Village of Port Chester
Industrial Development Agency

222 Grace Church Street, Port Chester, New York 10573

Minutes: Wednesday, January 12, 2022

Time: Immediately following a Public Hearing at 6:30 PM

Village Hall Conference Room, 222 Grace Church St., Port Chester, NY

1. IDA Roll Call

The PCIDA meeting was called to order at 6:30 p.m. by Chairman Frank Ferrara. On the motion of Board member Richard Cuddy, which was seconded by Board member John Hiensch, the meeting was called to order with the following additional Board members being present: Daniel Brakewood (via WebEx), Richard O'Connell, and James Taylor. Board member Michael Brescio was absent for roll call but joined the meeting shortly thereafter. Also in attendance was Administrative Director Christopher Steers, Board Counsel Justin Miller, Treasurer Anthony Siligato, and Acting Board Secretary Rosalind Cimino.

Motion: Open Meeting
Initiated: Richard Cuddy
Seconded: John Hiensch
Yes: John Hiensch, Richard Cuddy, Frank Ferrara, Daniel Brakewood, Richard OConnell, James Taylor
No: None
Abstain: None
Absent:

2. Presentation

PRESENTATION – PORT CHESTER HOLDINGS I REVISED FINANCIAL ASSESSMENT Victoria Storrs – Camoin Associates and Storrs Associates Chairman Ferrara summarized the due diligence process to date for this application. Based on prior reports and internal Board scoring a decision had been made to conduct a public hearing on a 15 year scope of benefits. The applicant asked to review their scoring with staff to enhance project benefit and wanted to amend their financial proformas to include rapidly increasing construction costs and costs associated with damage due to Tropical Storm Ida. The Board had previously indicated an openness to these steps. Last month an enhanced scoring sheet was brought to the Board, and this month Victoria Steers, who had conducted the initial scope of work, was prepared to present on the financial aspect based on the updated proformas submitted. Ms. Storrs analyzed the project under both 15 and 20 year PILOT scenarios, and concluded that the project could only be induced with a 20 year scope of benefit as costs had increased an average of 10%. She mentioned that the increased costs are in keeping with what she is seeing in projects throughout the country, and she did not consider them out of line. She noted most of the additional costs would be covered by increased equity, a positive for the strength of the project. The Board had a series of questions and comments, pointing out that the higher equity would lower the return of the project, that rents had not increased in the assumptions, that projected vacancy rates were low. Ms. Storrs acknowledged all points but suggested none of these factors were determinant in altering her outcomes. In response to another question about terminal value, she explained that calculating such can be uncertain and distort returns and thus her analysis is strictly on cash flow, which is more certain in its projection. Finally, there was a continuation of the December meeting discussion regarding Opportunity Zones (OZs), and should she be factoring in the advantage they offer to a project. She explained that OZs are specific to a given investor in a project, not a project itself, and that IDAs should differentiate between investors, who may be many and varied, and the project. She also cautioned that various investors in a project may or may not be part of a Qualified OZ fund and that OZ fund money tends to gravitate towards larger projects, generally in the hundreds of millions of dollars, not in smaller projects as have been predominantly seen in Port Chester.

a. Port Chester Holdings I revised due diligence report a. Camoin Associates/Storrs Associates – Victoria Storrs

3. Chairman's Remarks

Pilot Video Chairman Ferrara pointed out a brief PILOT video from a building group known as Welcome Home Westchester that was embedded in the Agenda. He encouraged Board members and members of the public alike to have a look. While perhaps a bit simplistic it does a good job of pointing out the basic mechanics and benefits that this economic tool can bring to a community.

The Opportunity Costs in Opportunity Zones
Chairman Ferrara mentioned that the last decade of worldwide Central Bank easy money policies have goosed returns in all sorts of markets worldwide, commercial real estate among them. He suggested that during this boom it has become easy to forget about risk, which IDA's are designed to mitigate in new building projects.

A recent transaction in the Village reminds us of that risk and that it remains very real in Port Chester, a large part of which has been designated an Opportunity Zone for good reason.

The Lighthouse project at 120 North Pearl Street was granted sales tax and mortgage recording tax benefits by the IDA in 2013. Their application indicated a cost of construction of about $14.4M. A recent Assessment by the Rye Town Assessors Office pinned the value of the property at $13.3M, and in July 2020 the project was sold for $15M. Essentially, this project broke even on a nominal basis, although it was clearly a poor return for its investors who made no money on it and missed out on the opportunity to profitably invest elsewhere over the last seven years.

There have been three new downtown projects over the last decade. They have been a great benefit to the Village and the Schools but not at all for their investors.

We have recently been worried about excessive benefit to investors in Opportunity Zones, but perhaps we should be appreciating the challenges of investing in Port Chester and realizing that Port Chester is in an Opportunity Zone for good reason, to provide investors with an added incentive to invest where they might otherwise be reluctant because of additional risk.

a. Chair Discussion regarding attachments.

4. Approval of Minutes

On the motion of Board member Richard Cuddy, which was seconded by Board member Dick O'Connell, the minutes of the October 13, November 10, and December 8, 2021 meetings were bundled and approved. (Mr. Hiensch would abstain due to absences.)

Motion: Approve Minutes
Initiated: Richard OConnell
Seconded: Richard Cuddy
Yes: Michael Brescio, Richard Cuddy, Frank Ferrara, Daniel Brakewood, Richard OConnell, James Taylor
No: None
Abstain: John Hiensch
Absent:

a. October 13, 2021
November 10, 2021
December 8, 2021

5. AD Report

Administrative Director Christopher Steers mentioned that there was not much new to discuss this month and referred the Board to his meeting activity with applicants and staff throughout the month. There were no questions.

a. AD Report

6. Old Business

30 Broad Development closing update Board Counsel Justin Miller informed the Board that the developer closed on Sales Tax benefits prior to year end, which generated a partial fee for the IDA. The balance of the closing is in motion and should be achieved within the next 30 days.

7. New Business

Port Chester Holdings I Due Diligence
Chairman Ferrara suggested that the Board had updated its due diligence and it was now time to move to a Public Hearing on the proposed scope of benefits.

While there was an animated discussion on the scope of benefits to be decided, Board Counsel Justin Miller suggested proceeding with a hearing on a full scope of IDA benefits that could then be appropriately sized after absorbing public comment.

It was agreed to proceed to a Public Hearing on Tuesday, February 1st, at a site to be determined, either the Town of Rye Justice Court or the Port Chester Senior Center, depending upon availability.

a. PC Holdings

b. PC Holdings

8. IT Director Report

IT Director Rosalind Cimino spoke about the implementation of Civic Clerk and told the Board members to expect activation e-mails. The Agendas and Back Up will be loaded on this platform likely as soon as next month, creating a better system of archiving documents and making them available to the Board and the public.

The Board discussed the web analytics provided in Ms. Cimino's report and suggested that they would like to be kept apprised specially of page hits so the Board could understand where the greatest user interest lies.

a. IT Director Report

9. Treasurer's Report

Treasurer Anthony Siligato provided the Board with a review of the monthly invoices: Approval of Invoices Rosalind Cimino Anthony Siligato Christopher Steers

a. IDA Financial Snapshot as of 12/31/21

b. IDA Invoices

Approval of Invoices Rosalind Cimino Anthony Siligato Christopher Steers.

Motion: Approve Invoices
Initiated: Richard Cuddy
Seconded: James Taylor
Yes: Michael Brescio, John Hiensch, Richard Cuddy, Frank Ferrara, Daniel Brakewood, Richard OConnell, James Taylor
No: None
Abstain: None
Absent:

10. Adjournment

Motion: Adjourn
Initiated: Richard Cuddy

Seconded: John Hiensch
Yes: Michael Brescio, John Hiensch, Richard Cuddy, Frank Ferrara, Daniel Brakewood, Richard OConnell, James Taylor
No: None
Abstain: None
Absent: