The minutes of the **monthly meeting** of the Village of Green Island Industrial Development

Agency meeting held on Wednesday, October 18, 2017 at 3:05 p.m. at the Village Office, 2nd Floor Conference Room, 20 Clinton Street, Green Island, NY.

Chairperson Rachel A. Perfetti called the meeting to order.

Present: Chairperson Perfetti, Treasurer Alix, Secretary Koniowka, Attorney Joseph Legnard – via telephone conference, Sean E. Ward, Chief Executive Officer, John J. McNulty, III, Chief Financial Officer and Michele Bourgeois, Assistant to the Chief Financial Officer.

Also present: IDA Special Counsel - Attorney A. Joseph Scott

All present.

Chairperson Perfetti stated that the next item on our agenda is consideration of the minutes from May 17, 2017 meeting of the IDA.

On a motion by Treasurer Alix seconded by Secretary Koniowka and carried, to approve the minutes of the May 17, 2017 meeting. All ayes.

Chairperson Perfetti stated that next item for consideration is a brief discussion from Attorney Joe Scott pertaining to IDA finance projects at 75 Cohoes Avenue and Center Island North.

Attorney Scott stated that he has a resolution prepared and will provide copies to the members. He went on to state that this pertains to the 75 Cohoes Avenue project that we did an IDA transaction back in June of 2016 and approximately two weeks ago, he was called by Galesi’s General Counsel, Mr. Owens and he indicated that the existing sales tax letter that we delivered at the time of the closing has expired as of June 30th, 2017 and they still need to do tenant fit-up at the building and they would like the IDA to consider extending that sales tax letter to June of 2018. He has discussed this matter with Mr. McNulty and he has raised some questions regarding the obligation of the applicant to deliver 20 new jobs over a period of time with 13 starting in December of this year. He has reviewed this with Mr. McNulty and he has confirmed that is exactly what the documents say and then he also reviewed with him what he would require as counsel with other IDA’s in connection with similar requests. This is not unusual, construction and construction deadlines are based on good faith estimate at the time they closed. Construction delays occur so coming back to an IDA and asking for an extension is not unusual. So, what we typically require is a confirmation from the applicant that there is no additional benefits, that the project is still the same project and that they are not in default under the documents and he has sent that all to Mr. Owens via email and he has addressed all of those concerns in the letter. Attached to the Resolution is a letter from Mr. Owens, who is General Counsel of Galesi indicating and addressing all of his concerns.

Attorney Scott proceeded to go over the content of the letter for the board.

Attorney Scott then went to address the issues of concern that were brought to his attention by Mr. McNulty, he will get to that in a minute, so that is the background. He proceeded to review the resolution for the board.

Discussion ensued.

Attorney Legnard stated that he has a concern and shared with Attorney Scott.

Discussion ensued and it was suggested that the proposed resolution would be modified pertaining to Section 2, Item #E.

On a motion by Treasurer Alix seconded by Secretary Koniowka and carried, to adopt the Resolution for Sales Tax Letter Expiration Date Extension Resolution pertaining to Green Island Properties, LLC Project with modification as discussed and official copy will be attached to minutes. All ayes.

Attorney Scott proceeded to give overview pertaining to Center Island North Project original bond issue was done back in 2001. Attorney Scott stated that it was a $15 million transaction done by the Village of Green Island IDA; they issued bonds to help this company finance this project. So, really there were four (4) benefits that the IDA extended to the company: 1. Lower interest rate financing, tax exempt bonds were issued on their behalf and in his office, they term that the “Federal” benefit because the project qualifies for tax-exempt bonds under the Internal Revenue Code and the other benefits were: 2. the PILOT – real property tax abatement, 3. Mortgage Recording Tax Exemption and 4. Sales Tax Exemption. They are long past these three (3) benefits and they are still doing their bond financing and the bond financing extends to 2043, so it is a long term financing and the rate was 7.7% until 2003 and then 7.2% thereafter, it is a very high coupon, very high interest rate. What the company would like to do is to refinance that with a local bank, they would refinance the bonds at a lower interest rate and the at the risk of getting into really technical stuff, these bonds can be, under the original terms, can only be refunded until November of 2018 and what they have done is they have talked to all the bond holders and the bond holders are willing to wave that provision and permit an early call. They now would like to move forward on the refunding and when he spoke with Mr. McNulty, his first question was how this would impact the Village and in particular, the original PILOT Agreement which provided for a relatively deep discount right on the tax payments, but you have since modified the PILOT Agreement to provide for PILOT payments in an amount equal to normal taxes, that is what he understands.

Jack McNulty stated that as of July 1, 2016, it went from a revenue being based on the number of units to total assessed value.

Attorney Scott stated again when you asked what the impact of the refunding would have on the PILOT Agreement and then when you told him that the PILOT Agreement is set up for normal taxes, he said well why is the Village of Green Island entitled here anyways, why don’t they put this on the tax rolls and that way it is better for you because it is now taxable property so that increases your tax base and he is not sure if the school district would be happy about that because as your tax base increases their wealth index increases and their State aid ratio at least in theory goes down, but it benefits the Village because if they don’t make a payment then you have tax lien powers, as opposed to chasing them under a PILOT Agreement. A PILOT Agreement is just a contract and unless you get a mortgage on the PILOT Agreement it is an unsecured obligation so you would have to chase these people.

Sean Ward interjected that would go for the school and County too, all the taxing entities.

Attorney Scott stated that is correct, it benefits all municipalities if you put it on the tax rolls.

Attorney Scott stated that he then reached out to River’s Edge counsel and said do you have any objection to this property being put on the tax rolls and his email response stated that they have no objection at all to it being put on the tax rolls.

Attorney Scott stated that his view on refunding’s is unless the company is in default with you and has been a bad corporate citizen, refunding is an easy thing for the board because there is no SEQR, there is no new benefits that they are asking for just a continuation of the lower interest rate, much lower now, they will probably go out at 3 or 4%. So if you think about it, assuming that $10 million is still outstanding, well to go from 7.2% to 3.2% that is a huge savings. It is a lot of money for the issuer because you would charge an issuer’s fee for the issuance of the bonds. Again, there would be no SEQR, we would have to hold a public hearing and we would need the Village Board approval just like we did on the original transaction. So, there are steps but they have a bank that is ready to work with them and bond holders that are willing to wave and they would like to try to do this by the end of the year.

Jack McNulty said that Maggie Alix had a concern the other day when they were talking about this.

Maggie stated that she cannot do anything until July 1st, 2018, so we are still going to have their billing for County 2018 and Village 2018 as we do them now. Then, starting in September of 2018 they would get a regular tax bill. So, they can remortgage or finance now, but they won’t see an actual physical tax bill until School taxes in September of 2018.

Further discussion continued regarding this matter.

Attorney Legnard asked if they intend to refinance again using the IDA so they get the benefit of a lower tax rate or are they just refunding all of those bonds and privately financing.

Attorney Scott stated that they are going to use the IDA. The IDA will issue new bonds, so you will have that obligation, you will be the Obligor under the bonds just like you are now. You will have to have this on your PARIS Report. They will want a Mortgage Recording Tax exemption on the refinancing, but it is in effect just a repeat of what the Mortgage Recording Tax that you gave them in the original one.

Attorney Legnard asked Attorney Scott if he knew what the number is that they plan on refinancing.

Attorney Scott stated that he does not know the number. He would estimate between $10 and $12 million.

Attorney Legnard stated that would be a significant Administrative Fee for the IDA.

Further discussion ensued related to taxable status date for the owner.

Attorney Scott ended discussion on Center Island North.

Chairperson Perfetti then proceeded to continue with the agenda.

Chairperson Perfetti then asked for a motion on the monthly financial reports as submitted by the Chief Financial Officer for June, July, August and September of 2017.

John J. McNulty, III, Chief Financial Officer stated that everything is on target.

On a motion by Treasurer Alix seconded by Secretary Koniowka and carried, to accept the monthly financial reports for June, July, August and September 2017 as submitted by the Chief Financial Officer. All ayes.

Chairperson Perfetti stated that the next item for consideration is the Audit of Claims for May 2017 to present.

On a motion by Secretary Koniowka seconded by Treasurer Alix and carried, to approve the audit of claims for May 2017 to present. All ayes.

Chairperson Perfetti stated that the next item is consideration of the proposed IDA budget for 2018.

John J. McNulty, III, Chief Financial Officer stated that he has provided all board members with a detailed copy via an email sent on October 11th, 2017.

On a motion by Treasurer Alix seconded by Secretary Koniowka and carried, to adopt the IDA Budget for 2018 as presented by John J. McNulty III, IDA Chief Financial Officer. All ayes.

Other Business – Sean stated that we had a couple of things happen. We had a verbal request from Luizzi Bros., which is preliminary at this point, to look at IDA financing on Center Island and one of their employees has asked for an application.

Jack McNulty stated that he was not aware of anyone asking for an application.

Sean stated that they are just asking preliminary questions about it, it is probable that they will be looking at IDA financing.

Sean stated coincidentally we received a phone call from Garrett DeGraff; he was actually the first IDA counsel to do housing projects through legislation for housing projects. He did the Center Island financing, so he came in and asked if he could provide a proposal to act as Bond Counsel for Center Island South. He said it was worth sitting down with him and getting a proposal, which Sean provided a copy to all board members for review and consideration at a later date.

Discussion ensued.

No further business.

On a motion by Secretary Koniowka seconded by Treasurer Alix and carried, to adjourn the meeting at 4:07 p.m. All ayes.