25 new jobs will be hired from the local market. They will not be imported.

Chair Horodyski directed the members attention to Page 28 of this application, the plan is during the construction phase – 90% of the employment will be regional at least as indicated here. Meaning that they will come from Ulster, Sullivan, Greene, Columbia, Dutchess and Orange. Granted it is not Ulster regional. Pattern for Progress would be very happy to hear that we are including that as our region. Secondly, this lends to what Mr. Brown has said before with reference to Niagara County, we do ask the question. In this case the answer was yes and the other part is that the applicant will make best efforts to use regional labor during the construction phase. Again, yes to that.

Mr. Malcolm responded that knowing who the applicant typically uses, more often than not the fellow who does the concrete is not an Ulster County company; he is an Orange County company. Kirchoff Consigli will perform most of the work themselves. They are based in Pleasant Valley, a Dutchess County community. The rest of the contractors he is not aware of, but there probably won't be a ton of contractors based in Ulster County working on this project. It is pretty broad. If the applicant falls within it, fine. Because you live on this side of the river versus the other side doesn't mean that you are not going to spend your dollars in Ulster County, but it is kind of broad.

Mr. Perfit stated that he had been working with a couple of potential hotel buyers for land and realized that this is not the only project. There are three projects percolating in the Town of Ulster which involve hospitality buildings. Because Hampton Suites is almost at capacity; their numbers are almost astronomical, even though they are on the rail. He believed that the Marriott is almost at capacity. Where are these people coming from. We asked for surveys from Jay – where are they coming from. The demand is definitely there with two more projects in the pipeline besides yours. One may happen the other may not. There is definitely a demand.

Mr. Morrow stated that the demand is absolutely there.

Mr. Perfit continued by stating that the fact that this is an extended stay with kitchens, where are they going to buy their food? Across the street. What does that do for our economy; it increases our economy. He had to say that this was an economically viable project and would appreciate the use of as much local labor as possible.

Mr. Morrow asked what was going on the northwest corner of the property.

Mr. Cohan responded tentatively a tractor supply.

Mr. Morrow stated that he had heard that that was off the table at this point.

Mr. Cohan responded that was not his understanding.

Mr. Morrow asked what they were going to do about the train noise.

Mr. Cohan replied that that is actually one of the challenges of the project, because they are going to have to spend significant dollars to mitigate the noise from the train. They have already spent an incredible amount of soft cost dollars in researching and understanding the sound as it relates to the train. Essentially, in a very crude way, every floor that has a surface area that faces directionally from the train, where the horn will blow, the surfaces will be treated. There will be triple pane windows. They are in conversations with different hotel developers that have built near airports; we are in conversations with Jay Modhwadiya to see what he had done at the Hampton Inn. The trains come through during the day as well as the night. One of the challenges is that the horn is a focused sound and so as it blasts it actually hits the buildings. There is a lot to it and they are going to spend a lot of money to mitigate that.

Continuing Mr. Cohan stated that the other thing that he wanted to share was to identify some of the added costs of the project. As we just talked about the sound expenses and then also that due to the DOT requirements they are going to invest significantly into the intersection. There is intensive circulation throughout the site because of the shear mass of the site.

Chair Horodyski responded that those costs were coming with that pad site either way. You knew that.

Mr. Cohan replied absolutely. These are just additional cost burdens to locate the project at that site.

Mr. Malcolm asked if there was a turn lane in place; are you OK with a turn lane.

Mr. Cohan responded that the permits are in place and the work is going to be done. He believed that the work will be done prior to the occupancy

Mr. Perfit stated that he assumed that the parking plan was sufficient.

Mr. Cohan replied in fact there was a lot of conversation about the SEQRA, this entire master plan had gone through the SEQRA process , neg dec, which the hotel in its specific location was scrutinized and obviously parking is a big component of that.

Mr. Kinnin asked so the parking for the hotel is to the left and the parking for Mid-Hudson Medical is right in front.

Mr. Cohan responded that there is a cross easement agreement that governs the entire site. None of the uses own parking spaces. They are obligated to share the spaces. There is ample parking in close proximity to the hotel. One of the reasons why the hotel use fit well with this development was the off hours, so the parking should swing nicely. Probably not too dissimilar to how the Courtyard works in the mall.

Mr. Colucci stated that he remembered when the medical building project came before the Agency and there was a statement that they could not get further benefits from the UCIDA if it had anything to do with retail. This falls out of this.

Chair Horodyski responded that retail is excluded, not only in our policy, but statewide.

Counsel Scott stated that from the UCIDA's perspective the IDA statute, this is technically retail because you have people coming on site to buy a good or service. But this is permitted under the IDA statute as one of the exceptions for retail.

Mr. Perfit stated that it is tourism based and we are an economically challenged county so we are allowed to have tourism destination. Continuing, Mr. Perfit asked what the fee that is generated from this project to our coffers?

Counsel Scott replied it is the project costs times 1%.

Mr. Cohan stated that the project is estimated around \$12.9 million right now.

Mr. Colucci asked if we have an independent evaluation of what they project as their costs?

Counsel Scott responded that we get a signed certificate from them as to what the cost is under a sworn affidavit.

Mr. Malcolm asked if this is revisited at the end of a project.

Counsel Scott replied we typically do not.

Mr. Malcolm stated being in construction for 30 some years, projects never cost what they go out as. He did not think that it would be anything over the top, but he proposed that we re-visit these things. You never know; sometimes they will run into things that will run the costs up over a \$100,000. He was not targeting this project; any project.

Mr. Perfit asked if in their numbers have you factored in the Brownfield credits.

Mr. Cohan responded no.

Mr. Perfit stated that they are substantial. That site is a Brownfield and buy the developer/owner building it themselves, substantial Brownfield credits flow into this project.

Mr. Colucci asked how they flow into the project.

Mr. Cohan responded that he was not a Brownfield expert, but he could tell them that part of the reason that the assumptions have not been plugged into the model is because the actual entity we need to match up with the entity that owns the dirt and that has not been determined yet. He would not be confident on counting on getting the benefits of that Brownfield for this specific component.

Counsel Scott stated that he could check on it.

Messrs. Perfit and Colucci asked Counsel Scott to check on it. It is a significant number.

Mr. Colucci added that what he thought Mr. Cohan was trying to say has it been determined who owns the dirt.

Mr. Cohan responded that the dirt ownership has been established and the benefits to the Brownfields program go with the dirt ownership, that LLC. Then they were to extend to specific uses, then that project, there are some constraints passing those benefits through to dissimilar formed LLC. For example, A, B and C would be part of the ownership; A

may be the only member of this entity, so that would preclude that project from receiving the full benefits of the Brownfield.

Mr. Colucci reiterated his request to have a conversation regarding the financials. He suggested email.

Chair Horodyski instructed Mr. Colucci to "shoot the questions" out. Members are all under an implied confidentiality agreement with those numbers, so obviously do not share the email.

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OF ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY TO HOLD A PUBLIC HEARING REGARDING A PROPOSED PROJECT TO BE UNDERTAKEN FOR THE BENEFIT OF ULSTER COMMONS I, LLC.

Motion: James Malcolm, seconded by Robert Kinnin, moved to approve said resolution.

Vote: The motion was adopted.

It was noted for the record that the Notice of Public Hearing is 10 days public notice.

CORRESPONDENCE

Chair Horodyski reported on the correspondence referenced on the Agenda as follows:

- October 15, 2013 Correspondence – 111 Mary's Avenue – Health Alliance – a copy of which is on file.

This is the Benedictine office complex. They are contesting their assessment. They are going under the arbitration process. The Agency will just sit-in on this, just as we have with Birchwood. They, unlike Birchwood, are following the process and they will reach out to the city and work through it. There is no response at this time. We will have to select one arbitrator, the city will select one and the entity will select one.

- Highland Central School District – School Tax Collector – Lloyd Park I – a copy of which is on file.

Lloyd Park I school tax is paid.

NEW BUSINESS

Mr. Perfit stated that he had received a call from a reporter at the Student Newspaper the Oracle. They are trying to connect the dots. They are trying to make us like we are in conflict or that we get political sway when we make our decisions. He informed the chair and counsel of the call. It was suggested that the amended UTEP policy was politically motivated to make the Park Point project work. He made it abundantly clear that it was done on the advice of counsel that we have a UTEP for senior and student housing. Former Chair O'Halloran was adverse to any of us talking to the press. He wanted to be the spokesman for the Agency.

Chair Horodyski stated that all he asked that there is a heads up to him and that we have a somewhat unified voice if possible.

Mr. Malcolm stated that he agreed that there should be one consistent voice. Regardless of individuals, the Agency, when they come in and reach a decision, they walk out of this room on the same page. Not that anyone would, but

sometimes you get a question in a certain way; the idea is to provide news. If we decide on a consistent message he did not have an issue with the Chair delivering that.

Mr. Colucci asked if we were getting another appointment soon to fill the vacancy.

Mr. Morrow thought that probably after the first of the year. They wanted to wait until after the election to see which way the election went.

Mr. Malcolm asked how the appointments were made.

Ms. Holt responded that the majority receives five and the minority receives 2. Members are now serving at the pleasure of the Legislature.

Institute of Family Health

Counsel Scott stated that correspondence has been received from the Institute of Family Health. This is, candidly, good news, because it is one less thing we have to put on our PARIS report. We do have an outstanding bond issue for this project. It was a not-for profit financing that was done many years ago. They are doing a re-financing; they would like to do the re-financing without the benefit of UCIDA finance. The bond documents provide for a mechanic for the pay off of the bonds. We have had conversations with them early this week and we are working through that process. They expect to close the bank financing in early December. From beginning in 2014 those bonds won't appear on our financial report.

Contract for Services

Chair Horodyski stated that he had been extremely happy with the work that the Office of Business Services has provided. He asked if there could be a more formalized explanation of the marketing efforts. The issue was when we first did the contract it was basically the Agency writes a check for \$20,000, we are going to put all that money back into marketing efforts for the county. Now we are going to \$40,000; but what we would like is to have some sense of the marketing efforts.

Ms. Holt responded for 2014 the County Executive put \$100,000 into the budget for Ulster County Development Corporation for marketing. That still has yet to be approved by the Legislature. Anthony Campagiorni, the current Chair of the UCDC Board of Directors hopes to raise at least another \$50,000 or more to match that money and to do a whole new marketing campaign. We are about to release a Request for Information (RFI) to marketing firms in the area. That should be going out this week. We are hoping to do a huge re-branding and marketing. Continuing, Ms. Holt stated that the County Executive is changing the name of UCDC to the Ulster County Partnership. She saw UCDC as a tool of the Office of Business Services. We are also looking to re-brand the Office of Business Services and all of the services that we provide to business and how great Ulster County is and tie it in with the Ulster County Tourism (Ulster County Alive) program. This has been incredibly successful. It would be great to have a brochure when you go into local hotels or what not that say while visiting here why not have your business here. Way more than \$20,000 of marketing materials and time were spent during the first year. For this year, there is no marketing promise, but at the same time we are really looking to blow it up and make it a huge push.

Mr. Perfit requested that a copy of the itemized marketing budget be made available when it is determined.

Mr. Kinnin stated so out of the \$100,000, \$40,000 is coming from us.

Ms. Holt responded no, not necessarily – none of it is coming from the Agency. Your money goes to the county and then goes into the general fund.

Mr. Kinnin stated that he understood that, but the theme of the fee was that it was going towards marketing efforts.

Ms. Holt replied that she was not here at that first meeting. Was that the theme forever or just the first year.

Chair Horodyski responded that we only did it for one year.

Ms. Holt stated that the scope of services has ten different bullet points. PARIS is very time consuming.

Mr. Kinnin responded that he was not questioning that. It was shared with the members multiple times that the money that we were giving to the county would be used for marketing efforts.

Chair Horodyski stated that that was what we did this year. We now have a scope of services set forth for the next year.

Motion: John Morrow, seconded by Steve Perfit, moved to approve the proposed 2014 Contract for Services. A copy of said contract is on file.

Vote: The motion was adopted.

Legal Fees

Counsel Scott stated that a substantial amount of work was done on the TLB PILOT enforcement issues. He would like to submit an invoice to the Agency for that work. It was estimated to be \$20-\$30,000 if we went to litigation. What was actually done is we started the process, then we stopped and then we unwound the process. Our time is approximately \$9,900. In addition, we do have a general retainer with the Agency. It is \$6,000/year – we expect to be in the \$5,000 range. We would like to get paid by year end.

Motion: Robert Kinnin, seconded by John Morrow, moved to approve the payment of the above mentioned invoices from Hodgson Russ.

Vote: The motion was adopted.

Teal Becker & Chiaramonte

Mr. Christopher Rioux reported that upon the request of the Agency, he has reached out to Teal Becker & Chiaramonte to obtain an Engagement Letter for 2013. He has not received anything at this time.

Hotel Update

Ms. Holt stated that with reference to the mention of the two other hotels; it would seem that hotels are coming out the woodwork. She knows of one other hotel in the Town of Ulster; two in Kingston and one in southern Ulster. They have all been talking to her.

Governance Committee

Chair Horodyski brought up the subject of RFPs and should we regularly look to RFP for our professional services.

Mr. Malcolm agreed. It shows the public that you are doing your fiduciary responsibility.

Chair Horodyski stated mainly to make sure that we are getting a good deal and to make sure that we are getting the services we expect to get. We should "kick the tires". We should include in one of policies the need to have a possible 3-year rotation.

Hudson Valley Economic Development Corporation (HVEDC)

Mr. Kinnin stated that it was bothersome to him that HVEDC comes to us year after year asking for a handout when we see less from them. We see it less and less in their marketing efforts, in their publications that they send out and we don't see it in events that they hold which are more and more to the south in the Hudson Valley. If we have money, it would seem that there are better organizations that are producing true results in our county ... i.e. the Film Commission and the AG Group. He asked that this be discussed in detail at the next meeting.

ADJOURNMENT

Motion: Robert Kinnin, seconded by Steve Perfit, moved to adjourn the meeting

Vote: The motion was adopted.

The meeting was adjourned at 9:35 a.m.

Respectfully submitted,

Michael Horodyski

Chair