

ORIGINAL

PUBLIC HEARING: TOWN OF HYDE PARK

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In the Matter of the Application of:

T-REX HYDE PARK OWNER, LLC, FOR FINANCIAL
ASSISTANCE FROM THE DUTCHESS COUNTY INDUSTRIAL
DEVELOPMENT AGENCY.

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DATED: June 26, 2018
Hyde Park, New York
3:18 p.m. - 3:36 p.m.

Donna M. Wells, Reporter

MINUTES
OF
PUBLIC HEARING

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APPEARANCES:

DONALD CAPPILLINO, ESQ.
HEARING OFFICER
CAPPILLINO & ROTHSCHILD, LLP
7 Broad Street
Pawling, New York 12564

ALSO PRESENT:

Thomas M. Mulroy, CEO, T-REX CAPITAL GROUP
Douglas Hieter, President, Board of Education
Linda Steinberg, School Business Manager,
Hyde Park Central School District
Mike Oates, President and CEO,
Hudson Valley Economic Development Corporation
Michael Dupree, Chairman, Town of Hyde Park
Planning Board

HEARING OFFICER'S EXHIBITS

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1	Notice of public hearing For Identification/In Evidence	4:5
2	Affidavit of publication For Identification/In Evidence	4:10
3	Affidavit of Jenna Jones For Identification/In Evidence	4:15
4	Designation letter For Identification/In Evidence	4:20

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IDA/T-REX HYDE PARK OWNER, LLC

(Whereupon the following exhibits were
marked before the start of the hearing)

(NOTICE OF PUBLIC HEARING RECEIVED AND MARKED
AS HEARING OFFICER'S EXHIBIT 1
FOR IDENTIFICATION
IN EVIDENCE)

(AFFIDAVIT OF PUBLICATION RECEIVED AND MARKED
AS HEARING OFFICER'S EXHIBIT 2
FOR IDENTIFICATION
IN EVIDENCE)

(AFFIDAVIT OF JENNA JONES RECEIVED AND MARKED
AS HEARING OFFICER'S EXHIBIT 3
FOR IDENTIFICATION)
IN EVIDENCE

(DESIGNATION LETTER DATED 6/8/18 RECEIVED AND MARKED
AS HEARING OFFICER'S EXHIBIT 5
FOR IDENTIFICATION)
IN EVIDENCE

THE HEARING OFFICER: Good afternoon

1 IDA/T-REX HYDE PARK OWNER, LLC

2 everybody. My name is Donald Cappillino.
3 I'm the attorney for the Dutchess County
4 Industrial Development Agency, and I've
5 been appointed as the Hearing Officer in
6 this particular matter.

7 Before the hearing began I had the
8 Notice of Public Hearing in this matter
9 marked as an exhibit in Evidence as
10 Hearing Officer's Exhibit Number 1. This
11 notice of public hearing indicates that
12 today, June 26, 2018 at 3 p.m., at the
13 Town of Hyde Park Town Hall, 4383 Albany
14 Post Road, Hyde Park, New York, a public
15 hearing would be held in the matter of the
16 application of T-REX Hyde Park Owner, LLC,
17 for an application for financial
18 assistance from the Dutchess County
19 Industrial Development Agency.

20 I have marked as Hearing Officer's
21 Exhibit Number 2 the affidavit of
22 publication from the Poughkeepsie Journal
23 indicating that on June 12, 2018 the
24 notice of public hearing was published in
25 the Poughkeepsie Journal on that date.

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I have marked as Hearing Officer's Exhibit Number 3 the affidavit of Jenna Jones indicating that on June 12, 2018 a copy of the notice of public hearing in this matter was served upon the affected taxing jurisdiction including Supervisor Aileen Rohr of the Town of Hyde Park, Dr. Greer F. Rychcik, the Superintendent of the Hyde Park School District, and the Honorable Marcus J. Molinaro, Dutchess County Executive.

I had marked as Hearing Officer's Exhibit Number 4 the June 8, 2018 letter of Charles Daniels, III, the Chairman of the Dutchess County Industrial Development Agency, appointing me, or, in the alternative, Elizabeth Cappillino, as the Hearing Officer in this particular matter.

We are now located in the Hyde Park Town Hall. It is now 3:20 and we have members of the public and the Applicant here so, if you would, anybody want to say anything for the record, please.

BY MS. STEINBERG: I would like to

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leave this afterwards.

THE HEARING OFFICER: Sure.

BY MS. STEINBERG: If it's possible if I could send that on letterhead later. Our Superintendent is away and I'm trying to --

THE HEARING OFFICER: That would be fine but because the Board is meeting tomorrow at 8 o'clock it would be nice if you could leave that me and we'll accept that and that will help. I will then scan it and send it to my Board members so they see it before.

BY MS. STEINBERG: I'll read through it. I don't want to miss anything and I'd like to have it on the record. Doug and I are here on behalf of the School Board and the Superintendent of Schools. She's away. She can't be here now. She would be if she was in town because she does feel very strongly about this situation. The Board of Education opposes support to T-Rex/Shaner Hotel Hyde Park's PILOT application for several reasons. In

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2 addition to Hyde Park residents the Hyde
3 Park Central School District consists of
4 residents from four other towns including
5 Poughkeepsie, Pleasant Valley, Clinton and
6 Rhinebeck. When properties are exempted
7 from taxes they're offered at a reduction
8 in taxes all of the taxpayers within our
9 District show their burden on even those
10 towns outside of Hyde Park in this case.
11 There exists many exempt properties within
12 our School District. Among those are the
13 home of FDR and the Presidential Library,
14 Val-Kill, the Vanderbilt Estate and the
15 Culinary Institute. Outside of the Town
16 of Hyde Park but within the Hyde Park
17 Central School District are tax exempt
18 properties such as Marist College,
19 Westchester Regional Medical and property
20 owned by the MTA. Of course we have a lot
21 of non profits and churches. Expecting
22 our tax payers to take on the burden of
23 tax reduction offered to developers
24 through PILOT agreements is unfair.
25 Nearly half of all the students in our

1
2 School District qualified for free reduced
3 lunches which is the benchmark the State
4 Education Department uses to determine for
5 determining a district's poverty level.
6 Furthermore, school districts are unique
7 among all taxing entities affected by the
8 way Payments in Lieu of Taxes are offered
9 to developers in that due to the property
10 tax cap those awards can have a negative
11 impact on a school district's ability to
12 raise taxes. The Board of Education
13 understands that it is not the IDA's
14 intent and we also understand that PILOT
15 agreements may provide some revenues to
16 the school district, but PILOT agreements
17 can also cause the school district to
18 suffer a reduction in the tax levy limit.
19 The New York State Education Department
20 provides tax cap guidance on their website
21 and it states that districts with
22 increasing or new PILOTS could have a tax
23 levy limit that represents a change from
24 the prior year that's less than zero. In
25 those cases the school district would have

1
2 to successfully seek an override from the
3 voters to increase the tax levy above that
4 limit. The school district is the only
5 interested taxing authority that needs
6 referendum approval to leverage taxes and
7 needs a 60 percent supermajority vote of
8 the voting public to exceed the tax cap.
9 Obtaining a 60 percent supermajority
10 override is unlikely so if the school
11 district were faced with a decreasing tax
12 levy limit it would have to rely on
13 reserve funds or cuts to student programs
14 in order to balance the budget. So this
15 means our students would bear the burden
16 of tax reductions offered as PILOT
17 agreements and because our students could
18 be disadvantaged by program cuts resulting
19 from a reduction in the tax levy limit the
20 Board of Education opposes any PILOT
21 agreements that result in a reduction of
22 real property taxes versus full taxation
23 based on full market value assessment. We
24 do understand it's not the way that the
25 IDA was created, like, that was never the

1 IDA/T-REX HYDE PARK OWNER, LLC

2 intent of it but because of what's
3 happening in New York State with the tax
4 cap it's created an unfair situation.

5 THE HEARING OFFICER: This is a
6 public hearing and so we invite your
7 comments and appreciate your doing this.
8 I promise you that I will share this with
9 the Board before they make a decision
10 tomorrow and make sure that they have it
11 and, hopefully, tonight I'll be able to
12 scan it and send it to them so they will
13 have enough time to read it and to digest
14 it. You can come to the meeting tomorrow
15 morning at 8 o'clock at the Dutchess
16 County Industrial Development Agency at 3
17 Neptune Road if you wish to be heard again
18 on that matter.

19 That said, there are a few things.
20 The Dutchess County Industrial Development
21 Agency takes seriously the impact of what
22 they do will have upon the municipalities
23 and listens to the taxing jurisdictions.
24 In this particular case we have a uniform
25 tax exemption policy that includes the

1
2 accelerated strategic schedule under 45b
3 of the New York State Real Property Tax
4 Law. That schedule is adopted annually by
5 the Board and anyone who wants to comment
6 on that can do so. This is not a
7 deviation from that schedule. It follows
8 that and so the Board, generally, if
9 there's a deviation it seeks the consent
10 of the district -- asks the applicant to
11 seek the consent. You were not asked in
12 this particular case, although, I did
13 speak to your counsel and he's well-aware
14 of the circumstances of this and we shared
15 with him a copy of the documents in this
16 particular matter that he had asked for.

17 So in this particular case this
18 property has been vacant for many, many
19 years and you've been receiving only the
20 taxes related to that. The PILOT payments
21 that are going to be received will be
22 received at a minimum that amount and then
23 they're going to receive the amount -- and
24 they will continue that way -- and then
25 will get 100 percent up until this

1 particular portion of the project, the
2 hotel is complete, and at that point they
3 will then get not only that base amount
4 but they will then be 50 percent of the
5 increased value so there should not be any
6 reduction in what you receive but actually
7 an increase in what you receive. The
8 PILOT payments that are received I
9 understand have to be treated by you in
10 the same way as tax payments are received
11 for that purpose so under the
12 circumstances it does count towards your
13 cap. Now, that's well understood. It
14 doesn't count as anything separate than
15 that. So the Board I think will firmly
16 believe that this will actually increase
17 your taxes and the applicants are
18 required, and the Board will review,
19 whether or not they would go forward with
20 this project but for the assistance being
21 granted and they have indicated that the
22 project could not go forward but for the
23 assistance that is being received. So
24 that's what's going to be before the Board
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1 IDA/T-REX HYDE PARK OWNER, LLC

2 so you're just aware of what they're
3 considering. I don't have a vote. I'm
4 just explaining to you the circumstances.

5 BY MS. STEINBERG: I understand.

6 BY MR. HIETER: Could you remind the
7 Board that we already have almost
8 \$194,000,000 off the tax roles that you
9 look at it from one way and we could look
10 at the other. The tax revenue that this
11 should generate is money that we could
12 use. We just did financial planning and
13 five years out we're in serious trouble.

14 THE HEARING OFFICER: Well, we
15 understand that there was a project
16 planned going back to 2007 I believe and
17 that couldn't get off the ground and
18 couldn't get off the ground until 11 years
19 later and during that entire 11 years
20 you've only received the value of the
21 taxes based upon a value of vacant land
22 with the potential of building. Here, the
23 applicant's coming in and if expected to
24 go forward he will pay 100 percent until
25 they complete the project and then they

1 IDA/T-REX HYDE PARK OWNER, LLC

2 will only pay 50 percent beyond that. So
3 it is not expected there will be a
4 decrease in the receipts.

5 BY MS. STEINBERG: Can I clarify
6 something?

7 THE HEARING OFFICER: Sure.

8 BY MS. STEINBERG: What I meant by
9 with the PILOTS the way the tax cap
10 formula is set up any increase in a PILOT
11 is the reduction in the tax cap levy
12 calculations so even though we would be
13 receiving funds, revenue, and this is the
14 PILOT, when we calculate what we can levy
15 in taxes for the school year we have to
16 take off the amount of our increasing
17 PILOT. So right now our school district
18 only has one other PILOT. It's one that's
19 in Poughkeepsie. If that PILOT increases
20 then we also have the increase in the
21 amount for this project our overall tax
22 levy is limited which then limits the tax
23 levy for all the years to come too and the
24 increase in the value of the property
25 isn't considered in the tax base growth

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2 factor which is one part of the tax levy
3 calculation. So that's one of the reasons
4 that the Board is opposed to PILOT. We're
5 not opposed to development or to growth.
6 We actually want to see that in our
7 community.

8 THE HEARING OFFICER: This is not
9 the proper forum for us to discuss that.
10 My point is simply I will pass that on to
11 the Board. I've ordered an expedited copy
12 of the transcript here and we will try to
13 share that with the Board as well. Thank
14 you very much. Anyone else? Michael, do
15 you have something?

16 BY MR. DUPREE: I suppose I should
17 say that since I've been on the Planning
18 Board for so long I was part of the
19 original review of the concept plan before
20 the current owners on the site and when we
21 did our SEQRA analysis it was assumed that
22 there would be a PILOT of some sort
23 because that was the discussion at the
24 time, so that was our analysis. We had no
25 information as to how long the PILOT would

1
2 last, what the value would be. We assumed
3 that the minimum would be the Town's 45b
4 so the sliding scale up to bring it to the
5 full evaluation.

6 THE HEARING OFFICER: And our PILOT,
7 as I indicated here, they're not deviating
8 from our uniform PILOT which is in the
9 Real Property Tax Laws that the towns
10 themselves can impose. It's a ten year
11 PILOT and it gives a 50 percent reduction
12 the first three years. So it goes 50, 50,
13 50, 40, 30, 20, 10, 10, 10, 5 and in the
14 eleventh year there's no reduction at all
15 and it goes back on the tax roles. If at
16 any time there's a concern or a problem
17 and it's no longer a project it
18 immediately goes back on the tax roles.

19 BY MR. DUPREE: Thank you for
20 clarifying that.

21 THE HEARING OFFICER: Anyone else
22 have anything to say? Just a couple of
23 things I would like to ask you. In the
24 application you indicated a number of jobs
25 that you were expecting would be provided.

1 IDA/T-REX HYDE PARK OWNER, LLC

2 Do you have a copy of the application with
3 you? If not I have one here.

4 BY MR. MULROY: I don't but I
5 believe it was 30 full time. That's just
6 the up front construction is full time
7 going forward.

8 THE HEARING OFFICER: How many
9 construction jobs do you think you'll be
10 involved in and we're only talking about
11 the first phase of the project which
12 includes infrastructure throughout but
13 then includes the first hotel. So how
14 many jobs do you expect will be
15 construction jobs, whatever was in the
16 application?

17 BY MR. MULROY: Whatever was in the
18 application.

19 THE HEARING OFFICER: Let me just
20 pull it up. It indicates that as far as
21 full-time employment you're indicating
22 production jobs of approximately 20, 5
23 management jobs and 4 professional jobs
24 and 1 owner executive job for a total of
25 30 jobs and those are the permanent jobs.

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BY MR. MULROY: Full time, right.

THE HEARING OFFICER: As far as the construction jobs I don't see that you listed those as part of it. Do you have an estimate that you can provide the Board?

BY MR. MULROY: I don't have those with me but whatever's in the application is what is in there.

THE HEARING OFFICER: For the record I would like if you would at least give me an estimate of what it is and then between then and tomorrow morning I would ask that you provide that to us so we can provide that to the Board.

BY MR. MULROY: I would estimate the same 30 we have in construction but I think it's going to be substantially more and I'll get that tomorrow morning. I don't have the application.

THE HEARING OFFICER: I just don't see that it was listed in your application. There's not a separate location for it.

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BY MR. MULROY: I could make a call
and I can find out.

THE HEARING OFFICER: That's okay.
I think tomorrow morning would be
sufficient. We have the cost of
construction, we're aware of all of that.
Okay. Does anyone have anything further
to add? With that, I'll close the public
hearing. Thank you very much.

