

MINUTES

Dutchess County  Industrial Development Agency

3 Neptune Road, Poughkeepsie, NY 12601
Tel. # - (845) 463-5400 / Fax # - (845) 463-0100

BOARD OF DIRECTORS REGULAR MEETING

Tuesday, December 18, 2018

Present: Charles Daniels III
Tim Dean
Mark Doyle
Stacey Langenthal
Alfred Torreggiani

Unable to Attend: Don Sagliano

Also Present: Sarah Lee, Executive Director
Marilyn Yerks, CFO
Jasmin Haylett, Office Administrator
Don Cappillino & Elizabeth Cappillino, Counsel
Mary Kay Vrba, Dutchess Tourism
Wayne Spinei, IBM
Rebecca Edwards, DC Legislator

On Tuesday, December 18, 2018, the Dutchess County Industrial Development Agency [DCIDA] Board of Directors Meeting was called to order by Chairman Daniels at 8:01 a.m. Present was: Charles Daniels III, Tim Dean, Mark Doyle, Stacey Langenthal, and Alfred Torreggiani. Unable to Attend was: Don Sagliano. Quorum was established.

CONFLICT OF INTEREST DISCLOSURES

Chairman Daniels asked board members if they had any potential conflicts with any items on the agenda. No potential conflicts of interest was expressed.

PROOF OF MEETING NOTICE

Meeting notice was published on December 12, 2018

BILLS AND COMMUNICATIONS

None

APPROVAL OF MINUTES

October 24, 2018
November 13, 2018

Chairman Daniels asked for a motion to approve the October 24, 2018 and November 13, 2018 Minutes of the Dutchess County Industrial Development Agency.

A motion was made by Mr. Dean, duly seconded by Mr. Torreggiani to approve the DCIDA Board of Directors Meeting Minutes for October 24, 2018 and November 13, 2018. All voted in favor. Motion carried.

REPORT OF THE TREASURER

A. Financial Report

Ms. Yerks reported on the 11/30/18 Balance Sheet and Profit & Loss Budget

Balance Sheet

- Cash balance was \$4,408,727.02

Profit & Loss

- Revenue was \$4,352,450.73

A motion was made by Mr. Doyle, duly seconded by Mr. Torreggiani to approve the 11/30/18 financial report as presented. All voted in favor. Motion carried.

REPORTS OF COMMITTEES

None

UNFINISHED BUSINESS

For Consideration and Approval of a Final Resolution for International Business Machines Corporation (Town of Poughkeepsie) Authorizing an Equipment Lease and Project Agreement Providing for Sales and Use Tax Exemption on \$105,000,000 of New Equipment

Mr. Cappillino noted the following about the resolution:

- A slight change was made to the project description due to a correction made to the square footage amount
- A special fee arrangement has been made based on the length of the project
- This is a 3-year contract with a sales tax only arrangement
- There will be no PILOT payments for this project
- Recapture only be applied to state sales tax benefits

A motion was made by Mr. Dean, duly seconded by Mr. Torreggiani to Approve the Final Resolution for International Business Machines Corporation (Town of Poughkeepsie) Authorizing an Equipment Lease and Project Agreement Providing for Sales and Use Tax Exemption on \$105,000,000 of New Equipment. All voted in favor. Motion carried.

NEW BUSINESS

Ms. Lee reported that the Agency has received a draft report from the Authority Budgets Office (ABO) of the audit conducted by the ABO regarding the IDA's sales tax reporting. After reviewing the draft

report the staff found two erroneous statements in the report which they sent the ABO backup information for.

Question: What were the items in the ABO audit that were erroneous?

Response: One was the filing of the ST-62 which every IDA is required to file to annually. While the statute has been out since 2013, NYS Tax and Finance didn't develop a reporting mechanism until earlier this year. DCIDA did not receive notification that this form was released, until it was made aware during the ABO audit. Since the audit, DCIDA has filed all the required ST-62's for 2013 to present. Back-up of the filings have been sent to the ABO.

Mr. Cappillino further noted that the purpose for the form is make sure recaptures are being reported and that to date, there has been no events to require recaptures for DC IDA.

Also, stated in the draft report, the ABO claimed that the sales tax benefit for Gap was not reported. Contrary to the ABO's statement, DCIDA has reported all sales tax benefits received by the GAP. Copies of the ST-340's filed by GAP and DCIDA's PARIS reports were sent to the ABO as back-up.

Based on the draft findings of the ABO audit report, Ms. Lee proposed amending the Agency's Maintaining Performance Based Incentive Policy by adding additional language for clarification.

- The audit inferred that this recapture policy was not adequate because it did not refer to the State law
- The IDA has two recapture policies in place. One for projects that don't have real property PILOTs and one that includes a real property PILOT.
- The policy for Projects without a real-property PILOT already references the State law but while the Agency's Maintaining Performance Based Incentive Policy is in addition to the State Law, the policy does not refer to it. In an effort to clarify this point it is recommended the Board to add this language to the current policy.

A motion was made by Mr. Doyle, duly seconded by Mr. Dean to approve the amended language for the IDA Policy on Maintaining Performance Based Incentives. All voted in favor. Motion carried.

Question: Do we need to do anything with Mechtronics?

Response: Mechtronics did not pay its last PILOT payment because it had filed for bankruptcy and went into default. The Mechtronics agreement was executed before recapture requirements were in place, however, the building has been sold and at the closing the new owner paid the defaulted PILOT and tax payments.

Updates/Comments

- **New Board Members**
Chairman Daniels noted there has not been a full board for about six months and asked board members to submit names of any individuals they think might be a good candidate for the board.
- **Tourism**
Spending a lot of time with a HBO series called "I Know This Much Is True" that will be filming in the City of Poughkeepsie. Filming will probably be 4-6 months starting in March 2019. Other

sites for the film will be Pleasant Valley, Kingston, Mid-Hudson Regional Hospital, Beacon, and Vassar College.

- **Project Updates**
Chairman Daniels noted he has a conflict with Eastdale and Mr. Dean has a conflict with Overlook and Asahishuzo
- **Asahishuzo, Overlook, Hatfield**
Still waiting for Asahishuzo, Overlook and Hatfield to finish some minor business on the project operator's end before the IDA can execute a closing.

Ms. Cappillino proceed to give the following update about Eastdale:

- Over the summer, the board authorized the Eastdale project in the Town of Poughkeepsie, granting mortgage and sales tax exemption as well as real property taxes
- The project will be done in phases and each phase would have separate ownership
- The agreement is structured that Eastdale is required to come before the board for an amendment for each sub-phase which will include information regarding the number of jobs that are going to be created or retained for that sub-phase and the amount of sales tax exemption to be used.
- The first phase is almost ready to close on its financing
- Construction was started and three parcels from the residential portion of the project will be subdivided

- **January 9 Annual Meeting**
Materials for the annual and regular meeting will be sent out within the next week
- **CEO Review**
Chairman Daniels noted he planned on discussing Ms. Lee's review at the January meeting however due to a scheduling conflict he would like to defer approval of her review until the February 2019 meeting and whatever is approved by the board will be retroactive. In the meantime, Ms. Lee will do a self-evaluation, he will review it, and share it with the board, and meet with her to discuss it.

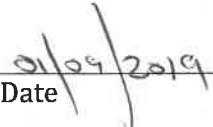
ADJOURNMENT

There being no further business, a motion was made by Mr. Doyle, duly seconded by Mr. Dean to adjourn the meeting. All voted in favor. Motion carried. Meeting adjourned at 8:34 a.m.

Respectfully submitted,



Mark Doyle, Secretary/Treasurer



Date

Meeting	<u>12-18-18</u>
Approved	<u>01-09-19</u>
Certified	<u>01-09-19</u>