

MINUTES OF THE WORK SESSION OF THE
VILLAGE OF PORT CHESTER
INDUSTRIAL DEVELOPMENT AGENCY

HELD: August 4, 2010

TIME AND PLACE: 9:30 A.M., Village Hall, Conference Room, 222 Grace Church Street, Port Chester, New York

ROLL CALL: In attendance were Chairman Neil Pagano, Vice-Chairman Joseph Kenner and members John Hiensch, Richard Cuddy and Dennis Pilla. Also in attendance were IDA Secretary, Elisa Sciarabba, CFO Leonie Douglas IDA Administrative Director, Dwight Douglas and IDA Counsel, Justin Miller of Harris Beach, PLLC.

Absent were Members James Taylor III and Philip Semprevivo

Chairman Pagano called the meeting to order at 9:37 am and welcomed new member, Richard Cuddy to the Board. The meeting began with a discussion that rose from a recent article on the New Rochelle Industrial Development Agency Audit. The Board wanted to ensure that there are proper procedures and processes in place for new applications. Chairman Pagano stated that the PCIDA, as a Board, needs to have a process for Payment In Lieu of Taxes (PILOT's).

Chairman Pagano explained the three main benefits for an applicant to come to the IDA, PILOTs, Sales Tax Exemptions, and Mortgage Recording Tax Exemption. The Board first discussed the Sales Tax Revenue Benefit.

Mr. Miller stated that there are two layers of analysis; one is the amount of sales tax exemption provided to an applicant, which in the case of JETRO would be the amount of sales tax attributable to approximately \$3.5 million in equipment and building material purchases (or \$258,125.00 in exemptions, as estimated within the public hearing for Jetro). Conversely, Jetro has estimated \$30,000 in sales tax per month from the on-site sale of equipment, which would equate to a \$360,000 year-over-year sales tax generator created by the project.

Mr. Douglas stated that presently, the property does not generate sales tax. If the Restaurant Depot project went forward in the Village, it would generate new revenue.

Mr. Miller explained that the balancing the net benefit to Port Chester once the constructed would show positive revenue in the Village's favor. Specifically, and based upon the Village's estimated share of 3.84% of sales tax revenues within Westchester County, the amount of sales tax exemption provided to the applicant would correlate to an approximate \$9,912 cost to the Village. Conversely, approximately \$360,000 in sales tax revenues generated by the Facility would provide \$13,824 in added revenue to the Village in the first year alone.

Mr. Cuddy asked what the timeframe for the project is. Mr. Miller explained that the application is currently in front of the Planning Commission.

Chairman Pagano brought up the discussion of Mortgage Recording Tax Exemption. Mr. Kenner asked what factor is driving the percentage of mortgage tax. Ms. Douglas said she would confirm with the Town of Rye.

Mr. Kenner stated that the cost/benefit analysis is a key aspect that will determine which applications are approved. Mr. Douglas noted that the Board needs to look at the benefits from the JETRO project. Reducing the building size may get the assessment knocked down which could have a worse impact on the schools. The assessment roles and the values of the properties are going down due to the economic climate. There is a long way to go before it goes back up. Mr. Miller mentioned that the Board should look at a standard project then do an analysis to show more of the giveaway.

Mr. Pilla discussed the cost/benefit analysis and what the Board should be focusing on when considering project.

1. Aid/impact
2. School District analysis
3. Net mortgage sales tax impact
4. Homestead/non-homestead analysis
5. Jobs
6. Whether or not in accordance with master plan
7. Pro development or not
8. Abatement upside/downside

Mr. Douglas stated that the Board should look at the abatement versus the tax benefit. He said it comes down to whether or not Port Chester wants projects and wants development in the Village.

Chairman Pagano said the Board should look at what the true cost to the Village is and what it will give away with regard to PILOTs.

Mr. Kenner noted that the IDA will consider projects for the economic benefit of Port Chester.

Chairman Pagano discussed developing a comprehensive checklist which could guide the Board on how projects are evaluated. He stated that the Board should focus on the Master Plan and the philosophy of Port Chester. The checklist could help the Board look at how new projects will fit in Port Chester. Once the Village's Comprehensive Plan is developed, it could act as a springboard. Chairman Pagano asked if the checklist can be incorporated into a matrix which would be consistent with each applicant. Mr. Miller confirmed that it could be.

Mr. Kenner discussed economics and how important it is for the Board to have a standard tool for reference. New Rochelle's IDA lacked consistency. He stated that this Board needs to have consistency with projects and a big part of having consistency would be to have the Master Plan adopted.

Mr. Pilla noted that Port Chester has been acting in accordance with the comprehensive plan even though it has not been adopted. He would like the Comprehensive Plan Advisory Committee to meet again and see what could be adopted.

Mr. Douglas explained that the Board may want to subtract from the comprehensive plan a development plan from the master plan or a redevelopment strategy. He explained that it would be helpful for him to have this done to use as a tool to meet with developers.

Mr. Pilla asked how important it was to be aligned with the Master Plan. Mr. Kenner thought it should be a large portion, between 30% and 50%.

Chairman Pagano asked whether or not it is ok to have deviations. Under the UTEP there are deviations. If an applicant doesn't fit into the Comprehensive Plan, we have to look at whether we want them in the Village. Mr. Miller explained that there are options. The Board could choose to give them a 5 year PILOT. It is adjustable.

Mr. Douglas presented the Board with two examples of cost/benefit analyses that are used by other IDAs including the Dutchess County IDA and the Town of Bethlehem. He asked for a discussion to be added to the next meeting agenda, either the August 11th meeting or the September 8th meeting.

Mr. Kenner stated that it would be helpful if the Board put together a sample case study to look at this. Mr. Douglas thought it was a good idea, but that the Board should not use JETRO because it is a unique situation. Mr. Kenner asked if a generic evaluation form could be put together for the discussion at on the next meeting agenda.

Mr. Pilla said he could work on a comprehensive checklist and disseminate to the Board before the next meeting.

Chairman Pagano opened a discussion regarding project monitoring and how the Board could monitor projects closely. Mr. Miller stated that while the Board does have some outlines for this, they should come up with enhanced language for project monitoring.

Chairman Pagano noted that the Board should have an executive session on the August 11th agenda for a discussion of G&S PILOTs

Mr. Miller stated that there is a system of controls for setting up PILOTs and while there are steps to take now for future projects, there is little that can be done about past practice.

Mr. Heinsch brought up the status of the Didden - Bologna lawsuit and asked for a status update from Member Miller. The Board decided to go into an executive session to discuss this matter further.

At 11:18 am, on a motion of Vice-Chairman Kenner, seconded by Member Pilla, and carried unanimously the Board entered into executive session to consult with counsel regarding pending litigation.

At 11:25 am, on a motion of Vice-Chairman Kenner, seconded by Member Pilla, the Board came out of executive session.

There being no further business before the Board, on motion of Vice-Chairman Kenner, seconded by Member Cuddy, the meeting was adjourned at 11:25 am.

Respectfully submitted,

Elisa Sciarabba

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Secretary