

**Frank S. Venezia**  
*Chairman*

**Sam Messina**  
*Vice Chairman*

**Robert B. Ward**  
*Secretary*

**Joseph P. Richardson**  
*Assistant Secretary*

**Brian T. Stenson**  
*Treasurer*

**Victoria Stanton Sweeney**  
*Member*

**Sam NeJame**  
*Member*

# TOWN OF BETHLEHEM

*Albany County - New York*

## INDUSTRIAL DEVELOPMENT AGENCY

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Director and Clerk*  
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### MINUTES – REGULAR MEETING September 2, 2009

The Regular meeting of the Town of Bethlehem Industrial Development Agency was convened in public session in the Bethlehem Town Hall, 445 Delaware Ave., Delmar, New York at 8:00 a.m., on Wednesday, September 2, 2009.

Attendance was recorded as follows:

<u>Board Members Present</u>	<u>Board Members Absent</u>	<u>Counsel Present</u>	<u>Town Staff Present</u>	<u>Others Present</u>
Frank Venezia Sam Messina Sam NeJame Brian Stenson Robert Ward	Joseph Richardson Victoria Stanton Sweeney	Thomas Connolly George Cregg	Terrence Ritz Deborah Kitchen John Cunningham	Brian Biagi Stephen Kamppila John Christensen Kim Harris Garry Kearns

Chairman Venezia called the meeting to order.

#### APPROVAL OF MINUTES

A motion was made by Mr. Stenson, seconded by Mr. Messina, and carried by all members present to approve the minutes of the Regular Meeting held June 3, 2009, as amended.

#### NEW BUSINESS

##### **24 Power Park Drive - County Route 55, Selkirk, NY - Selkirk Cogen Partners, L.P.**

Project representative Stephen Kamppila - General Manager of Selkirk Cogen introduced Brian Biagi – Asset Manager, John Christensen – Accounting Manager and Kim Harris – Finance Manager from the Corporate Office located in Charlotte, NC. The company has publically financed debt - through bonds and is currently owned by seven companies who have financial interest in the project.

Selkirk Cogen constructed an 80 mega watt combined-cycle cogeneration facility in 1992 (Phase I) and a similar 265 mega watt facility in 1994 (Phase II). Selkirk Cogen contracted with Niagara Mohawk (now National Grid) for the sale of the Phase I electricity and with Consolidated Edison for the sale of the Phase II electricity. The contract with National Grid has now terminated. The contract with Consolidated Edison will terminate in 2014. With the loss of revenue from the National Grid contract, the timing of the PILOT payments causes a problem with maintaining the debt coverage ratio required for bond financing.

Selkirk Cogen is requesting a change in the current payment schedule of the PILOT agreement. At present, the company pays upward of \$4 MM per year - in two installments, November & January. The agreement is scheduled to expire in 2012.

The company is seeking Agency approval to modify the payment schedule so that payments can be made on a monthly basis rather than semi-annual basis in an effort to smooth out the debt coverage ratios.

Chairman Venezia noted that the proposed amendment to the payment schedule would result in a present value reduction of approximately \$3,500. He suggested that 1/12 of that amount be added to each of the monthly installments to alleviate any impact on the affected taxing jurisdictions. Mr. Ritz and Mr. Connolly will contact the Ravena-Coeymans-Selkirk Central School District (RCS-CSD) to advise them of the proposed amendment. Bond counsel will draft the amended agreement.

***Resolution – Amend PILOT Agreement with Selkirk Cogen Partners, L.P.***

*Upon motion by Mr. Stenson, seconded by Mr. NeJame, the following resolution was unanimously adopted;*

*Resolved, that the Agency amend the PILOT Agreement which now provides for the payments of \$4.7million, \$4.3 million and \$4.4 million in 2010, 2011 and 2012 respectively on January 15 and November 15 of each year so that said payments will be paid monthly in 2010 in the amount of \$350,000.00, in 2011 in the amount of \$358,333.34 and 2012 in the amount of \$366,666.67 and that the Company pay an additional \$3,547.27 per year prorated into the monthly payments so that the present value of the monthly payments will be not less than the present value of the current semi-annual payments contingent upon approval by the Ravena-Coeymans-Selkirk Central School District..*

**790 Route 9W - American Housing Foundation (AHF), Selkirk NY - Financial Restructuring/Sale of Bonds**

Garry Kearns, Executive Director of the American Housing Foundation stated that AHF is seeking approval to restructure bonds. George Cregg of Hodgson Russ was present as Agency Bond Counsel and provided background on the general market place.

A summary of a detailed explanation by Mr. Cregg is: The bonds issued in 2006 had a variable interest rate and were backed by a letter of credit issued by RBS Citizens National Association; Standard and Poors, an independent provider of credit ratings, downgraded the credit rating of RBS Citizens; the interest on the bonds will rise to levels that threaten the Project.

Citizen's Bank is proposing to fix the problem by offering a five year deal - - to purchase the bonds at a rate of Libor, plus 2.75%. The end result would be something like a 0.50% point increase in the interest rate rather than a 2.0% increase. At the end of the five year period the bank hopes to improve its credit rating and if it does not, the bank will negotiate an extension. The borrower was allowed to convert once from the variable to the fixed rate. Citizen's Bank is proposing to amend the bond document to include a third rate or bank purchase rate. The three tier rate (variable, fixed, bank purchase) allows for adjustments if the bond becomes taxable or the borrower wants to pay early. For state law purposes the bond and bond documents would be amended. For federal tax purposes there would be a reissuance.

Citizen's is proposing to substitute a bank bond in place of a tendered bond to make the existing debt service affordable under the new bond structure. The bonds will no longer be backed by a letter of credit while the Bank owns the bonds. The bank will buy and hold the bonds for a five year period. AHF will have the option to apply for an extension if the Bank's letter of credit still has the same stigma at the end of the five year period. AHF's ability to remain in operation would be a risk if the Bank did not come up with this solution. Citizen's Bank will remove the letter of credit and the bonds will be returned to the remarketing agent. The remarketing agent will agree to the amended documents so the new rate mode can be put into effect. The bonds would then be purchased from the remarketing agent by Citizen's Bank. The money used to purchase the bonds will be used to pay the bond holders who tendered their bonds. There would be no new money resulting from the bonds being purchased by the Bank.

The Agency is being asked to approve a draft resolution authorizing the Chairman, upon advice of Counsel, to execute documents that reflect the amendments described above and in a letter from Mr. Kearns to the Agency, dated August 6, 2009. This will ensure that AHF can achieve the interest rate stability they are looking for. Citizen's Bank must hold the bond for a minimum of five years unless AHF agrees that it can be remarketed at a variable rate. The Agency would not be at risk if it were to accommodate this request. As a 501(c)(3) corporation

the mission of the AHF is to provide affordable housing for seniors. AHF would like to obtain a final resolution while the rates are still low.

Mr. Connolly estimated that the Agency fee for this transaction will be \$5,000. AHF will also have to pay attorney fees. Mr. Kearns stated that he is concerned about the overall cost of the transaction.

**Resolution – Approve Financial Restructuring/Sale of Bond for American Housing Foundation**

*Upon motion by Mr. NeJame, seconded by Mr. Messina, the following resolution was adopted by all members present:*

*Resolved, that the Agency approve the requested amendment to the 2006 bond documents for the American Housing Foundation project to allow the restructuring of the credit enhancement and to provide internal rate stability subject to review and approval of the final documents.*

**Quarterly Financial Report 06/30/09**

Chairman Venezia presented the quarterly financial report, dated June 30, 2009. He noted that an energy reimbursement payment was received from PSEG.

**Motion – Approve Quarterly Financial Report 06/30/09**

*A motion was made by Mr. Stenson, seconded by Mr. Ward, and carried by all Members present, to approve the 06/30/09 quarterly financial report.*

**Formation of Local Development Corporation (LDC)**

Discussion related to the formation of a Local Development Corporation was tabled.

**CEG Dues \$2,500**

**Motion – Approve Payment of CEG Dues in the amount of \$2,500**

*A motion was made by Mr. Ward, seconded by Mr. NeJame, and carried by all Members present, to approve the payment of CEG Dues in the amount of \$2,500.*

**OLD BUSINESS**

**Project Updates**

**LeGrange Road, Slingerlands - Vista Development Group LLC (VDG) – Vista Technology Campus**

Mr. Ritz reported that the Town received a revised set of plans on June 16, 2009. Comments were generated by the Town's Engineering Division on June 23, 2009. Town staff met with VDG representatives on July 30, 2009. VDG will need to resubmit another set of revised plans. Once the plans are approved by Town staff, VDG will need to seek Planning Board and County approvals. An update regarding the status of local approvals, tenant leasing and the Agency's straight lease has not been provided since the March 4, 2009 IDA meeting.

**482 River Road, Glenmont - IMUS Distribution Center**

IMUS is a Canadian based company which is currently located in the Port of Albany. IMUS intends to convert the old Texaco plant to a liquid chloride distribution center to produce road salt that is utilized in the winter. The company plans to convert the existing fuel oil tanks to hold liquid chloride and install a scale.

**Maple Avenue, Selkirk - TEPCO**

TEPCO is a propane facility is installing a new fire protection system and a water tank.

**158 West Yard Road, Selkirk - Selkirk Ventures / World Logistics Group (WLG) – Rail Assistance**

The Town's Planning Board has approved construction of the 93,000 sq. ft. addition. Construction is contingent upon the tenant receiving Empire Zone approval and signing a lease to occupy the additional space. The state has not met to discuss the new Empire Zone regulations.

**35 Hamilton Lane, Glenmont - 35 Hamilton of Glenmont LLC (35HG) - Building**

Mr. Ritz reported that plans were resubmitted to the Town on August 25, 2009 and comments were generated by the Town’s Engineering Division the same day. It was noted that many of the same comments issued by the Town in March 2009 were still not addressed.

**196 Maple Avenue, Selkirk – Selkirk Warehouses, Inc. / Security Supply – Warehouse Addition**

Supervisor Cunningham reported that Mr. Bennett of Security Supply has informed him that he will not be constructing a warehouse addition at 196 Maple Avenue, Selkirk because he has purchased a property on Creble Road intends to renovate it instead.

**329 Glenmont Road, Glenmont – Tractor Supply Company**

Tractor supply is currently renovating a portion of the Glenmont Shopping Plaza which was formerly occupied by K-Mart. The project will include the installation of a sidewalk along Route 9W - between the entrance to Price Chopper and Glenmont Road.

**Kendall Square, Glenmont – Corner of Elsmere Avenue and Feura Bush Road**

The project, proposed by Rosen Development, includes 112 apartments and four commercial retail businesses to be located at the corner of Elsmere Avenue and Feura Bush Road.

**River Road – south of 1345 - Pilot Travel Center LLC**

The project was originally presented to the Development Planning Committee on May 21, 2009. The Planning Board has not received a formal application.

**Economic Development Strategy Update**

**Selkirk Yards Industrial District Focus Group (SYID)**

Mr. Ritz reported that the SYID Focus Group has not met because there are no significant updates to report. Town staff met with Justin Miller of Harris Beach and representatives of Selkirk Cogen and SABIC to discuss power needs and issues. Staff also met with the regional director of NYS Department of Transportation to discuss the Clapper Road Thruway Interchange and applied for various grants in an effort to fund the initiative.

Supervisor Cunningham reported that he and staff have met with representatives of Senator Gillibrand’s office and Congressman Tonko’s office as well as Senator Breslin and Assemblyman Gordon to discuss the Selkirk Yard Industrial District and the Clapper Road Thruway Interchange. He also stated that Boswell Engineering has presented some conceptual ideas for development of property in the area.

**NEW BUSINESS**

**Tour of Commercial/Industrial Businesses**

Following the meeting today, Agency members will be given a tour of the commercial/industrial properties that are located in the Town of Bethlehem.

**UPCOMING MEETINGS**

10/07/2009 – Room 101 IDA - Regular Meeting

**MOTION TO ADJOURN**

A motion to adjourn was made by Mr. Stenson, seconded by Mr. Ward and unanimously approved by all Members present.

*Respectfully submitted: Deborah M. Kitchen*