

MINUTES OF THE MEETING OF THE  
VILLAGE OF PORT CHESTER  
INDUSTRIAL DEVELOPMENT AGENCY

**HELD:** November 10, 2010

**TIME AND PLACE:** 6:30 P.M., Senior Center, 222 Grace Church Street, Port Chester, New York

**ROLL CALL:** In attendance were Chairman Neil Pagano, and members John Hiensch and Richard Cuddy

Also in attendance were PCIDA Secretary, Elisa Sciarabba, PCIDA Administrative Director, Dwight Douglas and PCIDA Counsel, Justin Miller of Harris Beach, PLLC and representatives from Kingsport Apartments – Zephyr Management, LP including Richard Corey, Matthew Koenig, Julia Blacket and Paul McDonald.

Member Pilla arrived at 6:35

Leonie Douglas, CFO arrived at 6:50 pm

Chairman Pagano called the meeting to order at 6:30 pm

**PRESENTATION: KINGSPORT APPLICATION**

Richard Corey began the presentation describing the project put forward in the application to the PCIDA for Tax Exempt Bond Financing and/or Straight-Lease Transaction. He explained that if the financing goes forward, the tenants of the affordable housing units would essentially get a better building. Mr. Corey stated that it is a good time to move forward with this project and renovation, pending the request for tax credits. Paul McDonald, the construction manager, would update the building and make it viable. The building is owned by a not-for-profit organization. Mr. Corey stated that none of the tenants would be displaced during the renovation. Julia Blacket, an associate, would be responsible for completing the tax credit application and government grant.

Matt Koenig explained the plans for the project, and passed around photos of the building's existing conditions. There are two main sections of the building, a four story and an eight story building. The four story building was built in the 1920's and the eight story building was built in the 1980's. The building has been very well maintained. A structural and mechanical analysis was completed and it showed that the building was in decent shape.

Member Pilla asked if the building tenants were low income or senior citizens and Mr. Corey stated that all tenants are Section 8 and senior citizens and consistent with government regulations, which runs through 2020.

Mr. Koenig explained the focus of project which is to put in new finishes, replace carpets, re-paint the units, and provide for ADA accessibility, and re-do the flooring. All of the repairs are pretty standard. There are 129 units; all are one bedroom except for one two bedroom unit, which is occupied by the Super. Part of the project will be to upgrade all

of the kitchens, bathrooms, and brick re-pointing. The brick re-pointing has been done already. A new roof will also be put on the entire structure as well as a new canopy. Mr. McDonald stated that there is no reason to replace the mechanical equipment, however energy star rated appliances will be used where they can.

Mr. McDonald stated that there are no major upgrades; the project is basically adding new finishes and energy improvements. Energy improvements include meeting standards for more efficient fixtures.

Member Cuddy asked if Kingsport is working with Con Edison on the energy improvements and Mr. McDonald stated they were, through the rebate program.

Chairman Pagano asked if the project included any asbestos removal.

Mr. McDonald stated that any asbestos was there had already been remediated. They might possibly find something along the way but probably nothing significant. Remediation, if any, would be under the scope of the project.

Mr. Corey explained the project costs; the hard costs would be about \$3.2 million plus the soft costs, estimating \$3-4 million. He stated that Kingsport is about \$9 million or so in debt. They are asking for a loan from the Department of Housing and Urban Development (HUD) to buy from the current owner, and also asking the PCIDA to issue bonds, sales tax, and mortgage recording.

Mr. Miller clarified that the PCIDA has the current bonds, which would be re-issued

Member Pilla asked how they monitor who gets the apartments.

Mr. Corey stated that the apartment rentals are out of their control. Section 8 is responsible for apartment rentals. He mentioned they probably have a wait list. The studio apartments are \$1,000 per month and the one bedrooms are \$1,200 per month..

Mr. Douglas asked if the building improvements would be overseen by the Building Department and Mr. Corey confirmed that they would. Mr. Douglas noted that there would not be a change of use, so the approvals would only need to come from the Architectural Review Board and the Building Department.

Mr. Corey explained that they are under a deadline for the current bond financing and would need PCIDA approval by April 1, 2011. He stated that he hopes to get FH8 financing for the Debt. Kingsport has been in front of the PCIDA a few times, once in 1999 for Civic Facility Revenue Bonds, and they worked with the PCIDA a few years ago to negotiate a PILOT. The PCIDA wanted more from Kingsport and at the time, they did not want to pay that much. They eventually worked out the terms of the agreement but could not get the deal closed.

Chairman Pagano asked if the PCIDA could tour Kingsport and get a feel for the work that was going to be done. Mr. Corey noted that this could be worked out with Mr. McDonald and the super.

Mr. Miller explained that this matter would need to be set for public hearing. An accepting resolution could be put in front of the Board at the December meeting and the public hearing could take place in January 2011.

Chairman Pagano suggested a work session on financing after the tour of the building.

**CHAIRMAN’S REMARKS:**

Chairman Pagano postponed his remarks in the interest of time. He commended Dwight Douglas and Justin Miller for completing the Jetro closing. He noted that Ms. Douglas was going to receive a check from Mr. Miller for a total of \$142,500. He congratulated Mr. Miller on the ease and timing of the closing.

**ADMINISTRATIVE DIRECTOR REMARKS**

Mr. Douglas gave a reverse praise to Chairman Pagano for his sophisticated analysis, and collected evidence on the transfer of purchase. Mr. Douglas explained that he sent around a format for an analysis of what the PCIDA may want to look at to determine what they would want to spend money on.

Chairman Pagano noted that currently, there has not been a standard for criteria for projects, which was a criticism of New Rochelle. Mr. Douglas created a form which needs to be put in place. He asked the Board to send any comments on the form to Mr. Douglas before the next meeting.

**APPROVAL OF MINUTES:**

The minutes of the October 6<sup>th</sup>, October 13<sup>th</sup> and October 26<sup>th</sup>, 2010 meeting were reviewed and adopted a motion of Member Cuddy, seconded by Member Hiensch. Member Pilla recused himself from voting on the October 6<sup>th</sup> meeting minutes because he was not at the meeting.

**REPORT OF THE TREASURER:**

Ms. Douglas noted that the Treasurer’s Office completed an upgrade to the KVS financial computer system, which uses Oracle for electronic reports.

Ms. Douglas explained that she opened money market account with TD Bank to deposit the check from Jetro. Currently, FDIC covers amounts up to \$250,000, therefore collateralization is not required for this account unless amounts exceed \$250,000.

Ms. Douglas noted that the Signature authority is set up.

Mr. Douglas noted that the budget should now be amended to show the additional revenue from Jetro. It should be shown as revenue and the budget should be amended to show that the PCIDA is not using fund balance. Ms. Douglas explained that the budget should be modified with what is anticipated to be spent by the end of the year.

Chairman Pagano stated that the Board should adopt a formal resolution authorizing Ms. Douglas to amend the budget.

On a motion of Member Pilla, seconded by Member Cuddy, the following resolution was adopted:

Approval of amendment to the PCIDA budget for anticipated expenses to year end and for the Jetro revenue.

	<i>YEA</i>	<i>NEA</i>	<i>ABSTAIN</i>	<i>ABSENT</i>
Neil Pagano	[ X ]	[ ]	[ ]	[ ]
Hon. Dennis Pilla	[ X ]	[ ]	[ ]	[ ]
Hon. Joseph Kenner	[ ]	[ ]	[ ]	[ X ]
James Taylor	[ ]	[ ]	[ ]	[ X ]
John Heinsch	[ X ]	[ ]	[ ]	[ ]
Philip C. Semprevivo	[ ]	[ ]	[ ]	[ X ]
Richard Cuddy	[ X ]	[ ]	[ ]	[ ]

Mr. Douglas suggested the title of the new revenue line in the budget to be Closing Fee. Ms. Douglas noted that she has copies of the bills that were sent to Southport Mews and their payment is due to the PCIDA in January. She noted that the Kingsport payment is not coming directly to the PCIDA but flowing through the Village. Chairman Pagano stated that the billing needed to come from the PCIDA. Ms. Douglas stated that as of January, the payments should flow through the PCIDA and not the Village.

Chairman Pagano asked who is billing Kingsport. Ms. Douglas said it went through the Town and then the Village receives a check from the Town. Chairman Pagano noted that the County is not getting an allocation.

Chairman Pagano asked for the status of the audit and Ms. Douglas explained that she would speak with the auditors to have an answer by Friday.

Chairman Pagano asked when the audit could be put on the website and Mr. Miller state that it could be put on the web as soon as the audit and management letter are accepted by the PCIDA.

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Chairman Pagano presented a letter that was received from the New York State Department of Taxation and Finance, related to Section 2975-A of the Public Authorities Law Cost Recovery System. The law taxes the PCIDA's operating revenue, which was \$10,000 for 2009. The bill was in the amount of \$453.27.

Mr. Miller explained that there was a lawsuit recently related to this cost recovery program where IDAs throughout the NY challenged the State assessment. The ruling found against the State and it returned the collected funds back to the respective IDAs. This year, a different formula was used. Last year, the percentage was between 5% and 6%. Now, it is based on audit reporting. As the Jetro fee comes in 2010/2011 with \$142,500 and Kingsport possibly by May, there will be additional revenue. The Cost Recovery may go to a significant number.

Chairman Pagano noted that the letter was forwarded to the trade organization. He asked whether or not the PCIDA should pay the bill.

Mr. Miller explained that the Board could pay under protest.

Mr. Hiensch thought the PCIDA should pay the bill.

The Board members came to a consensus to pay the bill to the New York State Department of Taxation & Finance. Mr. Miller noted that the check should be marked “pay under protest” and a cover letter should go along with it.

**PAYMENT OF INVOICES:**

An invoice for the Month of October 2010 was presented from the Administrative Director in the amount of \$3,000.

An invoice for secretarial services for the October 26<sup>th</sup> and November 10<sup>th</sup>, 2010 meetings from Elisa Sciarabba in the amount of \$300 was presented.

An invoice from Harris Beach was presented in the amount of \$3,204.51

All three invoices were approved collectively on a motion of Member Pilla, seconded by Member Cuddy and carried unanimously.

**SUMMARY REPORT OF OUTSTANDING ISSUES – GLOBAL AGREEMENT:**

Chairman Pagano introduced the topic of having a global agreement related to the G&S outstanding items. Mr. Miller discussed the G&S PILOT agreements and the list of outstanding items, including the Townsend Street dedication.

Member Pilla expressed concern with the Village taking over the road and wanted to follow up with the Village Attorney.

Mr. Miller then turned the discussion to Unit Lease 4C, the Gateway parcel. It was only recently learned that a previous PCIDA Board authorized the transfer of this property to Gateway in 2005 but that the transaction was recorded in 2009. It was further noted that the property has been on the tax rolls from the date of transfer.

Mr. Miller explained that there are a number of issues with the G&S PILOT agreements. All seven PILOT agreements, which will go down to four after clearing up a number of issues, need to be cleaned up. A payment schedule needs to be created with a clear indication of which tenants are in which unit leases. Each PILOT needs to list all of the tax parcels. This is going to be part of the exercise to straighten out the agreements.

Member Cuddy asked how the cost of this process would be allocated among the entities involved with respect to the billable legal hours – ie; which entity pays which legal fee.

Chairman Pagano had previously asked Mr. Miller for a list of what he was working on related to G&S, which he did, and it was noted that there is a lot of overlap between the

PCIDA, the Village of Port Chester and G&S. For these matters from April until August of 2010, the bill is at a total of about \$8,500, which should really be about \$12,000.

Chairman Pagano explained that he went through the bill; approximately 50% of the bill is for the PCIDA. About \$2,300 is for G&S and about \$1,700 is for the Village of Port Chester. He noted that he is afraid of what may be coming forward and asked the Board to entertain the thought of engaging a title company to search County records to see what is recorded.

Mr. Douglas noted that Mr. Miller could sub this out as part of his task.

Chairman Pagano explained that he did not want to overlap anymore. Mr. Miller explained that from August forward he would be separating out the billing by subject matter.

Mr. Miller stated that he could have the title company information for the Board by the next meeting. The title company would find any mortgages, leases or deeds against the property.

On a motion of Member Cuddy, seconded by Member Hiensch the following resolution was adopted:

1. Authorize payment to Harris Beach for services through August 31, 2010. Reimbursement to the Village of Port Chester in the amount of \$2,500, the Village will be billed less the \$2,500.
2. Authorize Harris Beach to obtain a title search for around \$5,000
3. Authorize the addition of budget line in the amount of \$30,000 for G&S project management and technical services

	<i>YEA</i>	<i>NEA</i>	<i>ABSTAIN</i>	<i>ABSENT</i>
Neil Pagano	[ X ]	[ ]	[ ]	[ ]
Hon. Dennis Pilla	[ X ]	[ ]	[ ]	[ ]
Hon. Joseph Kenner	[ ]	[ ]	[ ]	[ X ]
James Taylor	[ ]	[ ]	[ ]	[X ]
John Heinsch	[ X ]	[ ]	[ ]	[ ]
Philip C. Semprevivo	[ ]	[ ]	[ ]	[X ]
Richard Cuddy	[ X ]	[ ]	[ ]	[ ]

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There being no further business before the Board, Chairman Pagano adjourned the meeting at 8:56 pm.

Respectfully submitted,

*Elisa Sciarabba*

Elisa Sciarabba  
Secretary