



Legislator Wright stated in the memorandum provided to the Legislature regarding this matter, it states the percentage of the fees received from the Dutchess County LDC (“DCLDC”) is yet to be determined. He stated before the Legislature undertakes a matter as such, they should have a full and complete understanding of what is involved with approving such authorization.

Chairman Gouldman stated the Committee will address the other agenda items and then come back to discuss Item #4 due to Deputy County Executive Bruce Walker not being currently present to address this item.

**Item # 5 –FYI/Unemployment Report- Duly Noted**

**Item # 6 – Other Business- Duly Noted**

**a. FYI/Foreclosure Report**

**Item # 4 – Discussion/Not-For Profit Tax Exempt Bonds/No Local Development Corporation (Continued)**

**a. Proposed Resolution to Authorize Dutchess County Local Development Corporation to Issue Tax-Exempt Bonds on Behalf of Not-For-Profit Entities in Putnam County**

Legislator LoBue stated when the IDA had the ability to offer bonds; they received a substantial amount of money. She stated the County has an IDA and they should have an opportunity to provide the financing, which they have done in the past.

President Nulk stated issuing tax-exempt bonding is not under the purview of the IDA.

Legislator Wright stated in a correspondence from Cuddy & Feder LLP stated that most entities that have IDAs also have a counterpart LDC comprised of the same or similar members and the professional staff will file very similar documents. He stated this Committee has been in search of greater opportunity for cooperation among all the economic development agencies of the County. He stated this Legislature as a whole has been looking for a funding mechanism for our IDA. He stated if this refinancing can generate revenue for a parallel entity it should be embraced.

Chairman Gouldman stated a cost analysis should be conducted to ensure that creating a LDC will accumulate funds. He stated when the Legislature passed legislation to establish the IDA there was no anticipation that the IDA would need funding.

Legislator Wright stated the Legislature also did not anticipate that the State would take away the IDA’s main funding source.

Chairman Gouldman questioned if the County or IDA Staff completed the necessary filing the IDA needs to be completed.

Vice President Nulk stated that filing is done outside the County.

Legislator Scuccimarra stated the IDA has been noncompliant in completing their necessary reports. She stated when she was on the IDA Board there were never issue with completing the tasks.

Legislator LoBue questioned when Legislator Scuccimarra was on the IDA Board.

Legislator Scuccimarra stated she was an IDA Board Member in 2009.

Legislator LoBue stated with the down turn in the economy the IDA cannot afford their bills. She stated the Putnam County Economic Development Corporation (EDC) was only supposed to be temporarily funded by the County to eventually be self-sufficient. She stated the Legislature is biased when it comes to discussing the IDA and the EDC. She stated the IDA is required by State Law to meet certain requirements.

Chairman Gouldman stated the IDA and the LDC may have similar members but, they are two (2) separate organizations.

Legislator Wright stated creating a LDC is not creating another layer of government; it is only quasi-government because the nature of the work conducted. He stated the LDC is a not-for-profit organization created to reduce unemployment, maximize employment, bettering/maintaining job opportunities, encouraging the retention of existing industries, lessening the burdens of government and so forth. He stated the LDC goals sound like a beneficial tool for the County. He stated he stresses the need for proper information regarding this matter for the Legislature to make a decision. He stated the DCLDC will most likely have a “Dutchess first” mentality.

Legislator Scuccimarra stated Putnam County and Dutchess County have worked together with inter-municipal agreements.

Legislator Wright stated that is correct, however the inter-municipal agreements do not involve policy determinations for the purposes of attracting businesses and development to the County. He stated there may even be a conflict of interest in having the DCLDC issuing tax-exempt bonds in the County.

Chairman Gouldman stated this agency is for not-for-profit organizations. He stated even if the DCLDC conducts business in Putnam County it is still benefiting us because those businesses are located in our County.

Deputy County Executive Walker stated the Administration brought this forward on behalf of Putnam Hospital and any other not-for-profit organizations. He stated this is a matter that the Administration has recently been made aware of. He stated Putnam Hospital is looking to refinance bonds and take advantage of the current low rates. He stated the County currently does not have a LDC. He stated the New York State Comptroller DiNapoli discourages counties from forming their own LDCs because of the nuances and laws. He stated the Putnam IDA is not capable of providing the bonding for the Putnam Hospital because of its not-for-profit status and the Administration wanted these organizations to have the ability to take advantage of the current bonding rates. He stated if the County formed their own LDC there may be more money made in the short-term, however the LDC will face the same challenges that our IDA currently has had. He stated there are significant corporate governance issues that have to be contended with for LDC. He stated in considering the tax cap concerns it is a good direction to consolidate to minimize costs while maximizing the benefit. He stated a question to ask is why the County

would want to spend time, and effort and the undertaking of liability to create our own LDC when the County can partner with our neighbors.

Chairman Gouldman questioned if the percentage of commission that the County would receive has been established.

Deputy County Executive Walker stated the percentage is still being negotiated, but any profit is great because the County would not be spending any money. He stated after the challenges the IDA faced, why would the Legislature want a similar organization. He stated the money is not the issue in determining this matter. He stated Putnam Hospital is the largest employer for the County who would like to refinance their bonds.

Legislator Wright stated he does not understand how the State can express an opinion on a state statute without establishing an alternative. He questioned what the State Comptroller's Office recommends to fill the void.

Deputy County Executive Walker stated the law provides an LDC can be established, but it comes with rules and regulations and opinions from the State Comptroller Office with regards to things that should be done through the LDC. He stated the Administration reviewed the idea of creating a LDC about two (2) years ago.

Legislator Wright questioned if the Legislature was involved in the review of creating a LDC.

Deputy County Executive Walker stated the Legislature was not involved with that review.

Legislator Wright questioned if the not-for-profit organizations in the County know they can get bonds for capital improvements.

Deputy County Executive Walker stated he does not know.

Legislator Wright questioned when the County was approached by Putnam Hospital regarding this matter.

Deputy County Executive Walker stated November 4, 2015, which is stated in the correspondence that was provided to the Legislature.

Legislator Wright stated since this is something the Administration just became aware of, there must not be a need to make an immediate decision.

Deputy County Executive Walker stated the urgency is dictated by the economics. He stated Putnam Hospital is looking at the bond rates and they would like the flexibility to play the market.

Legislator Wright stated he is sure Putnam Hospital would provide the Legislature with proper deliberative time.

Deputy County Executive Walker stated in order for Dutchess County to extend their borders to offer bonding, they need the Executive and Legislative approval.

Legislator Wright questioned when the Legislature would have the economic data that would illustrate what the County would receive from the Putnam Hospital refinance.

Deputy County Executive Walker restated the Administration does not want to stand in the way of Putnam Hospital refinancing their bonds. He stated consolidation and the opportunity to partner without carrying the administrative cost is the path that government is conducting business.

Legislator Wright questioned if the County would receive a fair share of the commission from the refinance.

Deputy County Executive Walker stated there is no benefit or detriment in Dutchess County providing bonding to County entities. He stated Putnam Hospital resides in Putnam County and provides jobs for people in the County. He stated DCLDC will not care where the bonding is coming from because they are making a commission.

Legislator Albano stated he believes that the Legislature should support the DCLDC providing the bonding and then the Legislature can review the establishment of a Putnam LDC.

Legislator LoBue stated the Legislature needs more data to review before making a decision. She stated she agrees with Legislator Wright's statement that not-for-profits, such as Green Chimneys, are not aware of this potential funding mechanism.

Deputy County Executive Walker stated the reason the DCLDC can provide the bonding to Vassar Hospital is because it resides within their footprint and they're unable to provide bonding to Putnam Hospital because it does not reside within their footprint. He is concerned with establishing a sister organization of the IDA.

Legislator Nacerino stated there are some details that need to be "ironed out". She stated if approved it will be a Putnam and Dutchess LDC and therefore a joint venture. She stated supporting such proposal embraces the County advocating to collaborate, conduct business through cost effectiveness and timely matters.

Legislator Castellano questioned if the DCLDC shares the same members as the Dutchess County IDA. He stated if there is a joint Putnam and Dutchess LDC, he would like there be Putnam residents on the board.

Legislator Nacerino stated that is something that can be negotiated.

Legislator Scuccimarra stated inter-municipal agreements are the direction the County should go in to conduct business at a low cost. She stated she is apprehensive in establishing an agency that is similar to the IDA.

Legislator Wright stated if the County has a struggling entity, they should fix it. He stated the Putnam IDA is in their current situation because the lack of bonding projects in the County. He stated Cuddy & Feder stated in their correspondence that most counties appoint the same

members to the LDC as the IDA and the same staff administers both agencies for cost and operations efficiencies. He stated there is a potential funding mechanism for the Putnam IDA.

Deputy County Executive Walker stated Legislator Wright's statement about a potential funding mechanism is not true. He stated the IDA and the LDC are two (2) separate legal corporations and cannot comingle funds.

Legislator Wright stated he thinks it is disingenuous to suggest that there are not significant cost benefit analysis incentives to having the IDA and LDC be one of the same general group of individuals. He stated if this present opportunity is passed to generate the revenue in bonds, the County may wait before generating revenue like refinancing the bonds for Putnam Hospital.

Chairman Gouldman stated a representative from Cuddy & Feder was invited to attend this Committee meeting and their Office confirmed they would be present at the meeting; however they are not present.

Legislator Albano stated he cannot imagine the same members from the Putnam IDA have more responsibilities to complete as they are already struggling.

Legislator Nacerino stated she cannot support having the same members of the Putnam IDA be the members of a Putnam LDC.

President Nulk stated an entity such as the Putnam Hospital wanting to refinance their bonds is a rare situation. He stated the timeliness of approving this matter is an issue because interest rates are predicted to increase.

Chairman Gouldman stated he is concerned with waiting too long. He stated there is a prediction that beginning in January 2016 the interest rates will increase.

Legislator Addonizio stated she believes if the County agrees to become part of the DCLDC the County cannot then later on develop their own LDC. She stated there are a lot of questions that need to be answered before the Legislature can make a decision. She stated there is no risk for the County if the bonds are refinanced through the DCLDC but, there is no risk for DCLDC because they are making money.

Deputy County Executive Walker stated if you are the entity issuing the bonds, you have a legal obligation to ensure the underlying agency is following the legal and corporate issues set forth under the New York State Not-for-Profit Laws and the 501C3 IRS Laws. Therefore, the County will not have any liability issues because the County will not have a corporation that is issuing the bonds.

Legislator Wright questioned how having a LDC would obligate the County.

Deputy County Executive Walker stated the County would be obligated because the County authorized its establishment.

Legislator Wright stated this Legislature is continuously being put upon serious judgmental matters without serious information being presented to them first. He stated based on

information he has on this matter, there is no requirement that a LDC, unlike an IDA, needs to have a blessing from the County, any “impermoda”, or legislative resolution.

Legislator LoBue stated the Legislature should wait to receive more information regarding this matter before making a decision.

Legislator Wright stated he believes a seven (7) days’ notice is an improper allotted time to vet out this proposal.

Legislator Albano stated the County will not be making money from refinancing the bonds, the LDC will receive the money.

Deputy County Executive Walker stated correct. He stated the reason for establishing LDC is because this entity is able to provide bonding with tax exempt statuses.

Chairman Gouldman questioned if Legislative Counsel Van Ross has an opinion on this matter.

Legislative Counsel Van Ross stated he believes there are too many questions that need to be answered before the Committee could move forward on this proposal.

Legislator Wright questioned if the commission made is DCLDC money, how Dutchess County can turn over any portion of the funds to the Putnam County.

Deputy County Executive Walker stated the Legislature is authorizing the DCLDC to extend the services performed into this County. He stated with the approval of the Legislative Branch and Executive Branch there would be a demur to allow DCLDC issue the bonds and give the County a percentage of the commission. He stated the benefit of refinancing the bonds through this proposal goes to the corporation that is seeking the bonding.

Legislator Wright questioned where the County’s percentage of the commission would go.

Deputy County Executive Walker stated the funding will go to the County’s general fund.

Legislator Wright questioned how the DCLDC can turn over money to Putnam County. He stated if legally permitted to do so, the DCLDC is willing to amend their charter purposes to become Dutchess County & Putnam County LDC; it is still uncertain if this amendment is legally allowed.

Deputy County Executive Walker stated even if the County received nothing from Putnam Hospital refinancing the bonds, to refinance it cost the County nothing to provide a significant benefit to the largest employer to the County. He stated he does not want to stand in the way for the biggest employer to refinance \$20 million worth of bonds.

Legislator Wright stated he agrees with Deputy County Executive Walker in wanting to assist the biggest employer in the County; however he would like the entity that has Putnam County’s sole interests in mind and overseeing the marketplace manipulation. He stated he believes Putnam Hospital’s desire to refinance is a great financial opportunity for a Putnam County LDC. He stated he would like to have a 30 day window for Cuddy & Ferder look into if Dutchess County

can amend their charter, Putnam County's Law Department investigate what would be involved if the IDA would transition its board members to a LDC, how much money would be made from the transaction, and have the Legislature assess all of this information.

Legislator Nacerino stated the Committee should move this matter forward notwithstanding the Legislature have the questions brought forth be answered. She stated the Legislature's objective should be to assist Putnam Hospital.

Legislator Castellano stated he agreed with Legislator Nacerino's statements. He stated he does not have a concern with consolidating services even if it involves with other counties. He stated the net result needs to be helping the County's largest employer refinance the bonds.

Legislator Albano stated the opportunity to do something good for the County is being presented. He stated all of the questions that arose from tonight's meeting would not change his opinion in supporting the proposal of having the DCLDC issue the bonds to Putnam Hospital. He stated he believes if the Legislature decides later on if there is a desire to establish a LDC it will not be a problem.

Legislator Addonizio stated in the Cuddy & Feder correspondence is states it is not known 100% if this can be legally done. She stated she would like to receive answers to the questions brought forth tonight before a decision is made.

Deputy County Executive Walker stated he has not had any discussions with the County Attorney as to why this is unable to move forward as long as the County relinquish our right to form our own LDC and merge with Dutchess County to have a Putnam/Dutchess LDC.

Legislator Addonizio questioned what the benefit of having a joint LDC would be. She questioned what the percentage of commission the County would receive.

Deputy County Executive Walker stated the Administration did not look in to what the County would make off of the refinancing. He stated the Administration looked at this matter from the standpoint of how this will benefit Putnam County residents.

Chairman Gouldman made a motion to approve proposed resolution to authorize Dutchess County Local Development Corporation to issue tax-exempt bonds on behalf of not-for-profit entities in Putnam County.

By Poll Vote; 2 Ayes- Legislator Scuccimarra and Chairman Gouldman. 1 Nay- Legislator Addonizio. Motion Carries.

### **Item # 8 –Adjournment**

There being no further business at 8:11 P.M. Chairman Gouldman made a motion to adjourn; Seconded by Legislator Scuccimarra. All in favor.

Respectfully submitted by Administrative Assistant, Lisa Sommers.