

CITY OF PEEKSKILL INDUSTRIAL DEVELOPMENT AGENCY
2014 ANNUAL REPORT
Operations and Accomplishments
January 1, 2014 – December 31, 2014

Operations

The City of Peekskill Industrial Development Agency (the “Agency”) is governed by a seven member board consisting of residents of the City of Peekskill. Appointments are made by the Mayor and Common Council of the City of Peekskill. The Agency is staffed by City of Peekskill personnel including the City Manager serving as Executive Director, Chief Executive Officer and Contracting Officer, Acting Corporation Counsel as Agency Counsel, Deputy Comptroller as Treasurer and Chief Financial Officer, Loan Officer as Deputy Director and Secretary to the Acting Corporation Counsel as Acting Agency Secretary. The staff of the Agency also staffs the City of Peekskill Local Development Corporation and the Peekskill Facilities Development Corporation.

The Agency offers four basic forms of financial assistance that include: (1) mortgage recording tax exemption, (2) sales and use tax exemption, (3) real property tax abatement, and (4) interest rate savings via tax-exempt financing. The Agency does not loan money directly to private companies. The Agency has the power to issue taxable or tax-exempt bonds. These non-recourse bonds are not an obligation of the sponsoring community or state or its tax payees but rather are backed solely by the credit rating of the company.

The operation of the Agency is financed with fees received from bond and straight lease transactions, and interest earned from such funds.

During this reporting period the Agency members and staff held meetings to review policies, approve the annual budget and annual report, hold committee meetings, and file reports as required by the New York State Authority Budget Office.

Accomplishments

Project(s):

Project Name: Hotel Corp. LLC, (Holiday Inn Express)
Project Location: 2 John E. Walsh Blvd., Peekskill, NY 10566
Project Type: Sale of Agency owned property to Hotel LLC for the construction of a Holiday Inn Express
Financial Assistance: Lease transaction, PILOT agreement, sales tax exemption and NYS mortgage recording tax exemption
Total Project Cost: \$8,310,000
Applicant: Hotel LLC, 2 John E. Walsh Blvd., Peekskill, New York 10566

Summary: During 2012 the Agency closed the Hotel LLC project at 2 John E. Walsh Boulevard. The Project consists of: (i) the acquisition or retention of title to or a leasehold interest in an approximately 1.25 acre vacant parcel of real property located on John E. Walsh Boulevard in the City of Peekskill, New York (such 1.25 acre parcel being further identified as Tax Map Identification No. 32.19-1-4.2 and hereinafter referred to as the “Land”); (ii) the acquisition, construction and equipping by the Company as agent of the Agency of a 76 room hotel facility (the “Improvements”), (iii) the acquisition and installation in and around the Improvements of certain items of machinery, equipment and other tangible personal property, related furniture, fixtures and equipment (the “Equipment” and, together with the Land and the Improvements, the “Facility”); (iv) the planning, design, construction, acquisition and installation in and around the Land and the Facility of certain infrastructure improvements, including, but not limited to water supply, sewerage, gas supply, electric supply and transportation improvements (collectively, the “Infrastructure Improvements”); and (v) the sale or lease (with an obligation to purchase) of the Facility to the Company. The project is complete and a grand opening was held on July 24, 2014. The hotel currently has 17 full time equivalent employees.

Project Name: 5 John E. Walsh Blvd. - Diamond Properties, LLC
Project Location: 5 John E. Walsh Blvd., Peekskill, NY 10566
Project Type: Assumption and Modification of Existing Lease on Agency Owned Property at 5 John E. Walsh Blvd.; Improvements to the Existing Improvements at 5 John E. Walsh Blvd. to provide for a multi-tenanted commercial and retail facility and marina complex
Financial Assistance: Lease transaction, PILOT agreement and sales tax exemption
Total Project Cost: \$2,867,000
Applicant: Diamond Properties, LLC, 333 North Bedford Road, Mount Kisco, New York 10595.
Summary: During 2014, the Agency approved an Application for Financial Assistance from Diamond Properties, LLC, for a proposed development project at 5 John E. Walsh Blvd. The Agency owned property at 5 John E. Walsh Blvd. was leased by Excel Service and Maintenance Corp. The Agency, at the request of Excel, authorized the assumption of the leasehold interest in the premises by Diamond Properties, LLC through the amendment and restatement of the Upland Lease and Water Lease. During 2014, the leasehold interests were merged into a single instrument to effectuate the lease of the Premises and Existing Improvements by the Agency to the Diamond Properties, LLC. The Agency also authorized the delivery of financial assistance to Diamond Properties, LLC, including a Payment in Lieu-of-Tax Agreement and sales tax exemption.

The project consists of (i) the execution and delivery of the Amended Lease and PILOT Agreement whereby the Company was granted a leasehold interest in the Facility; (ii) the planning, design, construction, operation and maintenance of (a) certain improvements to the Existing Improvements to provide for a multi-tenanted commercial and retail facility and marina complex (the “Improvements”), including, but not limited to (A) internal building improvements and site improvements associated with the Upland Improvements for purposes of the Company’s leasing of same to multiple subtenants pursuant to the Amended Lease, and (A) certain improvements to the Marina Improvements, including subsurface piling, expanded docking improvements, and general improvements and repairs to existing docks for operation and maintenance by the Company as a marina facility open to the general public; and (iii) the acquisition and installation in and around the Existing Improvements and the Improvements of certain machinery, equipment and other items of tangible personal property (the “Equipment”, and collectively with the Existing Improvements and Improvements, the “2014 Facility”). The improvements are expected to begin during 2015.

Economic Development Related Activities:

The City of Peekskill’s Department of Planning and Development assists the Agency in its efforts towards future project development, new business attraction and business retention, financing and support services to area businesses. The Department of Planning and Development is dedicated to growing the economy of the City of Peekskill through aggressive and effective programs and services that result in business attraction, creation, retention and expansion. The Department of Planning and Development staff includes the Director of Planning and Development, Economic Development Specialist, Loan Officer, Zoning Coordinator and two Planners (one position currently vacant).

Below is a brief description of economic development related activities achieved from January 1, 2014 to December 31, 2014 by the Department of Planning & Development:

During 2014 the Department of Planning and Development continued to work on several programmatic responses to the City’s economic development needs. **Programs** include the following:

Coordination with Peekskill Business Improvement District (BID) and Hudson Valley Gateway Chamber of Commerce (HVCC) – the Department of Planning and Development is working closely with the BID and HVCC on several initiatives including downtown promotion and events, outreach to Latino business owners, and general networking.

During 2014 staff continued to utilize the New York Business Development Corporation (NYBDC) and Community Capital Resources (CCR) to make small business lending programs

and small business technical assistance available to Peekskill businesses. Programs offered through both of these agencies have proven to be helpful in assisting our efforts to attract, retain and develop small business in Peekskill.

Economic Development Resource Center – the Department of Planning and Development is working to resurrect its role as a resource center for existing businesses and for those interested in opening or locating a business in Peekskill. Through an updated and redesigned website that went online in the Fall, and print materials in English and Spanish, the Department will provide information about small business lending programs, City of Peekskill Industrial Development Agency financial incentive programs, business and workforce development programs, energy conservation grants and loans, etc. The services themselves may be provided by the City or by one of the City's many public/private partners, including NYBDC and CCR; however, the goal is to have as much information as possible available in one location.

Staff continues to market city-owned properties to developers. Properties located at 9 Corporate Drive and Lower South Street have moved closer to being ready for development. In both cases, the City and its environmental consultants have convinced the NYSDEC to identify less stringent remediation programs that will allow the City to market these properties for redevelopment.

At 9 Corporate Drive, the DEC has clarified their work plan requirements for utilizing this closed landfill for an instructional softball training facility. At the DEC's recommendation, the City has also discussed the project with the Westchester County Department of Health and we are pursuing discussions with the New York State Department of Health. The developer continues to express interest in pursuing the project once we finalize all of the requirements of these agencies.

For Lower South Street, the DEC has accepted applications for three city-owned properties into New York State's Brownfield Cleanup Program (BCP). Closing on the remaining two parcels from Karta is scheduled for the end of March which will bring this total to five parcels in the BCP or approximately 70 percent of the 11 acre development site. The current BCP incentives will help the City to attract development. There are several developers considering proposals for this property as a result of the City's effort to get the site into the BCP.

The Department of Planning and Development has also moved two initiatives funded through the Mid-Hudson Regional Economic Development Council (MHREDC) and Empire State Development (ESD) forward in the last year. The designation in 2013 of a portion of the City of Peekskill as an Opportunity Agenda community (along with the Village of Brewster) opened the door to funding for development of a Workforce Training Program with Westchester Community College and for the preparation of a Feasibility Study to examine the potential reuse of the Former White Plains Linen Complex. The workforce training program is set to begin in April 2015 with classes in English and Spanish focused on entrepreneurship. A second set of classes focused on ESL and workplace skills will be offered later in the Spring. Consultant selection for the Feasibility Study is underway with work set to begin in April or May of 2015.

New York Main Street Grant and Loan Activity:

2014 NYMS Grant and Loan Activity: 7 NYMS grant projects approved with grants totaling \$227,626 for projects totaling \$275,015 and 4 Commercial Façade Deferred Loan Applications accepted, with 1 loan closed in the amount of \$67,000 and 3 in progress totaling \$102,500.

NYMS Grant Summary:

Since 2009 the Peekskill Facilities Development Corporation has been awarded New York Main Street Grant funding totaling \$950,000. The program provides funding for building renovations. The 2009 NY Main Street Grant totaling \$200,000 was awarded to 5 projects. All projects were completed as of March 20, 2012 resulting in a total of 13 commercial units and 4 residential units created or renovated with a total investment of \$668,310.00. The 2010 NYMS Grant totaling \$500,000 (less \$25,000 administrative funds) was awarded to 10 projects. All projects were completed as of May 1, 2014, resulting in a total of 26 commercial units and 15 residential units created or renovated with a total investment of \$1,633,299.

During January 2013, the PFDC was awarded a 2012 NY Main Street Grant in the amount of \$250,000 through the NYS Consolidated Funding Application process. The original grant target area included buildings located on both sides of South Street between Union Avenue and South Division Street, both sides of Park Street between North Division/South Division Street and Bank Street, and both sides of Bank Street between Main Street and Park Street. Three applications for the 2012 NYMS Program from owners of properties in the original grant project area were received during 2014. All three projects were approved and in progress during 2014.

The original budget for the 2012 NYMS Program included \$235,000 for project construction and \$15,000 for streetscape improvements on South Street between South Division Street and Union/Nelson Avenue. The proposed streetscape improvements project was to be part of a larger comprehensive streetscape project that included \$152,100 in Westchester Urban County Community Development Block Grant funds (CDBG). This project was not scheduled to move forward before the 2012 NYMS original contract expiration date of December 31, 2014 due in part to Westchester County's fair-housing settlement with the federal government, which is preventing Peekskill from receiving previously awarded CDBG funds.

The PFDC board authorized staff to request from the NYS Housing Trust Fund Corporation a budget amendment to the 2012 NYMS contract, requesting that the \$15,000 streetscape funding be reallocated to project construction. In addition, the board authorized staff to request that the budget be amended to authorize 7.5% of the grant for program delivery in order to fund consultants to assist with environmental compliance requirements and construction management. Finally, given that only five applications were received from building owners in the original project target area, the board authorized staff to request a contract amendment to expand the target area to include both sides of North Division Street from Main Street to Central Ave/Park Street. The requested budget amendments and expanded target area were approved by New York State Homes and Community Renewal on February 7, 2014.

During 2014, staff solicited applications from owners of building in the expanded project target area for 2012 NYMS projects. An additional 4 NYMS applications were received during 2014

as a result of this effort. One of these projects is now complete, another is in progress, and two more are to be submitted this month to NYS for approval.

The 2012 NYMS Grant was set to expire on December 14, 2014. On November 2014, staff submitted a request for an extension to May 14, 2015. The extension request was approved by New York State Department of Homes and Community Renewal on December 15, 2014.

The following table provides a summary of the PFDC's NY Main Street Projects. Completed projects are displayed in **"bold"** text.

Grant Year	Property Address	Grant Amount	Loan Amount	Total Project	C*	R*
2009	1000 Main St	\$70,000.00	\$120,000.00	\$210,000.00	4	0
2009	987 Main St	\$37,115.00	\$85,000.00	\$142,232.00	3	0
2009	950 Main St	\$75,000.00	N/A	\$279,181.00	1	3
2009	904 Main St	\$15,540.00	N/A	\$29,767.00	3	0
2009	19 N. Division St.	\$2,345.00	N/A	\$7,130.00	2	1
2010	1 N. Division St.	\$25,175.00	\$40,000.00	\$75,502.00	1	2
2010	1 S. Division St.	\$9,100.00	N/A	\$25,242.00	1	0
2010	113 N Division St	\$50,000.00	\$85,000.00	\$150,000.00	2	3
2010	12 S. Division St.	\$27,475.00	\$19,615.00	\$104,513.00	1	2
2010	119 N Division St	\$10,000.00	\$30,000.00	\$30,000.00	1	0
2010	16 S. Division St.	\$15,000.00	\$45,000.00	\$45,000.00	3	0
2010	1007 Brown St	\$125,000.00	\$120,000.00	\$300,000.00	2	3
2010	25 N. Division St.	\$13,250.00	\$20,000.00	\$22,000.00	0	1
2010	13 S Division St	\$150,000.00	\$85,000.00	\$687,562.00	1	4
2010	104 S. Division St	\$50,000.00	\$120,000.00	\$193,300.00	14	0
2012	911 South St	\$49,440.00	\$67,000.00	\$67,086.00	2	2
2012	901 South St	\$50,000.00	N/A	95,583.00	3	1
2012	906 South St	\$7,020.00	N/A	\$9,360.00	1	2
2012	38 N Division St	\$50,000.00	N/A	\$67,521.00	2	1
	6 N Division St	\$17,445.00	N/A	\$23,260.00	3	0
	25 N Division St	\$25,871.00	\$40,000.00	\$40,000.00	1	2
	12 N Division St	\$9,100.00	\$12,500.00	\$12,500.00	3	0
Totals		\$883,876.00	\$889,115.00	\$2,616,739.00	54	27

*C=Commercial Units Renovated or Created & R=Residential Units Renovated or Created

An unallocated balance in the amount of \$22,374.00 remains in the 2012 NYMS Program. Staff will continue to reach out to owners of buildings in the grant program target area in an effort to allocate the remaining grant funds to a new project or projects.

During 2014 the City's NYMS Program was nominated for a Design Award by New York State Homes and Community Renewal (NYSHCR). Members of the awards committee and Crystal Loffler, the NYMS Program Director, visited Peekskill on August 26, 2014 for a walking tour of

the City's NYMS Grant projects. Kathy Lockwood, Deputy Director of the PFDC, organized the walking tour that included viewing of the PFDC's 15 completed projects and 3 in-progress projects on Main Street, North Division Street, South Division Street and South Street. Michael Welti, Director of Planning and Development, Jean Friedman, City Planner, and Kathy Lockwood met with the attendees to discuss the City's approach to the NYMS Program implementation including project design and financing. Former Mayor Fran Gibbs, representing the PFDC Board, also participated in the tour. On December 23, 2014, staff was informally notified that the City had been selected to receive a Design Award in the Community Revitalization category. This category was created to honor superior examples of housing and/or commercial space as part of a strategic approach to community renewal. Staff provided digital photographs of completed NYMS projects to NYSHCR at their request to be used as part of a presentation at a future awards reception. Formal notification of the award was received on March 2, 2015. A Design Award reception was held on March 16, 2015 in Albany. Kathy Lockwood attended the reception and accepted the award on behalf of the City.