

Public Hearing
Columbia County Industrial Development Agency
Premier Riverview
Greenport Town Hall, 600 Town Hall Drive, Hudson, NY
February 1, 2013
10:00am

Attendees:

Sandra Kipp
Curt Warfield
William Better – Attorney for Premier Riverview, LLC.
Theodore Guterman II – Attorney for Columbia County IDA
Kenneth J. Flood – Executive Director, Columbia County IDA
Nancy Costine
Erin McNary
Lisa Drahushuk
Sidney Richter
Keith Mortefolio
Sarah Sterling
John Mason
John Porreca
Bob Prendergast
Sharon Zempko
Beth MacGiffert

The Public Hearing was called to order at 10:00am by Mr. Flood. Mr. Flood introduced himself, Mr. Guterman and Mr. Better. He then read the Public Meeting Notice out loud to the audience in its entirety.

Mr. Flood reviewed the project for the attendees, noting the business would be repackaging, various beauty products including, insoles, shoeshine products, lotions and creams and wart removers as well as other products. He noted this project was not a relocation, but an expansion.

Mr. Flood stated the business would be occupying the former Wal-Mart building and conservatively estimated employing 25 people. He noted they anticipated adding more jobs, depending on the economy. Mr. Flood stated the current public hearing was part of the project requirements which required the hearing to be held in the town the project would be located.

Mr. Flood stated this was a Columbia County sized project reusing a vacant building. He opened the floor to public comments.

Sarah Sterling, Supervisor for the City of Hudson, stated it was an excellent repurposing of a vacant building and the wave of the future. She asked if the company would be paying property taxes on a tiered system. Mr. Flood stated the mortgage recording taxes would be exempt. He stated the PILOT proposal is to maintain the current level of property taxes for 5 years and increase the taxes to the appropriate level in years 6 – 10. He noted the IDA didn't wish to reduce the amount being paid to the Town, County or school district. He also pointed out that special district taxes, such as fire and water were not affected by the PILOT agreement, and the property owner was fully responsible for those taxes.

Mr. Guterman noted town special district taxes could increase. Mr. Flood noted all taxing jurisdictions had been notified of the proposed PILOT agreement.

Greenport Supervisor John Porreca asked if the taxes would be based on the assessment of \$1.25 million. Mr. Flood stated that was the case. Mr. Porreca stated the Town had received a check from Wal-Mart the previous day which would pay the tax bill for 2013. Mr. Better stated Premier would not be affected until 2014 depending on the closing date of the project.

Mr. Porreca noted that on page 2 of the application, paragraph 1 it stated the IDA would “not approve the project unless, in the judgment of the Agency, said application and the summary contains sufficient information on which to base a decision” an effort had been made to provide sufficient information to base a decision. He stated he hoped the IDA Board would adhere to that requirement, noting he had several question regarding the application.

Mr. Porreca asked for clarification on Page 5 Question 2. He stated the Company that will occupy the building is listed as Premier Products, Inc. The “applicant” on the IDA application is listed as Premier Riverview LLC. Premier Riverview LLC was formed in April of 2012. However, in paragraph “2” the “applicant” is listed as Premier Equities LLC, a third company. This paragraph lists Premier Equities as the real estate company. He asked which company will own the real estate that will possibly get the PILOT?

Mr. Better stated Premier Riverview and Premier Equities are real estate holding companies. Premier Personal Products is the division which packs for the private labels. He noted that Premier Riverview will be the owner of the property.

Mr. Porreca referred to page 8 of the application, paragraph II, C. 2c. he stated “The question asks whether the existing building is about to be abandoned, and the answer is “yes”. It also says that the building is vacant and taxes are not being paid.” Mr. Porreca noted the question had been answered earlier in the public hearing, with his statement about the tax check received from the current owner.

Mr. Porreca then drew attention to page 8 of the application, paragraph II, C., 4. Mr. Porreca felt the statement was unclear. He noted the application stated that the Company, Premier Products, Inc., has an option to purchase the property with the current owner which was signed in December 2012. He noted the application was also signed by Premier Riverview LLC in December of 2012. The paragraph further says that there is a legal or common ownership between Premier Products, Inc. and the present owners of the building. However, there is no description of that relationship as required by the application and “N/A” is entered in the box where that description should be provided.

Mr. Porreca further noted that in the application, paragraph E; the answers to this paragraph make it appear that Premier Products, Inc. has no existing equipment for this manufacturing process. He felt this raises the question about what the company has been doing up to this point? He asked, “Are these all new products that the company proposes to make, or are these products that have been made by someone else up to this point? He noted that the answer makes it appear that there has not been any effort made so far to acquire any equipment as of the date of the application. If that is the case, start-up could be delayed for months.” Mr. Better stated that no benefit could be claimed for prior work. He noted that the equipment is lined up for purchase and is just waiting for approval.

Mr. Porreca asked about page 10 of the application, paragraphs 7 and 8. These answers confirm that the applicant has no existing plant or facility in another part of the state. Mr. Better noted the question asked about the moving of a company from one area in NYS to another. He noted in this case the project was an expansion and the company downstate would not be moved or abandoned. Mr. Porreca noted that if the answers to the previous question didn’t apply, his next question was moot.

Mr. Porreca asked for clarification on page 12 of the application, sections A and B. He stated, “The answers to these questions raise more questions. First, it states that the Company intends to lease or sublease to third parties more than 10 percent of the property that obtains the PILOT. However, there are no subtenants known. Moreover, it states that this unknown subtenant will be involved in retail sales. How can the applicant state that if there are no known subtenants? We know from the January 25, 2013, IDA letter that only 70,000 square feet of the building’s 120,000 square feet will be occupied by the Company. This means that 42 percent of the building, or 50,400 square feet will be unoccupied.”

Mr. Better stated the PILOT would cover the entire building. He explained that when the site was first developed there were agreements and easements executed that have carried over to the present day. He noted the current owners had agreements that stated only

retail could be sited at the location. In order to move forward with the purchase of the building which has long been vacant and difficult to find suitable tenants that the agreements would cover, Premier Riverside and Price Chopper had agreed to limit the retail at the site to a small section of the building. He noted there is no prospective tenant and Mr. Corsun decided to occupy more of the building than originally planned. They currently feel that the retail portion would be less than 20% of the total space.

Mr. Better went on to explain this was the reason for the fixed tax rate and why the IDA has asked for no decrease in the amount paid to the taxing jurisdictions. He stated Price Chopper didn't want to be sited next to an industrial site, noting that retail would draw additional customers to the store. He noted there was no need for the extremely large parking lot and the company could decide to sell the out parcel.

Mr. Porreca then addressed his question on page 13 of the application, subparagraph "B". He pointed out, "The applicant is supposed to prepare a separate attachment describing in detail the types of employment at the project site". He noted there was no such attachment.

Mr. Flood brought attention to the chart on page 13 which addressed the question. Mr. Porreca asked for Mr. Flood's confirmation that the total number of employees after the first full year would be 25. Mr. Flood stated the numbers on the submitted chart were correct as they stand.

Mr. Porreca noted on page 15 of the application, subparagraph V b. He noted according to this section, the entire project cost of \$2.5 million will be secured by mortgages. Since the purchase price of the building is \$1.9 million, how can the applicant obtain mortgages for a loan that will be more than 40 percent of the purchase price of the building?

Mr. Better stated the application would allow for up to the \$2.5 million dollars in mortgage financing. Mr. Porreca asked how an adjustment would be made to the PILOT if a sale of the out parcel was completed. Mr. Better stated the issue would go back to the IDA. He noted it that happened, the owner would go to the planning board for a site plan review to separate the parcel for the remainder of the site, He stated at that point the parcel would be released from the PILOT.

Mr. Guterman stated the IDA controls the entire parcel with a PILOT agreement and mortgage lease agreements. He stated it is up to the IDA to decide what benefits are given to the site. Mr. Porreca then asked how long the assessment would be frozen. Mr. Flood stated the PILOT doesn't apply to the assessment. Mr. Porreca stated that this would mean there is no reduction in the assessment. Mr. Better and Mr. Flood stated that would be correct. Mr. Richter stated the assessment would be \$1.25 million and the

assessor maintains the ability to increase the assessment. Mr. Guterman stated the taxes would stand as it is currently as of 2013 with the ability to raise the taxes after the first 5 years. Mr. Flood stated the PILOT doesn't prevent the owner from challenging the assessment. Mr. Guterman stated any challenge would impact years 6 – 10. He noted the taxes are based on the \$1.25 million assessment.

John Mason stated that the under FOI Law copies of the documents had to be given to the attendees at the meeting. He stated this made it difficult to ask questions. Mr. Flood stated the copies needed to be made available to the attendees. Mr. Mason then asked the amount the company would be paying as opposed to what was being paid currently. Mr. Guterman stated the amount was unknown due to the uncertainty of the change in assessment over the upcoming years. Mr. Flood stated that the amount would also include a change in tax rates.

Mr. Mason then asked what the jobs at the business would pay, and the type of jobs to be created. Mr. Better referred him to the chart on page 13 of the application. He noted that in the first year there would be 2 professional, 4 skilled, 4 semi-skilled and 2 unskilled totaling 12. Mr. Mason asked what the wages would be for the workers. Mr. Better stated he was unsure of the pay scale but felt they would be comparable to a facility such as Flanders as far as the unskilled workers, above minimum wage.

Curt Warfield asked what would happen if the business fell behind on their taxes. Mr. Guterman reminded the attendees that the PILOT would have no effect on the special district taxes such as water and sewer. He noted that the PILOT payments go from the business to the IDA and then the Town. He stated if the business defaults on its payment the property would go back on the tax rolls and they would lose the benefit. He stated the PILOT is secured by a mortgage on the property which provides for a lien by the IDA and the money would get recouped eventually.

Mr. Flood stated this has happened since he had been at the agency and the IDA has been aggressive in pursuing the taxes. Mr. Better noted that United Apples Sales had defaulted approximately 22 years ago. Mr. Flood stated the PILOTs had become more sophisticated over the years.

Mr. Warfield stated companies have typically gotten PILOTs , stayed 10 years and then left the area. Mr. Flood stated this had been discussed statewide and the occurrence was less than people realized. Mr. Better noted that the Corsuns reside in the county.

Mr. Mason asked for a clarification of the company carving out a parcel and the reasoning behind the action. Mr. Better stated that was not a plan at the present time he had merely given the example of it happening to show what would take place.

Mr. Porreca stated it was a valid question since the property contained a great amount of excess space the business would not utilize. Mr. Richter asked who owned the entrance. Mr. Better stated it had been split down the middle between Wal-Mart and Price Chopper. Mr. Guterman noted there were easements covering the parcel and all the entrances. Mr. Richter stated the easements may be an issue with the sectioning of the out parcel. Mr. Better stated the owners had considered that.

Mr. Warfield asked if the road maintenance had been considered. Mr. Better stated the current agreements between Wal-Mart and Price Chopper would remain. Mr. Guterman stated any new buyer would have to accept the requirements of the agreements.

Mr. Flood asked if there were any further question. With none from the attendees, he closed the hearing at 10:47am.

Respectfully submitted by Lisa Drakushak