

***APPROVED MINUTES*** of the Special Meeting of the City Council of the City of Rye held in City Hall on November 8, 2001 at 5:00 P.M.

PRESENT:

STEVEN OTIS, Mayor  
CAROLYN CUNNINGHAM  
ROBERTA DOWNING  
ROSAMOND LARR  
ARTHUR STAMPLEMAN  
Councilmen

ABSENT:

ROBERT H. HUTCHINGS  
DOUGLAS MCKEAN  
Councilmen

1. Pledge of Allegiance

Mayor Otis called the meeting to order and invited the Council to join in the Pledge of Allegiance.

2. Roll Call

Mayor Otis asked the City Clerk to call the roll; a quorum was present to conduct official city business. The Mayor added that Councilman Hutchings and Councilman McKean were out of town, and were properly excused from the meeting.

Mayor Otis opened the meeting by reporting that the Project Financing and Loan Agreement (PFLA) had arrived from the Environmental Facilities Corporation (EFC) on November 7, 2001. This agreement will provide \$3.1M in funding for the Land Acquisition Project. He said that the documents have been reviewed and papers prepared by Corporation Counsel J. Henry Neale and Comptroller Michael Genito. This special meeting was called for the purpose of approving the resolution to enter into **PFLA** set forth by the EFC.

Corporation Counsel Neale and Comptroller Michael Genito said they, and George Cholakis and Judy Advent of the EFC, and Tom Rothman and Randy Mayer, of Wilkie Farr & Gallagher ( city's bond counsel) held a conference call and as a result of the discussion, specific items in the **PFLA** and the **Note** itself were revised. The following clarifications will be made in the documents by the EFC counsel when the agreement is returned.

- **Section 4.3 (Note)** Referring to the term "mandatory redemption once project is completed", the EFC, was asked to define "completion of project." The EFC representative said that because the City's application is for the acquisition of three parcels of land (Rye Nursery, Friends Meeting House and the Belmont Ave.), The EFC would consider the project complete when the closing of purchase of the last parcel takes place.
- **Section 7.2 (PFLA)** The EFC said the term "loan" applies to the short-term financing.
- "Future sale of the property" The EFC stated that the sale of the property would be prohibited during the period of the short-term financing. It is undetermined as to whether this prohibition would remain in place during long-term financing, but the EFC suggested that it might be. Also there may be restrictions on the use of the property even if it were transferred after the completion of the long-term financing.

A discussion about the repayment method of the loan ensued. Corporation Counsel Neale advised that applicable law requires that the first phase of the loan, short-term financing, or the first principal payment, which is estimated to be approximately \$125,000-\$150,000, is due one year after the completion of the project. The method of payment for the long-term financing is yet to be decided. However, the City, upon application, can avail itself of funding through the EFC as long as the EFC determines the land use is appropriate for this type of funding.

Mr. Robert Cypher, Councilman-elect, asked if the agreement contained land use restrictions. Corporation Counsel responded that the **PFLA** does not contain explicit restrictions. The EFC lending program is intended to aid projects that relate to water control. Although there has been discussion that a portion of the Rye Nursery property perhaps be developed as a ball field, no determination of land use has been made by the City.

Mr. Neale said that the EFC requires that **PFLA** and supporting documents must be returned to the EFC office in Albany by November 13, 2001 if the City wishes to remain on target for the closing of the Rye Nursery property by November 16, 2001 or soon after. Councilman Stampleman said he had an entirely different interpretation of the **PFLA**.

Mayor Otis thanked Corporation Counsel Neale, Comptroller Genito and the staff for their intense work in reviewing the documents in such a short period of time. The Mayor said that the City of Rye was one of the first communities to use the EFC funding for land acquisition purposes and that the EFC was still evolving regarding this type of funding.

Councilman Stampleman made a motion, seconded by Councilwoman Cunningham, to adopt the following resolution:

**PURPOSES IN A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A PROJECT FINANCE AND LOAN AGREEMENT BETWEEN THE CITY OF RYE AND THE NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION IN CONNECTION WITH THE FINANCING OF PART OF THE COST OF THE ACQUISITION OF VARIOUS PARCELS OF LAND FOR PRESERVATION OR RECREATION AND FOR SAID CITY**

**WHEREAS**, all conditions precedent to the financing of the capital project hereinafter described, including compliance with the provisions of the State Environmental Quality Review Act, have been performed;

**WHEREAS**, on April 18, 2001, the City Council of the City of Rye adopted a Bond Resolution entitled "A RESOLUTION AUTHORIZING THE ISSUANCE OF \$800,000 SERIAL BONDS OF THE CITY OF RYE, WESTCHESTER COUNTY, NEW YORK, TO PAY PART OF THE COST OF THE ACQUISITION OF VARIOUS PARCELS OF LAND FOR PRESERVATION OR RECREATION PURPOSES IN AND FOR SAID CITY";

**WHEREAS**, since that time, the City of Rye, by Local Law 3-2001, has amended Article 21 of the Charter of the City of Rye to exempt bond resolutions authorizing obligations to be sold to the New York State Environmental Facilities Corporation (the "EFC") from the referendum requirements therein;

**WHEREAS**, on October 21, 2001, the City Council of the City of Rye adopted a Bond Resolution entitled "A RESOLUTION REPEALING A RESOLUTION ENTITLED "A RESOLUTION AUTHORIZING THE ISSUANCE OF \$800,000 SERIAL BONDS OF THE CITY OF RYE, WESTCHESTER COUNTY, NEW YORK, TO PAY PART OF THE COST OF THE ACQUISITION OF VARIOUS PARCELS OF LAND FOR PRESERVATION OR RECREATION PURPOSES IN AND FOR SAID CITY" AND AUTHORIZING THE ISSUANCE OF \$3,100,000 SERIAL BONDS OF THE CITY OF RYE, WESTCHESTER COUNTY, NEW YORK, TO PAY PART OF THE COST OF THE ACQUISITION OF VARIOUS PARCELS OF LAND FOR PRESERVATION OR RECREATION PURPOSES IN AND FOR SAID CITY";

**WHEREAS**, no obligations have been issued in reliance on the aforesaid April 18, 2001 Bond Resolution or the aforesaid October 21, 2001 Bond Resolution;

**WHEREAS**, the City has applied for and been granted financing from the EFC for the acquisition of three parcels of land through the issuance of a note to EFC under the authority of the aforesaid October 21, 2001 Bond Resolution;

**WHEREAS**, the acquisition of said land using such EFC financing requires the City to enter into a Project Financing and Loan Agreement with the EFC in substantially the form presented to this meeting (the "PFLA"); and

**WHEREAS**, the City has not determined to use any of said land for purposes incompatible with the restrictions on the use of said land required by Article V of the PFLA, and wishes to authorize the execution and delivery of the PFLA;

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Rye, Westchester County, New York, as follows:

Section 1. The PFLA, in substantially the form presented to this meeting, is hereby approved, and the City Comptroller is hereby authorized to execute and deliver the same to the EFC, with such changes and amendments as shall be determined to be satisfactory to him at the time of the execution and delivery thereof.

Section 2. This resolution takes effect immediately.

ROLL CALL:

AYES: Mayor Otis, Councilmen Cunningham Downing, Larr  
and Stampleman

NAYS: None

ABSENT: Councilmen Hutchings and McKean

The resolution passed

3. Adjournment

There being no further business to consider, Councilwoman Downing made a motion seconded by Councilwoman Larr and unanimously carried, to adjourn the meeting at 5:50 P.M.

Respectfully submitted,

Diane C. Moore  
Deputy City Clerk