

MINUTES

Dutchess County  Industrial Development Agency

3 Neptune Road, Poughkeepsie, NY 12601
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BOARD OF DIRECTORS REGULAR MEETING

Wednesday, March 13, 2019

Present: Tim Dean
Mark Doyle
Kathleen Bauer
Stacey Langenthal
Don Sagliano

Unable to Attend: Charles Daniels III
Alfred Torreggiani

Also Present: Sarah Lee, Executive Director
Marilyn Yerks, CFO
Jasmin Haylett, Office Administrator
Donald Cappillino & Elizabeth Cappillino, Counsel
Kate Roberts, Zarin & Steinmetz (Asahishuzo)
Martin Berger, EFG Saber
Chris Harrisen, Advance Testing (Guest)

On Wednesday, March 13, 2019, the Dutchess County Industrial Development Agency [DCIDA] Board of Directors Meeting was called to order by Vice Chairman Dean at 8:12 a.m. Present was: Tim Dean, Mark Doyle, Kathleen Bauer, Stacey Langenthal, and Don Sagliano. Unable to attend was: Charles Daniels III and Alfred Torreggiani. Quorum was established.

CONFLICT OF INTEREST DISCLOSURES

Vice Chairman Dean asked board members if they had any potential conflicts with any items on the agenda. Vice Chairman Dean noted he has a conflict with the Asahishuzo International Co. Ltd. Project.

NEW MEMBER

Vice Chairman Dean welcomed and introduced Kathleen Bauer, the newest board member.

PROOF OF MEETING NOTICE

Meeting notice was published on March 7, 2019

BILLS AND COMMUNICATIONS

None

APPROVAL OF MINUTES

February 20, 2019

Vice Chairman Dean asked for a motion to approve the February 20, 2019 Minutes of the Dutchess County Industrial Development Agency.

A motion was made by Mr. Sagliano, duly seconded by Ms. Langenthal to approve the DCIDA Board of Directors Meeting Minutes for February 20, 2019. All voted in favor. Motion carried.

REPORT OF THE TREASURER

A. Financial Report

Ms. Yerks reported on the 2/28/2019 Balance Sheet and Profit & Loss Budget

Balance Sheet

- Cash balance was \$3,958,479.36
- \$3,000,000 was placed in a 90 day CD at TD Bank.
- The accounts receivable amount of \$148,609.79 are PILOT payments but to date, all PILOT payments came in and were disbursed.
- The accounts payable amount of \$852,000.00 consists of \$601,000 that is owed to the LDC and \$238,000 owed to DC Tourism for the first half of the year.

Profit & Loss

- Revenue was \$951,280.90
- The administrative fee from the 165 Overlock project was received.

A motion was made by Mr. Doyle, duly seconded by Mr. Sagliano to approve the 2/28/2019 financial report as presented. All voted in favor. Motion carried.

REPORTS OF COMMITTEES

A. Finance & Audit – For Discussion and Approval of the 2018 Audit

Mr. Doyle gave a brief overview of the 2018 audit and highlighted the following:

Board Report:

- On page 2 under audit adjustment, there was a \$5.00 adjustment to the audit

Financial Report:

- On page 2 under opinion, the auditors state that this was a clean audit. There was no management letter issued.
- On page 4 there is a loss of \$28,633 in 2018, as a result of less administrative fees collected.
- On page 13 the Bonura Dibrizzi projects indicates a loss of 45 FTE jobs in 2018. This project was approved prior to the current recapture policy requirements, however the Poughkeepsie Grand Hotel remains an anchor business in the City of Poughkeepsie and an important economic driver for the community.

A motion was made by Mr. Doyle, duly seconded by Mr. Sagliano to approve the 2018 Audit. All voted in favor. Motion carried.

- B. Alternative Member for the Finance & Audit Committee: Kathleen Bauer
Ms. Lee recommended that Ms. Bauer be appointed as an alternative for Finance & Audit Committee. She noted that the By-Laws allow alternative members be appointed to Committees as non-voting members unless quorum is needed.

A motion was made by Ms. Langenthal, duly seconded by Mr. Sagliano to approve Kathleen Bauer as an alternative member for the Finance & Audit Committee. All voted in favor. Motion carried.

UNFINISHED BUSINESS

None

NEW BUSINESS

- A. For Consideration and Approval of a Preliminary Resolution for EFG/Saber Heritage SC, LLC (Town of Poughkeepsie) to induce the Project providing for a Mortgage Tax Exemption and Sales Tax Exemption for an approximately \$280,417,924 project for construction and re-development at 3532 North Road and 323 Albany Post Road Rear (the former Hudson River Psychiatric Center) to construct a mixed used development consisting of up to 750 residences and 430,000 square feet of commercial space.

Mr. Berger introduced himself and proceeded to give an overview of the project

- Development is on 156 acres
- Approval was received from the Town of Poughkeepsie for 430,000 sq. ft. for commercial space and 750 residences
- Seeking sales tax exemptions equaling approximately \$3.28M and mortgage tax exemptions for \$1.4M
- Development will be a live, work, and play community consisting of multi-family, retail, a potential medical office building and 153,000 sq. ft. of commercial development which is preleased for 100,000 sq. ft.
- Completion is 2027 with the initial occupancy of 2020
- Project generate 380 construction jobs and 591 permanent jobs

Ms. Lee noted:

- EFG/Saber Heritage is not seeking a PILOT through the IDA.
- This project has the support of the Town and meets the Town's goal for creating a walkable community
- While not a partner on the project, input from Marist College has been influential in the programming of this project
- The scope of the project includes demolition of more than 50 dilapidated buildings and structures and the replacement of private and public sewer and water lines with new infrastructure capable of meeting the need of the project and future offsite users
- It will also include roadway improvements, upgrades to the former CSX rail paths to create publicly accessible bike and walk paths that will eventually connect to the rail trail
- The project will be completed in eight phases over a period of eight years
- The board is considering approval of the entire scope of the project and activating the first phase of the project

Questions and answers ensued

Question: What is the viability of this project if it does not receive these benefits?

Answer: Once improvements are made there will be a property tax increase. For example, if the real estate tax is \$127,000 per year it will increase to \$7,000,000 upon full buildout. This project would not be viable without securing assistance.

Question: Is there a brownfield on the property?

Answer: Yes, 40 acres of the residential area to the north. It's not a material cleanup but it is enough where good soil will need to be mixed with this soil in order to meet the residential standards. However, this 40 acres is not part of the project under consideration by the IDA.

Question: What is the school district?

Answer: Property is in the Town of Poughkeepsie but the school district is Hyde Park.

Question: Is the demolition phase entirely within the first phase and before any construction is started?

Answer: No. Of the 52 buildings, the majority of the buildings are in Phase 2 but the majority of the costs are in Phase 1.

Question: Is any potential for part of this project for housing for Marist students?

Answer: No. There isn't any part of this project that will be not-for-profit.

Question: Is the first Phase more than 33% commercial?

Answer: In terms of dollars, no but in terms of square footage, yes. The applicant stated that retail is less than 33% of the total project cost. Ms. Lee also stated the project is also in a distressed zone so this project is exempt for the 33% retail limitation.

Mr. Cappillino noted there are two resolutions for this project. One is the overall inducement resolution for the entire project and the other is to start the process for authorizing Phase 1. A public hearing will be scheduled and then a final resolution for Phase 1 of the project.

Question: Why does the board need to approve the entire project and then do it in phases?

Answer: Inducing the entire project and then approving each Phase will allow the board and the applicant to make adjustments to each phase based on the market while maintaining the original intent of the project scope.

A motion was made by Ms. Langenthal, duly seconded by Mr. Sagliano to approve the Preliminary Resolution for EFG/Saber Heritage SC, LLC (Town of Poughkeepsie) to induce a Project providing for a Mortgage Tax Exemption and Sales Tax Exemption for an approximately \$280,417,924 project for construction and re-development at 3532 North Road and 323 Albany Post Road Rear (the former Hudson River Psychiatric Center) to construct a mixed used development consisting of up to 750 residences and 430,000 square feet of commercial space. All voted in favor. Motion carried.

- B. For Consideration and Approval of a Preliminary Resolution authorizing a public hearing concerning Phase 1 of the EFG/Saber Heritage SC, LLC Project (Town of Poughkeepsie).

A motion was made by Mr. Sagliano, duly seconded by Mr. Doyle to approve the Preliminary Resolution Authorizing a public hearing concerning Phase I of the EFG/Saber Heritage SC, LLC Project (Town of Poughkeepsie). All voted in favor. Motion carried.

- C. For Consideration and Approval of a Supplemental Resolution authorizing the Asahishuzo International Co. Ltd. Project (Town of Hyde Park) with its corrected and amended employment projections.

Vice Chairman Dean recused himself and left the room due to a conflict of interest with this project. His organization, Marshall & Sterling, wrote some property insurance for this project. Mr. Doyle presided over this portion of the meeting.

Ms. Lee introduced the resolution and gave the following overview of the project:

- This is an amendment by the applicant for its job projections
- The project scope remains the same however, while reviewing the contract agreements, the applicant realized the job projections for the IDA were inconsistent with what was stated in their NYS ESD benefits application
- Upon further review, the applicant realized what was submitted to the State was accurate but what was submitted to the IDA was inaccurate
- The applicant originally stated 37 jobs would be reached in year two but this should be revised to reflect that 32 jobs will be reached by year five
- Due to this significant change, the applicant was asked to come back before the board and make this presentation as an amendment to the application
- A revised cost benefit analysis was completed. The revised analysis still states the project will be a considerable benefit to the community.
- The project remains within the target industries of manufacturing and food and beverage
- This project still has the support of the Town and school district

Ms. Roberts, representing the counsel for the applicant, noted that:

- The applicant understands the project will be monitored for the next ten years and expects the business to be successful but at this time the applicant wants to be transparent with the job projection figures.

Question: Can you reiterate the change in the existing job outlook?

Answer: In the original application, the applicant had to fill out the number of projected jobs after two years of completion. Now the estimated number of jobs after two years of completion is 14 jobs and after five years, after completion, it would be a total of 32 jobs.

A motion was made by Ms. Langenthal, duly seconded by Mr. Sagliano to approve the a Supplemental Resolution authorizing the Asahishuzo International Co. Ltd. Project (Town of Hyde Park) with its corrected and amended employment projections. All voted in favor. Motion carried.

D. For Discussion and Approval the 2018 PARIS Reports

- Certified Financial Audit
- Annual Report
- Procurement Report
- Investment Report

Ms. Lee noted the PARIS reports are due by the end of March

Ms. Langenthal asked Ms. Lee to verify her start date on page 5 of the Annual Report. This date is different from what is noted on page 5 of the LDC annual report.

Question: Are all the numbers in the PARIS report manually entered or is there any continuation from the prior year?

Answer: Yes and no. There are certain fields where the information cannot be changed and certain fields where the information is entered manually.

A motion was made by Mr. Doyle, duly seconded by Mr. Sagliano to approve the 2018 PARIS Certified Financial Audit and the Annual, Investment, and Procurement reports as presented along with any changes. All voted in favor. Motion carried.

E. Report on Local Labor Policy Compliance for Active Construction Projects

Ms. Yerks gave the following update:

- Currently two projects are being monitored
 - The T-Rex Bellefield project is currently at 93% local labor. The Eastdale project currently has a labor participation rate of 42%. While the Eastdale project rate is low, it is not unexpected. As the project progresses we expect the participation rate to increase.
 - The monitoring efforts consist of reports submitted by their staff to her, work site visits to verify payroll, and spot checks of ID's for anyone at the work site

F. Board Evaluations

Ms. Lee gave an overview of the board evaluation results.

G. 2018 Tourism Report

Ms. Vrba gave an overview of the following from the report:

- On page 3 of the report the 2018 collected bed tax increased from \$2,775,563 in 2017 to \$3,076,567 which is a 10.84% increase
- Bed tax revenues are down
- Hotels are up approximately 5%
- Short-term rental of Air B&B is up 68%
- Print and digital media has increased
- Hudson Valley Film Commission is working on a dozen film productions

H. State Legislation Update- Prevailing Wage and Widening of the Definition of Public Works Projects

Ms. Lee informed the board that the NYS Legislature is contemplating widening the definition of public works projects. If this new definition is approved it will affect IDA projects as IDA projects will be subject to prevailing wage requirements. The estimated increase cost for projects could range from 20% to 30%.

ADJOURNMENT

There being no further business, the meeting was adjourned by Vice Chairman Dean at 9:24 a.m.

Respectfully submitted,



Mark Doyle, Secretary/Treasurer

Date

4/10/2019

Meeting	<u>03-13-19</u>
Approved	<u>04-10-19</u>
Certified	<u>04-10-19</u>

Dutchess County Industrial Development Agency

03/11/19

Balance Sheet

Accrual Basis

As of February 28, 2019

	Feb 28, 19
ASSETS	
Current Assets	
Checking/Savings	
1010 · Cash	
1100 · Checking M&T Bank	474,823.72
1140 · Money Market M&T Bank	107,887.89
1151 · Money Market SBT	112,169.09
1152 · Money Market TD Bank	263,598.66
1160 · CD TD Bank	3,000,000.00
Total 1010 · Cash	3,958,479.36
Total Checking/Savings	3,958,479.36
Accounts Receivable	
11000 · Accounts Receivable	148,609.79
Total Accounts Receivable	148,609.79
Other Current Assets	
12000 · Undeposited Funds	41,789.10
Total Other Current Assets	41,789.10
Total Current Assets	4,148,878.25
Fixed Assets	
1390 · Furniture & Equipment	
1680 · Furniture & Equipment	3,115.81
1710 · Accumulated Depreciation	-3,115.81
Total 1390 · Furniture & Equipment	0.00
Total Fixed Assets	0.00
Other Assets	
1175 · Other Assets	
1310 · Prepaid Expense	1,094.33
Total 1175 · Other Assets	1,094.33
Total Other Assets	1,094.33
TOTAL ASSETS	4,149,972.58
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · *Accounts Payable	852,000.00
Total Accounts Payable	852,000.00
Total Current Liabilities	852,000.00
Total Liabilities	852,000.00
Equity	
30000 · Opening Balance Equity	1,447,427.47
32000 · Unrestricted Net Assets	2,952,212.56
Net Income	-1,101,667.45
Total Equity	3,297,972.58
TOTAL LIABILITIES & EQUITY	4,149,972.58

Dutchess County Industrial Development Agency
Profit & Loss Budget vs. Actual
 January through February 2019

1:23 PM
 03/11/19
 Accrual Basis

	Jan - Feb 19	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4000 · Cash Revenues	76,461.70	1,495,500.00	-1,419,038.30	5.1%
4020 · Administrative Fees	250.00	750.00	-500.00	33.3%
4030 · Application Fees	2,504.00	3,500.00	-996.00	71.5%
4035 · Compliance Fees	867,492.94			
4150 · PILOT Payments	4,572.26	1,500.00	3,072.26	304.8%
4910 · Interest				
Total 4000 · Cash Revenues	951,280.90	1,501,250.00	-549,969.10	63.4%
Total Income	951,280.90	1,501,250.00	-549,969.10	63.4%
Expense				
6000 · Expenditures				
6240 · Audit	0.00	14,500.00	-14,500.00	0.0%
6260 · Dues, Publications, Subs	2,772.50	2,500.00	272.50	110.9%
6280 · Insurance	551.29	3,750.00	-3,198.71	14.7%
6350 · Misc	0.00	2,500.00	-2,500.00	0.0%
6450 · PILOT Payments	677,096.06			
6500 · Professional Service Contracts	1,364,500.00	2,102,500.00	-738,000.00	64.9%
6510 · Professional Services	7,032.50	10,000.00	-2,967.50	70.3%
6520 · Rent	996.00	1,000.00	-4.00	99.6%
6530 · Supplies	0.00	1,000.00	-1,000.00	0.0%
6550 · Travel & Meetings	0.00	2,500.00	-2,500.00	0.0%
Total 6000 · Expenditures	2,052,948.35	2,140,250.00	-87,301.65	95.9%
Total Expense	2,052,948.35	2,140,250.00	-87,301.65	95.9%
Net Ordinary Income	-1,101,667.45	-639,000.00	-462,667.45	172.4%
Net Income	-1,101,667.45	-639,000.00	-462,667.45	172.4%