

THE PUBLIC SUBSIDY BOARD

WE ARE YOUR DOL



Sept 25, 2024, 11:00 am
201 S James St, Peekskill, NY 10566
Harriman State Campus, Building 12, Albany, NY 12226
199 Church Street, New York, NY 1007
284 Main Street, Buffalo NY 14202

Board Members Present, Peekskill:

Roberta Reardon (Chair)
Laura Campion (DOL Counsel)
Hope Knight

Board Members Present, Albany:

Christopher D. Alund
Jill Archambault (DOL General Counsel)
Albert Catalano
Joseph Hogan
Shaun McCready (Board Secretary/DOL)
Laura Regan

Board Members Present, NYC:

Peter Florey
James Whelan

Board Members Present, Buffalo:

Deirdre Quain (DOL Counsel)

The Chair convened the hearing at 11:00 am and noted that a quorum had been established.

The Board Secretary provided updates to the Board, including a breakdown of all the projects reviewed by the Board thus far.

- Prior to today the Board issued 25 determinations, with 5 of those projects being deemed covered and 20 not covered in total. Those 25 projects involve more than \$2.9 billion in total costs and just over \$890 million in public funding.
- Additionally, there was a total of \$180 million of pilot savings, which accounts for roughly 20% of the total subsidies reviewed.

Further, as discussed in the last meeting, going forward the Board determination chart on dol.ny.gov will notate the applicable statutory subsection for any exemption or Not Covered determination. The following is a current breakdown:

- 9 failed to meet the 30% threshold.
- 4 failed to meet the \$5 million cost threshold.
- 2 were exempt by Section 224-a(b), meaning it's a not for profit developer
- 2 were exempt by Section 224-a(c)(i), meaning it's a low-cost housing project.
- One was exempt by Section 224-a(c)(ii), meaning the project is for Supportive Services Housing.
- One was exempted by Section 224-a(f), meaning it's urban development funding.
- One project predated the statute's effective date.

Next, the minutes of the June 26, 2024 board meeting were reviewed and the Chair moved that the minutes be approved. The motion was seconded and passed.

The Chair stated that the next Quarterly meeting is scheduled for Wednesday, December 11, 2024 at 11:00am, and it has been established that the meetings will be scheduled on the last Wednesday of each quarter. The dates for Public Subsidy Board Meetings for next year are March 19th, June 25th, September 17th, and December 10th. The Board will receive the meeting dates in writing and they will be posted on the New York State Department of Labor's website as well.

The Chair reminded the Board members that the hearing conducted on May 20, 2024, is still open. The Chair opened the floor for discussion of the two topics, calculating tax savings and calculating other funds, starting with the first issue.

Joe Hogan stated that net present value should be factored in. The board should dictate the exact amount, but in general, a cap that cannot exceed a certain amount may be appropriate. The IDAs should be able to determine the net present value on a case-by-case basis at the end of the year. Hogan referred to Professor Heil's written testimony, which discussed factoring in the 30-year Bond yield. He also named two firms that the IDAs rely on for these determinations – MRB and Camoine. Hogan stated it might be good to have them before the Board to ask questions and dig into some of the details.

In response, Chair Reardon acknowledged that the NYC economy is different from the rest of the State.

Peter Florey stated that net present value should be factored in, but the discount rate must be established.

Hope Knight stated that net present value is an established methodology, but the discount rate should be consistent across all projects and across the State.

Albert Catalano shared a concern that the cap altering the value of the subsidy.

Chair Reardon suggested requesting additional testimony, to the point about the impact of having one discount rate versus another approach, how to calculate a cap, to the net present value, and what the discount rate should be. Reardon acknowledged the suggestion of having the IDAs make the determination. She stated she would like to hear from some of the people that have written about this and what they think of that idea.

James Whalen stated that he believes the upshot of the testimony received is that the Public Subsidy Board and the Department of Labor does not have the expertise to substitute the judgment of IDAs throughout the State unless there's a finding that the IDAs acted unreasonably or were unwilling to cooperate with the Board and the Department of Labor.

Chair Reardon asked the Board Secretary to collect any other questions that the Board may have, that we want to ask the experts, particularly Professor Heil. She also offered members to identify any other people to testify in person and offered to schedule them for the next scheduled meeting.

The Board agreed that more information is needed.

Chair Reardon stated that the Board has not actually discussed calculating other funds She offered if there is further information needed, let the Board Secretary know and it can be included in the next meeting.

The Chair moved to the next item on the agenda, a revised draft amendment to the Board's process. Upon request of the Chair, the Board Secretary read aloud the proposed new language.

Edits were suggested by Board members and the Chair requested that members submit their suggested edits to the Secretary in writing.

The Chair moved to go into executive session at 11:39 am to discuss certain projects that, in accordance with the statute, must be discussed confidentially. The motion was seconded and passed.

Executive session ended at 11:58 am and the public meeting resumed. Chair Reardon announced that of the four projects were reviewed in executive session, four were determined to be not covered. Seeing no other business before the Board or from the members, the Chair moved to end the meeting and the motion was seconded. The meeting ended at 1:00 pm.

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