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April 16, 2021

**VIA ELECTRONIC MAIL**

City of Hudson Common Council  
520 Warren Street  
Hudson, New York 12534  
Attn: Thomas DePietro, President  
Email: [councilpres@cityofhudson.org](mailto:councilpres@cityofhudson.org)

***Re: Galvan Initiatives Foundation; 75 N. 7th Street and 708 State Street projects***

Dear President DePietro and Council Members:

Our firm represents Galvan Initiatives Foundation (the "Foundation") and its affiliates with respect to its development of a mixed-use, mixed-income project at 75 N. Seventh Street and 708 State Street, City of Hudson (collectively, the "Projects"). We are in possession of the proposed Resolution No. \_\_\_ April 20, 2021 of the Common Council of the City of Hudson (the "Common Council"), which expresses opposition to the Projects and personally (and falsely) attacks the Foundation and affiliated entities led by principals T. Eric Galloway and the late Henry van Ameringen (the "Resolution"). A copy of the Resolution is enclosed. We understand that the Resolution was discussed extensively during an informal meeting of the Common Council on April 12, 2021 (the "Council Meeting"), during which several Council Members made additional false and defamatory accusations against Mr. Galloway and the Foundation.

The Foundation respects the offices of the Common Council and its members, all of whom are important members of the Hudson community that the Foundation serves. The Foundation was thus surprised and disappointed to learn of the proposed Resolution and Council Meeting discussion. As you know, the Foundation is a charitable organization with the express mission of improving the quality of life in Hudson and helping the people of Hudson. The Foundation's work benefits the City and the local economy. The Foundation is proud of the good reputation it has developed in the local business community.

The Foundation understands that certain members of the Council may personally oppose the Projects, which are intended to provide affordable housing to the lower- and middle-income populations of Hudson. It is profoundly disappointing, however, that these members' attempts to shut down the Projects come in the form of false personal attacks against Mr. Galloway. It is impossible to ignore that the only private individual that these Common Council members have ever attacked in this way happens to be a successful black man proposing affordable housing. At any rate, the Foundation cannot countenance the false accusations made at the Council Meeting and in the Resolution, and this letter is intended to correct the public record.

For the reasons provided herein, the Foundation also respectfully requests that (a) all Council Members cease and desist from any further false or defamatory statements regarding the Foundation, its affiliates or Mr. Galloway, (b) the Common Council decline any further consideration of the Resolution, and (c) the Common Council require the recusal of Council Member John Rosenthal, and any other Council Member that has made false or defamatory statements or misrepresentations regarding Mr. Galloway or the Foundation, from any deliberations or decisions with regard to the Foundation, the Projects, or any future work the Foundation or Mr. Galloway may pursue in the City.<sup>1</sup>

The Proposed Resolution is False and Defamatory

The Resolution contains two paragraphs that amount to nothing more than a defamatory and unfounded personal attack on the Foundation and Mr. Galloway:

*“Galvan Foundation has used Galvan Partners LLC as its sole construction manager and General Contractor for building projects in Hudson since 2004. These projects represent approximately \$29 million dollars in construction costs, and include The Galvan Armory, The Galvan Armory Daycare Center, the Galvan Civic Motel, and many other properties in Hudson.”*

*“T. Eric Galloway, Co-founder and President of the Galvan Foundation, is also the owner of Galvan Partners, LLC. This presents a potential, ongoing, and significant conflict of interest.”*

The Resolution accuses Mr. Galloway of improperly using the Foundation to profit from Galvan Partners LLC (“Galvan Partners”). This is a serious accusation. It is extraordinary that the Council would deem it appropriate to include a personal attack of this nature in any public Resolution, let alone a public Resolution concerning a Project that is not even before the City Council. Please be advised that the Foundation and Mr. Galloway do not take this accusation lightly. Indeed, in even proposing the Resolution, the City Council has already damaged the reputation of the Foundation, Galvan Partners, and Mr. Galloway.

**To be clear, the attack is 100% false.** In fact, it is easily disproved by publicly available information and facts the Foundation has repeatedly shared with Council Members. First, the Foundation was founded in **2012**. The accusation that it has been acting improperly since 2004 is, at best, puzzling, and a good indication of the absurdity of the accusations.

The fundamental premise of the attack – that Galvan Partners is involved in the Projects – is even more absurd. In its application materials submitted to the City of Hudson Industrial Development Agency (the “IDA”) and the City of Hudson Planning Board (the “Planning Board”), and even in a public statement by Foundation staff directly to Council Member John Rosenthal at the April 6, 2021 IDA meeting, the Foundation has repeatedly established that Galvan Partners is not a member of the Project development team. The Foundation has been clear that the general contractor for the Projects is R.L. Baxter Construction of Poughkeepsie, New York. **Given that Mr. Rosenthal and other Council Members were expressly informed of this information, it can only be concluded that certain Council Members are intentionally misleading the public.**

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<sup>1</sup> See Schweichler v. Vill. Of Caldonia, 45 A.D.3d 1281 (4th Dep’t 2007).

**To be clear, Mr. Galloway (and, for that matter, the Foundation's co-Founder, Mr. van Ameringen) have never received any salary, profit, income, or other financial benefit from Galvan Partners, the Foundation, or any subsidiary or affiliated entity of the Foundation.** In fact, the opposite is true. Upon establishing the Foundation in 2012, Mr. Galloway and Mr. van Ameringen donated properties owned and developed through Galvan Partners, then valued at more than \$10,750,000, to the Foundation. Since then, Mr. Galloway and Mr. van Ameringen, through Galvan Partners and their own personal contributions, have donated over \$40,000,000 in real property and cash to the Foundation. They also contributed over \$3,000,000 to other not-for-profit organizations in Hudson. The Foundation's projects have been almost exclusively funded by the charitable contributions of Mr. Galloway and Mr. van Ameringen<sup>2</sup>. On projects involving Galvan Partners (which this is not), that firm provides construction management services to the Foundation **on a no-fee basis, with no profit to Galvan Partners.**

We understand that Certain Council Members also made separate false statements claiming that the Foundation has had a negative impact on housing affordability in Hudson. without any policy evidence or analysis. The Foundation's record in Hudson is eminently clear.

(a) The Foundation and its principals have completed construction on 39 buildings in Hudson, creating and preserving 225 units of housing. Since 2018, the Foundation has completed construction on 9 residential buildings, creating 24 units of housing, 19 of which are voluntarily rented at affordable rents. In total, 95% of the Foundation's residential rentals are leased at rents affordable for low to moderate income households. In addition to the Foundation's success as an affordable housing developer, the Foundation is advancing housing affordability through the following initiatives:

- Donating over \$750,000 to a local not-for-profit organization to preserve 143 units of existing affordable housing in Hudson;
- Operating a foreclosure prevention program, funded by New York State, preventing 15 foreclosures every year;

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<sup>2</sup> The Foundation developed Galvan Armory Day Care Center using solely charitable contributions provided by the Foundation's co-trustees. The project is expected to receive a \$1.15 million permanent financing takeout from the Community Investment Fund program administered by New York State Homes and Community Renewal. The funds are permanent financing in place of the Foundation's payments to third-party subcontractors. Galvan Partners did not receive any fee or derive any net income from the project, as is the case with all Foundation projects. This project saved a vital day care center serving 48 children, including children with developmental disabilities.

The Foundation developed Galvan Civic Motel using solely charitable contributions provided by the Foundation's co-trustees and a loan from the Bank of Greene County. Galvan Partners did not receive any fee or derive any net income from the project, as is the case with all Foundation projects. This project created the only safe and supportive emergency housing option in Columbia County for 6 families and 18 individuals.

The Foundation developed Galvan Armory using solely charitable contributions provided by the Foundation's co-trustees and equity financing from Coastal Enterprise's New Markets Tax Credit allocation. Hudson River Bank and Trust provided \$150,000 and the City of Hudson provided \$100,000 to the project pay for a portion of the fit-out of the Hudson Senior Center, with Galvan Foundation charitable contributions covering the remaining fit out costs. Galvan Partners did not receive any fee or derive any net income from the project, as is the case with all Foundation projects. The project cost more than \$6,000,000 and restored one of Hudson's most significant historic buildings to create a new home for the Hudson Area Library, Hudson Senior Center, Perfect Ten Afterschool, and now The Starting Place Day Care Center.

- Operating a Home Improvement Program providing \$200,000 annually to low and moderate income homeowners to make essential home repairs; and
- Developing Galvan Civic Motel, a 24-room motel which serves as the only high quality, supportive emergency housing solution in Columbia County.

(b) The Foundation has addressed the housing affordability crises by supporting education and economic opportunity in Hudson, including the following:

- Donating over \$3,000,000 to local not-for-profits, including seed funding for the creation of Bard Early College Hudson and the Bridge Alternative Education Program;
- Creating a new, state-of-the-art home for the Hudson Area Library in Galvan Armory, along with the Hudson Senior Center, COARC's The Starting Place Day Care Center, and Perfect Ten Afterschool Program;
- Providing \$100,000 of grants and technical support to minority and women owned businesses this summer; and
- Creating the Galvan Graduation Program, a partnership with Columbia Green Community College providing over \$50,000 of annual scholarships and academic support to economically disadvantaged students.

Section 20-1 of the City of Hudson Code (the "Ethics Code") requires municipal officers, including Council Members, to observe "a high degree of moral conduct" so that "public confidence [can] be maintained" in the City. The falsehoods contained in the Resolution, as well as false statements made by certain Council Members at the Council Meeting, regarding Mr. Galloway and the Foundation do not comply with the Ethics Code. **Council Members have an obligation under the Ethics Code to be truthful and verify the accuracy of their information prior to public statement.** As shown above, the statements contained in the Resolution and made by Council Members are defamatory, and the Common Council may be liable for damages to Mr. Galloway and the Foundation as a result of such false statements.

Moreover, individual Council Members may also be personally liable to Mr. Galloway and the Foundation. New York's highest court has held that "[p]ublic office does not carry with it a license to defame at will, for even the highest officers exist to serve the public, not to denigrate its members."<sup>3</sup> Each Council Member should take notice that Mr. Galloway intends to vigorously defend the Foundation against these fraudulent attacks, including, if necessary, taking whatever legal action may be necessary to hold those Council Members making such defamatory statements personally responsible.

#### The Proposed Resolution is also Improper

Beyond the falsehoods and misrepresentations on which the Resolution is based, the Resolution is also inappropriate for the following substantive reasons.

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<sup>3</sup> *Id.*

1. Under its governing documents, the IDA has established certain criteria in determining whether a project is eligible for financial assistance from the IDA. In evaluating a project's eligibility, the IDA conducts an independent analysis of a project, including a third-party cost-benefit analysis (the "Cost-Benefit Analysis"). At the April 6, 2021 meeting of the Board of Directors of the IDA, the IDA authorized the commencement of such Cost-Benefit Analysis for the Projects. Moreover, the IDA has not even called a public hearing with respect to any deviation from its Uniform Tax Exemption Policy, under which the Common Council, as an affected taxing jurisdiction, would have the opportunity to provide comment. Accordingly, any consideration of the Resolution prior to the IDA's completion of the Cost-Benefit Analysis and public hearing on the PILOT Agreement is premature and inappropriate.
2. It is a well settled principle of law that in considering an application relating to the development of real property, any conditions and safeguards adopted by a municipal board "**must be reasonable and relate only to the real estate involved without regard to the person who owns or occupies it.**"<sup>4</sup> In other words, the Common Council and its affiliate boards, in reviewing the merits of a development project, are limited in their review to the parameters of the project, and have no authority to determine which entities may develop property within Hudson.
3. Any discussion of the Foundation's potential development plans of its other properties is wholly irrelevant to the Planning Board's and IDA's consideration of the Projects. As any plans the Foundation may have with regard to its other properties are entirely speculative, neither the Planning Board, IDA or Common Council have any jurisdiction under the New York State Environmental Quality Review Act ("SEQRA") to consider those properties in conjunction with the coordinated environmental review of the Projects.<sup>5</sup>
4. Based on the statements of certain Council Members at the Council Meeting, **the Resolution is based solely upon false information and misrepresentations with regard to the Foundation, its affiliates and Mr. Galloway, rather than on the merits of the actual Projects.** The Projects were specifically designed to meet the goals of the City of Hudson Strategic Housing Action Plan (the "SHAP") and the criteria established by the IDA for eligible projects, as well as to comply with the City of Hudson Zoning Code and Comprehensive Plan. The Projects specifically meet these goals as follows:
  - In addition to the 3 direct full-time equivalent jobs created at the Projects, the Projects are anticipated to create 35 direct and indirect jobs in the City during construction and 16 direct and indirect jobs in the City after completion of the Projects;
  - The Projects will generate over \$38,500,000 in private investment in the City;
  - The Projects are anticipated to bring a positive fiscal impact to the City with a benefit to cost ratio of 1.87 to 1, including an increase in revenue to the taxing jurisdictions of more than \$4,275,000;
  - The Projects strengthen existing construction industries by creating over \$25,000,000 in direct construction spending;
  - The Projects revitalize a distressed neighborhood in accordance with the City's Comprehensive Plan;
  - 9,000 square feet of new commercial space will be created, with 4,000 square feet prioritized designated for minority and women owned businesses;

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<sup>4</sup> Dexter v. Town Bd. of Town of Gates, 36 N.Y.2d 102, 105 (1975) (emphasis added); *see also* Matter of St. Onge v. Donovan, 71 N.Y.2d 507 (1988).

<sup>5</sup> *See* Saratoga Springs Preservation Foundation v. Boff, 110 A.D.3d 1326 (3d Dep't 2013).

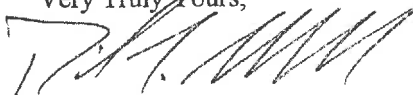
- The Projects serve the needs of residents of the City by addressing the undersupply of affordable and market rate housing, in accordance with the SHAP; and
- The Projects establish a mixed-income neighborhood, in contrast with Hudson's otherwise economically segregated affordable housing.

According to the Novogradac Housing Needs Assessment, published in 2017, there is a pent-up demand for 200 market rate units in Hudson. This demand has only been further exacerbated by the COVID-19 pandemic – caused in large part by the increased demand for second homes in the City. Notably, the SHAP calls for “new rental housing to serve a wide range and mixed income levels, household sizes and populations including senior, family, supportive and transitional and market rate.” **The Foundation’s Projects help fulfill these goals.**

5. Finally, the proposed Resolution states that *“The Common Council is opposed to providing any tax support or tax abatement program, including PILOTs for real estate developers building market rate rental housing in the City of Hudson.”* This is a stark departure from recent behavior and legislation authored by the same Council Members that authored the Resolution. **While the Common Council is objecting to PILOT Agreements for market rate rental housing, it did not voice any objection to a recently approved PILOT Agreement for a market rate lodging development.** During the same legislative session, these same Council Members authored legislation designed to increase the supply of market rate housing by regulating short term rentals. Council Members acknowledged that the legislation would reduce economic activity generated by short term rentals. Council Members were advised by the Hudson Development Corporation that the legislation would reduce the City tax base by at least \$700 for each unit of market rate housing made available. By contrast, the Foundation’s Projects expand Hudson’s tax base while delivering the same public benefit of expanding the supply of market rate housing. **There is no justification for why Council Members would support reducing the tax base to expand the supply of market rate housing in one case, and then oppose expanding the tax base to increase the supply of market rate housing in another.** The decision is entirely inconsistent with serving the public interest or the previously established policy goals of Council Members, and instead appears motivated by discriminatory animus toward Mr. Galloway and the Foundation.

In summary, the Resolution and comments by certain Council Members are demonstrably false, defamatory, and wholly improper. Please be advised that the Foundation, its affiliates and Mr. Galloway reserve any and all rights, claims, and to seek all available legal remedies with respect to these matters, including, but not limited to, filing an action against the Common Council and individual Council Members under 42 U.S.C. § 1983.

Very Truly Yours,



Daniel T. Hubbell

Enclosure

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Resolution No. \_\_\_\_\_ April 20, 2021

**A Resolution Calling for IDA Restrictions Placed on Galvan Foundation Proposed Housing Projects at 75 N. 7th Street and 708 State Street**

**WHEREAS**, the Common Council fully and without reservation supports the development of Affordable and Workforce housing within the City of Hudson.

**WHEREAS**, there are, at present, two proposed PILOT requests before the City of Hudson Industrial Development Agency (IDA): one for mixed-used rental housing planned for 75 N. 7th St., and the other for market rate rental housing planned for 708 State Street.

**WHEREAS**, the Common Council is opposed to providing any tax support or tax abatement program, including PILOTs for real estate developers building market-rate rental housing in the City of Hudson.

**WHEREAS**, there will be a limited employment opportunity directly associated with the management of the proposed N.7th. St. and on State St. buildings once construction is complete. As it is projected in the applications, the number of long-term jobs directly associated with each building will be fewer than three (3), part-time and full-time combined, including general staffing, groundskeeping and maintenance.

**WHEREAS**, the Galvan Foundation has used Galvan Partners, LLC. as its sole construction manager and General Contractor for building projects in Hudson since 2004. These projects represent approximately \$29 million dollars in construction costs, and include The Galvan Armory, The Galvan Armory Daycare Center, the Galvan Civic Motel and many other properties in Hudson.

**WHEREAS**, T. Eric Galloway, Co-founder and President of the Galvan Foundation, is also the owner of Galvan Partners, LLC. This presents a potential, ongoing, and significant conflict of interest.

**NOW THEREFORE BE IT RESOLVED**, that:

- 1) The Common Council encourages the IDA to decline the application for a PILOT tax abatement for the market rate rental housing development proposed for 708 State Street, Hudson, NY.
- 2) The Common Council agrees with the PILOT tax abatement for the mixed-use rental housing development and encourages the IDA to stipulate that there will be NO involvement from Galvan Partners LLC, or any other for-profit subsidiary associated with any member of the Galvan Foundation, for any building management or construction management of either of the proposed building properties.



3) Directs the City Clerk to forward this resolution to the xxx of the IDA no later than xxxx.

Introduced by \_\_\_\_\_

Approved \_\_\_\_\_

Seconded by \_\_\_\_\_

By \_\_\_\_\_  
Mayor