The minutes of the monthly meeting of the Village of Green Island Industrial Development Agency meeting held on Wednesday, February 20, 2019 at 3:00 p.m. at the Green Island Municipal Center, 19 George Street, Green Island, NY.

Chairperson Rachel A. Perfetti called the meeting to order.

Present: Chairperson Perfetti, Treasurer Alix, Secretary Koniowka and Attorney Legnard.

Also, in attendance: Sean E. Ward, IDA Chief Executive Officer, John J. McNulty III, Chief Financial Officer; Michele Bourgeois, Assistant to the Chief Financial Officer, and Special Counsel Amanda Mirabito and M. Cornelia Cahill of Barclay Damon; Michael N’dolo of Camoin Associates, Rachel Files and Michael Arcangel.

All present.

Chairperson Perfetti stated that the next item on our agenda is consideration of the minutes from the regular monthly meeting held on January 16, 2019 and the public hearing held on February 12, 2019.

On a motion by Treasurer Alix seconded by Secretary Koniowka and carried, to approve the minutes of the regular monthly meeting held on January 16, 2019 and the public hearing held on February 12, 2019. All ayes.

No financial reports for this month.

Chairperson Perfetti stated that the next item is consideration of the Audit of Claims for January 16, 2019 to present.

On a motion by Secretary Koniowka seconded by Treasurer Alix and carried, to approve the audit of claims for January 16, 2019 to present. All ayes.

Chairperson Perfetti stated that the next item is consideration of authorizing the IDA CFO to enter into an agreement with the Center for Government Research for the annual cost/benefit analysis contract.

Jack McNulty stated that when this project started over on Center Island, he and Sean sat down and decided, just because of the pure size of it, what we really want to do is to have somebody external from us, such as Camoin Associates, because we didn’t want people to think that, for example the software that he has is for simple projects, it is no good for something like this and we didn’t want people to think that those are McNulty and Ward numbers. So, if we do any more small projects up in the Industrial Park, he would use this software.

Chairperson Perfetti asked for a motion to enter into an agreement with the Center for Government Research for the annual cost/benefit analysis contract.

On a motion by Treasurer Alix seconded by Secretary Koniowka and carried, to enter into an agreement with the Center for Government Research for the annual cost/benefit analysis contract for 2019. All ayes.

Chairperson Perfetti stated that the next item is consideration of adopting a resolution appointing Camoin Associates to provide a written cost-benefit analysis of the South Island Apartments Project.

On a motion by Secretary Koniowka seconded by Treasurer Alix and carried, to adopt a resolution authorizing Camoin Associates to prepare a written cost-benefit analysis in connect with a certain project for South Island Apartments. All ayes.

Chairperson Perfetti stated that Michael N’dolo of Camoin Associates would give a brief presentation to the board.

Mr. N’dolo thanked the board for their time and stated that his firm has not worked with the Village IDA yet, but they have worked with the majority of the IDA’s across the state. He would like to provide the highlights of the South Island Apartments: Economic and Fiscal Impact Analysis and see if there are any questions.

Mr. N’dolo stated that what they did is they first started out and looked at from a market analysis point of view whether or not the 260 residential units in the commercial square footage could be considered new to the Town/Village of Green Island and the answer was a resounding yes. If these apartments are not built, you are not going to get 260 new households in the Village, so those folks are going to come in and they are going to spend at least a portion of their household income on retail goods, professional services and all that kind of stuff, some of which is going to be local. So, they look at that from a retail analysis point of view and they took an income approach and said based on the rents of those apartments, they estimate that the household income will be in this particular bracket and they used Federal data that says that income bracket spends “X” dollars on each of these categories of goods. We look to make sure that those categories of goods actually exist within the town and if they did, they applied a percentage spent here. So, they came up with a number that said we think this will be +/- an additional spending amount in the Village/Town of Green Island. They then translated that into jobs. The results on the first page of the Executive Summary – Construction Phase Jobs and Earnings, these first two lines are about the County, they said this is a project and it is new, in the sense that it would not otherwise happen, they think that 70% of the jobs will be sourced and the materials will be sourced from within the County and that translates to a total of 360 jobs, which represent the first two lines and $18 million in earnings. The remaining lines of that summary table are what they think will happen in the Village over time, once the apartments are occupied and those households are here spending their money what is going to happen, they think a total of 32 jobs will be created, 20 of those are on the site itself, which means to say there are property management folks, there are people running the Commercial spaces and so forth. Number two – it will be employees of the tenants of the commercial spaces and then, the remainder of the jobs are jobs that are associated with the household spending and that is going to happen in the community. So, 20 jobs on site and a total of approximately 12 jobs some other place in the Village. The annual earnings associated with those jobs will be $1,315,256. Then, we look at the PILOT payment schedule as proposed, of course, and it looks like you are going to have (an average of) $450,000 worth of PILOT payments over the term. They look at Sales Tax Revenues to the County, now this is not Sales Tax Revenue that is going to be generated by the construction. This is Sales Tax that is generated from the household spending that is subject to the Sales Tax in Albany County. The last line showing $220,000 is a confusing one, so please bear with him for a second. Albany County collects tax on sales that are subject to sales tax. It distributes that revenue on a per capita basis to its Towns and Cities, if you get more populations, holding all other things constant, you are going to get a larger per portion of the County’s sales tax distributions. You will represent a larger portion of the County; therefore the County will give you more. They are not saying that the project will generate all of that and that you going to get a check that says here is $220,000 from this project but you will get a larger share of the County’s sales tax receipts. The County collects all the sales tax and distributes 40% of it back to the Cities and Towns, based on population. So, these are some of the benefits and on the next page, Page 3 are what they are comparing to the cost of the project. As noted, there is a Sales Tax Exemption worth $2.6 million and of course, this is an exemption that applies to the County and State, a Mortgage Tax Exemption and the last two lines are about real property tax. The value of the exemption to the developer is about $19 million, however, if we believe as an IDA, you have a but fore clause, if this project will not happen, the last line describes the difference in the property taxes, that the property would otherwise pay if no project were to happen, versus how much they are going to pay if the project does happen in PILOT payments. So, this is the difference between the properties as they exist today and the properties with the PILOT agreement, that number is negative, it is negative $(5,721,521) as it is a negative cost, therefore benefit, so it means you say you are going to get $5,721,521 in PILOT revenue in excess of what you would have gotten in property tax, if the project did not happen. Those two numbers can be confusing. You are giving a property tax benefit of $18,000,000 but you are going to get $5,700,000 more in PILOT than you would get if the project doesn’t happen.

Mr. N’dolo stated that he would be happy to take questions at this time.

Sean asked Mr. N’dolo what his assumption was per unit, the number of people per unit. He stated that he is looking for what his assumption was for total population.

Mr. N’dolo stated that they looked at 260 units and it represents 601 individuals, so a little over two people per unit and that is based on Census Data.

No further questions.

Chairperson Perfetti stated that the next item would be consideration of adoption of SEQR Resolution.

Sean wanted to state for the record that this was adopted by the Village and we are actually piggybacking off the Village, they went through a full review for the project and it was adopted as part of the Planned Development District when the Site Plan was approved.

On a motion by Secretary Koniowka seconded by Chairperson Perfetti and carried, to adopt SEQR Resolution classifying a certain project as a Type I action pursuant to the State Environmental Quality Review Act and determining that the project will not have a significant adverse effect on the environment. Two ayes and Treasurer Alix recused herself on this matter.

Chairperson Perfetti stated that the next item is consideration of the adoption of an Approving Resolution authorizing the execution of an Underlying Lease, Lease Agreement, Project Agreement and Payment in Lieu of Tax Agreement in connection with a certain project for South Island Apartments, LLC and determining other matters in connection therewith.

Attorney Cahill stated that the applicant came before you to build a mixed use project, 260 units and commercial space and they have asked for three exemptions: a real property tax exemption, subject to the payment of a PILOT agreement, a Sales and Use Tax for the purchase of all of the construction material and fit up for the project and a Mortgage Recording Tax Exemption. So, in order for the IDA to grant those exemptions, the IDA needs to assume some kind of jurisdiction, supervision or control over the facility and the way they do that is through a Straight Lease Transaction. The company will actually lease you the land that all the buildings are going to be built on it and you will lease that back to them and that gives you the recapture, supervision, jurisdiction and control. You are approving the execution of those documents, the statute also requires a new document, a project agreement that sets forth in specific detail the terms of each of those exemptions, as well as a recapture agreement, which again sets forth the terms of what would happen if the company doesn’t comply with all the requirements. You have the ability to require them to recapture the benefits and pay you back some or all of the mortgage recording taxes, the PILOT or the Sales and Use Tax. Both of those documents go through that process in kind of extraordinary detail. In addition, they are getting a loan from M & T bank in the amount of approximately $56,000,000 and because the IDA has that lease back arrangement, the IDA is going to be a part of the mortgage. It specifically says in big black and white letters, you have no liability for paying off that $56,000,000 mortgage but you are subjecting your lease hold interest to the lenders mortgage. Frankly, if something was to happen and they stopped paying, the first thing you would do is terminate your documents and go away to protect the IDA, but it is a requirement of all lenders across the State when the IDA’s are involved. So, that document, the resolution before you approves all of those documents and delegates to the Chair the authority to execute any documents that are necessary in connection with this transaction.

Attorney Cahill asked the board members if they have any questions.

No questions.

Chairperson Perfetti thanked Attorney Cahill for her explanation.

Chairperson Perfetti then asked for a motion.

On a motion by Secretary Koniowka seconded by Chairperson Perfetti and carried, to approve the adoption of the Approving Resolution authorizing the execution of an Underlying Lease, Lease Agreement, Project Agreement and Payment in Lieu of Tax Agreement in connection with a certain project for South Island Apartments, LLC and determining other matters in connection therewith. Two ayes and Treasurer Alix recused herself for this matter.

No further business.

On a motion by Treasurer Alix seconded by Secretary Koniowka and carried, to adjourn the meeting at 3:17 p.m. All ayes.