

**MINUTES OF THE
VILLAGE OF PORT CHESTER
INDUSTRIAL DEVELOPMENT AGENCY**

HELD: June 9, 2021

TIME AND PLACE: 6:30 P.M via WebEx Virtual conferencing

A meeting of the Village of Port Chester Industrial Development Agency was convened on Wednesday June 9, 2021 at 6:30 p.m. via WebEx Virtual Conferencing.

ROLL CALL

The PCIDA meeting was called to order at 6:30 p.m. by Chairman Frank Ferrara. On the motion of Board member Dan Brakewood, which was seconded by Board member Michael Brescio, the meeting was called to order with the following additional Board members being present: Richard Cuddy, John Hiensch, Richard O'Connell, and James Taylor.

Also in attendance was Administrative Director Christopher Steers, Alternate Board Counsel Michael Curti, Acting Planning Director Curt Lavalla and Acting Board Secretary Constance Phillips.

Roll Call

<u>MEMBER</u>	<u>MOTION</u>	<u>SECOND</u>	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>
<u>BRAKEWOOD</u>	<u>x</u>		<u>x</u>		
<u>BRESCIO</u>		<u>x</u>	<u>x</u>		
<u>CUDDY</u>			<u>x</u>		
<u>FERRARA</u>			<u>x</u>		
<u>HIENSCH</u>			<u>x</u>		
<u>O'CONNELL</u>			<u>x</u>		
<u>TAYLOR</u>			<u>x</u>		

PRESENTATIONS

Tarry Lighthouse Due Diligence report

At last month's meeting the Scope of Work to provide an independent financial analysis for the Tarry Lighthouse application was awarded to Camoin Associates.

Victoria Storrs of Camoin Associates/Storrs Associates presented the results.

Ms. Storrs' analysis was based on income and construction proformas provided by the applicant. Using published industry data by Costar and information on industry standard financial assumptions and returns as published by RealtyRates.com, she adjusted the submitted numbers to reflect what the market considers customary and reasonable project expenditures and income levels. She explained that the economy is rebounding more strongly than had been anticipated and the expectation is that rents and occupancy rates are likely to be stronger than feared and it is only fair to update developers' models accordingly.

Ms. Storrs analyzed the adjusted project numbers through the prism of providing financial assistance using both the Commercial and Residential 20 year PILOT models as adopted in the Agency's UTEP.

Her analysis revealed that the project warranted financial assistance in order to be built. Both PILOT models provided returns that were below industry benchmarks, especially the Residential model, although they were not out of the realm of what could be considered acceptable on the part of investors.

Her complete presentation is appended as Appendix A to these minutes.

There followed an animated discussion by the Board, which appreciated the in depth analysis and data driven approach provided.

208-216 King Street

Trammell Crow - Mr. Anup Misra and team

Mr. Misra told the Board that this project is in front of the Planning Commission and does not yet have site plan approval, thus it is premature for an application to the IDA. While the project can change, he presented on the basics of the project as currently proposed:

- +/- \$91.5 Million investment with a considerable equity contribution +/- 40%
- 3 structures including 9 apts will be demolished with the necessary mitigations
- 12 stories per the CD6 district
- 185 units in a mix of studios, one, two and three bedrooms
- 152 parking spaces including 147 semi-automated stackers

- Amenities to include a pool, fitness center, co-working spaces, lounges
- Public benefits to include
 - All form based code mitigations
 - Pocket park to be shared with the public
 - EV charging stations, bike parking, rooftop garden, MEP efficiencies

Mr. Misra presented on the financial architecture of the project, suggesting it required financial assistance to be built. He also detailed projections of economic benefit both the building of the project and the stabilized project once built would have.

There followed a question and answer period and Chairman Ferrara suggested that they would keep in touch to bring an application to the IDA should the necessary approvals be granted.

CHAIRMAN'S REMARKS

IDA meeting with the BOT

Chairman Ferrara told the Board Mayor Marino has requested all Village Boards including the IDA meet with the Board of Trustees. Details are not specific at this time but the Board can expect to get a request in the near future.

Chairman Ferrara introduced Michael Curti of Harris Beach who was attending for Board Counsel Justin Miller. He assisted Chairman Ferrara in the **Update on pending IDA legislation in the NYS Legislature**. There are reform bills moving in the Senate however they may not get taken up in the Assembly as there is a sense of uncertainty in this area. One item is to remove elected officials from IDA Boards. Mr. Curti said there are some inconsistencies in the law and raises a question if the bill would pass or not. The Legislation also removes the blanket permission for other appointed officials to serve on the Board. These items may lead to the Governor vetoing the legislation. There are other items being discussed that would impact IDA's and we will have a better sense of their potential for success as the legislative session in Albany wraps up in the coming weeks.

Chairman Ferrara stated that removing elected officials at this time would be problematic given that the IDA does not have the resources to hire full time staff and relies on volunteer elected officials. It is his intention to bring before the Board the idea of full time paid staff to run the Agency if we close on a number of projects that could soon come before the Board thus giving us a more substantial budget.

He also apprised the Board of an upcoming meeting he has scheduled with Senator Mayer to discuss matters of concern as they relate to the IDA.

APPROVAL OF MINUTES - May 12, 2021

On the motion of Board member James Taylor, which was seconded by Board member John Hiensch, the minutes of the May 12, 2021 meeting were approved.

Roll Call

<u>MEMBER</u>	<u>MOTION</u>	<u>SECOND</u>	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>
<u>BRAKEWOOD</u>			<u>x</u>		
<u>BRESCIO</u>			<u>x</u>		
<u>CUDDY</u>			<u>x</u>		
<u>FERRARA</u>			<u>x</u>		
<u>HIENSCH</u>		<u>x</u>	<u>x</u>		
<u>O'CONNELL</u>			<u>x</u>		
<u>TAYLOR</u>	<u>x</u>		<u>x</u>		

AD REPORT

Administrative Director Christopher Steers discussed research articles he had included in his report reflecting on the changing office and residential markets as a result of the pandemic that the Board should bear in mind as we evaluate projects that apply to us for assistance.

Our project at **16-18 North Main Street** is requesting approval of their site plan amendments. To accommodate a changing market they narrowed their restaurant space to make room for an additional, larger apartment that would better help stabilize the project. There were no objections voiced and a resolution will be prepared for next month.

Chairman Ferrara said the **IDA Grant Program** is closed. There are 3 applicants who are at the finish line pending submission of additional receipts.

NEW BUSINESS

Discussion - the return of in person IDA meetings

IT Director Roz Cimino suggested the best place to have **PCIDA meetings** is the Village Hall Conference Room. The conference room would be the best venue to marry in person and WebEx for hybrid meetings. A discussion was held regarding the continuous use of the WebEx Platform and the configuration and upgrades needed for the Court room and Village Hall conference room.

Chairman Ferrara informed the Board that the **108 Gateway Development, LLC** group is not yet prepared to present their application to the Board. Chairman and staff will continue to work with them.

Tarry Lighthouse Application next steps

After receiving the analysis from Camoin earlier in the meeting the Board decided to move the Tarry Lighthouse application forward to a Public Hearing in July on two defined scopes of benefit but only hold a vote on the application in August pending resolution of unresolved matters regarding delineating Commercial and Residential projects under the UTEP, Board members concerns with length of term, and other matters. Chairman Ferrara suggested holding a workshop to resolve outstanding issues next month and the Board agreed.

TREASURERS REPORT

Treasurer Anthony Siligato provided the Board with a review of the monthly invoices.

Approval of Invoices

Constance Phillips	Christopher Steers
Anthony Siligato	Curt LaValla
Joelle Rovello	Harris Beach – Gen Corporate Matters

On the motion of Board member James Taylor, which was seconded by Board member Richard Cuddy, the monthly invoices were approved.

Roll Call

<u>MEMBER</u>	<u>MOTION</u>	<u>SECOND</u>	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>
<u>BRAKEWOOD</u>			<u>x</u>		
<u>BRESCIO</u>			<u>x</u>		
<u>CUDDY</u>		<u>x</u>	<u>x</u>		
<u>FERRARA</u>			<u>x</u>		
<u>HIENSCH</u>			<u>x</u>		
<u>O’CONNELL</u>			<u>x</u>		
<u>TAYLOR</u>	<u>x</u>		<u>x</u>		

Mr. Siligato also provided the Board with the Financial Snapshot.

Agency Financial Snapshot

(See following page)

Port Chester Industrial Development Agency - Fiscal Year June 1, 2020 to May 31, 2021
Cash Analysis & Net Assets Report
As of May 31, 2021



Cash on Hand @ 5/1/2021 \$301,812.92

Deposits/Wire Transfers/ Interest Received :

JP Morgan Chase	Interest Earned - May 2021	1.18
TD Bank	Interest Earned - May 2021	25.08

Total Deposits/Transfers/Interest \$ 26.26

Checks Written / Disbursements :

Christopher Steers-A/P	Administrative Director - April 2021	\$ (1,500.00)
Anthony Siligato-A/P	Treasurer / CFO - April 2021	\$ (750.00)
Harris Beach, PLLC	PCIDA Corporate Matters - April 2021	\$ (675.00)
Empire Coffee Company Inc.	Financial Assistance Grant (COVID-19)	\$ (5,000.00)
BST106 LLC	Financial Assistance Grant (COVID-19)	\$ (320.30)

Checks Written / Disbursements during May 2021 \$ (8,245.30)

Cash on Hand @ 5/31/2021 \$293,593.88

Reconciliation of Bank Accounts

JPMorgan Chase (Beginning Balance)	\$ 146,351.51
Deposits	\$ -
Interest Earned	\$ 1.18
Checks Presented	<u>\$ (8,245.30)</u>
Total JPMorgan Chase (Ending Balance)	\$ 138,107.39
TD Bank (Beginning Balance)	\$ 155,461.41
Interest Earned	\$ -
Total TD Bank (Ending Balance)	\$ 155,486.49

Total Bank Balance @ 5/31/2021 \$ 293,593.88

Village of Port Chester - Reimburse for Videotaping of Monthly Meetings & Squarespace for Website-Wire	\$ (2,872.80)
Prepaid Expense - CNA - General Liability Insurance 6/1/21-11/5/21 (Chk #1803, 10/28/20)	\$ 423.17
Prepaid Expense - Brown & Brown - Director's & Officers Insurance 6/1/21-11/5/21 (Chk #1805, 11/4/20)	\$ 1,545.83 \$ (903.80)

PCIDA Net Assets @ 5/31/2021 \$ 292,690.08

Prepared by PCIDA Financial Officer

ADJOURNMENT

On the motion of Board member Richard Cuddy, which was seconded by Board member James Taylor, the meeting was adjourned to July 14, 2021

Next meeting July 14, 2021 at Village Hall Conference Room.

Roll Call

<u>MEMBER</u>	<u>MOTION</u>	<u>SECOND</u>	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>
<u>BRAKEWOOD</u>			<u>x</u>		
<u>BRESCIO</u>			<u>x</u>		
<u>CUDDY</u>	<u>x</u>		<u>x</u>		
<u>FERRARA</u>			<u>x</u>		
<u>HIENSCH</u>			<u>x</u>		
<u>O'CONNELL</u>			<u>x</u>		
<u>TAYLOR</u>		<u>x</u>	<u>x</u>		

Respectfully submitted,

Constance R. Phillips

Appendix A

Camoin/Storrs Associates due diligence report on the Tarry Lighthouse application

Reasonableness Assessment for Financial Assistance

TARRY LIGHTHOUSE PROJECT
NORTH MAIN STREET, PORT CHESTER

Village of Port Chester
Industrial Development Agency

JUNE 9, 2021

PREPARED BY:



Storrs Associates, LLC

Purpose of a Reasonableness Assessment

Is there a good balance between benefits to the Village, and benefits to the Project?

- *Review Operating Assumptions*
- *Test Need for Assistance*
- *Benchmark Investment Returns for Reasonableness*

Camoin 310 and Storrs Associates conducted an objective, 3rd party review using benchmarks from CoStar and RealtyRates.com

Conclusion: assistance is necessary and reasonable



1

Tarry Lighthouse Project



209 apartments,
10% affordable



27,905 square feet
of retail or dining



271 parking spaces



Economic Impact
155 jobs (Application)
\$71,453,000 invested



- PILOT reducing taxes by 34% or 42%, full taxes after 20 years
- Mortgage recording tax abatement
- Sales tax abatement on construction materials



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Questions for Board Members

Should assistance be awarded?

Which PILOT?

Residential

Commercial



3

Residential UTEP

- Includes full taxes on Base Value
- Allows for 2-year construction period
- Year 3 is 50% of full taxes on Added Value
- Rises to 95% by year 20
- Total abatement is 34%

Residential UTEP	Term = 20 Years	Taxes	Percent of Full
			Taxes
Full Taxes	\$	43,730,074	100%
Less: PILOT Pmts	\$	(28,888,518)	66%
= Abatement	\$	14,841,557	34%

Residential UTEP Comparison to Full Taxes				
PILOT Year	B Estimated PILOT Payment (Base + Added)	C = A - B Abatement / Foregone revenue: Full taxes - PILOT	D = B/A PILOT as a % of Full Taxes	E = C/A Abatement / Foregone Revenue as a % of Full Taxes
1	\$414,236	\$1,385,550	10%	90%
2	736,579	1,099,203	30%	70%
3	1,071,650	800,848	50%	50%
4	1,093,083	816,865	50%	50%
5	1,114,944	833,202	50%	50%
6	1,137,243	849,866	50%	50%
7	1,159,988	866,864	50%	50%
8	1,183,188	884,201	50%	50%
9	1,206,852	901,885	50%	50%
10	1,230,989	919,923	50%	50%
11	1,255,609	938,321	50%	50%
12	1,376,429	861,379	55%	45%
13	1,501,581	780,983	60%	40%
14	1,631,188	697,028	65%	35%
15	1,765,379	609,401	70%	30%
16	1,904,284	517,991	75%	25%
17	2,048,040	422,681	80%	20%
18	2,196,785	323,351	85%	15%
19	2,350,660	219,879	90%	10%
20	2,509,811	112,138	95%	5%
Totals	\$28,888,518	\$14,841,557	66%	34%



Commercial UTEP

- Includes full taxes on Base Value
- Year 1 is 0% of full taxes on Added Value
- Rises to 95% by year 20
- Total abatement is 42%

Commercial UTEP	Term = 20 Years	Taxes	Percent of Full
			Taxes
Full Taxes	\$	43,730,074	100%
Less: PILOT Pmts	\$	(25,320,282)	58%
= Abatement	\$	18,409,792	42%

Commercial UTEP Comparison to Full Taxes				
PILOT Year	B Estimated PILOT Payment (Base + Added)	C = A - B Abatement / Foregone revenue: Full taxes - PILOT	D = B/A PILOT as a % of Full Taxes	E = C/A Abatement / Foregone Revenue as a % of Full Taxes
1	\$260,286	\$1,539,500	0%	100%
2	344,007	1,491,776	5%	95%
3	430,971	1,441,526	10%	90%
4	521,277	1,388,670	15%	85%
5	615,023	1,333,123	20%	80%
6	712,310	1,274,799	25%	75%
7	813,243	1,213,609	30%	70%
8	917,928	1,149,461	35%	65%
9	1,026,475	1,082,262	40%	60%
10	1,138,997	1,011,915	45%	55%
11	1,255,609	938,321	50%	50%
12	1,376,429	861,379	55%	45%
13	1,501,581	780,983	60%	40%
14	1,631,188	697,028	65%	35%
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18	2,196,785	323,351	85%	15%
19	2,350,660	219,879	90%	10%
20	2,509,811	112,138	95%	5%
Totals	\$25,320,282	\$18,409,792	58%	42%



Project Financial Performance

Returns are within Market Benchmarks

	<u>Residential PILOT</u>	<u>Commercial PILOT</u>	<u>No PILOT</u>	<u>Benchmark</u>
<u>Equity Dividend Rates</u>				
Average, 20 Years	6.55%	7.64%	2.04%	6.17% to 17.82%
<u>Cumulative Cash Flow</u>				
End of Year 20	\$21,555,987	\$25,124,223	\$6,714,431	Positive, growing
<u>Debt Service Coverage</u>				
Average	1.29	1.34	1.09	1.35 to 1.86

Benchmarks from RealtyRates for Q1 2021

Project Operating Performance

Assumptions are within Regional Norms

Operations Snapshot, Year 5, Residential PILOT					
	Project Performance	Project Performance as a % of Income	Benchmark Performance	Benchmark Source	Evaluation
<u>Calculation of Net Operating Income, Apartments</u>					
Gross Operating Income	\$6,686,664	n/a	n/a		n/a
Vacancy Rate and Concessions	9%	n/a	7.9% to 10%	CoStar, Camoin 310	Within Range
<u>Calculation of Net Operating Income, Retail and Parking</u>					
Gross Operating Income	\$1,843,276	n/a	n/a	n/a	n/a
Vacancy Rate	5%	n/a	4.80%	CoStar	Within Range
Effective Gross Income (EGI), All Uses (1)	\$ 7,811,904	92%	91%	RealtyRates	Within Range
Operating Expenses and Reserve	\$(2,157,698)	25%	44%	RealtyRates	More Efficient
<u>Real Property Taxes</u>	<u>\$(1,114,944)</u>	<u>13%</u>	<u>n/a</u>	n/a	n/a
Net Operating Income	\$ 4,539,262	68%	56%	RealtyRates	More Efficient
Less: Debt Service	\$ (3,955,033)	n/a	n/a		
Cashflow after Operating Costs, Taxes, Debt	\$584,230	7%	n/a	n/a	n/a

Source: Applicant. Benchmarks from RealtyRates. Evaluation by Storrs Associates.
(1) Net of vacancy and concessions.



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Project Operating Performance

Assumptions are within Regional Norms

Operations Snapshot, Year 5, Commercial PILOT					
	Project Performance	Project Performance as a % of Income	Benchmark Performance	Benchmark Source	Evaluation
<u>Calculation of Net Operating Income</u>					
Gross Operating Income	\$6,686,664	n/a			n/a
Vacancy Rate	9%	n/a	7.9% to 10%	CoStar, Camoin 310	Within Range
<u>Calculation of Net Operating Income, Retail and Parking</u>					
Gross Operating Income	\$1,751,112	n/a	n/a	n/a	n/a
Vacancy Rate	5%	n/a	4.80%	CoStar	Within Range
Effective Gross Income (EGI), All Uses (1)	\$7,811,904	93%	91%	RealtyRates	Within Range
Operating Expenses and Reserve	\$(2,157,698)	26%	44%	RealtyRates	More Efficient
<u>Real Property Taxes</u>	<u>\$(615,023)</u>	<u>7%</u>	<u>n/a</u>	n/a	n/a
Net Operating Income	\$5,039,184	75%	56%	RealtyRates	More Efficient
Less: Debt Service	\$(3,955,033)	n/a	n/a		
Cashflow after Operating Costs, Taxes, Debt	\$1,084,151	13%	n/a	n/a	n/a

Source: Applicant. Benchmarks from RealtyRates. Evaluation by Storrs Associates.
(1) Net of vacancy and concessions.



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Rent Costs

Apartment Unit Type, Rent, and Household Income

	<u>Unit Type</u>	<u>Number of Units</u>	<u>Rent/Month</u>	<u>Rent/Year</u>	<u>Estimated Household Income (1)</u>	<u>Evaluation (2)</u>
Market Rate, 90% of Units	Studio	66	\$2,014	\$1,595,088	\$80,560	50% of Households in Westchester County Can Pay These Rents
	1BR	76	\$2,568	\$2,342,016	\$102,720	
	2BR	46	\$3,484	\$1,923,168	\$139,360	
Market Rate Weighted Average Rent per Month			\$2,598			
Westchester County Rent per Month, 2021 est.			\$2,231	(\$2.62/SF)		<u>Affordable at 60% Area Median Income</u>
Affordable, 10% of Units	Studio (1 person)	8	\$1,101	\$105,696	\$44,040	\$52,660
	1BR (2 persons)	9	\$1,259	\$135,972	\$50,360	\$60,420
	2BR (3 persons)	4	\$1,573	\$75,504	\$62,920	\$67,980
Total		209	\$514,787	\$6,177,444		

Source of rent and vacancy: Applicant. Vacancy Rates from CoStar 2021 estimates for Westchester County.

(1) Income needed to pay no more than 30% on rent, calculated by Storrs Associates

(2) Westchester County Median Household Income is \$98,187. 50% of households earn at least this amount and can afford a studio. 32.3% earn at least \$150,000. Source: Esri.



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Rent Costs

Retail Square Footage and Rent, and Parking Use

	<u>Square Feet (SF)</u>	<u>Rent/SF</u>	<u>Rent/Year</u>	<u>Evaluation Using CoStar</u>
Retail				
Project Total Retail	27,905	\$ 30	\$837,150	Within Range
Westchester County Rent/SF, 2021 est.		\$ 30		
Vacancy Rate	5%			Within Range
Parking	<u>Spaces</u>	<u>Rent/Month</u>	<u>Rent/Year</u>	
Residential Monthly	271	\$ 150	\$487,800	n/a
Retail Monthly-Daytime	181	\$ 140	\$304,080	n/a
Retail Monthly-Nighttime	114	\$ 54	\$73,872	n/a
Total Parking			\$865,752	
Vacancy Rate	5%			Within Range

Source of rent and vacancy: Applicant. Vacancy Rates from CoStar 2021 estimates for Westchester County.



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THE PROJECT TEAM

Rachel Selsky
Vice President, Camoin 310

Victoria Storrs
President & CEO, Storrs Associates

Leading action to
grow your economy



Storrs Associates, LLC