

September 24, 2013

The regular meeting of the City of Port Jervis Industrial Development Agency (IDA) was held in the Council Chambers, 20 Hammond Street, Port Jervis, New York on Tuesday, September 24, 2013 at 6:30 p.m.

Regular Meeting

Mr. James Hinkley, Mr. Robert Schultz, Mr. Frank Bell, City Council Liaison Robert Ritchie, Counsel David Gubits, Co-Counsel Michael Fox, City Assessor Yvonne Duryea and City Clerk-Treasurer Robin Waizenegger were present.

Attendance

Absent Mr. Michael Worden.

Mr. Frank Bell as acting chairman and opened the meeting at 6:30 p.m.

Attorney David Gubits questioned what conversations had been had with Mr. Palladino since our last meeting outside of the contact he had made to generate the new proposal. Mrs. Waizenegger indicated that the City Attorney Damian Brady had conversed with Mr. Palladino who had emphasized that it is critical for him to have the maximum allowable tax break up front while he is attracting tenants as the tenants are required to make interior renovations and changes which is an investment for them which needs to be recoup while they are establishing their new business. Therefore his revised proposal still has a zero change requested for 5 years instead of the 7 years he previously requested and a more gradual increase over the next 5 years.

100 Pike Street discussed

Mr. Bell inquired as to whether Mr. Palladino has continued operations as the owner/developer/landlord past the exemption periods on similar properties. Mrs. Duryea indicated that she has spoken to the assessor in Syracuse New York where he has similar developments. She indicated that the references are positive with respect to this organization with respect to payments and maintenance of the properties.

Mr. Gubits explained the nature of the net/net/net leasing structures typical in this type of retail development emphasizing the pass through nature of the property tax administration on the part of the owner to the tenants. This exemption request matches the reasoning that the developer has portrayed as his basis for the zero basis up front.

The board then reviewed the mathematical mechanics of the PILOT exemption application.

Mr. Gubits and Mrs. Duryea then reviewed the basics of the 485-b exemption process that would come into play if there was no PILOT. It was recognized that that exemption exists on the current assessed value associated with the increase due to the new construction associated with the Burger King building.

Discussion was had regarding the option of sub-dividing the property. Mrs. Duryea indicated that this option was presented previously to Ellicott personnel but was not pursued. The assessor then explained the composition of the assessment value and the progression of the 485-b exemption that Ellicott has been rewarded.

Mrs. Duryea questioned the legality of having both a 485-b exemption and a PILOT on the same property and gave Mr. Gubits previous legal opinions in that area to review and opine as to the validity of having both. Mr. Gubits reviewed the material and indicated that both can exist at the same time. Discussion was had again regarding the mathematical mechanics of calculating both exemptions to obtain taxable value.

Mrs. Duryea then explained her process of re-valuing the property throughout construction for the board.

Mrs. Duryea and Mrs. Waizenegger also stressed the importance of not relinquishing any ownership status or rights to any tenant without a legal subdividing of the property. All billing, tax or otherwise will be issued to owner as Ellicott Development. The disposition of any charges is at the discretion of the owner based on the agreements he maintains with his tenants. The only allowable change on any billing is the mailing address, not the ownership information.

Mrs. Duryea also stressed the importance of obtaining the leases copies for Ellicott for her informational purposes.

Mrs. Waizenegger prepared a quick display of the mathematical calculation using the 440,800 base and calculating both the 485-b exemption and the application of the pilot as currently requested. The board requested that Mrs. Waizenegger prepare a spreadsheet in conjunction with the assessor to be forwarded to all members to more fully understand the calculations.

Mr. Bell expressed concern that the tenants may move out after 5 years. Mrs. Duryea did indicate that from the references she obtained is that Mr. Palladino is a very good business man and they

have not yet experienced any abandonment. Mr. Gubits did theorized that having the maximum exemption in the first 5 years as opposed to his original 7 years proposed will motivate him to get the plaza done and fully occupied in that time frame.

Mrs. Duryea indicated that in order for the PILOT to commence as planned the agreement and the form for the PILOT exemption must be filed with her before March 1, 2014 to be effective for the 2014-2015 school year tax bill which is currently the first year that can be impacted at this point.

It was noted by the board that time is of the essence as Ellicott Development has everything ready and prepared for the issuance of a building permit as soon as this action is approved. Mrs. Waizenegger indicated that the Mayor and Council of the City is willing to have special meetings to consider whatever proposal we bring to them. To date we have not had a proposal to bring to them.

There was a motion made by James Hinkley seconded by Frank Bell by to request a meeting with the city council for the purposes of presenting a request to negotiate a payment in lieu of tax agreement for the property owned by Ellicott Development identified as SBL 12-9-1. The proposal to be presented is dated 9/16/2013.

AYE: 3 NAY: 0 ABSTAIN: 0 ABSENT: 1 CARRIED

Motion was made by Frank Bell, seconded by James Hinkley to approve the second draft of the mission statement as the official mission statement of the IDA.

Mission  
Statement

Discussion was had regarding the two versions distributed via e-mail. The difference was noted a minor and a text of the mission statement will be noted in the minutes for clarity.

AYE: 3 NAY: 0 ABSTAIN: 0 ABSENT: 1 CARRIED

*The mission of the City of Port Jervis Industrial Development Agency is to strategically provide resources and encourage economic investment and job growth within the City of Port Jervis. These efforts should result in improved economic well-being for the private and corporate citizens of the City. The Industrial Development Agency will advance economic growth by judiciously using its authority to offer qualified project applicants exemptions from sales and use taxes, and mortgage recording taxes, issuing tax exempt bonds, and adopting Payment in Lieu of Tax agreements in conjunction with the City of Port Jervis.*

Motion by Mr. Hinkley, seconded by Mr. Schultz, to adjourn the meeting at 7:45 p.m.

AYE: 3 NAY: 0 ABSTAIN: 0 ABSENT: 1 CARRIED