

UCIDA

Ulster County Industrial Development Agency

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY MINUTES July 8, 2020

A regular monthly meeting of the Ulster County Industrial Development Agency was held on Wednesday, July 8, 2020 at 9:00 A.M. at the Legislative Chambers in the County Office Building, 244 Fair Street, 6th Floor, Kingston, NY.

Roll Call:

The following agency members were present:

James Malcolm	Chair
Faye Storms	Vice Chair/Assistant Treasurer
Dr. Diane Eynon	Treasurer
Michael J. Ham	Secretary
Orlando Reece	Assistant Secretary
Daniel Savona	Assistant Secretary
Richard O. Jones	Member/Chief Financial Officer

Additional Attendees:

Rose Woodworth	Chief Executive Officer
Joseph P. Eriole, Esq.	Board Counsel
A. Joseph Scott, III, Esq.	Special Counsel

The meeting was called to order at 9:00 A.M. by Chair, James Malcolm.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Roll was called, and it was noted that a quorum was present.

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.

MINUTES

Motion: Michael J. Ham, seconded by Richard O. Jones moved to approve the minutes of the June 10, 2020 meeting as presented.

Vote: The motion was unanimously adopted (7-0).

EXECUTIVE SESSION

Motion: James Malcolm, seconded by Daniel Savona, made a motion to go into Executive Session for the purpose of discussing litigation.

Vote: The motion was unanimously adopted (7-0).

The Board entered into Executive Session at 9:02 A.M.

Motion: James Malcolm, seconded by Michael J. Ham, made a motion to come out of Executive Session.

Vote: The motion was unanimously adopted (7-0).

The Board came out of Executive Session at 9:59 AM.

No action was taken during Executive Session.

FINANCIALS

Chief Financial Officer Richard O. Jones presented the financial report for June 2020. Year-to-date income is \$57,500 which is underbudget; year-to-date expenses are \$97,388.26 which is over budget. Website and Marketing, Administrative Staff, and Legal Fees are all over budget. Mr. Jones suggested a contingency fund to assist when expenses go over budget. The Audit Committee will research and present findings to the Finance Committee. Mr. Jones noted that expenses have increased due to live-streaming as well as extra work associated with setting up the grants for COVID-19 relief. The Agency has \$877,720.94 in total equity, which includes \$850,464.85 deposited in the bank. Ms. Woodworth

informed the Board that the Agency is financially able to move \$200,000 from the IDA and \$200,000 from the CRC into a one-year CD with Rhinebeck Savings Bank at an interest rate of 0.75%.

Motion: Daniel Savona, seconded by Faye Storms, made a motion to accept the financial report for May 2020 as presented.

Vote: The motion was unanimously adopted (7-0).

CHAIR'S REPORT

James Malcolm presented the Chair's Report. As part of his report, the Chair noted that the Agency has been very busy, as reflected by the administrative and legal fees. He noted that before he was elected Chair, both Faye Storms and Rose Woodworth were instrumental in reopening the relationship with the County's Department of Economic Development.

CHIEF EXECUTIVE OFFICER'S REPORT

Rose Woodworth presented the Chief Executive Officer's report. As part of her report, she reported on the following:

- A. Invoice from The Eriele Law Firm – The CEO presented an invoice in the amount of \$4,290 for legal services during the month of June. The courtesy credit for COVID efforts was noted.

Motion: James Malcolm, seconded by Diane Eynon, made a motion to approve payment of the invoice.

Vote: The motion was unanimously adopted (7-0).

- B. Meeting – The CEO, Chair, and Board Counsel met with County Executive Pat Ryan, Director of the Department of Economic Development Lisa Berger, and Deputy County Executive Evelyn Wright. Ms. Woodworth will work with Lisa Berger to create a flowchart to inform businesses of the cohesive approach to getting help from Ulster County. The CEO and Chair attended a meeting of the Ulster County Economic Development Alliance and noted that they stressed the importance of working together.

- C. Training – An IDA training day is scheduled for Monday, July 20, from 9 am to 5 pm in the Legislative Chambers at the County Building. Speakers include State Senator Skoufis, Elliot Auerbach and Tracey Hitchen Boyd from NYS Office of the State Comptroller, Lisa Berger, March Gallagher, Joseph A Scott, III, Esq., and Joseph Eriele, Esq. Topics include best practice and proposed legislation.

The CEO noted that she has heard from each Board member over the last month and is excited to work together.

Motion: Richard Jones, seconded by James Malcolm, made a motion to accept the Chief Executive Officer's report.

Vote: The motion was unanimously adopted (7-0).

COMMITTEE REPORTS

Audit Committee

CEO Rose Woodworth informed the Board that there are no construction monitoring reports to present because Loewke-Brill is still waiting on a report from one of the Agency's projects. Committee Chair Diane Eynon announced that she has chosen Faye Storms and Michael J. Ham to serve on the Audit Committee. Chair Malcolm asked if Inness, NY, LLC has been brought to compliance yet, and Ms. Woodworth said that they are waiting on the final report from Loewke-Brill. The Project had not submitted Certificates of Insurance for the subcontractors prior to work beginning.

Finance Committee

No report.

Governance Committee

Committee Chair Michael J. Ham announced that he has chosen Diane Eynon and Richard O. Jones to serve on the Governance Committee. Mr. Ham informed the Board that a letter was sent to Inness, NY, LLC to inform them that they were out of compliance. The Project replied and supplied the requested information.

Motion: Richard O. Jones, seconded by Daniel Savona, made a motion to accept the Governance Committee report.

Vote: The motion was unanimously adopted (7-0).

OLD BUSINESS

Status of Pending Projects

Board Counsel Joseph Eriole reported on the status of pending projects:

- Wildberry Lodge, LLC – No change. Project is completing SEQR process. No action can be taken until the process is completed.
- Ulster NH Realty, LLC – Application for assignment of PILOT is under consideration.

Economic Crisis Response

CEO Rose Woodworth reported that she, Orlando Reece, Diane Eynon, Richard O. Jones, and Joseph Eriole had a small working group to discuss the Agency's options to respond to the current economic crisis. Ms. Woodworth presented the memo that was drafted based on the discussion. After exploring many options, the group decided that the best response was to offer grants for PPE. Ms. Woodworth outlined the details for board consideration. Members of the Board agreed to offer grants of up to \$5,000 for current compliant projects and up to \$2,500 to projects that are not compliant and all other Ulster County businesses and non-profit organizations. UCIDA will make up to \$200,000 available for grants for business and non-profits with less than 50 full-time-equivalent employees. Grants will be given after PPE is purchased, but, in cases of extreme hardship, the Agency can pay PPE vendors directly.

Motion: Daniel Savona, seconded by Orlando Reece, made a motion to move forward with the Economic Crisis Response as outlined.

Vote: The motion was unanimously adopted (7-0).

Ulster NH Realty, LLC

Solomon Klein, an owner of Ulster NH Realty, LLC, introduced the Medical Director and HR Director of Ten Broeck Commons, as several of the members of Ulster NH Realty are the same as Ten Broeck Commons. Board Counsel summarized the request of assignment of the current PILOT. Board Counsel noted that the Board has concerns about the facility being able to continue to operate at the current level because some of the facilities that have common ownership are not currently performing up to standards that Golden Hill has achieved. The Board is considering ways to include obligations that would continue the level of medial and non-medical staffing and support, as well as performance standards in the PILOT agreement. Mr. Klein noted that since taking over Ten Broeck Commons roughly two years ago, they have increased wages by close to \$1 million, given raises to all departments and have done everything possible in terms of clinical and financial needs. The facility was never short on PPE, and Mr. Klein stated that he has even delivered PPE himself. The Medical Director at Ten Broeck agreed that there was never an issue with PPE during the COVID outbreak. He noted that the new owners have set an impressive bar of clinical excellence and anticipates it will improve if they are able to combine resources with Golden Hill. Chair Malcolm asked why Ten Broeck's Medicare rating was so low when

compared to Golden Hill. Mr. Savona pointed out related locations with 1-star and 2-star ratings and inquired as to why Ten Broeck had 30 COVID-related deaths while Golden Hill had zero. It was noted that 19 out of 34 of the nursing homes listed have a 2-star or lower rating and are trending in a decline. Mr. Klein noted that he does not have any interest in many of the nursing homes listed. Ms. Woodworth explained that the Agency included all related nursing homes, many of which are owned by Chava Wolofsky's husband. Ms. Wolofsky is a 44% owner in the proposed Project. Mr. Klein stated that he does not manage any facilities owned by Ms. Wolofsky's husband. Mr. Jones pointed out that the Agency doesn't just look at the operators: The Agency looks into owners as well, even if they claim to have no control over operations. Mr. Klein indicated which facilities on the list that he, Ernest Schlesinger, & Chava Wolofsky own together, and he controls the operations. Counsel will work with the Applicant to answer questions from the Board and negotiate details of the PILOT.

NEW BUSINESS

Resolution – Office of the Agency

Ms. Woodworth noted that the Agency's Bylaws list the Office of the Agency as 244 Fair Street and noted that the address must be amended with a resolution. Ms. Woodworth presented the Resolution Authorizing Amendment of the Bylaws which amends the Agency's address to 130 North Front Street, Suite 4, Kingston, NY 12401.

Motion: James Malcolm, seconded by Orlando Reece, made a motion to change the operating address of the Agency.

Vote: The motion was unanimously adopted (7-0).

Kingstonian Development, LLC

City of Kingston Mayor Steve Noble, Alita Giuda, Esq., Dan Ahouse, Joe Benora, and Brad Jordan introduced themselves. Mr. Savona put his business relationship with Mr. Jordan on record for transparency purposes: Mr. Savona has leased a location at Herzog's Plaza, which is owned by Mr. Jordan, for 30 years. Mayor Noble presented background on the Project. Prior to him, two other Mayors tried to redevelop the parking lot at the corner of North Front and Schwenk Drive. Mayor Noble met with local business owners to gather ideas to develop the area. The solution was a multi-use area for parking, housing, and a public plaza. Mayor Noble noted that he applied to the Governor's office for the Downtown Revitalization Initiative and the Project received \$10 million. There have been multiple public hearings to develop the Stockade Investment and Improvement Plan, and an important goal of the plan is to create more parking for the uptown area. The area is mostly built out already, so the best option is to build up. Mayor Noble noted the currently hot housing market and stated that he wants to create affordable workforce housing for people who work uptown. Mr. Jones took issue to the Project being called workforce housing as only 14 units are to be designated for low-income housing. Mayor Noble explained that affordable housing is expensive to build and there are no state programs to assist in

building such housing unless the Project is for 100% affordable housing units. Mayor Noble believes the remainder of the units would help to meet the need of retirees who would like to downsize without leaving the area.

Mr. Benora presented a PowerPoint and explained that a PILOT agreement is needed because of the parking structure portion of the Project. The parking structure will cost an estimated \$17 million and will lose money over the life of the Project. The proposal is to create 420 parking spots. If approved, the PILOT will allow the Project to create new housing units, affordable housing, a pedestrian plaza, a pedestrian walkway crossing over top of Schwenk Drive, new jobs, sales tax revenue and internships. Mr. Benora called attention to his family's proven track-record with successful catering, restaurant, hotel and multi-family-housing businesses. His relevant experience includes a 136-unit housing project in Poughkeepsie and a hotel in Poughkeepsie, both build on top of parking structures. The proposed location for this Project is the site of the former Kingstonian Hotel and a parking lot that was once a parking garage. The Project includes two buildings: The first is a hotel with commercial space which is modeled as a recreation of the old Kingstonian hotel and will remain the same height as the current building; the second will be for residential housing. The middle area will be a pedestrian plaza which will be maintained by the Project, not by taxpayer money. The parking garage will be underground. There will be an ADA-accessible walking bridge over Schwenk Drive.

The parking structure will cost a total of \$16.8 million. If financed at 4% for 25 years, the payment would be \$1,067,000 per year. There will also be annual costs, such as wages, equipment, etc. of an estimated \$268,000. The Project estimates \$312,000 annual in revenue generated from the parking structure. Without the parking structure, the Project cannot take place. However, the parking structure is estimated to operate with a \$26.5 million loss over the next 25 years, and that is the reason for the PILOT application. The Project believes that the benefits of the Project will include affordable housing, which will cause the Project to lose out on \$97,000 in rent that could have been collected at market-rate. The Project is also proposing an internship program which will cost \$20,000 and a scholarship of \$5,000. The City of Kingston will also save on maintenance costs because the new garage will be maintained by the Project. The Project puts the total public benefit at \$1,162,000 per year, totaling \$31,000,000 over 25 years. The assessment of the Project is \$19 million which would be taxed at \$932,000 without the PILOT agreement. The Project is proposing to pay what the Jordan family is currently paying in taxes, which is \$28,488. The PILOT benefit would start at \$904,000, and assuming a 25-year period with a 3% annual tax increase it would total a \$28.9 million benefit, which is estimated to be less than the proposed public benefit.

Dr. Diane Eynon pointed out that 65% of the spaces would be open to public use, which equals 277 spaces. She asked if anyone has calculated how many parking spaces are actually needed in uptown Kingston right now. Mayor Noble stated that studies have indicated a need for parking and that he believes this Project will fill the current need. Dr. Eynon raised concern that the spaces will just be used by people visiting the commercial space of the Project and not actually address the current parking issues. Mr. Jordan believes that the parking garage will be primarily used by people who work uptown, which will free up on street parking for patrons. Ms. Storms pointed out that the plans allow for one

space per unit and asked what would happen if families had more than one car. Mr. Jordan said that they are reserving one space per unit, but the tenants are welcome to use the other spaces in the structure or in the Kingston Plaza. Mr. Jones pointed out that the PILOT has been requested for a public parking garage, but, in reality, about half of the parking garage will not be used by the public but by the tenants. Mr. Jones suggested separating public parking and tenant parking and only using the inducement money for the public portion. Mr. Jones wants to find a way to make the Project work in accordance with the Agency's bylaws, as the current bylaws do not allow for inducement of residential projects. Dr. Eynon explained that the County is already operating at a deficit, the Project is requesting a potential \$1 million in tax abatement in an area with a 22% poverty rate and 13% unemployment rate. Mayor Noble countered that at a time like this, it is easy to try not to spend any money, but he believes spending money and making investments will continue to keep people employed. Mayor Noble also pointed out that the current parking lot is owned by the city so no taxes are collected from the piece of land, and, therefore, this tax abatement will not actually lower tax revenue. Orlando Reece asked how many projects like this are currently taking place in Ulster County. Currently, there are none. The Board will put together concerns and discuss the issues during another pre-screen meeting.

PUBLIC COMMENT

Due to the current meeting restrictions caused by COVID-19, public comment could not be received in the normal fashion. The public was asked to email comments to the Agency. Comments will be posted on the website and circulated to all Board members.

ADJOURNMENT

Motion: Faye Storms, seconded by Michael J. Ham, moved to adjourn the meeting.

Vote: The motion was unanimously adopted (6-0).

The meeting was adjourned at 12:00 P.M.

Respectfully submitted,

Michael J. Ham, Secretary