

UPSTATE EMPIRE STATE DEVELOPMENT CORPORATION

at the offices of
Empire State Development
633 Third Avenue
New York, New York 10017

Meeting of the Directors

Thursday

November 15, 2018 – 9:00 a.m.

AGENDA

FOR CONSIDERATION

I. CORPORATE ACTION

- A. Approval of the Minutes of the April 19, 2018 Directors' Meeting

II. PROJECT

MID-HUDSON REGION

- A. Liberty (Mid-Hudson Region - Sullivan County) – Catskill Food Hub Capital – Upstate Regional Blueprint Fund (Capital Grant) - Affirmation of the Directors April 19, 2018 Findings and Determinations Pursuant to Sections 10(g) and 16(q) of the Act; Affirmation of the General Project Plan; Authorization to Make a Grant and to Take Related Actions

Item I. A.

DRAFT – SUBJECT TO REVIEW AND REVISION

UPSTATE EMPIRE STATE DEVELOPMENT CORPORATION

Meeting of the Directors
Held at the New York City Regional Office
633 Third Avenue
New York, New York 10017

April 19, 2018

MINUTES

**In Attendance
Directors:**

Howard A. Zemsky (Acting Chair)
Hilda Rosario Escher

**Present for Upstate
ESD:**

Debbie Royce, Acting Corporate Secretary

Present for ESD:

Edwin Lee, Vice President – Economic Incentives
Meghan Taylor, Director – Mid-Hudson Regional Office

Also Present:

The Press
The Public

The meeting of the Upstate Empire State Development Corporation, a wholly-owned subsidiary of the New York State Urban Development Corporation d/b/a Empire State Development (“ESD”), was called to order at 9:03 a.m. by Acting Chair Zemsky. It was noted for the record that notices to the public and news media of the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

First, Acting Chair Zemsky noted that the public is free to comment on any matters on

DRAFT – SUBJECT TO REVIEW AND REVISION

the Agenda.

Next, Acting Chair Zemsky set forth the guidelines regarding comments by the public on matters on the Agenda as well as with regard to any conflicts of interest the Directors may have with regard to items on the Agenda. No conflicts were noted.

The Acting Chair then called for a motion to approve the Minutes of the July 21, 2016 Directors' meeting. Upon motion duly made and seconded, the following resolution was unanimously adopted:

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JULY 21, 2016 MEETING OF THE DIRECTORS OF THE CORPORATION FOR UPSTATE EMPIRE STATE DEVELOPMENT CORPORATION

RESOLVED, that the Minutes of the meeting of the Corporation held on July 21, 2016, as presented to this meeting, are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

* * *

The Acting Chair then asked Meghan Taylor, the Director of the Mid-Hudson Regional Office to present the one item on the Agenda for the Directors' consideration.

Ms. Taylor explained that the Directors are being asked to approve an Upstate Regional Blueprint Fund grant in the amount of \$120,000 to Catskill Food Hub Capital to be used to complete construction of a 5,000 square-foot facility to house the Catskill Food Hub on a property in the Town of Liberty in Sullivan County.

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Ms. Taylor noted that this project will provide a County sponsored distribution hub and will enable farm products to get to markets faster.

Ms. Taylor further noted that this will also provide a free web match making service to connect producers and consumers along with express service delivery options to transport products.

Lastly, Ms. Taylor stated that the project will be overseen by a not-for-profit formed by the IDA called the Sullivan Catskill Regional Food Hub, who will hire a director to provide assistance to Hub users and develop and expand distribution routes.

Following the full presentation, the Acting Chair called for questions or comments. Director Escher asked for clarification regarding the non-profit and if it is being created or if the Catskill Food Hub is a non-profit.

Mrs. Taylor confirmed that the non-profit has already been created.

The Acting Chair then called for any further questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Liberty (Mid-Hudson Region – Sullivan County) – Catskills Food Hub Capital – Upstate Regional Blueprint Fund (Capital Grant) – Findings and Determinations Pursuant to Sections 16-q and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Catskills Food Hub Capital -- Upstate Regional Blueprint Fund (Capital Grant) Project (the "Project"), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the "Plan") for the Project submitted to this meeting, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to County of Sullivan Industrial Development Agency a grant for a total amount not to exceed Three Hundred and Twenty Thousand Dollars (\$320,000) from the Upstate Regional Blueprint Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration of the grant; and be it further

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

* * *

DRAFT – SUBJECT TO REVIEW AND REVISION

Upstate Regional Blueprint Fund (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Catskills Food Hub Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

There being no further business, the meeting was adjourned at 9:06 a.m.

Respectfully submitted,

Debbie Royce
Acting Secretary

Item II. A.



FOR CONSIDERATION

November 15, 2018

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Liberty (Mid-Hudson Region-Sullivan County) – Catskills Food Hub Capital – Upstate Regional Blueprint Fund (Capital Grant)

REQUEST FOR: Affirmation of the Directors April 19, 2018 Findings and Determinations Pursuant to Sections 10(g) and 16(q) of the Act; Affirmation of the General Project Plan; Authorization to Make a Grant and to Take Related Actions

I. Background

At their meeting on April 19, 2018, the Upstate Empire State Development Corporation (“UESD”) Directors made findings and determinations for the Catskills Food Hub Capital Project (the “Project”) authorizing a \$320,000 grant to the County of Sullivan Industrial Development Agency (the “IDA” of the “Agency”) for a portion of the project cost of infrastructure improvements at 92 Commerce Drive to repurpose the property for the Catskills Food Hub (“Hub”).

A public hearing for the Project was held at the Village of Liberty-Village Hall, Courtroom, Municipal Building, at 167 North Main Street, Liberty on Monday, May 14, 2018, from 2p.m. to 3 p.m. to consider the General Project Plan (“GPP”). UESD arranged the public hearing in accordance with all statutory requirements and applicable ESD policy. Specifically, a legal notice was published in the *Sullivan County Democrat* on May 4, 2018. The GPP was available at the office of the Sullivan County Clerk, the Village of Liberty Clerk, as well as the principal office of the Corporation.

One individual spoke in favor of the Project and one individual spoke against the Project. Negative testimony from this individual at the hearing ranged from the need for a red meat processing facility, newspaper used to publish the legal notice, search for a red meat facility operator, terms of red meat facility lease vs. terms of food hub lease, and Agency transparency. As such, the Project is required to be brought back to the Directors for final action. A transcript of that hearing is attached herewith.

II. Negative Testimony and UESD Response

UESD staff consulted with staff of the Agency regarding the comments made at the hearing and received a written response. That response is reflected below and a copy is attached to these materials.

Need for a red meat processing facility: The individual stated that the Project started as a meat plant, which is still desperately needed in the area. Kill space for red meat is totally lacking in the northeast.

Response: The Agency agrees with the assertion that meat processing is a need in Sullivan County and throughout our region. Indeed, this is the very reason the IDA took up the project many years ago. Producers in and around Sullivan County continue to travel great distances to process their animals. Despite this need, the Agency was unable to attract an operator for the red meat facility.

The 2014 *Sullivan County Agriculture and Farmland Protection Plan* ("Plan") includes a thorough analysis of recent Ag Census data. According to the *Plan*, the 2012 Ag Census shows that since 2002 "fewer farms in the County are raising beef cattle, producing milk, or breeding, hatching, and raising poultry for meat or egg production. Ag Census details, and indicates that as a percentage of the total number of farms in Sullivan County, nursery and greenhouse operations, vegetable and melon producers, goat and sheep producers, fruit and nut growers, and hog and pig operations increased between 2007 and 2012. Unlike a red meat facility, a food hub will serve all these types of farm operations. The IDA understands livestock producers continue to need meat processing infrastructure, but the Agency was unable to attract a slaughterhouse operator, and by repurposing the former red meat processing facility building as a food hub, the Hub will be able to serve all farmers, not just livestock producers, by connecting them with local and regional distribution for their products.

Search for a red meat operator: The individual that spoke against the project stated that the IDA was unable to find a contractor and operator to run the facility because they ran the ad in the *Sullivan County Democrat* which has limited circulation and only covers the County of Sullivan and a little bit of Pennsylvania. Also, he filed a request of the only respondent and the Agency redacted the name in violation of the law.

Response: The *Sullivan County Democrat* is the Agency's newspaper of record and the publication in which all notices and advertisements are posted. The IDA researched and developed a list of individuals, companies, and agencies throughout the region, to which the Agency has sent the request for proposals (RFP). The IDA scoured the internet and utilized professional networks to identify individuals and companies in the meat processing industry who might be interested in the project. The IDA also sent the RFP to Cornell Cooperative Extension, SUNY Cobleskill, and Penn State University which work in the meat processing industry and potentially know of interested operators. The Agency has maintained a list of individuals interested in the project for the past several years including RFPs. The initial RFP

distribution list included 37 names.

In addition, the individual stated that the Agency did not issue a second request for proposals to see if the Agency could “entice more.” This is correct. The Agency received one proposal in response to our RFP, despite IDA’s efforts to attract as many responders as possible but there was no reason to believe a second RFP would have yielded a different result. Moreover, the IDA cannot divulge the details of the discussions with the sole responder, but these negotiations took place over a period of months during which both parties negotiated actively and in good faith, with an earnest desire to reach an agreement. Ultimately, an agreement on the terms of a lease could not be reached.

Also, as mentioned in the public hearing transcript, the individual states that he filed a RFP related to the red meat operator and was denied information in violation of the law. Perhaps he is referring to a Freedom of Information Law (“FOIL”) request he submitted on June 14, 2016 for “a copy from all of the responders to the RFP sent out for an operator of the Red Meat Plant.” The Agency received only one proposal, and sent it to him on July 18, 2016, redacting the name of the proposer and some other sensitive financial information. He appealed the redaction but upon review of the FOIL law and discussion with the New York State Committee on Open Government, the Agency’s FOIL Appeals Officer denied his appeal requesting the name of the proposer. The IDA stands by this decision and believes it is fully supported by the FOIL law.

Terms of Red Meat Facility Lease vs. Terms of Food Hub Lease: The individual stated that the company proposing to operate the red meat facility offered \$7 per square foot. In another meeting, the IDA decided to rent the Hub for a \$1 a square foot the first year, \$2 the second year, and Consumer Price Index (“CPI”) it after that from \$2 on up, depending.

Response: In the individual’s testimony, he stated the company proposing to operate the red meat facility offered \$7 per square foot, which is incorrect. The redacted proposal sent to him indicates the proposer offered \$6 per square foot, to be phased in over a period of five years.

During the individual’s testimony, he mentioned a proposed rent schedule for the Hub of \$1 per square foot for the first year, increasing to \$2 per square foot. This is not correct. On June 12, 2017, the Agency’s Board authorized the lease of the Hub building to Sullivan Catskills Regional Food Hub, Inc. (“SCRFH”) with a term of ten years with two five-year extension terms, and an annual rent of \$0 per square foot in year one; \$1 per square foot in year two; \$2 per square foot in year three; and \$2 per square foot plus CPI in years four and after. At the time, the Agency’s and SCRFH’s intention was that SCRFH would sublease the building to a for-profit operator at a fair market rent, similar to the \$6 per square foot proposed by the prospective red meat facility operator back in 2015. Thus, while SCRFH would make a low lease payment to Agency, SCRFH’s subtenant (the operator of the Hub) would pay a higher lease payment to SCRFH. SCRFH would use the excess lease payments to develop and implement educational programming and offer technical assistance to users of the Hub.

Cost of the Catskills Food Hub Project: The individual stated that an audit done couple of years ago, or a year ago, stated there was \$1.86 million used to put the Hub together. According to this individual, the numbers do not match. He questioned why they (IDA) are looking to throw another \$320,000 against the \$1.86 million and why not going back to the original proposal.

Response: The Agency has expended \$1.86 million to develop the food hub. The IDA does not know the source of this information, but perhaps it includes some costs associated with the red meat project that do not apply to the food hub project (for example, the purchase of red meat equipment). As indicated in the project budget submitted to UESD in February 2018, the total project budget is approximately \$1,652,010. Of this, the Agency has expended \$320,000 on infrastructure development, to be reimbursed through the UESD grant.

It is no longer possible to go back to the original plan. The interior of the building has been built out with coolers, freezers, and office space designed for a food hub. The building has been leased to SCRFH. The project has been very expensive. Site work alone cost over one million dollars, because the project site was steep, wooded, and very wet. However, the site was selected before Agency became involved, and the total cost of site work could not be known until engineering studies were undertaken. Ultimately, the Agency was able to develop the site, construct and equip the building, and very soon the new food hub will open its doors in the Village of Liberty.

Transparency of the Agency: The individual stated the lack of Agency's transparency in informing the public, and questioned the cost and location of equipment purchased for the no longer considered red meat facility.

Response: The individual attended the Agency Board meeting on May 14 and addressed the Board during the public comment session. In his testimony at the public hearing on this project, he noted no mention was made of the public hearing at the May 14 Agency Board meeting. He is correct; however, UESD provided all required notification of the public hearing.

In accordance with a 2005 Rural Business Development Grant from USDA- Rural Development, the Agency purchased approximately \$175,000 in equipment for the red meat facility. He stated he requested but never saw a list of equipment purchased for the red meat facility. He then stated he scanned "a bunch of stuff" but his pictures disappeared. He submitted a FOIL request on September 19, 2016 for information on the equipment purchased for the red meat facility. The Agency informed him of the estimated cost of photocopies responsive to this request, and he stated he would prefer to view the documents at the IDA office rather than having copies made. During October, he visited the Agency's office where he spent some time viewing and scanning the equipment records. Until his testimony at the public hearing, we had no knowledge that his images were lost. We would be happy to allow him to view the records again.

The Agency has worked closely with USDA to dispose of the equipment since the decision was made not to pursue the red meat facility. Most of the equipment has been leased to other local food and agriculture-related businesses, including Sullivan Catskills Regional Food Hub, Inc. The remaining equipment is currently being stored in the food hub building and is intended to be sold soon, before the food hub begins operations. The equipment disposition process will be carried out in accordance with USDA grant regulations and the Agency's own property disposition guidelines.

In his testimony, he indicated he has no way to access information related to the Agency's expenditures. On October 7, 2016, he submitted a FOIL request for the Agency's schedules of payments covering the period January 1, 2016 through October 30, 2016. On October 11, 2016 the Agency provided him with each monthly schedule of payments for this period. In addition, on April 19, 2017, he submitted a FOIL request for copies of bills submitted to the Agency from October 2016 through April 19, 2017. Also, on August 4, 2017, he requested copies of all accepted bids and contracts on all parts of the construction of the red meat plant, starting with site preparation through getting a certificate of occupancy. On August 24, 2017, the Agency sent him all accepted bids, as requested. On May 15, 2017, the Agency provided copies of all bills presented to the Agency for the period requested. As a public authority, the Agency files an annual procurement report to the New York State Authorities Budget Office ("ABO"), through the New York State Public Authorities Reporting Information System. These reports are posted on the Agency's and the ABO's websites and provide information on all Agency procurements in excess of \$5,000.

III. Summary

After review and consideration of comments received at the public hearing, UESD staff believes that the Catskills Food Hub Capital Project is an important part of the local revitalization plan for local and regional marketing and distribution of Sullivan County's food and agricultural products. UESD staff believes that the concerns raised at the hearing have been adequately addressed. UESD staff believes that the Project is expected to have a positive impact on the community.

IV. Requested Action

The Directors are requested to affirm the findings and determinations related to the Project, made pursuant to the New York State Urban Development Corporation Act, and to affirm the General Project Plan.

Additional Submissions to Directors

Resolution

UESD Directors' Materials dated April 19, 2018

Transcript of the Public Hearing, dated May 14, 2018

Signed copy of response letter

November 15, 2018

Liberty (Mid-Hudson Region – Sullivan County) – Catskills Food Hub Capital – Upstate Regional Blueprint Fund (Capital Grant) – Affirmation of the Directors’ April 19, 2018 Findings and Determinations Pursuant to Sections 10(g) and 16(q) of the Act; Affirmation of the General Project Plan

WHEREAS, Upstate Empire State Development Corporation (the “Corporation”) staff has addressed the comments received at the public hearing held May 14, 2018 (the “Public Hearing”) on the General Project Plan (the “Plan”) for the the Catskills Food Hub Capital -- Upstate Regional Blueprint Fund (Capital Grant) Project (the “Project”) as set forth in the attached materials; it is hereby

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, and after due consideration of the testimony given at the Public Hearing and the entire record of such Hearing and staff responses thereto, relating to Project, the Corporation hereby affirms, pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended, that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby affirm the Plan for the Project, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to the County of Sullivan Industrial Development Agency a grant for a total amount not to exceed Three Hundred Twenty Thousand Dollars (\$320,000) from the Upstate Regional Blueprint Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration of the grant; and be it further

RESOLVED, that the provision of UESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

* * *

FOR CONSIDERATION

April 19, 2018

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Liberty (Mid-Hudson Region – Sullivan County) – Catskills Food Hub Capital – Upstate Regional Blueprint Fund (Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Sections 16(q) and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions; Determination of No Significant Effect on the Environment

General Project Plan

I. Project Summary

Grantee: County of Sullivan Industrial Development Agency (the “IDA” or the “Agency”)

ESD* Investment: A grant of up to \$320,000 to be used for a portion of the cost of infrastructure improvements

* The Upstate Empire State Development Corporation (the “Corporation”), a subsidiary of the New York State Urban Development Corporation doing business as Empire State Development (“ESD”)

Project Location: 92 Commerce Drive, Liberty, Sullivan County

Proposed Project: Acquisition of real estate property, construction/renovation, infrastructure improvements and purchase and installation of machinery and equipment for the food hub

Project Type: Infrastructure investment

Regional Council: The Mid-Hudson Regional Economic Development Council has been made aware of this item. The Incentive Proposal was accepted in January 2010, predating the Regional Council Initiative.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction/Renovation	\$261,537
Infrastructure Improvements	1,317,923
Machinery and Equipment	<u>72,550</u>

Total Project Costs \$1,652,010

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$320,000	20%
US Department of Commerce	700,317	42%
County of Sullivan Grant	150,000	9%
IDA Equity	<u>481,693</u>	<u>29%</u>

Total Project Financing \$1,652,010 100%

III. Project Description

A. Grantee

Industry: Economic Development

Grantee History: The County of Sullivan Industrial Development Agency ("IDA") was created by an act of the New York State Legislature in 1970, as a public benefit corporation of the State of New York, under Section 906 of the General Municipal Law. The IDA's primary goal is to promote economic welfare, recreation opportunities, prevent unemployment and economic deterioration, ensure the prosperity of Sullivan County's inhabitants, and promote tourism and trade.

Ownership: Public entity

Size: All facilities are located in Sullivan County, NY.

Market: The IDA helps grow, expand, and bring businesses to Sullivan County.

ESD Involvement: In July 2016, the County of Sullivan IDA formally requested to revise the December 2009 Incentive Proposal ("Proposal") for the development and construction of the Red Meat Processing Facility to repurpose the property for the Catskills Food Hub ("Hub"). Keeping with the

responsibilities of the original proposal, the IDA and the Village of Liberty completed the development of the site as well as the construction of the facility. However, after an extensive search, the IDA was unable to identify a contractor and operator with the capacity to run the facility. A new not-for-profit entity, Sullivan Catskills Regional Food Hub, Inc. was formed to spearhead the Hub project. The IDA continues to own the land and facility.

In August 2017, the Mid-Hudson Regional Office requested approval to revise the Proposal and redirect the \$320,000 Upstate Regional Blueprint Fund grant to assist with the development of the Hub.

Competition: N/A

Past ESD Support: This is the Grantee's first project with ESD.

B. The Project

Completion: July 2018

Activity: The IDA acquired a 5.9 acre site and built a 5,250-square-foot food distribution facility shell in the Village of Liberty. The infrastructure improvement included: site excavation and backfill; sanitary sewer including installation of sewer pipe and septic tank; water supply work including installation of waterline, trench excavation and installation of gate valve and valve box; stormwater drainage and management work; access road and parking lot construction including fence installation, steep slope stabilization and restoration work among others. Machinery and equipment acquisition included coolers and a freezer.

Results: The Hub will provide farmers and food processors access to a variety of distribution channels to larger regional markets. The Hub will also give buyers access to more local and regional food products at one location.

Infrastructure Investment

Project: No Benefit-Cost Analysis ("BCA") is required since these projects generate long-term benefits not captured in the short-term period used for the BCA and may involve no permanent job commitments.

Grantee Contact: Jennifer Flad, Executive Director
One Cablevision Center
Ferndale, New York 12734
Phone: (845) 295-2603
E-mail: jflad@sullivanida.com

ESD Project No.: W935

Project Team:	Origination	Charles Radier
	Project Management	Javier Roman-Morales
	Contractor & Supplier Diversity	Denise Ross
	Finance	Christina Choi
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Grantee shall pay a commitment fee of 1% of the \$320,000 capital grant (\$3,200) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after ESD's announcement of the project. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Up to \$320,000 will be disbursed to Grantee in lump sum upon completion of the project substantially as described in these materials, as evidenced by a certificate of occupancy, and documentation verifying project expenditures of \$1,600,000, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses reimbursed by ESD must be incurred on or after January 21, 2010, to be considered eligible project costs. All disbursements must be requested by April 1, 2019.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$320,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.
6. Grant funds will be subject to pro rata recapture if the property at the Project Location is sold within five years of disbursement of funds. The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

- (i) 100% of the disbursed amount if the transfer occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- (ii) 80% of the disbursed amount if the transfer occurred in the second full calendar year after the disbursement was made;
- (iii) 60% of the disbursed amount if the transfer occurred in the third full calendar year after the disbursement was made;
- (iv) 40% of the disbursed amount if the transfer occurred in the fourth full calendar year after the disbursement was made;
- (v) 20% of the disbursed amount if the transfer occurred in the fifth full calendar year after the disbursement was made.

IV. Statutory Basis – Upstate Regional Blueprint Fund

The funding is authorized under Section 16-q of the New York State Urban Development Corporation Act (the “Act”) and satisfies the eligibility criteria in the Act and the rules and regulations for the Upstate Regional Blueprint Fund Program. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

The Village of Liberty Planning Board, as lead agency, has completed an environmental review of the project pursuant to the requirements of the State Environmental Quality Review Act (“SEQRA”) and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on November 10, 2011. ESD staff reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD’s Non-Discrimination and Contractor & Supplier Diversity policies will apply to this project. The Grantee shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women-owned Business Enterprises (MWBEs) for any contractual opportunities generated in connection with the project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve MWBE Participation. Establishment of specific goals related to the total value of ESD’s funding is still pending.

VII. ESD Employment Enforcement Policy

ESD's Employment Enforcement Policy will not apply since the project will not directly create or retain jobs.

VIII. ESD Financial Assistance Subject to Availability of Funds and Additional Approval

The provision of ESD financial assistance is contingent upon the availability of funds and the approval of the State Division of the Budget.

IX. Additional Submissions to Directors

Resolutions

New York State Map

Project Finance Memorandum

April 19, 2018

Liberty (Mid-Hudson Region – Sullivan County) – Catskills Food Hub Capital – Upstate Regional Blueprint Fund (Capital Grant) – Findings and Determinations Pursuant to Sections 16-q and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Catskills Food Hub Capital -- Upstate Regional Blueprint Fund (Capital Grant) Project (the "Project"), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the "Plan") for the Project submitted to this meeting, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to County of Sullivan Industrial Development Agency a grant for a total amount not to exceed Three Hundred and Twenty Thousand Dollars (\$320,000) from the Upstate Regional Blueprint Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration of the grant; and be it further

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

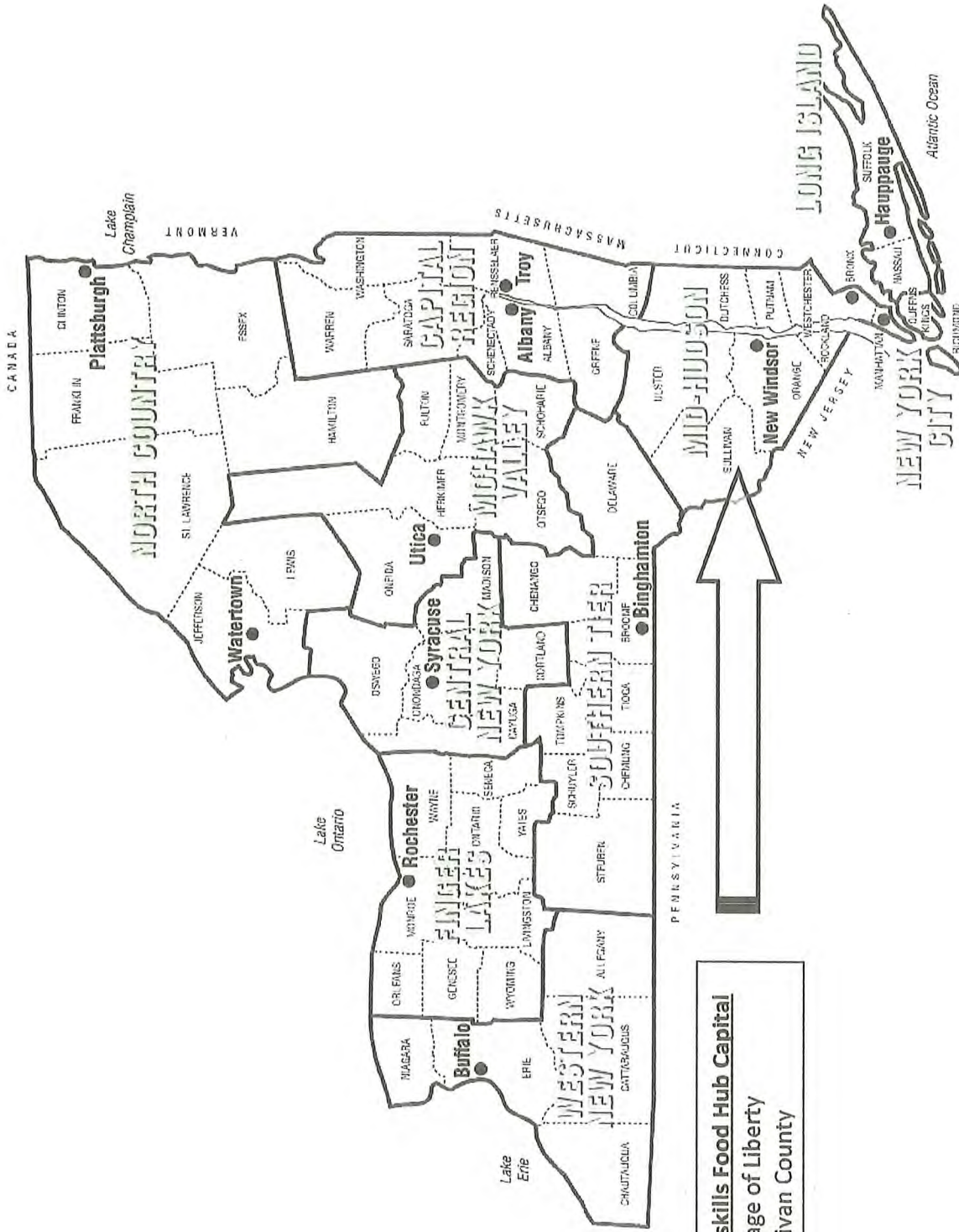
* * *

April 19, 2018

Village of Liberty (Mid-Hudson Region – Sullivan County) – Catskills Food Hub Capital –
Upstate Regional Blueprint Fund (Capital Grant) – Determination of No Significant
Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Catskills Food Hub Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *



Catskills Food Hub Capital
 Village of Liberty
 Sullivan County

In The Matter Of:
PUBLIC HEARING

CATSKILLS FOOD HUB- CAPITAL PROJECT.
May 14, 2018

La Palabra Court Reporting LLC
175 Main Street
Suite 18, 7th floor
White Plains, NY 10601



Original File LP_ESDC_CATSKILLSFOODHUB_05142018.txt

Min-U-Script® with Word Index

NEW YORK STATE URBAN DEVELOPMENT CORPORATION

-----X
NEW YORK STATE URBAN DEVELOPMENT
CORPORATION, d/b/a EMPIRE STATE
DEVELOPMENT ("ESD" or the "Corporation")

PUBLIC HEARING

CATSKILLS FOOD HUB
CAPITAL PROJECT.

-----X
Monday,
May 14, 2018
2:00 p.m.

TRANSCRIPT

of the Public Hearing Minutes taken in
the above-captioned matter, held at
Village Hall, Courtroom, 167 North Main
Street, Liberty, New York 12754.

La Palabra Court Reporting LLC
th
175 Main Street, Suite 18, 7 floor
White Plains, New York 10601
914-621-7271

B E F O R E:

ROBERT E. MARTINEZ, ESQ.,

Hearing Officer
170 Hamilton Avenue
Suite 301
White Plains, New York 10601

oOo

A P P E A R A N C E S:

EMPIRE STATE DEVELOPMENT CORPORATION

633 Third Avenue
34th Floor
New York, New York 10017

BY: MONIQUE LEGENDRE

Senior Project Manager

BY: Kenneth Walter

Member of the Public

oOo

INDEX OF EXHIBITS

EXHIBIT	DESCRIPTION	PAGE _____
1	Public Notice in the Sullivan County Democrat on Friday, May 4, 2018.	6
2	Affidavit of Publication in the Sullivan County Democrat.	7
3	"Empire State Development Catskills Food Hub Capital Project," General Project Plan, dated April 19, 2018.	7

(CATSKILLS FOOD HUB CAPITAL PROJECT)

1 MR. MARTINEZ: Good afternoon, ladies and
2 gentlemen. My name is Robert E. Martinez and I
3 am an attorney duly admitted to practice law in
4 the State of New York. I have been asked by
5 the New York State Urban Development
6 Corporation, which is doing business as Empire
7 State Development, or ESD, to conduct today's
8 public hearing pursuant to Section 16 of the
9 New York State Urban Development Corporation
10 Act. This hearing is being held pursuant to a
11 public notice published in accordance with the
12 UDC ACT in the Friday, May 4th, 2018 edition of
13 the Sullivan County Democrat.

14 The purpose of this hearing is to afford
15 the general public an opportunity to make
16 statements and comments about ESD's General
17 Project Plan for the proposed Catskills Food
18 Hub Capital Project. The hearing will remain
19 open for a period of not less than one hour, or
20 until all members of the public who are present
21 at the hearing have been given an opportunity
22 to make statements or comments on the proposed
23 Project. This is not a question and answer
24 session. A stenographic transcript of this
25 hearing will be made from an audio recording

(CATSKILLS FOOD HUB CAPITAL PROJECT)

1 that I am simultaneously making. Comments
2 presented at this hearing will be taken into
3 consideration by ESD as part of the final
4 approval of the proposed Project.

5 First, Monique LeGendre will present
6 information about the Project on behalf of ESD.
7 Then, I will recognize anyone else who wishes
8 to make a comment about the Project. If you
9 wish to speak at today's hearing, please sign
10 the register located at the front of the room.
11 Copies of ESD's General Project Plan for the
12 proposed Project are available for your
13 information and convenience.

14 In order to give everyone an ample
15 opportunity to speak, I request that speakers
16 keep their oral presentations to no more than
17 five minutes. Speakers representing
18 organizations with a substantial number of
19 members are asked to register and identify
20 themselves as such, and, depending on the
21 number of speakers wishing to be heard, may be
22 afforded up to ten minutes for their
23 presentation.

24 In order to ensure an accurate transcript
25 and to enable all assembled to hear your

(CATSKILLS FOOD HUB CAPITAL PROJECT)

1 remarks, I ask that each speaker, when called,
2 please stand up. Please state your name and
3 address. Please speak clearly. If you are
4 appearing as a representative of an
5 organization or governmental entity, please
6 identify the organization or entity and state
7 its address.

8 Finally, I would like to remind everyone
9 that the purpose of this hearing is to afford
10 the public an opportunity to make comments
11 about the ESD General Project Plan for the
12 proposed Project. This is not a question and
13 answer session.

14 Now, I'd like to take care of some
15 administrative matters by asking the
16 stenographer to mark the following documents as
17 Exhibits to the hearing transcript. Exhibit
18 Number 1 is a Public Notice that appeared in
19 the Sullivan County Democrat on Friday, May
20 4th, 2018.

21 (Whereupon, a Public Notice was marked as
22 Exhibit 1 to the hearing.)

23 MR. MARTINEZ: Exhibit Number 2 is an
24 Affidavit of Publication in the Sullivan County
25 Democrat.

(CATSKILLS FOOD HUB CAPITAL PROJECT)

1 (Whereupon, an Affidavit of Publication was
2 marked as Exhibit 2 to the hearing.)

3 MR. MARTINEZ: And Exhibit Number 3 is a
4 document entitled "Empire State Development
5 Catskills Food Hub Capital Project," General
6 Project Plan, dated April 19th, 2018.

7 (Whereupon, the General Project Plan was
8 marked as Exhibit 3 to the hearing.)

9 MR. MARINTEZ: Thank you. Ms. LeGendre?

10 MS. LEGENDRE: Good afternoon. The
11 Sullivan County Industrial Development Agency
12 was awarded an Upstate Regional Blueprint Fund
13 grant to assist with the development of the
14 Catskills Food Hub. The Project will be
15 spearheaded by Sullivan Catskills Regional Food
16 Hub and in order to provide farmers and food
17 for such processors access to a variety of
18 distribution. The Hub will also give buyers
19 access to more local and regional food products
20 at one location.

21 The Project involves real estate
22 acquisition, construction, renovation,
23 infrastructure improvements, and purchase and
24 installation of machinery and equipment at 92
25 Commerce Drive, Village of Liberty.

(CATSKILLS FOOD HUB CAPITAL PROJECT)

8

1 Total Project cost is expected to be
2 approximately \$1,652,010.00. ESD proposes to
3 make a \$320,000.00 grant to the Count of
4 Sullivan Industrial Development Agency to
5 assist in the financing of a portion of the
6 Project. The remainder of the Project costs
7 will be contributed by IDA equity and local and
8 federal assistance.

9 Thank you.

10 MR. MARTINEZ: Thank you. Does anyone
11 have any comments to make about the Project?
12 Sir?

13 MR. WALTER: I do.

14 MR. MARTINEZ: I'm sorry, sir. If I could
15 just ask you to come up, so that I can record
16 it properly.

17 MR. WALTER: Yeah.

18 MR. MARTINEZ: Thank you.

19 MR. WALTER: I am Kenneth Walter, 80
20 Gilles Road, G-I-L-L-E-S, Grahamsville, New
21 York 12740.

22 I am a true member of the public. I've
23 watched this Project go on for a long time,
24 starting out as a -- as supposedly a meat
25 plant, which is still desperately needed in the

(CATSKILLS FOOD HUB CAPITAL PROJECT)

1 area. Kill space for red meat is totally
2 lacking in the northeast through an article
3 that I read in Lancaster Farming, and also the
4 reason why a study was done and was originally
5 started. Why it fell through, I hope I will
6 touch upon.

7 I would like you to know that I attended
8 an IDA meeting this morning. I asked them for
9 any update on -- on this Food Hub and they
10 seemed to fail to even mention there was a
11 public hearing. So I find that as number one.
12 I will tell you from the outset, I find the IDA
13 in Sullivan County lacking in transparency in
14 more than one way.

15 Moving on with the Project. Page 3 of the
16 Project, it says, "However, after an extensive
17 search, the IDA was unable to find a contractor
18 and operator to run the facility." They ran
19 the ad in the Sullivan County Democrat, which
20 has limited circulation, which only covers the
21 County of Sullivan, basically, and a little bit
22 into Pennsylvania. When we finally had other
23 discussions, I said, "Why didn't you use
24 Lancaster Farming, which covers the northeast
25 and may could find -- maybe -- maybe could find

(CATSKILLS FOOD HUB CAPITAL PROJECT)

1 an operator from a bigger circle?" No
2 response.

3 I filed an RFP. I filed the -- the only
4 Respondent and they redacted a name in
5 violation of the (inaudible) law. And I said
6 that to them, but they stayed by their guns and
7 that's the way it still stands. He was willing
8 to pay \$7.00 a square foot to start, and I
9 don't know what else, and I don't know where it
10 all fell through the cracks, but we were not
11 privy to that as the public.

12 After they decided that it was not going
13 ahead, which happened in the time that I had to
14 go to the bathroom and come back because they
15 were in an executive session, they came out and
16 said, "Not happening," went back in.

17 I don't know, a couple of meetings later,
18 they decide they are going to rent the Food Hub
19 out for a dollar a square foot the first year,
20 \$2.00 the second year, and CPI it after that
21 from \$2.00 on up, depending. And that's the
22 last I heard about it. So as far as their due
23 diligence, lacking.

24 Let's talk about the financial aspects of
25 this. It does not make sense. Due to a -- I

(CATSKILLS FOOD HUB CAPITAL PROJECT)

1 don't have it with me because I only read it
2 this morning. Due to the fact there was an
3 audit done a couple of years ago, or a year
4 ago, I don't remember which one, the audit
5 stated there was \$1.86 million dollars they've
6 used to put this Food Hub together. Your
7 numbers do not match up. So are they looking
8 to throw another \$320,000.00 against this
9 hundred and -- \$1.86, I don't know.

10 I find that the information is totally
11 lacking to the public as to what they want to
12 do with the money. I have no place to find it.
13 It's not even part of this, as it should be.
14 When New York State Electric and Gas sends out
15 their rate hearing, you get a book that thick
16 with lines and numbers onto it, but this is
17 lacking on information.

18 So moving on. Let's see, what else. Let
19 me refer to my notes here. The Project's
20 cause. We do -- we do need a Food Hub. It's
21 probably a good idea. And there's some people
22 I spoke to. I know somebody that has a -- a
23 place of business that has refrigeration, a
24 loading dock. You do not have to invest this
25 kind of money to see if something is going to

(CATSKILLS FOOD HUB CAPITAL PROJECT)

1 work and it's a demand. It's like, we build it
2 and they will come. Instead of showing that
3 there's a need and -- and they will -- and then
4 build it. Like I said, the red meat, they did
5 a whole process, RFP, a study, came up why they
6 didn't do it.

7 And there's many farmers in the county who
8 travel two to three hours one way to take their
9 animals to get killed. So it's a six-hour
10 trip. And to go back and get the meat is
11 another six-hour trip. Or they take one and
12 bring one. So I find that this is totally a
13 waste of time of our money as tax payers and
14 they should've stuck to the original plan.

15 And, no, there's nobody here because
16 there's no press. There's no -- nobody knows
17 anything. There's no (inaudible) told
18 anything. So that's why nobody shows up to
19 these things. All right?

20 Let me see. That about covers it. I
21 think it's a waste of our tax payers' money and
22 they should go back to the original plan. If
23 they're going to throw more money at it, they
24 could've put up an auxiliary building for
25 offices and -- and I used to work for USDA and

(CATSKILLS FOOD HUB CAPITAL PROJECT)

1 an egg prods plant, so I know about food safety
2 and requirements for -- for health and so
3 forth, and they could've had offices.

4 They could've had help where they could
5 come in, change, and so on and so forth, and
6 get cleaned up and go into the kill area. They
7 could've had 5,200 square feet of kill space
8 instead of using it for -- for the other.

9 So I really say, forget this, get them
10 back on track, this is a total waste of money,
11 and we've been -- we've been boondoggled.

12 Thank you.

13 MR. MARTINEZ: Thank you, sir. Anyone
14 else present that wishes to make a statement
15 regarding the Project?

16 Thank you.

17 MS. FLAG: My name is Jennifer Flag. I'm
18 the executive director of the County of
19 Sullivan Industrial Development Agency. We're
20 the applicant for this Project.

21 I really just want to thank ESD for your
22 work with us. As you know, we've been working
23 on this Project and the -- prior to it, the red
24 meat processing project for many years, and
25 it's been a difficult Project to bring forward,

(CATSKILLS FOOD HUB CAPITAL PROJECT)

1 but the Food Hub has a great deal of support
2 publicly among producers and buyers in Sullivan
3 County and around, and we really appreciate ESD
4 working with us to help make this Project
5 happen.

6 As you know, the -- the \$320,000.00 that
7 was approved back in 2010 has already been
8 expended by the IDA on infrastructure that was
9 originally designed for the red meat plant, but
10 is now -- it has already been installed and
11 will now be used for the Food Hub. So it's an
12 investment that the IDA has made and we are
13 certainly relying on, and hoping for,
14 reimbursement from ESD.

15 And, once again, we just really appreciate
16 your support and we look forward to bringing
17 this Project to fruition.

18 Thank you.

19 MR. MARTINEZ: Thank you. Anyone else
20 wish to make a statement regarding the Project?

21 There being no one else present who would
22 like to make a statement regarding the Project,
23 we will hold the meeting open until 3:05 p.m.
24 in order to afford any latecomers an
25 opportunity to make a statement.

(CATSKILLS FOOD HUB CAPITAL PROJECT)

1 At this time, I will call for a recess in
2 these proceedings until such time as someone
3 requests an opportunity to make a statement.

4 The time is now 2:17 p.m. Again, at any
5 time during this recess, those assembled or
6 anyone who arrives late may request an
7 opportunity to make additional statements.

8 Thank you.

9 (Recess taken at 2:17 p.m.)

10 MR. MARTINEZ: The time is now 3:05 p.m.
11 This hearing has been held open since 2:05 p.m.
12 to allow for public comment on the proposed
13 Project.

14 Before we close the hearing, is there
15 anyone who would like to make a statement
16 regarding the Project?

17 Mr. Walter?

18 MR. WALTER: Thank you. A couple of
19 things. Going back to the original meat plant,
20 they supposedly bought equipment and I filed
21 for a list of that equipment, along with the
22 serial numbers. And I know in other government
23 agencies, you're supposed to track all that
24 stuff, and I never saw that. They did not
25 provide me with a list. I did go up and just

1 scan a bunch of stuff. I didn't scan, I
2 (inaudible) it. I took pictures and they
3 disappeared, so I -- and there's some
4 equipment, I don't know where it is. I wonder
5 if they even -- they'd probably give you an
6 answer to that one.

7 As far as demand, I think you should refer
8 to the AG Census of the last 20 years to see
9 what the growth rate has been in large animal
10 and what the growth rate has been in -- in
11 trout farming, and fruits and vegetables, and
12 see where the demand -- where that is.

13 As far as the support, when this was
14 originally being discussed, the attorney
15 mentioned that the reason that there's nobody
16 here from the large animal community is
17 because, if they stick their head up, then they
18 will lose kill space at other plants because
19 they'll see people leaving them and going
20 elsewhere.

21 And on the day that they -- they -- they
22 killed it, they said, "Oh, there's nobody here
23 supporting it," but nobody knew it was on the
24 agenda, so nobody knew.

25 So, as I said before, this is the wrong

(CATSKILLS FOOD HUB CAPITAL PROJECT)

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way to go. They've got to go back on track and do what they've got to do and make it more conducive. As I said, they did not do another RFP after they went through the first round and talked to somebody and see if they could entice more.

So I do not believe they did their due diligence and they've been treating the large animal community wrongly.

Thank you.

MR. MARTINEZ: Thank you, Mr. Walter.

There being no one else present who wishes to make a statement regarding the Project, the hearing is concluded.

And, again, it is 3:07 p.m.

Thank you for attending.

(Time noted - 3:07 p.m.)

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C E R T I F I C A T E

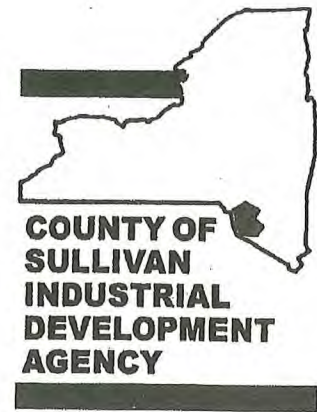
I, Stephanie Handley, certify that the foregoing transcript of the Public Hearing, held at Village Hall, Courtroom, 167 North Main Street, Liberty, New York 12754, is a true and accurate record of the proceedings.

Signature *Stephanie Handley, CT*

Date: June 4, 2018

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October 11, 2018

Mr. Javier Roman-Morales
Empire State Development
633 Third Avenue, 36th Floor
New York, New York 10017

Re: **Empire State Development Public Hearing—Catskills Food Hub Capital Project,
Monday, May 14, 2018 (Upstate Regional Blueprint Fund #W935)**

Dear Mr. Roman-Morales,

Thank you for the opportunity to respond to the testimony received at the May 14, 2018 Empire State Development public hearing related to this project. On behalf of the County of Sullivan Industrial Development Agency ("Agency"), I would like to address each of Ken Walter's points in turn.

Need for a red meat processing facility: The Agency agrees with Mr. Walter's assertion that meat processing is a need in Sullivan County and throughout our region. Indeed, this is the very reason we took up the project many years ago. Producers in and around Sullivan County continue to travel great distances to process their animals. Despite this need, as will be detailed below, the Agency was unable to attract an operator for our red meat facility.

In his testimony, Mr. Walter asks us to refer to the USDA Census of Agriculture ("Ag Census") to assess demand for agricultural infrastructure. The 2014 *Sullivan County Agriculture and Farmland Protection Plan* ("Plan") includes a thorough analysis of recent Ag Census data. According to the *Plan*, the 2012 Ag Census shows that since 2002 "fewer farms in the County are raising beef cattle, producing milk, or breeding, hatching, and raising poultry for meat or egg production. There are *more* farms growing vegetables, however," (p. 17). Indeed, agriculture in Sullivan County has grown increasingly diverse since 2002. Appendix C to the *Plan* provides further Ag Census details, and indicates that as a percentage of the total number of farms in Sullivan County, nursery and greenhouse operations, vegetable and melon producers, goat and sheep producers, fruit and nut growers, and hog and pig operations increased between 2007 and 2012 (Appendix-24). Unlike a red meat facility, a food hub will serve all these types of farm operations. We understand livestock producers continue to need meat processing infrastructure. But we were unable to attract a slaughterhouse operator, and by repurposing the

former red meat processing facility building as a food hub, we will be able to serve all farmers, not just livestock producers, by connecting them with local and regional distribution for their products.

Search for a red meat facility operator: Mr. Walter questions the thoroughness of the Agency's search for a red meat facility operator. He correctly points out that a legal notice requesting proposals for operation of the red meat facility was published in the *Sullivan County Democrat*. The ad ran on July 7, 2015. The *Sullivan County Democrat* is the Agency's newspaper of record and the publication in which we post all notices and advertisements. In addition to publishing the legal notice, the Agency spent several weeks researching and developing a list of individuals, companies, and agencies throughout the region, to whom we sent the request for proposals (RFP). We scoured the internet and utilized our professional networks to identify individuals and companies in the meat processing industry who might be interested in our project. We also sent the RFP to Cornell Cooperative Extension, SUNY Cobleskill, and Penn State University, all of whom work in the meat processing industry and potentially know of interested operators. Finally, we have been maintaining a list of individuals interested in the project for the past several years, and we sent the RFP to these individuals. Our initial RFP distribution list included 37 names. Mr. Walter is aware of this, as he requested the list of recipients on September 9, 2016 and we provided him with the list on September 12, 2016. We also sent the RFP to anyone who requested it after seeing the legal notice in the *Democrat*. Finally, Agency staff attended numerous meetings of stakeholders including the Sullivan-Wawarsing REAP Board and the Sullivan County Legislature, reminding these bodies that the Agency was searching for an operator for the red meat facility and encouraging them to spread the word.

Mr. Walter states the Agency did not issue a second request for proposals to see if we could "entice more." This is correct. We received one proposal in response to our RFP, despite our efforts to attract as many responders as possible. We have no reason to believe a second RFP would have yielded a different result. Moreover, we cannot divulge the details of our discussions with the sole responder, but these negotiations took place over a period of months during which we believe both parties negotiated actively and in good faith, with an earnest desire to reach an agreement. Ultimately, we simply could not agree on the terms of a lease.

Mr. Walter states he filed an RFP related to the red meat operator and was denied information in violation of the law. Perhaps he is referring to a Freedom of Information Law (FOIL) request he submitted on June 14, 2016 for "a copy from all of the responders to the RFP sent out for an operator of the Red Meat Plant." The Agency received only one proposal, and sent it to Mr. Walter on July 18, 2016, redacting the name of the proposer and some other sensitive financial information. Mr. Walter appealed the redaction but upon review of the FOIL law and discussion with the New York State Committee on Open Government, the Agency's FOIL Appeals Officer

denied Mr. Walter's appeal requesting the name of the proposer. We stand by this decision and believe it is fully supported by the FOIL law.

Once again, the Agency worked diligently for several months to negotiate with the prospective operator of the red meat facility, but ultimately the parties were unable to agree on financial terms. To preserve confidentiality and to avoid harming the proposer's competitive position in the industry these negotiations took place in private. The Agency did not disclose specific reasons for the eventual collapse of the deal, again to maintain confidentiality and ensure the responder's sensitive financial and business information was not compromised.

Terms of Red Meat Facility Lease vs. Terms of Food Hub Lease: In his testimony, Mr. Walter states the company proposing to operate the red meat facility offered \$7 per square foot, which is incorrect. The redacted proposal we sent to Mr. Walter indicates the proposer offered \$6 per square foot, to be phased in over a period of five years.

Mr. Walter mentions a proposed rent schedule for the food hub of \$1 per square foot for the first year, increasing to \$2 per square foot. This is not correct. On June 12, 2017, the Agency's Board authorized the lease of the food hub building to Sullivan Catskills Regional Food Hub, Inc. (SCRFH), with a term of ten years with two five-year extension terms, and an annual rent of \$0 per square foot in year one; \$1 per square foot in year two; \$2 per square foot in year three; and \$2 per square foot plus consumer price index in years four and after. At the time, the Agency's and SCRFH's intention was that SCRFH would sublease the building to a for-profit operator at a fair market rent, similar to the \$6 per square foot proposed by the prospective red meat facility operator back in 2015. Thus, while SCRFH would make a low lease payment to Agency, SCRFH's subtenant (the operator of the food hub) would pay a higher lease payment to SCRFH. SCRFH would use the excess lease payments to develop and implement educational programming and offer technical assistance to users of the food hub.

Cost of the Catskills Food Hub Project: Mr. Walter states the Agency has expended \$1.86 million to develop the food hub. We do not know the source of this information, but perhaps it includes some costs associated with the red meat project that do not apply to the food hub project (for example, the purchase of red meat equipment, which is further detailed below). As indicated in the project budget we submitted to ESD in February 2018, the total project budget is approximately \$1,652,010. Of this, the Agency has expended \$320,000 on infrastructure development, to be reimbursed through the ESD grant.

Mr. Walter states he feels the food hub project is a waste of money and the Agency should go back to the original plan. Indeed, the project has been very expensive. Site work alone cost over one million dollars, because the project site was steep, wooded, and very wet. However, the site was selected before Agency became involved, and the total cost of site work could not be known

until engineering studies were undertaken. Ultimately, we were able to develop the site, construct and equip the building, and very soon the new food hub will open its doors in the Village of Liberty. It is no longer possible to go back to the original plan. The interior of the building has been built out with coolers, freezers, and office space designed for a food hub. The building has been leased to Sullivan Catskills Regional Food Hub, Inc.

Transparency of the Agency: In his testimony, Mr. Walter seems to imply the Agency lacks transparency. On the contrary, we offer much information to the public and we have been forthcoming in all respects, providing information to Mr. Walter in accordance with all applicable laws and policies.

Mr. Walter attended the Agency Board meeting on May 14 and addressed the Board during the public comment session. It is our Board's policy to hear all comments from members of the public but not to engage in discussions during the public comment session. In his testimony at the ESD public hearing, Mr. Walter noted no mention was made of the public hearing at the May 14 Agency Board meeting. He is correct. The May 14 public hearing was a public hearing held by Empire State Development, and the Agency is not required to notify the public of the hearing. To our knowledge ESD provided all required notification of the public hearing.

In his testimony, Mr. Walter questions the cost and location of equipment the Agency purchased in furtherance of the red meat processing facility project. In accordance with a 2005 Rural Business Development Grant from USDA- Rural Development, the Agency purchased approximately \$175,000 in equipment for the red meat facility. Mr. Walter states he requested but never saw a list of equipment purchased for the red meat facility. He then states he scanned "a bunch of stuff" but his pictures disappeared. He submitted a FOIL request on September 19, 2016 for information on the equipment purchased for the red meat facility. The Agency informed Mr. Walter of the estimated cost of photocopies responsive to this request, and he stated he would prefer to view the documents at our office rather than having copies made. During October Mr. Walter visited the Agency's office where he spent some time viewing and scanning our equipment records. Until his testimony at the public hearing, we had no knowledge that his images were lost. We would be happy to allow him to view the records again.

With respect to the red meat equipment, we have worked closely with USDA to dispose of the equipment since the decision was made not to pursue the red meat facility. We have leased most of the equipment to other local food and agriculture-related businesses, including Sullivan Catskills Regional Food Hub, Inc. The remaining equipment is currently being stored in the food hub building and we intend to sell it in the coming weeks, before the food hub begins operations. Again, the equipment disposition process will be carried out in accordance with USDA grant regulations and the Agency's own property disposition guidelines.

In his testimony, Mr. Walter indicates he has no way to access information related to the Agency's expenditures. He is aware that this information is available. On October 7, 2016 Mr. Walter submitted a FOIL request for the Agency's schedules of payments covering the period January 1, 2016 through October 30, 2016. On October 11, 2016 the Agency provided him with each monthly schedule of payments for this period. These documents identify every single expenditure made by the Agency each month. In addition, on April 19, 2017, Mr. Walter submitted a FOIL request for copies of bills submitted to the Agency from October 2016 through April 19, 2017. On May 15, 2017, the Agency provided to Mr. Walter copies of all bills presented to the Agency for the period requested. Also, on August 4, 2017, Mr. Walter requested copies of all accepted bids and contracts on all parts of the construction of the red meat plant, starting with site preparation through getting a certificate of occupancy. On August 24, 2017, the Agency sent him all accepted bids, as requested.

As a public authority, the Agency must adhere to strict transparency requirements. We file an annual procurement report to the New York State Authorities Budget Office, through the New York State Public Authorities Reporting Information System. These reports are posted on the Agency's and the ABO's websites and provide information on all Agency procurements in excess of \$5,000.

Need for a Food Hub: Mr. Walter acknowledges "we do need a food hub," and the Agency obviously agrees. This assertion is supported by countless studies, including but not limited to the following, which have informed our approach in developing the Catskills Food Hub project:

- *Hudson Valley Food Hubs Initiative- Research Findings and Recommendations*, April 2013, the Local Economies Project.
- *The Economics of Local Food Systems*, March 2016, United States Department of Agriculture- Agricultural Marketing Service.
- *Sullivan-Wawarsing REAP Food Distribution Hub Project- Customer Demand and Best Practices Research Final Report*, October 2015, Hudson Valley AgriBusiness Development Corporation and Foodprint Group. This study was funded by a USDA-Rural Business Opportunity Grant to the Agency.
- *Findings of the 2013 National Food Hub Survey*, September 2013, . Michigan State University Center for Regional Food Systems & The Wallace Center at Winrock International.
- *Assessing the Economic Impacts of Regional Food Hubs: the Case of Regional Access*, September 2013, Cornell University.
- *Sullivan County Agriculture & Farmland Protection Plan*, December 2014, County of Sullivan with Community Planning & Environmental Associates, E.M. Pemrick and Company, and CRSR Designs Inc.

- *Regional Food Hub Resource Guide*, April 2012, United States Department of Agriculture-Agricultural Marketing Service.

In Conclusion: In his testimony, Mr. Walter seems to indicate the Agency's due diligence has been lacking, with respect to the development of the food hub. We strongly disagree, and we are happy to share details on the evolution of this project. The food hub effort began in 2013, when the Agency applied for and received USDA funding to undertake business planning and feasibility analysis work, and to purchase equipment to be leased to the to-be-determined food hub operator. During 2013, 2014, and 2015 the Agency negotiated with a company interested in operating the food hub at a location near Monticello, but these negotiations fell through.

Early in 2016 the Agency determined that a different approach was necessary. With respect to both the red meat facility and the food hub, we had attempted to negotiate with private operators, and in both cases it became apparent that the project was not economically feasible without further incentives. That spring, a group of farmers, business owners, and organizational representatives began meeting to plan for the development of the food hub at the Agency-owned building in Liberty formerly intended to be used as the red meat facility. This group recognized that, like a red meat processing facility, a food hub would have many positive impacts on the local agricultural community, including making the delivery of locally produced products more efficient; increasing employment both at the food hub and on local farms; increasing the potential of farms to remain financially viable, thereby decreasing the number of farms parcelized and converted to non-farm uses; and preserving rural landscapes and the associated viewsheds. And a food hub would provide an even broader range of benefits, including making locally sourced healthy foods more available to local restaurants and specialty stores; allowing local restaurants and specialty stores to make locally sourced healthy foods available to customers and shoppers; providing an aggregation site for potential on-site distribution; and aggregating sufficient quantities of local foods to supply institutional users (for example schools and hospitals).

While the red meat facility project and the earlier version of the food hub project were based on a simple lease agreement between the Agency and a private operator, this new vision is based on a broader community and economic development vision. The food hub will increase access to fresh, local foods for residents of Sullivan County and the surrounding area, as local shops begin to carry these products; increase access to local products for restaurants, specialty stores and other commercial buyers, whose customers demand these products; and over time, it will increase access for institutional buyers including schools, hospitals and others. The cumulative impact of all this work is an improvement in Sullivan County's public health.

In June 2016 the Sullivan County Funding Corporation (SCFC), a not-for-profit corporation linked to the Agency, committed up to \$500,000 in funds to assist in the development of the food hub at the former red meat site. In August 2016 Sullivan Catskills Regional Food Hub, Inc. (SCRFH) was formally incorporated and has been working since that time to advance the project. Initially SCRFH planned to sublease the food hub building to a private operator, but earlier in 2018 the Agency and SCRFH agreed that SCRFH is itself best positioned to operate the hub and meet the community and economic development goals we have established.

The project continues to move forward and we are optimistic that it will succeed. This spring, using funding from SCFC, the interior buildout of the facility was completed. As of this writing, the Agency and SCRFH have executed a building lease and four equipment leases. The Agency has employed a full-time Catskills Food Hub Director, who is assigned to work for the Board of Directors of SCRFH until SCRFH is ready to employ her directly. The Agency and SCFC remain dedicated to the success of the project, and will honor our commitments to provide technical and financial assistance to ensure the project's success. SCRFH, meanwhile, is working to refine its business plan and recruit users. They plan to launch operations on a small scale later this year.

The County of Sullivan Industrial Development Agency has worked for over a decade, first on the red meat facility and now the food hub. We have remained committed to this project and have expended tremendous financial and staffing resources on its advancement. We will continue to support the project, but more importantly our agency partners, and the local agricultural community, support the project which will fulfill a tremendous need for local and regional marketing and distribution of Sullivan County's food and agricultural products.

As always, we are grateful to ESD for your continued support of this worthy project. If you have any questions or concerns, please do not hesitate to contact me. Thank you.

Sincerely,



Jennifer M. Flad
Executive Director

cc: Ms. Monique LeGendre, Empire state Development, 33 Airport Center Drive, New Windsor, New York 12553