REGULAR MEETING
VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
FEBRUARY 9, 2011

A meeting of the Port Chester Industrial Development Agency was held in the Senior Center Main Meeting Room commencing at 6 p.m.

In attendance were:
Chairman Neil Pagano
Vice Chairman, Joseph Kenner (arriving at 6:20 p.m.)
Agency Board Members:
Richard Cuddy
James Taylor
Philip Semprevivo
Mayor Dennis Pilla (arriving at 7 p.m.)
Administrative Director, Dwight Douglas
Agency Counsel, Justin Miller
Agency Chief Financial Officer, Leonie Douglas (arriving at 6:35 p.m.)
Absent were:
Board member, John Hiensch
Agency secretary, Elisa Sciarabba

On a motion of Mr. Taylor, seconded by Mr. Cuddy, and carried unanimously by those present, the agency entered into executive session to discuss personnel. No decisions were made during the executive session. On a motion of Mr. Cuddy, seconded by Mr. Kenner and carried unanimously at 6:35 p.m. the board came out of executive session into regular session.

In order to proceed directly to the scheduled public hearing, Chairman Pagano and Administrative Director Douglas dispensed with their initial remarks. On a motion of Mr. Kenner, seconded by Mr. Cuddy and carried unanimously, the minutes of the January 27, 2011 meeting were accepted as presented.

On a motion of Mr. Kenner, seconded by Mr. Cuddy and carried unanimously, the chairman declared the public hearing for the proposed Kingsport Apartment, LP Project open.

PUBLIC HEARING AGENDA
VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY

KINGSPORT APARTMENTS, LP PROJECT
FEBRUARY 9, 2011, AT 6:30 P.M.
VILLAGE HALL, 222 GRACE CHURCH STREET, PORT CHESTER, NEW YORK 10573

ATTENDANCE LIST:

Chairman, Neil Pagano

Vice Chairman, Joseph Kenner
Agency Board Members:
Richard Cuddy
James Taylor
Philip Semprevivo
Mayor Dennis Pilla (arrived at 7 p.m.)
Dwight Douglas, Agency Administrative Director
Justin S. Miller, Agency Counsel
Leonie Douglas, Agency Chief Financial Officer
Richard Corey, Company Representative
Paul McDonald, McDonald Building Company
Kevin Thompson, MCAP Advisers LLC

CALL TO ORDER: At 6:41 p.m. Chairman Pagano opened the hearing and requested Mr. Miller read the following into the hearing record:

PURPOSE:

Pursuant to and in accordance with Article 18-A of the New York General Municipal Law and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Village of Port Chester Industrial Development Agency (the "Issuer") is conducting this public hearing in connection with a certain proposed project, as more fully described below (the "Project"), to be undertaken by the Issuer for the benefit of Kingsport Apartments, LP (the "Company").

The Issuer published a Notice of Public Hearing in *The Journal News* on January 8, 2011, and mailed a copy of the Notice of Public Hearing to each affected tax jurisdiction. An Affidavit of Publication of *The Journal News* and Proof of Mailing are attached.

DISCUSSION:

Mr. Miller read a description of the Project, as follows:

Kingsport Apartments LP, a Delaware limited partnership with offices at c/o Zephyr Management, L.P., 320 Park Avenue, 28th Floor, New York, New York, for itself and/or on behalf of an entity to be formed (hereinafter and collectively, the "Company") has submitted an application (the "Application") to the Issuer, copies of which were presented at this meeting and a copy of which is on file at the office of the Issuer, requesting that the Issuer issue its housing revenue bonds in a principal amount not to exceed $12,500,000 (the "Bonds") for the purpose of financing a certain project (the "Project") consisting of: (A) the acquisition or retention by the Issuer of title to or a leasehold (or other) interest in an approximately 1.57-acre site located at 245 King Street, Port Chester, New York, TMID No. 136.078-3-50 (the "Land") and the existing improvements located thereon, including a multi-level building structure with 129 housing units and related storage facilities (the "Existing Improvements"); (B) the renovation, reconstruction, refurbishing and equipping by the Company as agent of the Issuer of the Existing Improvements in order to (i) modernize approximately one hundred twenty one (121) one-bedroom apartments

and seven (7) studio apartments that, in accordance with the Internal Revenue Code of 1986, as amended (the "Code") and applicable regulations promulgated by the United States Department of Housing and Urban Development ("HUD") and New York State Housing Finance Agency ("HFA") and/or Division of Housing and Community Renewal ("DHCR"), will be leased to households of persons 62 years of age or older and earning 60% or less of the area's median gross income, (ii) modernize one non-subsidized superintendent's apartment, and (iii) install, construct and equip certain structural and mechanical upgrades and improvements to the Existing Improvements, including renovations to the common areas, heating systems, plumbing, roof, windows and elevators (items (i), (ii) and (iii) collectively, the "Improvements"); (C) the acquisition of and installation in and around the Existing Improvements and Improvements of certain machinery, fixtures, equipment and other items of tangible personal property (the "Equipment" and, collectively with the Land, the Existing Improvements and the Improvements, the "Facility"); (D) paying certain costs and expenses incidental to the issuance of the Bonds (the costs associated with items (A) through (D) above being hereinafter collectively referred to as the "Project Costs"); and (E) the lease (with an obligation to purchase) or sale of the Issuer's interest in the Facility back to the Company.

If the issuance of the Bonds is approved by the Issuer, the Issuer will retain or acquire title to the Facility (or an interest therein) and lease or sell the Facility or such interest therein to the Company pursuant to a lease agreement or installment sale agreement (the "Agreement"), and the Company (or its approved designee) will operate and manage the Facility during the term of the Agreement. At the end of the term of the Agreement, the Company will purchase the Facility from the Issuer.

The Issuer is contemplating providing financial assistance to the Company with respect to the Project (the "Financial Assistance") in the form of: (1) the issuance of the Bonds in the principal amount not to exceed the lesser of the Project Costs or $12,500,000, (2) an exemption from all state and local sales and use taxes with respect to the qualifying personal property included in or incorporated into the Facility or used in the acquisition, renovation, reconstruction or equipping of the Facility, (3) an exemption from all mortgage recording taxes imposed on the Facility by the State of New York or any political subdivision thereof, and (4) an abatement or exemption from real property taxes levied against the Facility, pursuant to a Payment-In-Lieu-of-Tax Agreement to be entered into by and between the Company and the Issuer (subject to compliance with the Issuer's policies with respect to Payment-in-Lieu-of-Tax Agreements). The foregoing Financial Assistance and the Issuer's involvement in the Project are being considered to promote the economic welfare and prosperity of residents of the Village of Port Chester, New York. The Issuer's approval of the issuance of the Bonds shall be subject to receipt of sufficient private activity bond volume cap allocation from Empire State Development Corporation, on behalf of the State of New York, and further subject to the approval of the Board of Trustees of the Village of Port Chester, as the applicable elected official as defined under the Code.

The Board Members, Issuer Staff and Company representatives discussed Project status, including volume cap allocation request, HCR application, scope of contemplated rehabilitation and bond placement.

ISSUER COST-BENEFIT ANALYSIS:

The Application indicates a total project cost of approximately $4M, including $2,836,000 in taxable materials and services. A significant number of construction jobs are contemplated (77.5), and the Company contemplates retaining 2.5 jobs. The Project will further retain 128 units of safe, affordable senior housing within the Village.

Based upon additional information provided by the Company, the Issuer estimates the following amounts of financial assistance to be provided to the Company:

Mortgage Recording Tax Exemption (est. $17,176,000)	=	$223,288.00
Sales and Use Tax Exemptions (Estimated $2,836,000 in taxable materials and services)	=	$209,155.00
PILOT Savings (Comparison of PILOT Structures)		
Current PILOT $25,000/year, non-escalating/20 years	($500,000)	
Proposed 40 year PILOT (annual payment with escalator)	($2,614,155)	
Estimated Full Taxes/40 years (market rate)	($23,896,276)	
	=	$21,282,121
Total estimated Financial Assistance	=	($21,736,534)
New PILOT Revenues	=	+$2,114,155

SEQRA:

Based upon the Application, the Project will entail the internal remodeling and rehabilitation of the Facility, along with some exterior upgrades and improvements, which collectively constitute a "Type II" Action as defined under Article 8 of the Environmental Conservation Law and Regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively, "SEQRA"). Therefore, the Project does not trigger any local regulatory approvals or reviews, including any review by the Village of Port Chester Planning Commission (the "Commission"). However, certain elements of the proposed Project, including the possible restructuring of the Issuer's title to the Facility may constitute an "Unlisted Action", as defined under SEQRA, for which the Issuer will conduct an uncoordinated review prior to approval of the Project

PUBLIC COMMENT:

None.

On a motion of Mr. Kenner, Seconded by Mr. Semprevivo and carried unanimously at 7:04 p.m., the public hearing was adjourned. Members of the Kingsport Development team, Mr. Corey, Mr. McDonald and Mr. Thompson left the meeting.

CFO Douglas then presented an updated income/expense report which was accepted on a motion of Mr. Cuddy, seconded by Mr. Kenner and carried unanimously. Ms. Douglas then updated the board on progress in completing the 2010-2011 PARIS report – still lacking complete information on Southport Mews and the G&S waterfront project. The importance of filing a complete report was conveyed. Mr. Douglas would assist Ms. Douglas on Monday to attempt to complete the report.

On a motion of Mr. Pilla, seconded by Mr. Cuddy, the invoices for the month of January were accepted as presented.

Mr. Douglas then updated the board on the development of the 2011-2012 budget which must be adopted at the regular March meeting of the PCIDA (or a special meeting would be needed to meet the March 31st deadline).

Mr. Miller then brought the board up to date on several matters pertaining to the G&S project:

a. Outstanding issues are being whittled down in order to facilitate a "global agreement" which, among things, would establish an overall PILOT structure/agreement with a comprehensive schedule of payments.
b. Certified letters will be prepared and mailed out to representatives of G&S regarding required reporting on IDA benefits utilized and job performance.
c. A marine engineering firm has been brought on board by the Village to provide a report detailing required improvements to an extensive section of the bulkhead. Strategies are being developed to ensure that village taxpayers are not burdened with the cost of this repair.

There being no further business before the agency board, on a motion of Mr. Pilla, seconded by Mr. Cuddy at 7:45 p.m. the meeting was adjourned.

Respectfully submitted

Dwight Douglas, Administrative Director