

COURT OF APPEALS  
STATE OF NEW YORK

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In the Matter of the Application of  
PROTECT THE ADIRONDACKS! INC., SIERRA CLUB,  
and PHYLLIS THOMPSON,

Petitioners-Appellants,

for a Judgment Pursuant to  
CPLR Article 78

-against-

ADIRONDACK PARK AGENCY, NEW YORK STATE DEPARTMENT OF  
ENVIRONMENTAL CONSERVATION, PRESERVE ASSOCIATES, LLC, BIG  
TUPPER, LLC, TUPPER LAKE BOAT CLUB, LLC, OVAL WOOD DISH  
LIQUIDATING TRUST and NANCY HULL GODSHALL, as Trustee of OVAL  
WOOD DISH LIQUIDATING TRUST,

Respondents-Respondents.

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**NOTICE OF MOTION AND  
MOTION FOR LEAVE TO APPEAL  
TO THE COURT OF APPEALS**

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TABLE OF CONTENTS

Table of Authorities . . . . . iii

Notice of Motion. . . . . 1

Motion for Leave to Appeal. . . . . 4

    Statement of the Procedural History of the Case. . . . . 4

    Statement of the Court’s Jurisdiction. . . . . 8

    Statement of the Questions Presented.. . . . 9

    Argument.. . . . 10

    POINT I: THIS IS A CASE OF STATEWIDE IMPORTANCE  
            THAT PRESENTS NOVEL AND SIGNIFICANT ISSUES.. . . 11

    POINT II: SECTION 805 OF THE APA ACT IS BINDING  
            ON APA AND IS NOT MERELY GUIDANCE. . . . . 14

    POINT III:THE LEGISLATURE ALREADY BALANCED ECONOMIC  
            BENEFITS AGAINST ENVIRONMENTAL IMPACTS AND  
            APA MAY NOT DO SO DURING PROJECT REVIEW. . . . 20

    POINT IV: IT WAS ARBITRARY AND CAPRICIOUS FOR  
            APA TO RELY ON POST-APPROVAL STUDIES OF  
            ADVERSE IMPACTS TO WETLANDS AND WILDLIFE.. . . 26

    POINT V: APA AND THE APPELLATE DIVISION DID  
            NOT APPLY THE COMPLETE TEST UNDER  
            APA’S FRESHWATER WETLANDS ACT REGULATIONS. . . . 32

    POINT VI: AN AGENCY CAN NOT RELY ON A NON-APPROVED  
            INTERNAL POLICY MEMORANDUM THAT WAS OUTSIDE THE  
            RECORD AS THE PRIMARY BASIS FOR ITS DECISION.. 37

    POINT VII:IT WAS AN ABUSE OF DISCRETION TO DENY  
            APPELLANTS THE OPPORTUNITY TO CONDUCT  
            DISCOVERY ON THE ISSUE OF IMPROPER *EX PARTE*  
            CONTACTS BETWEEN THE EXECUTIVE CHAMBER AND APA. 43

    CONCLUSION.. . . . 50

Disclosure Statement. . . . . 51

Appendices

Supreme Court Decision (Platkin, J.) dated March 19, 2013 . . . . .	APPENDIX A
Appellate Division Decision and Order on Motion dated May 16, 2013 .. . . .	APPENDIX B
Appellate Division Opinion and Judgment and Order dated July 3, 2014.. . . .	APPENDIX C
Appellate Division Decision and Order on Motion dated September 16, 2014. . . . .	APPENDIX D

TABLE OF AUTHORITIES

Cases

Allen v. Crowell-Collier Publ. Co., 21 N.Y.2d 403 (1968). . . . 46

Association for the Protection of the Adirondacks, Inc. v. Town Board of Town of Tupper Lake, 64 A.D.3d 825 (3d Dept. 2009).. . . . 23, 24, 31

Barry v. O'Connell, 303 N.Y. 46 (1951). . . . . 36

Beverly Farms v. Dyson, 53 A.D.2d 720 (3d Dept. 1976).. . . 39, 41

Board of Educ. of Monroe-Woodbury Cent. School Dist. v. Wieder, 72 N.Y.2d 174 (1988). . . . . 11, 13, 19, 26, 27, 32, 37, 48

Boreali v. Axelrod, 71 N.Y.2d 1 (1987). . . . . 22, 24, 25, 26

Brander v. Town of Warren Town Bd., 18 M.3d 477 (Sup. Ct. Onondaga Co. 2007). . . . . 27, 30

Bronx Comm. for Toxic Free Schs. v. New York City Sch. Constr. Auth., 20 N.Y.3d 148 (2012). . . . . 30, 31

Charles A. Field Delivery Serv. (Roberts), 66 N.Y.2d 516 (1985). . . . . 25, 26

Cochran v. Cayuga Med. Ctr. at Ithaca, 90 A.D.3d 1227 (3d Dept. 2011) . . . . . 48

Dougherty v. Bahou, 67 A.D.2d 739 (3d Dept. 1979).. . . . 48

Erdman v. Ingraham, 28 A.D.2d 5 (1st Dept. 1967). . . . . 42, 43

Essex County v. Zagata, 91 N.Y.2d 447 (1998). . . . . 13

Food Fair v. Board of Assessment Review of Town of Niskayuna, 78 A.D.2d 335 (3d Dept. 1981). . . . . 47

Freidus v. Guggenheimer, 57 A.D.2d 760 (1st Dept. 1977).. . . 48

General Elec. Co. v. Macejka, 117 A.D.2d 896 (3d Dept. 1986).. . . . . 48

Green Is. Assoc. v. Adirondack Park Agency, 178 A.D.2d 860 (3d Dept. 1991). . . . . 35

<u>Helms v. Reid</u> , 90 M.2d 583 (Sup. Ct. Hamilton Co. 1977) .. . . .	12
<u>Hunt Bros. v. Glennon</u> , 81 N.Y.2d 906 (1993) .. . . .	13, 27
<u>Johnson v. Town of Arcade</u> , 281 A.D.2d 894 (4th Dept. 2001) . .	43
<u>Korth v. McCall</u> , 275 A.D.2d 511 (3d Dept. 2000) .. . . .	43
<u>LaCroix v. Syracuse Exec. Air Serv., Inc.</u> , 8 N.Y.3d 348 (2007) .. . . .	25
<u>Long v. Adirondack Park Agency</u> , 76 N.Y.2d 416 (1990). 12, 14, 21	
<u>Multari v. Town of Stony Point</u> , 99 A.D.2d 838 (2d Dept. 1984) .. . . .	42
<u>New York Statewide Coalition of Hispanic Chambers of Commerce v. New York City Dept. of Health &amp; Mental Hygiene</u> , 23 N.Y.3d 681 (2014) . . . . .	23, 24, 25
<u>Niagara Mohawk Power Corp. v. City of Saratoga Springs Assessor</u> , 2 A.D.3d 953 (3d Dept. 2003) . . . . .	47
<u>Niagara Mohawk Power Corp. v. Town of Moreau Assessor</u> , 8 A.D.3d 935 (3d Dept. 2004) . . . . .	48
<u>Pfau v. Adirondack Park Agency</u> , 137 A.D.2d 916 (3d Dept. 1988) . . . . .	35
<u>Purchase Env'tl. Protection Assn. v. Strati</u> , 163 A.D.2d 596 (2d Dept. 1990) . . . . .	29, 31
<u>Protect the Adirondacks! Inc. v. Adirondack Park Agency</u> , 121 A.D.3d 63 (3d Dept. 2014) .. . . .	5
<u>Pyramid Co. of Watertown v. Planning Bd. of Town of Watertown</u> , 24 A.D.3d 1312 (4th Dept. 2005) . . . .	30, 31
<u>Pyramid Crossgates Co. v. Board of Assessors of Town of Guilderland</u> , 287 A.D.2d 866 (3d Dept. 2001) .. . . .	47
<u>Rivera v. Espada</u> , 3 A.D.3d 398 (1st Dept. 2004) .. . . .	44, 49
<u>Signet Constr. Corp. v. Goldin</u> , 99 A.D.2d 431 (1st Dept. 1984) .. . . .	44, 49
<u>Simpson v. Wolansky</u> , 38 N.Y.2d 391 (1975) .. . 37, 38, 41, 43, 49	

<u>Stapleton Studios v. City of New York</u> , 7 A.D.3d 273 (1st Dept. 2004) . . . . .	46, 47, 48
<u>Stern v. Marcuse</u> , 119 A.D. 478 (2d Dept. 1907) . . . . .	16
<u>Talisman Energy USA, Inc. v. New York State Dept. of Envtl. Conservation</u> , 113 A.D.3d 902 (3d Dept. 2014) . . . . .	22
<u>Town of Dickinson v. County of Broome</u> , 183 A.D.2d 1013 (3d Dept. 1992) . . . . .	29
<u>Wallach v. Town of Dryden</u> , 23 N.Y.3d 728 (2014) . . . . .	21
<u>Wambat Realty Corp. v. State</u> , 41 N.Y.2d 490 (1977) . . . . .	12, 13, 20, 27, 33
<u>Wedinger v. Goldberger</u> , 71 N.Y.2d 428 (1988) . . . . .	33
<u>Wilco Props. Corp. v Department of Env'tl. Conservation of State of N.Y.</u> , 39 A.D.2d 6 (3d Dept. 1972) . . . . .	38
<u>Zelanis v. New York State Adirondack Park Agency</u> , 27 M.3d 1229(A) (Sup. Ct. Essex Co. 2010) . . . . .	39

Statutes

APA Act § 801 . . . . .	12, 15, 18, 25
APA Act § 802(29) . . . . .	19, 20, 24, 25
APA Act § 804(9) . . . . .	17
APA Act § 805 . . . . .	9, 12, 14, 15, 18, 19, 20, 24, 25
APA Act § 805(1)(a) . . . . .	18
APA Act § 805(3)(a) . . . . .	17
APA Act § 805(3)(f)(2) . . . . .	16
APA Act § 805(3)(g)(1) . . . . .	15
APA Act § 805(3)(g)(2) . . . . .	16, 17
APA Act § 805(3)(g)(3) . . . . .	15
APA Act § 805(4) . . . . .	29

APA Act § 809(10) . . . . .	18, 29
APA Act § 809(10) (a) . . . . .	18
APA Act 809(10) (b) . . . . .	17, 18
APA Act § 809(10) (e) . . . . .	18, 21, 29
APA Act § 809(11) . . . . .	18, 19
CPLR § 408 . . . . .	10, 44, 46, 47
CPLR § 2103(b) . . . . .	8
CPLR § 4511 . . . . .	38
CPLR § 5513 . . . . .	8
CPLR § 5602(a) (1) (i) . . . . .	8
CPLR § 5602(a) (2) . . . . .	8
CPLR § 7803(4) . . . . .	5
CPLR § 7804(c) . . . . .	45
CPLR § 7804(g) . . . . .	4
ECL Article 8 . . . . .	23
ECL § 24 . . . . .	6
ECL § 24-0105(4) . . . . .	33
ECL § 24-0105(6) . . . . .	33
ECL § 24-0801 . . . . .	33
ECL § 24-0801(2) . . . . .	33
Executive Law § 2 . . . . .	44
Executive Law Article 27 . . . . .	5, 11, 37
RPAPL Article 7 . . . . .	47
SAPA Article 2 . . . . .	23, 25, 39

SAPA Article 3. . . . .	23, 25
SAPA § 202-e. . . . .	39
SAPA § 302(3).. . . . .	39, 41
SAPA § 306. . . . .	42
SAPA § 306(1).. . . . .	29
SAPA § 306(2) . . . . .	38
SAPA § 306(4).. . . . .	38
SAPA § 307(2).. . . . .	44

Regulations

9 NYCRR § 570.3.. . . . .	17
9 NYCRR § 574.. . . . .	6
9 NYCRR Part 576. . . . .	19
9 NYCRR Part 578. . . . .	6, 33
9 NYCRR § 578.5.. . . . .	34
9 NYCRR § 578.5(a). . . . .	34
9 NYCRR § 578.10. . . . .	35
9 NYCRR § 578.10(a).. . . . .	35
9 NYCRR § 578.10(a)(2). . . . .	34, 35, 36
9 NYCRR § 578.10(a)(2)(i).. . . . .	34
9 NYCRR § 580.. . . . .	6
9 NYCRR § 580.6(a). . . . .	29
9 NYCRR § 580.15(b)(1). . . . .	39
9 NYCRR § 580.15(b)(2). . . . .	39
9 NYCRR § 587.. . . . .	6



9 NYCRR § 587.4 (c) . . . . .	44
22 NYCRR § 500.22 (b) (4) .. . . .	11, 31, 32
22 NYCRR § 800.4 (b) .. . . .	5

Other

McKinney's Statutes § 177.. . . .	16
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In the Matter of the Application of

PROTECT THE ADIRONDACKS! INC., SIERRA  
CLUB, and PHYLLIS THOMPSON,

Petitioners-Appellants,

for a Judgment Pursuant to  
CPLR Article 78

-against-

ADIRONDACK PARK AGENCY, NEW YORK STATE  
DEPARTMENT OF ENVIRONMENTAL CONSERVATION,  
PRESERVE ASSOCIATES, LLC, BIG TUPPER,  
LLC, TUPPER LAKE BOAT CLUB, LLC, OVAL  
WOOD DISH LIQUIDATING TRUST and NANCY  
HULL GODSHALL, as Trustee of OVAL WOOD  
DISH LIQUIDATING TRUST,

Respondents-Respondents.

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**NOTICE OF MOTION FOR  
LEAVE TO APPEAL TO  
THE COURT OF APPEALS**

**Albany County Index  
No. 1682-12**

**Appellate Division  
Case No. 516901**

PLEASE TAKE NOTICE that, upon the annexed motion papers prepared pursuant to §§ 500.1, 500.21 and 500.22 of the Rules of Practice of the Court of Appeals, and signed on the 21st day of October, 2014, and all other prior pleadings and papers filed herein, Petitioners-Appellants Protect the Adirondacks! Inc., Sierra Club, and Phyllis Thompson, will move this Court, at the Court of Appeals Hall, Albany, New York, on the 10th day of November, 2014, for an order:

A. Granting Appellants leave pursuant to CPLR § 5602(a)(1)(i) and 22 NYCRR § 500.22 to appeal to the Court of

Appeals from the Opinion and Judgment and Order of the Appellate Division, Third Department, dated and entered July 3, 2014, which dismissed Appellants' transferred Article 78 proceeding, and which also denied their appeal of the order of Supreme Court which denied them leave to conduct discovery under CPLR § 408, on the questions as set forth in the annexed motion papers; and

B. Granting such other and further relief as the Court deems just and proper.

The motion will be submitted on the papers and personal appearances in opposition thereto are neither required nor permitted. Pursuant to NYCRR § 500.21(c), papers in opposition to the motion must be served and filed in the Court of Appeals with proof of service on or before the return date of the motion.

/S/ John W. Caffry

Dated: October 21, 2014

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COURT OF APPEALS  
STATE OF NEW YORK

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In the Matter of the Application of

PROTECT THE ADIRONDACKS! INC., SIERRA  
CLUB, and PHYLLIS THOMPSON,

Petitioners-Appellants,

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-against-

ADIRONDACK PARK AGENCY, NEW YORK STATE  
DEPARTMENT OF ENVIRONMENTAL CONSERVATION,  
PRESERVE ASSOCIATES, LLC, BIG TUPPER,  
LLC, TUPPER LAKE BOAT CLUB, LLC, OVAL  
WOOD DISH LIQUIDATING TRUST and NANCY  
HULL GODSHALL, as Trustee of OVAL WOOD  
DISH LIQUIDATING TRUST,

Respondents-Respondents.

---

**MOTION FOR  
LEAVE TO APPEAL TO  
THE COURT OF APPEALS**

**Albany County Index  
No. 1682-12**

**Appellate Division  
Case No. 516901**

STATEMENT OF THE PROCEDURAL HISTORY OF THE CASE

This CPLR Article 78 proceeding originated in Supreme Court, Albany County, and was transferred to the Appellate Division, Third Department, pursuant to CPLR § 7804(g) because the issues presented included "whether a determination made as a result of a hearing held, and at which evidence was taken" was, "on the entire record, supported by substantial evidence." CPLR

§ 7803(4). A. xiii-xvii.<sup>1</sup>

In this proceeding the Petitioners-Appellants seek the annulment of the approval by the Adirondack Park Agency ("APA") of the Adirondack Club & Resort ("ACR") project which has been proposed to be built in the Town of Tupper Lake, Franklin County (the "Project"). The Project is the largest project ever reviewed or approved by the APA pursuant to the Adirondack Park Agency Act, Executive Law Article 27 ("APA Act"), since the creation of the APA in 1971. Judgment,<sup>2</sup> p. 2; A. 280, 2370.<sup>3</sup>

The movant Petitioners-Appellants are two not-for-profit conservation organizations whose missions include advocating for

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<sup>1</sup> This case was prosecuted in the Appellate Division using the appendix method under 22 NYCRR § 800.4(b). A single copy of the full Appendix is being filed simultaneously herewith in the office of the Clerk of the Court of Appeals. References herein to the pages of the Appendix are abbreviated as "A. \_\_\_\_".

<sup>2</sup> Opinion and Judgment and Order of the Appellate Division, Third Department, dated and entered July 3, 2014 ("Judgment"). A copy of the Judgment is annexed hereto as Appendix C. Protect the Adirondacks! Inc. v. Adirondack Park Agency, 121 A.D.3d 63 (3d Dept. 2014).

<sup>3</sup> As approved by APA, the Project would sprawl over 6,000+ acres of land and would include 659 residential units of various types, a 60 bedroom inn, a redeveloped and expanded downhill ski area, a redeveloped marina on Tupper Lake, a valet boat launching service, thousands of square feet of commercial space and restaurants, over 15 miles of public and private roads, a private sewage treatment plant, amenities including a gym, recreation center, health spa, equestrian center, amphitheater, clubhouses, and related infrastructure, maintenance facilities, and accessory structures. A. 280-281. The facts of the case are set forth in more detail in the Amended Petition (A. 279-432), Reply (A. 828-1073), and Petitioners' supporting affidavits (A. 1074-1156).

the protection of the public and private lands of the Adirondack Park, and the owner of a home adjoining the site of the Project. Petitioners-Appellants Robert Harrison and Leslie Harrison have not joined in this motion.

APA conducted a 19 day adjudicatory hearing on the Project application pursuant to its regulations at 9 NYCRR Part 580. A. 293. After briefing by the parties and the close of the hearing record, APA deliberated on the application and hearing record at three separate meetings, totaling eight days, spread over three months. A. 293. On January 20, 2012 APA approved a Project Findings and Order, No. 2005-100 ("Order"), and 14 separate permits for the Project (A. 1-276), which granted approval of the Project, subject to certain conditions. A. 279-280, 293-294. The Order was issued on January 31, 2012. A. 293-294.

The proceeding was timely commenced in March, 2012. The Amended Petition includes 29 separate causes of action,<sup>4</sup> which demonstrated that, in approving the Project, APA violated the substantive requirements of the APA Act, the Freshwater Wetlands Act (Environmental Conservation Law ("ECL") Article 24), and its own regulations at 9 NYCRR Parts 574 and 578, and violated the procedural requirements of the APA Act and 9 NYCRR Parts 578, 580 and 587, and of the State Administrative Procedure Act ("SAPA").

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<sup>4</sup> These 29 causes of action are numbered First to Thirtieth, because Twenty-Fifth was accidentally skipped. A. 409-411, 829, 1022.

The claims are detailed in the Petitioners' Amended Petition (A. 279-432) and their Reply (A. 828-1073).

Petitioners-Appellants made a motion to Supreme Court for leave to conduct discovery regarding the Twenty-Eighth Cause of Action, which alleges that the APA engaged in improper *ex parte* communications, including with the Executive Chamber. Supreme Court (Platkin, J.), by Decision and Order dated March 19, 2013, denied the motion. A. i-xii; see also Appendix A attached hereto. By an order of Supreme Court (Platkin, J.) dated April 3, 2013, the case was transferred to the Appellate Division, Third Department. A. xiii-xvii.

Petitioners-Appellants then made a timely motion to the Appellate Division for leave to appeal from Supreme Court's Decision and Order and for the consolidation of that appeal with the underlying transferred Article 78 proceeding, which motion was granted. A. xviii; see Appendix B hereto.

After briefing was completed by the parties, oral argument was held on April 28, 2014 and the Judgment was issued by the Appellate Division on July 3, 2014. See Appendix C hereto.

This motion is timely because a prior motion for leave to appeal to the Court of Appeals was filed with the Appellate Division:

- a. The movants herein were served with the Judgment sought to be appealed from, with notice of entry, on July 3,



2014;

- b. A notice of motion addressed to the Appellate Division for leave to appeal to the Court of Appeals was served upon all other parties on August 4, 2014;
- c. The movants were served by U.S. Mail with the Appellate Division's order denying leave to appeal, with notice of entry, on September 18, 2014; and
- d. The movants will serve this motion addressed to the Court of Appeals upon each other party on or before September 23, 2014.
- e. Service of this motion is timely pursuant to CPLR § 5513 and CPLR § 2103(b).

STATEMENT OF THE COURT'S JURISDICTION

The Court has jurisdiction over this motion and the proposed appeal pursuant to CPLR § 5602(a)(1)(i). The unanimous Appellate Division Judgment from which leave to appeal is sought is a final determination which is appealable by permission of the Court of Appeals. See CPLR § 5602(a)(2).

STATEMENT OF THE QUESTIONS PRESENTED

1. Whether the Appellate Division erred when it held that the Adirondack Park Land Use and Development Plan of APA Act § 805 is merely guidance to APA and is not binding on that agency, despite the plain language of the statute to the contrary? Point II, infra.

2. Whether the Appellate Division erred when it held, despite the plain language and legislative intent of the APA Act to the contrary, that the APA Act allows APA to weigh and balance the alleged economic benefits of a project against its adverse environmental impacts when deciding whether or not those impacts are "undue"? Point III, infra.

3. Whether the Appellate Division erred when it held that APA's reliance upon post-approval studies of adverse impacts to wetlands and wildlife, that have not yet been conducted, as grounds for approval of the project was not arbitrary and capricious? Point IV, infra.

4. Whether the Appellate Division erred when it failed to apply the complete standard under the Freshwater Wetlands Act regulations and when it created its own rationale to support APA's decision? Point V, infra.

5. Whether the Appellate Division erred when it held that an administrative agency that conducted an adjudicatory hearing at which evidence and testimony was taken may base its decision

after the hearing primarily on an unapproved internal guidance document that was not introduced at the hearing? Point VI, infra.

6. Whether Supreme Court abused its discretion in denying Appellants leave pursuant to CPLR § 408 to conduct discovery regarding APA's improper *ex parte* communications with the Executive Chamber, and whether the Appellate Division erred when it answered this question in the negative and also dismissed that cause of action? Point VII, infra.

#### ARGUMENT

Petitioners-Appellants Protect the Adirondacks! Inc., Sierra Club, and Phyllis Thompson ("Appellants") seek leave to appeal to the Court of Appeals from the Appellate Division's July 3, 2014 Judgment. Because this is a transferred Article 78 proceeding, this would be the first appellate review of the questions presented, with the exception of the sixth question.

APA's decision to approve the Project was riddled with errors of law and procedure, and it should be annulled. The Judgment of the Appellate Division which upheld that decision focused primarily on the Amended Petition's claims involving substantial evidence, and gave only cursory attention to many of the legal issues presented in the Amended Petition. Appellants seek leave to appeal on six questions involving 10 of the

original 29 causes of action. All six of these questions are questions of law - none of them are issues of whether APA's decision was supported by substantial evidence.

It is these legal issues, which are novel and significant, on which Appellants seek leave to appeal.

POINT I:

THIS IS A CASE OF STATEWIDE IMPORTANCE  
THAT PRESENTS NOVEL AND SIGNIFICANT ISSUES

Leave to appeal to the Court of Appeals may be granted where the case presents "novel and significant" issues. Board of Educ. of Monroe-Woodbury Cent. School Dist. v. Wieder, 72 N.Y.2d 174, 183 (1988); 22 NYCRR § 500.22(b)(4). The issues presented herein are both novel and significant.

Although the questions presented in this case directly affect only one region of the state, the six million acre Adirondack Park, they are of statewide significance. In adopting the Adirondack Park Agency Act, Executive Law Article 27 ("APA Act"), the Legislature found that:

The Adirondack park is abundant in natural resources and open space unique to New York and the eastern United States. The wild forest, water, wildlife and aesthetic resources of the park, and its open space character, provide an outdoor recreational experience of national and international significance . . .

Continuing public concern, coupled with the vast acreages of forest preserve holdings, clearly establishes a substantial state interest in the preservation and development of the park area. The

state of New York has an obligation to insure that contemporary and projected future pressures on the park resources are provided for within a land use control framework which recognizes not only matters of local concern but also those of regional and state concern  
. . . .

A further purpose of this article is to focus the responsibility for developing long-range park policy in a forum reflecting statewide concern. This policy shall recognize the major state interest in the conservation, use and development of the park's resources and the preservation of its open space character, and at the same time, provide a continuing role for local government. APA Act § 801.

In upholding the Legislature's power to enact this law, the Court of Appeals held that, in light of

the constitutional and legislative history stretching over 80 years<sup>5</sup> to preserve the Adirondack area from despoliation, exploitation, and destruction by a contemporary generation in disregard of generations to come (internal citations omitted),

the APA Act "serve[s] a supervening State concern transcending local interests", and that "preserving the priceless Adirondack Park through a comprehensive land use and development plan<sup>6</sup> is most decidedly a substantial State concern". Wambat Realty Corp. v. State, 41 N.Y.2d 490, 495 (1977).

Thirteen years later, the Court reaffirmed the primacy of this commitment to the preservation of the "priceless Adirondack Park". Long v. Adirondack Park Agency, 76 N.Y.2d 416, 421 (1990)

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<sup>5</sup> Now almost 130 years. See Helms v. Reid, 90 M.2d 583, 590 (Sup. Ct. Hamilton Co. 1977) (noting that the Adirondack Forest Preserve was created by the Legislature in 1885).

<sup>6</sup> See APA Act § 805.

(internal citations omitted). "The APA is charged with an awesome responsibility and the Legislature has granted it formidable powers to carry out its task." Id. In 1993, the Court found that the APA was created as a "superagency to regulate development in the Adirondack Park region, which the Legislature has singled out for special protection because of its unique environmental significance." Hunt Bros. v. Glennon, 81 N.Y.2d 906, 909 (1993). Thus, the Court of Appeals has long recognized the statewide significance of the Adirondack Park, which makes it all the more essential that leave to appeal be granted in the present case.

The questions presented herein are also novel. See Board of Educ. of Monroe-Woodbury Cent. School Dist. v. Wieder, 72 N.Y.2d at 183. The Court of Appeals has not had occasion to address the APA Act since 1998, when it upheld the dismissal of a proceeding against APA on statute of limitations grounds, and did not reach the merits of the case. Essex County v. Zagata, 91 N.Y.2d 447 (1998). It has never before had the opportunity to consider APA's application of the APA Act's "comprehensive land use and development plan" which the Court has found to be "most decidedly a substantial State concern". Wambat Realty Corp. v. State, 41 N.Y.2d at 495. Whereas Long, Hunt Brothers and Essex County involved claims that APA had overstepped the bounds of its powers, the present case presents the Court with the opportunity

to, for the first time, decide whether APA must strictly apply those “formidable powers”, in order to preserve this “priceless” asset of statewide importance, Long v. Adirondack Park Agency, 76 N.Y.2d at 421, or whether APA has the discretion to ignore the mandates of the very statute which created it.

POINT II:  
SECTION 805 OF THE APA ACT IS BINDING  
ON APA AND IS NOT MERELY GUIDANCE

The first question<sup>7</sup> on which Appellants seek leave to appeal is:

Whether the Appellate Division erred when it held that the Adirondack Park Land Use and Development Plan of APA Act § 805 is merely guidance to APA and is not binding on that agency, despite the plain language of the statute to the contrary?

Appellants’ Tenth, Twelfth, Fourteenth, and Sixteenth Causes of Action showed that APA was arbitrary and capricious, and committed multiple errors of law, when it approved the Project’s 80 proposed residential lots for the Project on Resource Management lands, which are the most environmentally sensitive and most strictly protected private lands in the Park. Brief Point IV.A.<sup>8</sup>

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<sup>7</sup> This question was raised in the Amended Petition (A. 349-376) and preserved in Point IV of Appellants’ Brief below.

<sup>8</sup> Petitioners-Appellants’ Brief to the Appellate Division, Third Department, dated September 6, 2013 (“Brief”). A copy thereof is being filed simultaneously herewith in the office of the Clerk of the Court of Appeals.

On Resource Management lands, environmental protection "is of paramount importance because of overriding natural resource and public considerations". APA Act § 805(3)(g)(1). Development on those lands requires a much larger lot size than any of the other types of private land in the Adirondack Park. APA Act § 805(3)(g)(3); Brief Point IV.A. By setting a precedent of not strictly applying the law as it applies to Resource Management lands, APA put more than 25% of the Park and over 50% of its private land, totaling over 1.5 million acres,<sup>9</sup> at risk of being carved up by exurban sprawl, thereby destroying the very values that the APA Act was intended to protect. APA Act § 801.

Crucially, APA erroneously based its decision to approve those 80 lots on the theory that the criteria of the Adirondack Park Land Use and Development Plan, as set out in APA Act § 805, were merely discretionary guidance, so that APA was not required to adhere to the plain language of the law in deciding whether to approve the Project. A. 349-376; 942-954; Brief Point IV; Reply Brief<sup>10</sup> Point IV. The Appellate Division upheld this erroneous view of the APA Act, and leave to appeal should be granted so that this significant error of law can be corrected.

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<sup>9</sup> See <http://apa.ny.gov/gis/stats/colc1108.htm>.

<sup>10</sup> Petitioners-Appellants' Reply Brief to the Appellate Division, Third Department, dated February 18, 2014 ("Reply Brief"). A copy thereof is being filed simultaneously herewith in the office of the Clerk of the Court of Appeals.



APA made three significant errors of law in determining whether the proposed so-called "Great Camps" were compatible with the Resource Management land use area. First, APA Act § 805(3)(g)(2) mandates that "resource management areas will allow for residential development on substantial acreages or in small clusters on carefully selected and well designed sites". This unique provision<sup>11</sup> of the APA Act is intended to limit the level of adverse impacts on Resource Management lands when development does occur thereon. Brief Point IV.A. However, by its own admission, APA's decision was based on the theory that this is "not a determinative factor" and "not prescriptive" (A. 1102), despite the use of the prescriptive word "will" in the statute. See A. 943-944. APA argued that this statutory language "does not provide specific thresholds for approval", but is merely a "guide" to it, that sets "goals". See Reply Brief p. 13; Brief Point IV.C; A. 943-946, 1097-1104, 4148-4150. The statutory language is not merely guidance, but contains "mandatory provisions" that APA has "no right to disregard". Stern v. Marcuse, 119 A.D. 478, 480 (2d Dept. 1907); see McKinney's Statutes § 177. Because APA did not apply the proper

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<sup>11</sup> See A. 943-944, comparing mandatory limit ("will") on sites for residential development in Resource Management areas (APA Act § 805(3)(g)(2)) to the precatory suggestion ("should") for the use of similar residential lot siting concepts in the less restrictive Rural Use classification (APA Act § 805(3)(f)(2)).

statutory requirement, and treated it as mere guidance, its decision was erroneous, as a matter of law.<sup>12</sup>

Second, APA made its decision on the basis that there is no difference between the statutory standards applicable to primary and secondary compatible uses under APA Act § 805(3)(a) and § 809(10)(b). A. 496; Brief Point IV.E; Reply Brief pp. 14-15. It did so despite the fact that secondary compatible uses such as the 80 houses proposed for Resource Management lands are subject to the additional requirement of APA Act § 805(3)(a) that they may only be approved "depending upon their particular location and impact upon nearby uses ...".

Third, APA found that the 80 residences on Resource Management lands are all "on carefully selected and well designed sites", as required by APA Act § 805(3)(g)(2), despite the fact that APA found (A. 36-37) that many of these homes have not yet been proven to comply with the applicable requirements. Brief p. 36; Reply Brief p. 15; A. 360-362, 487, 949-950, 3763-3768, 5321-5322, 5326, 6723-6724. APA is still waiting for compliant site plans for these lots to be filed, after-the-fact. A. 36-37.

The Appellate Division agreed with APA. Citing APA Act §

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<sup>12</sup> It matters not that "substantial acreages" and "small clusters" are not defined in the APA Act. There are many such undefined terms in the statute, but APA is still required to apply the law as written. Further, it has the power to, if necessary, define such terms in its regulations. APA Act § 804(9); see 9 NYCRR § 570.3.

805(1) (a) out of context and ignoring APA Act § 809(10), it held that these mandates of the APA Act were merely “a consideration to guide the APA’s exercise of its discretion.” Judgment p. 10, fn 12. In doing so, it essentially gutted the heart of the APA Act and the Legislature’s intent to

implement the [Adirondack Park] land use and development plan and to provide for the plan’s maintenance, administration and enforcement in a continuing planning process that ... provides appropriate regulatory responsibilities for the agency”. APA Act § 801.

The Judgment ignored, and was contrary to, the plain language of APA Act § 809(10) (a), (b) and (e), which mandate that a project may only be approved if the project is consistent with the Adirondack Park Land Use and Development Plan (APA Act § 805), compatible with the applicable policies, purposes and objectives, and would not have an undue adverse impact on the resources of the Park. Brief Point IV; Reply Brief Point IV. Thus, the Land Use and Development Plan of APA Act § 805 is not merely a guide to planning pursuant to APA Act § 805(1) (a), as the Appellate Division found. Judgment, p. 10, fn 12. It also contains mandatory requirements that must be strictly enforced when applied to individual project applications under APA Act § 809(10).

The holding of the Appellate Division is also contrary to APA Act § 809(11), which provides:

11. Where there are practical difficulties or

unnecessary hardships in the way of carrying out the strict letter of the provisions of the plan<sup>13</sup> or the shoreline restrictions, the agency shall have authority in connection with a project under its review to vary or modify, after public hearing thereon, the application of any of such provisions or restrictions relating to the use, construction or alteration of buildings or structures, or the use of land, so that the spirit of the provisions or restrictions shall be observed, public safety and welfare secured and substantial justice done.

In furtherance thereof, APA's regulations contain standards and procedures for the review and approval of such variances. 9  
NYCRR Part 576.

Thus, contrary to the holding of the Judgment, the Legislature intended for the Adirondack Park Land Use and Development Plan (APA Act § 802(29), § 805) to be administered strictly, while providing for the granting of variances in individual cases of practical difficulty or unnecessary hardship. If the Legislature had intended for the Plan to be merely guidance, without strictly defined requirements, it would not have needed to provide for the granting of variances from "the strict letter of the provisions of the plan". APA Act § 809(11).

This question is both novel and significant. See Board of Educ. of Monroe-Woodbury Cent. School Dist. v. Wieder, 72 N.Y.2d 174, 183 (1988). The Court of Appeals has never determined whether the Adirondack Park Land Use and Development Plan, as

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<sup>13</sup> Adirondack Park Land Use and Development Plan, APA Act § 802(29), § 805.

defined in APA Act § 802(29), and as set out in APA Act § 805, is merely a "guide" to APA, or whether it contains strict standards and criteria to which projects must conform. If the Judgment is upheld, the statutory protections afforded to the lands and environment of the Adirondack Park will be significantly weakened. See Judgment, p. 10, fn 12. This would be inconsistent with "preserving the priceless Adirondack Park through a comprehensive land use and development plan". Wambat Realty Corp. v. State, 41 N.Y.2d 490, 495 (1977). Leave to appeal should be granted.

POINT III:

THE LEGISLATURE ALREADY BALANCED ECONOMIC  
BENEFITS AGAINST ENVIRONMENTAL IMPACTS AND  
APA MAY NOT DO SO DURING PROJECT REVIEW

The second question<sup>14</sup> on which Appellants seek leave to appeal is:

Whether the Appellate Division erred when it held, despite the plain language and legislative intent of the APA Act to the contrary, that the APA Act allows APA to weigh and balance the alleged economic benefits of a project against its adverse environmental impacts when deciding whether or not those impacts are "undue"?

Appellants' Twenty-Sixth Cause of Action demonstrated that the APA Act did not permit APA to weigh and balance the alleged

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<sup>14</sup> This question was raised in the Amended Petition (A. 410-411) and preserved in Point VII of Appellants' Brief below.

economic benefits of the Project against its adverse environmental impacts. A. 410-411. Yet, in approving the Project, APA did just that. A. 520, 1022-1025. In doing so, it greatly exceeded the powers granted to it by the Legislature under the APA Act.<sup>15</sup> A. 297-301, 410-411, 837-843, 1022-1025; see also A. 4389-4399; Brief pp. 9-11, Point VII, Attachment C; Reply Brief Point VII.

APA Act § 809(10) (e) requires a determination by APA that:

the project would not have an undue adverse impact upon the natural, scenic, aesthetic, ecological, wildlife, historic, recreational or open space resources of the park or upon the ability of the public to provide supporting facilities and services made necessary by the project, taking into account the commercial, industrial, residential, recreational or other benefits that might be derived from the project.

However, APA may only take "into account the commercial, industrial, residential, recreational or other benefits that might be derived from the project" (id.) to determine whether or not they may support "the ability of the public to provide supporting facilities and services made necessary by the project". Id. Both the plain language of APA Act § 809(10) (e), and the APA Act considered as a whole,<sup>16</sup> show that the

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<sup>15</sup> Appellants' post-hearing reply brief (A. 4389-4399) analyzed in detail each section of the APA Act and its legislative history (Brief, Attachment C). This analysis demonstrated that the entire APA Act supports this cause of action.

<sup>16</sup> See Wallach v. Town of Dryden, 23 N.Y.3d 728, 744-749 (2014); Long v. Adirondack Park Agency, 76 N.Y.2d 416, 420-421

Legislature did not empower APA to weigh and balance those alleged economic benefits against a project's "undue adverse impact upon the natural, scenic, aesthetic, ecological, wildlife, historic, recreational or open space resources of the park". Id. See A. 4389-4399; Brief Point VII, Attachment C; Reply Brief Point VII.

The Appellate Division appears to have dismissed this cause of action at page 5 of the Judgment. The Judgment (p. 15) also stated:

Petitioners' remaining contentions, to the extent we have not specifically addressed them, have been considered and found to be without merit.

Therefore, the Appellate Division upheld APA's claim of authority to weigh and balance economic considerations against adverse environmental impacts on a case-by-case basis, despite the lack of statutory authorization for APA to do so.

This question is both novel and significant. The Court of Appeals has recently reaffirmed the principle which it had previously set out in Boreali v. Axelrod, 71 N.Y.2d 1 (1987) that, without specific statutory authorization, an agency may not "engage[] in the balancing of competing concerns" such as

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(1990); see also Talisman Energy USA, Inc. v. New York State Dept. of Env'tl. Conservation, 113 A.D.3d 902, 904-905 (3d Dept. 2014) (stating that the intention of the Legislature is best ascertained from the plain language of the statute, but the legislative history may also be considered; a court must also harmonize all parts of a statute, in accord with the legislative intent).

environmental impacts and economic benefits, “thus acting on its own idea of sound public policy”. New York Statewide Coalition of Hispanic Chambers of Commerce v. New York City Dept. of Health & Mental Hygiene, 23 N.Y.3d 681, 692 (2014). These two cases addressed this issue in a rulemaking context. Id.; see SAPA Art. 2.

The present case presents the issue in the context of adjudication and permitting. See SAPA Art. 3. Therefore, not all of the four factors established in Boreali in a rulemaking context for such an analysis, of whether or not an agency action crosses over into prohibited policy-making, will apply herein. This case does require an analysis of the first Boreali factor, which will necessarily inform the Court of Appeals’ statutory interpretation analysis as to whether or not the APA Act authorizes APA to engage in such a weighing and balancing process.

As the Third Department itself held in a prior proceeding involving the Project:

The APA is charged with the duty to ensure that certain projects within its jurisdiction “would not have an undue adverse impact upon the natural, scenic, aesthetic, ecological, wildlife, historic, recreational or open space resources of the park”. This environmental mandate predated SEQRA<sup>17</sup> and, as reflected in the APA’s regulations, it is more protective of the environment [than SEQRA]. Association for the Protection of the Adirondacks, Inc.

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<sup>17</sup> State Environmental Quality Review Act, ECL Article 8.



v. Town Bd. of Town of Tupper Lake, 64 A.D.3d 825, 826-827 (3d Dept. 2009) (internal citations omitted).

Moreover, as Presiding Justice Peters wrote in her concurrence in that case, while SEQRA requires agencies to strike a balance between social and economic goals and the protection of the environment (id. at 829),

[t]he APA, on the other hand, is not charged with such a balancing of goals and concerns but, rather, is required to ensure that certain projects within its jurisdiction "would not have an undue adverse impact upon the natural, scenic, aesthetic, ecological, wildlife, historic, recreational or open space resources of the park" (Executive Law § 809[9], [10][e]). Id. at 829-830.

Clearly, by placing environmental concerns above all others, "the APA's mandate is more protective of the environment than that embodied within SEQRA." Id. at 830.

The Legislature intended for any such weighing and balancing to occur at the time of its adoption of the "Adirondack park land use and development plan" (APA Act § 802(29) and § 805), and not for it to be done on a case-by-case basis as part of the review of individual project applications. A. 4388-4399; Brief Point VII, Attachment C; Reply Brief Point VII. If the Legislature had intended to give APA this power, it would have done so. See New York Statewide Coalition of Hispanic Chambers of Commerce v. New York City Dept. of Health & Mental Hygiene, 23 N.Y.3d at 697-698; Boreali v. Axelrod, 71 N.Y.2d at 13. Instead, it found that

"[t]he plan<sup>18</sup> represents a sensibly balanced apportionment of land" for resource preservation and economic purposes. APA Act § 801.

APA acted without "any legislative guidelines at all for determining how the competing concerns [of adverse environmental impacts and economic benefits] are to be weighed." Boreali v. Axelrod, 71 N.Y.2d at 12; see also New York Statewide Coalition of Hispanic Chambers of Commerce v. New York City Dept. of Health & Mental Hygiene, 23 N.Y.3d at 695. While not involving a rulemaking that would clearly apply to all permit applications that come before it in the future (SAPA Article 2), APA's interpretation of the statute (now upheld by the Appellate Division) resulted in it making economic and environmental policy on a case-by-case basis in an adjudicatory proceeding. See SAPA Art. 3; see also Charles A. Field Delivery Serv. (Roberts), 66 N.Y.2d 516, 518 (1985) (holding that doctrine of stare decisis applies to agency decision-making).

Because this exceeded APA's powers under the APA Act, APA's action should be annulled, and the Judgment should be reversed. New York Statewide Coalition of Hispanic Chambers of Commerce v. New York City Dept. of Health & Mental Hygiene, 23 N.Y.3d at 699; LaCroix v. Syracuse Exec. Air Serv., Inc., 8 N.Y.3d 348, 353-355 (2007) (annulling agency determination after hearing because

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<sup>18</sup> See APA Act § 802(29) and § 805.

decision contravened plain language of the statute and agency was without authority to rule as it did); Boreali v. Axelrod, 71 N.Y.2d at 16; Charles A. Field Delivery Serv. (Roberts), 66 N.Y.2d at 520.

In addition, this is an important question of first impression under the APA Act itself. Thus, this case presents novel and significant questions, and the motion for leave to appeal should be granted. Board of Educ. of Monroe-Woodbury Cent. School Dist. v. Wieder, 72 N.Y.2d at 183.

POINT IV:

IT WAS ARBITRARY AND CAPRICIOUS FOR  
APA TO RELY ON POST-APPROVAL STUDIES OF  
ADVERSE IMPACTS TO WETLANDS AND WILDLIFE

The third question<sup>19</sup> on which Appellants seek leave to appeal is:

Whether the Appellate Division erred when it held that APA's reliance upon post-approval studies of adverse impacts to wetlands and wildlife, that have not yet been conducted, as grounds for approval of the project was not arbitrary and capricious?

Appellants' Second, Fourth, and Sixth Causes of Action showed that APA's decision was arbitrary and capricious and affected by an error of law because delaying evaluation of the adverse effects of the Project on wetlands and wildlife until

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<sup>19</sup> This question was raised in the Amended Petition (A. 305-343) and preserved in Points I, II and III of Appellants' Brief below.

after the Project was approved is an impermissible postponement of the APA's review of the Project's environmental impacts and is "substantively defective". Brander v. Town of Warren Town Bd., 18 M.3d 477, 484-485 (Sup. Ct. Onondaga Co. 2007). Most egregiously, APA approved the Project despite specifically finding that the Project's adverse ecological impact on the sensitive Cranberry Pond wetland "has not been determined". A. 33.

This question is significant (see Board of Educ. of Monroe-Woodbury Cent. School Dist. v. Wieder, 72 N.Y.2d 174, 183 [1988]) because ensuring the proper and thorough review of a project's environmental impacts on the resources of the Adirondack Park is APA's responsibility, as the "superagency", Hunt Bros. v. Glennon, 81 N.Y.2d 906, 909 (1993), established to protect and "preserv[e] the priceless Adirondack Park", which is "decidedly a substantial State concern". Wambat Realty Corp. v. State, 41 N.Y.2d 490, 495 (1977). The question is novel because the Court of Appeals has never addressed the question of whether it is permissible under the APA Act to postpone significant studies of adverse impacts until after a project has been approved and construction has begun.

In its Order approving the Project, APA recognized that it lacked adequate information about adverse impacts to wetlands and wildlife to support its decision. A. 33-34, 309-311, 879-885,

1080, 4164-4169; Brief Point I; Reply Brief Point I. With regard to impacts to the Cranberry Pond wetland complex, it specifically found that the impact to "fish, wildlife and other biota" and other wetland benefits "has not been determined". A. 33.

Despite this acknowledged defect in its decision, APA allowed the applicant to "identify[] and monitor[] impacts to wetlands and their associated functions, fish, wildlife and other biota within Cranberry Pond as a result of the project's snowmaking activities" after the Project's ski area snowmaking operations had begun.<sup>20</sup> A. 22, 33-34. Such a study would not merely monitor the site for post-approval impacts. Because these impacts had "not been determined" (A. 33), the after-the-fact study was intended to "identify" them in the first instance. A. 22, 33-34.

APA also allowed the applicant to conduct a post-approval "comprehensive amphibian survey and impact analysis [to] identify critical habitat areas and amphibian migration corridors which require additional protection", and allowed it begin construction on most of the site without waiting for this study, including the identification of critical habitat areas, to be done. Allowing these studies to be done after the approval of the Project had already been granted was arbitrary and capricious and an error of

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<sup>20</sup> The applicant intends to annually withdraw large volumes of water from this pond for snowmaking operations for its ski area. A. 23-24.

law. A. 305-331, 846-915, 1078-1097; Brief Point I; Reply Brief Point I.

The studies did not, and will not, assist APA in its decision-making about whether the Project meets the approval criteria set forth in APA Act § 809(10)(e). The fact that these important studies still remain to be done shows that APA failed in its "duty" to identify, and make a "coherent evaluation" of, the Project's impacts to the land, water, air, wildlife, aesthetic, and other resources of the Park, and "address them thoroughly", "before" the approval is granted, as required by APA Act § 805(4) and § 809(10). Town of Dickinson v. County of Broome, 183 A.D.2d 1013, 1014 (3d Dept. 1992); Purchase Env'tl. Protection Assn. v. Strati, 163 A.D.2d 596, 597 (2d Dept. 1990); see APA Act § 805(4); see also SAPA § 306(1); 9 NYCRR 580.6(a); A. 301-304, 844-846, 1087.

APA should have required these environmental studies to be performed prior to its approval of the Project because that is the only way "that there can be any guarantee of a comprehensive review of the proposed [project's] adverse environmental effects, consideration of less intrusive alternatives to the proposed action and consideration of measures in mitigation". Town of Dickinson v. County of Broome, 183 A.D.2d at 1014; see A. 901, 1087-1088, 1094, 2458, 2587, 5216-5231, 5592-5593, 6055. If there is a "need for further analysis" of a project's impacts,

then the project should not be approved until after this analysis has been completed. Pyramid Co. of Watertown v. Planning Bd. of Town of Watertown, 24 A.D.3d 1312, 1314 (4th Dept. 2005);<sup>21</sup> see also Bronx Comm. for Toxic Free Schs. v. New York City Sch. Constr. Auth., 20 N.Y.3d 148, 156-157 (2012) (rejecting both agency's postponement of assessment under SEQRA of important engineering issues until after project was completed, and its refusal to do so in the public SEQRA process).

Finally, allowing studies of the Project's impacts to be done after the approval was granted, and then relying upon those studies to create future "plans for mitigation measures", was arbitrary and capricious. Pyramid Co. of Watertown v. Planning Bd. of Town of Watertown, 24 A.D.3d at 1314. The review, "implementation and enforcement of these mitigation measures will" take place after the approval of the Project, and as such improperly "denies the petitioners and other members of the public their intended input with respect to whether such analysis and mitigation is appropriate or acceptable". Brander v. Town of

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<sup>21</sup> Despite the Appellate Division's finding that the impacts on Cranberry Pond from snowmaking "cannot be known" until the pond is actually used for snowmaking (Judgment p. 7), water withdrawal tests to simulate actual snowmaking conditions, and studies of the potential impacts to Cranberry Pond and its fish and wildlife, could have been done by the applicant during the eight years that the Project was under review by APA, yet the applicant failed and refused to do so. Decades-old water usage data from prior snowmaking operations should not substitute for actual fish and wildlife studies.

Warren Town Bd., 18 M.3d at 481-482; see also Bronx Comm. for Toxic Free Schs. v. New York City Sch. Constr. Auth., 20 N.Y.3d 148 at 156-157 (finding that internal DEC review of issue was did not satisfy the need for a SEQRA process with an opportunity for public review and comment).

As shown above, APA failed in its duty to conduct a thorough review of the Project's environmental impacts before it was approved. The Third Department erred when it upheld this action, and in doing so, it created a conflict with prior decisions of the other departments of the Appellate Division. See 22 NYCRR § 500.22(b)(4); see also Pyramid Co. of Watertown v. Planning Bd. of Town of Watertown, 24 A.D.3d at 1314 [4th Dept.]; Purchase Env'tl. Protection Assn. v. Strati, 163 A.D.2d at 597 [2d Dept.]. Although these cases are SEQRA cases, project review under the APA Act is intended to take the place of SEQRA review. See Association for the Protection of the Adirondacks v. Town Board of Town of Tupper Lake, 64 A.D.3d 825, 826-827 (3d Dept. 2009) (holding that the Project at issue herein was not subject to SEQRA review because it was subject to APA review). Moreover, the APA Act is intended to be "more protective of the environment" than SEQRA. Id. If delaying such crucial studies until after a project is approved is not permitted under SEQRA, then it certainly should not be permitted under the "more protective" APA Act. Id. Therefore, there is "a conflict among



the departments of the Appellate Division" (22 NYCRR § 500.22(b)(4)) on this issue, one which the Court of Appeals has never addressed.

Appellants' motion for leave to appeal the question of whether the Appellate Division erred when it upheld APA's reliance upon post-approval studies of adverse impacts to wetlands and wildlife as grounds for approval of the Project should be granted.

POINT V:

APA AND THE APPELLATE DIVISION DID  
NOT APPLY THE COMPLETE TEST UNDER  
APA'S FRESHWATER WETLANDS ACT REGULATIONS

The fourth question<sup>22</sup> on which Appellants seek leave to appeal is:

Whether the Appellate Division erred when it failed to apply the complete standard under the Freshwater Wetlands Act regulations and when it created its own rationale to support APA's decision?

Appellants' Fourth Cause of Action showed that APA's decision was arbitrary and capricious and affected by an error of law because APA approved the Project in violation of APA's Freshwater Wetlands Act regulations. Brief Point III.B; Reply Brief Point I.B.

This question is novel and significant (see Board of Educ.

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<sup>22</sup> This question was raised in the Amended Petition (A. 315-319) and preserved in Point III of Appellants' Brief below.

of Monroe-Woodbury Cent. School Dist. v. Wieder, 72 N.Y.2d 174, 183 [1988]) because preserving, protecting, and conserving freshwater wetlands across the State is a "desirable goal", and when the wetlands are within the Adirondack Park they are "decidedly a substantial State concern". Wedinger v. Goldberger, 71 N.Y.2d 428, 436 (1988); Wambat Realty Corp. v. State, 41 N.Y.2d 490, 495 (1977).<sup>23</sup> "Freshwater wetlands are an integral part of the unique scenic, aesthetic, wildlife, recreational, open space, ecological and natural resources of the Adirondack park and are recognized and protected by the Adirondack park agency act." ECL § 24-0105(6); see also ECL § 24-0105(4); ECL § 24-0801(2). Wetlands make up about 14% of the Adirondack Park's land area, or about 840,000 acres.<sup>24</sup>

APA may only approve a project that impacts wetlands if it will comply with APA's freshwater wetlands regulations at 9 NYCRR Part 578. These regulations prohibit APA from approving a project unless the

proposed activity: (i) would result in minimal degradation or destruction of the wetland or its associated values; and (ii) is the only alternative which reasonably can accomplish the applicant's objectives; or (iii) alternatively to subparagraph (ii), is the only alternative which provides an essential public benefit.

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<sup>23</sup> The Freshwater Wetlands Act is administered by APA within the Park and by the Department of Environmental Conservation in the rest of the state. ECL § 24-0801.

<sup>24</sup> See [http://apa.ny.gov/About\\_Park/natural\\_commun.htm](http://apa.ny.gov/About_Park/natural_commun.htm).

9 NYCRR § 578.10(a)(2); see 9 NYCRR § 578.5(a).

Here, the decision to approve the Project was arbitrary and capricious and affected by an error of law because, by its own admission (A. 33), APA lacked the information necessary to determine whether the Project complied with the regulations, in particular, whether the Project's withdrawal of water for ski area snowmaking operations would adversely affect the Cranberry Pond wetland and the wildlife that depends on it. A. 33.

Cranberry Pond is a large boreal wetland complex on the Project Site, and its has a wetland value rating of "2".<sup>25</sup> See 9 NYCRR § 578.5(a); A. 5235-5245, 5644-5646. Due to the lack of evidence, APA found that the adverse impacts from the Project's snowmaking activities to the ecology of Cranberry Pond have "not been determined." A. 33.

Therefore, APA did not, and could not, make any determination about whether the impacts to Cranberry Pond "would result in minimal degradation or destruction of the wetland or its associated values". 9 NYCRR § 578.10(a)(2)(i). Accordingly, the Project should not have been approved because the "record did not allow [APA] to find that the project would" result in minimal

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<sup>25</sup> In keeping with APA's general failure to make the findings required by SAPA and its own hearing regulations, the APA's Order also did not make the required finding about the value rating of Cranberry Pond. See 9 NYCRR § 578.5; see also Brief Point VIII; Reply Brief Point VIII; A. 315, 459, 885-889, 1030-1031.

degradation or destruction of the wetland. Green Is. Assoc. v. Adirondack Park Agency, 178 A.D.2d 860, 862 (3d Dept. 1991); see Pfau v. Adirondack Park Agency, 137 A.D.2d 916, 917 (3d Dept. 1988) (upholding APA's denial of wetlands permit on the grounds that the evidence was not adequate for it to make requisite findings under 9 NYCRR § 578.10).

The threshold issue under 9 NYCRR § 578.10(a)(2) is whether or not the "proposed activity: (i) would result in minimal degradation or destruction of the wetland or its associated values". The Appellate Division's Judgment (p. 8) failed to apply this prong of the regulatory standard in its review of APA's decision. Instead, it skipped right over it to the second prong, that of whether the activity (withdrawal of snowmaking water) was "the only alternative which reasonably can accomplish the applicant's objectives".<sup>26</sup> Judgment p. 8. Even if this finding by the Court was correct, it did not address both parts of the two-pronged test of 9 NYCRR § 578.10(a)(2), and the

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<sup>26</sup> Contrary to the Appellate Division's *sua sponte* finding (Judgment p. 8), APA never made a finding that, due to the higher cost of using Tupper Lake for snowmaking water, the use of Cranberry Pond was "the only alternative which reasonably can accomplish the applicant's objective". 9 NYCRR § 578.10(a). All that APA found was that "the costs associated with using Tupper Lake would be significantly higher." A. 23. APA also found that "Cranberry Pond is not a reliable long-term source of snowmaking water" and that Tupper Lake is the "more reliable long-term source of water that minimized impacts to wetlands, fish, wildlife and other biota and would ensure the long-term viability of the Ski Area". A. 24.

Judgment was erroneous, as a matter of law.

Further, APA made no finding about the whether the use of the Cranberry Pond wetland: "(ii) is the only alternative which reasonably can accomplish the applicant's objectives; or (iii) alternatively to subparagraph (ii), is the only alternative which provides an essential public benefit." 9 NYCRR § 578.10(a)(2). Neither the Attorney General's Office or the Appellate Division (see Judgment pp. 7-8) can supply grounds for a decision after-the-fact if APA did not do so. Barry v. O'Connell, 303 N.Y. 46, 50 (1951).

APA's decision should be annulled because it approved the Project in violation of APA's freshwater wetlands regulations. Appellants' motion for leave to appeal should be granted because the Appellate Division erred when it misapplied the regulatory standard when it upheld that decision, and also when the Court created its own reasons to justify it, after APA failed to do so itself.

POINT VI:

AN AGENCY CAN NOT RELY ON A NON-APPROVED  
INTERNAL POLICY MEMORANDUM THAT WAS OUTSIDE THE  
RECORD AS THE PRIMARY BASIS FOR ITS DECISION

The fifth question<sup>27</sup> on which Appellants seek leave to appeal is:

Whether the Appellate Division erred when it held that an administrative agency that conducted an adjudicatory hearing at which evidence and testimony was taken may base its decision after the hearing primarily on an unapproved internal guidance document that was not introduced at the hearing?

Appellants' Eighth Cause of Action showed that APA's decision was arbitrary and capricious and affected by an error of law because it relied upon an internal policy memorandum, Guidelines for Biological Surveys ("Guidelines"), that was never properly adopted as agency guidance under SAPA and the APA Act, and was outside the record of the adjudicatory hearing. A. 331-348, 916-931, 4803; Brief Point II; Reply Brief Point II. This question is novel and significant because it goes to the very heart of the integrity of the administrative adjudication process in this state under SAPA Article 3. See Board of Educ. of Monroe-Woodbury Cent. School Dist. v. Wieder, 72 N.Y.2d 174, 183 (1988); Simpson v. Wolansky, 38 N.Y.2d 391, 395 (1975).

While an administrative hearing "may be more or less informal", a "fundamental requirement of a fair trial" is that

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<sup>27</sup> This question was raised in the Amended Petition (A. 343-348) and preserved in Point II of Appellants' Brief below.

the parties "be fully apprised of the proof to be considered, with the concomitant opportunity to cross-examine witnesses, inspect documents and offer evidence in rebuttal or explanation". Simpson v. Wolansky, 38 N.Y.2d at 395; see SAPA § 306(2) ("[a]ll evidence, including records and documents in the possession of the agency of which it desires to avail itself, shall be offered and made a part of the record"). Relying upon "matters not appearing in the record in making the determination under scrutiny" is "in violation of the salutary general proposition . . . that it is not proper for an administrative agency to base a decision of an adjudicatory nature, where there is a right to a hearing, upon evidence or information outside the record". Simpson v. Wolansky, 38 N.Y.2d at 396. Doing so "render[s] the administrative determination subject to annulment upon review". Id. at 395.

Nor, in the context of an adjudicatory hearing, may an agency rely upon an internal policy memorandum that was never properly promulgated under SAPA or its own regulations. Such a document may not be officially noticed under SAPA § 306(4). See CPLR § 4511 (allowing official notice of agency regulations, but not of internal agency documents).<sup>28</sup>

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<sup>28</sup> See also Wilco Props. Corp. v. Department of Env'tl. Conservation of State of N.Y., 39 A.D.2d 6, 9 (3d Dept. 1972) (noting that a "hearing officer may take official notice of duly promulgated regulations of agencies").

The Guidelines are not available on the APA website, along with APA's other "Guidelines and Methodology",<sup>29</sup> so they are not generally available to the hearing parties or the public. See SAPA § 202-e. Further, the Guidelines is not a document that the APA Members could take "official notice" of after the close of the record because it lacks sufficient "common notoriety" as required by 9 NYCRR § 580.15(b) (1), and because the hearing parties were not given proper notice and an opportunity to dispute its planned use, as required by 9 NYCRR § 580.15(b) (2). See SAPA § 302(3); Beverly Farms v. Dyson, 53 A.D.2d 720, 721 (3d Dept. 1976) (annulling as "improper and prejudicial" an administrative determination based upon evidence that the decision-maker took "official notice of" after the close of the hearing because the "documents were never entered into evidence and form no part of the record on review"). Finally, the Guidelines have no legal or binding effect on any party because they were not promulgated as a rule under SAPA. See SAPA Art. 2.<sup>30</sup>

Here, prior to the adjudicatory hearing, despite APA's staff having repeatedly asked the applicant for comprehensive wildlife studies of the site, it consistently refused to provide them. A.

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<sup>29</sup> <http://apa.ny.gov/Documents/Guidelines.html>

<sup>30</sup> See also Zelanis v. New York State Adirondack Park Agency, 27 M.3d 1229(A), \* 6 (Sup. Ct. Essex Co. 2010) (stating that internal APA policy statements lack the force of law).



333-334. The APA found in 2007 that the lack of information about the Project's impacts on fish and wildlife would not allow for approval of the project. A. 334, 2458; Brief Point II; Reply Brief Point II.

During the adjudicatory hearing, the applicant presented no additional competent information on wildlife and its habitat. A. 334. After the hearing, APA's staff found that "[n]ot enough was done to identify biological resources or to assess the impacts of the proposed project on those resources". A. 3818. Therefore, continued the APA Staff, "wildlife information is lacking" and "the [applicant] should have done more wildlife work here". A. 341. The staff concluded that "it is not possible to make specific findings concerning impacts to habitat from the proposed project". A. 340-342; Brief Point II; Reply Brief Point II.

Faced with this complete lack of evidence, APA's staff produced the Guidelines document, for the first time in the entire proceeding, at the APA Members' final deliberation session on the Project. A. 1086, 1090<sup>31</sup>. The staff and Members proceeded to discuss the Guidelines and its effect on the matter pending before them. A. 1090-1097. Then, in the final Order

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<sup>31</sup> One APA Member commented during deliberations at APA's January 18, 2012 meeting that "he just found out that we actually have guidelines for a biological survey and I didn't know that, so I'm looking forward to getting a copy of it." A. 1086. At the APA meeting the next day, the APA Members were provided with copies of the Guidelines. A. 1090.

approving the Project, APA's sole "Finding of Fact" on wildlife and wildlife habitat expressly stated (A. 21) that the applicant's "site visits" followed the Agency's Guidelines. The Guidelines was not in the record of the administrative hearing and it was not officially noticed. A. 343. APA's final Order was the first time that the Guidelines document was applied in this case.

Therefore, because it "acknowledged [its] reliance on matters not appearing in the record in making the determination under scrutiny", APA's decision should have been annulled. Simpson v. Wolansky, 38 N.Y.2d at 396; see SAPA § 302(3) ("[f]indings of fact shall be based exclusively on the evidence and on matters officially noticed"). APA also could not rely on the Guidelines memorandum because, as discussed above, it was never properly promulgated under SAPA, the APA Act, or APA's regulations.

The Appellate Division erred by basing its decision on a finding that the Appellants had "not identified any prejudice" to their interests. Judgment p. 8, fn 9. APA's actions were inherently prejudicial and it was not up to the Appellants to prove that they were. See Beverly Farms v. Dyson, 53 A.D.2d at 721.

Moreover, the use of this document was indeed very prejudicial to the Appellants. The Guidelines document was never

applied to the facts of the Project during the administrative hearing. No APA staff witnesses, no applicant witnesses, and no other witnesses testified about the Guidelines, and no witnesses stated that they had considered them, or reviewed them in preparing or reviewing the proposed Project. No witness testified that the Guidelines had any scientific validity. No witness testified that the applicant had actually "followed standard Agency guidelines and procedures", or the Guidelines document, in particular. A. 343-344.

Therefore, the hearing parties had no opportunity to conduct cross-examination or rebuttal regarding the Guidelines, or its application to the Project, in the adjudicatory hearing process. See SAPA § 306; Erdman v. Ingraham, 28 A.D.2d 5, 9 (1st Dept. 1967) (annulling an agency's decision because the consideration of evidence that was received "without the opportunity of cross-examination, had the effect of depriving petitioner of the fair and proper hearing to which he was entitled"); see also Multari v. Town of Stony Point, 99 A.D.2d 838, 839 (2d Dept. 1984).

The Appellate Division also erred by holding that the APA's reliance on the Guidelines did not result in "such a harmful or unfair effect as to vitiate the hearing". Judgment p. 8, fn 9 (citations and internal quotations omitted). Contrary to the Appellate Division's holding, an agency's post-hearing material reliance upon documentary evidence outside the record, or an

unapproved policy memo, creates a fundamentally unfair effect on the hearing. See Simpson v. Wolansky, 38 N.Y.2d at 396; Korth v. McCall, 275 A.D.2d 511, 512 (3d Dept. 2000); Erdman v. Ingraham, 28 A.D.2d at 9.

Therefore, APA's reliance upon the Guidelines was an error of law. Moreover, as shown above, there is no competent evidence within the record that could otherwise support APA's finding that the applicant's "site visits" followed the Guidelines or any other "standard Agency guidelines and procedures". A. 21. See Johnson v. Town of Arcade, 281 A.D.2d 894, 895 (4th Dept. 2001).

Accordingly, in order that the Court of Appeals may restore fundamental fairness to the State's adjudicatory hearing process, Appellants' motion for leave to appeal the question of whether an administrative agency that conducted an adjudicatory hearing may base its decision on an unadopted internal guidance document, that was outside the record, should be granted.

POINT VII:

IT WAS AN ABUSE OF DISCRETION TO DENY  
APPELLANTS THE OPPORTUNITY TO CONDUCT  
DISCOVERY ON THE ISSUE OF IMPROPER *EX PARTE*  
CONTACTS BETWEEN THE EXECUTIVE CHAMBER AND APA

The sixth question<sup>32</sup> on which Appellants seek leave to appeal is:

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<sup>32</sup> This question was raised in the Amended Petition (A. 415-420) and preserved in Point XI of Appellants' Brief below.

Whether Supreme Court abused its discretion in denying Appellants leave pursuant to CPLR § 408 to conduct discovery regarding APA's improper *ex parte* communications with the Executive Chamber, and whether the Appellate Division erred when it answered this question in the negative and also dismissed that cause of action?

Appellants' Twenty-Eighth Cause of Action showed that the APA's decision-making process on the Project was so tainted by improper *ex parte* contacts between the voting members of the APA ("Members") and other parties, including the Executive Chamber<sup>33</sup> and the applicant's attorney, that the approval of the Project must be annulled. A. 415-420, 1038-1050, 1123, 1176-1178, 1321-1326, 1409-1410, 1529-1530, 1532-1533, 1550-1552, 1556, 5022-5062); Brief Point XI; Reply Brief Point XI. These contacts were prohibited by SAPA § 307(2) and the APA's regulations at 9 NYCRR § 587.4(c). "Such contacts are in violation of administrative procedural due process and mandate an annulment of [APA's] determination." Signet Constr. Corp. v. Goldin, 99 A.D.2d 431, 432 (1st Dept. 1984); see Rivera v. Espada, 3 A.D.3d 398, 398-399 (1st Dept. 2004) (annulling determination "tainted by the *ex parte* communication").

In this case, there is ample evidence that such contacts occurred between the Executive Chamber and the APA Members. This evidence includes the 18 sets of communications documents between the Executive Chamber and APA that were withheld from the Record

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<sup>33</sup> See Executive Law § 2.

herein by the State. A. 1176-1178, 1321-1326, 1529-1530, 1550-1552. The likely content thereof was demonstrated when the Mayor of the Village of Tupper Lake, a supporter of the Project, was reported by the press to have personally "thanked the Governor for his support with the APA commissioners' vote on the ACR permit".<sup>34</sup> A. 1532-1533, 1556.

The obvious implication of these facts is that the Executive Chamber somehow interfered with the APA's post-adjudicatory hearing deliberative process so as to ensure that the Project's application was approved. While vehemently denying that the well-documented *ex parte* contacts between the applicants' attorney and the APA were improper (Judgment p. 14), none of the respondents ever denied that such *ex parte* contacts had occurred between the Executive Chamber and the APA Members, or that these contacts were improper. A. 1362-1480. This is the equivalent of an admission of these allegations. Reply Brief Point XI.

Although Article 78 proceedings are ordinarily decided upon the record that was before the agency whose actions are being challenged (see CPLR § 7804(c)), by the very nature of *ex parte* contacts, documentary proof thereof is not usually going to be

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<sup>34</sup> An earlier statement by the Mayor to the press was confirmed when it led to the discovery of the *ex parte* contacts between the applicants' attorney and the APA. A. 1529-1532. Thus, it is extremely likely that if the 18 sets of documents exchanged between the Executive Chamber and the APA were released, and other discovery were permitted, the actions of the Executive Chamber would likewise be confirmed.

found in the record. Thus, in order to prove such a claim, leave to conduct discovery pursuant to CPLR § 408 is essential.

Appellants made a motion to Supreme Court for leave to undertake that discovery. A. i-ix; Brief Point XI; Reply Brief Point XI. The motion was denied. A. i-ix; see Appendix A hereto. Appellants then moved for, and were granted, leave to appeal that decision to the Appellate Division. A. xviii; see Appendix B hereto. That court denied the appeal on the grounds that Supreme Court had not abused its discretion. Judgment p. 14. The court concurrently dismissed the Twenty-Eighth Cause of Action due to a lack of evidence of improper *ex parte* contacts.<sup>35</sup> Judgment p. 14. This dismissal was perhaps inevitable, given Appellants' inability to conduct discovery.

In denying the appeal, the Appellate Division applied the proper legal standard, but it incorrectly ruled that Supreme Court had not abused its discretion. Judgment p. 15. Discovery should be allowed under CPLR § 408 where the discovery "sought [is] likely to be material and necessary to the prosecution or defense of [the] proceeding." Stapleton Studios v. City of New York, 7 A.D.3d 273, 275 (1st Dept. 2004); see Allen v. Crowell-Collier Publ. Co., 21 N.Y.2d 403, 406-407 (1968). The

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<sup>35</sup> For reasons that are not apparent from the text of the Judgment, the Appellate Division only discussed the *ex parte* contacts between the APA and the applicants, and completely failed to address the extensive *ex parte* contacts between the Executive Chamber and the APA. Judgment pp. 14-15.

fact that the Twenty-Eighth Cause of Action was dismissed for lack of evidence (Judgment p. 14) proves that discovery was absolutely "material and necessary". Id. Therefore, the Appellate Division should have granted the appeal and allowed Appellants to conduct discovery before ruling upon the Twenty-Eighth Cause of Action.

Appellants were caught in a Catch-22. The Appellate Division found that the claims of *ex parte* contacts were "speculative" (Judgment p. 14), yet without discovery, it was not possible to garner sufficient facts to establish additional proof, when those facts were within the exclusive knowledge of the opposing parties. Thus, proceedings involving *ex parte* contacts like the present case are similar to the line of cases involving RPAPL Article 7, in which leave under CPLR § 408 is routinely granted. See Niagara Mohawk Power Corp. v. City of Saratoga Springs Assessor, 2 A.D.3d 953, 954 (3d Dept. 2003); Pyramid Crossgates Co. v. Board of Assessors of Town of Guilderland, 287 A.D.2d 866, 868 (3d Dept. 2001); Food Fair v. Board of Assessment Review of Town of Niskayuna, 78 A.D.2d 335, 338 (3d Dept. 1981).

Discovery herein would not be a "fishing expedition" because Appellants have already provided "some factual predicate" (A. 1489-1493, 1532-1533, 1556) showing that discovery is "reasonably likely" to produce new evidence of improper *ex parte*



communications between the Executive Chamber and the APA. Niagara Mohawk Power Corp. v. Town of Moreau Assessor, 8 A.D.3d 935, 937 (3d Dept. 2004). The new evidence sought by the Appellants is more than "marginally relevant" to the question of *ex parte* communications - the information sought is at the heart of the Twenty-Eighth Cause of Action. General Elec. Co. v. Macejka, 117 A.D.2d 896, 897 (3d Dept. 1986).

Discovery regarding such communications would be "material and necessary to the prosecution" of the Appellants' proceeding, and should be granted in light of the courts' "important responsibility to protect [against] arbitrary or discriminatory conduct". Stapleton Studios v. City of New York, 7 A.D.3d at 275; Dougherty v. Bahou, 67 A.D.2d 739, 741 (3d Dept. 1979); see Freidus v. Guggenheimer, 57 A.D.2d 760 (1st Dept. 1977). Therefore, it was a "clear abuse of discretion" (Cochran v. Cayuga Med. Ctr. at Ithaca, 90 A.D.3d 1227, 1227 [3d Dept. 2011] [internal citations omitted]) for Supreme Court to deny the motion for leave to conduct discovery, and the Appellate Division should have granted the appeal.

This question is both novel and significant. See Board of Educ. of Monroe-Woodbury Cent. School Dist. v. Wieder, 72 N.Y.2d 174, 183 (1988). There appear to be no Court of Appeals decisions addressing the issue of whether leave to conduct discovery regarding *ex parte* contacts should be granted where the

facts are not in the administrative record, and are under the exclusive control of the respondents. Resolving this issue is essential to preserving the integrity of the SAPA Article 3 adjudicatory hearing process for the APA, and for all agencies of the state's government, by ensuring that off-the-record interference with their deliberations does not taint the hearing process. See Simpson v. Wolansky, 38 N.Y.2d 391, 396 (1975); Signet Constr. Corp. v. Goldin, 99 A.D.2d at 432; Rivera v. Espada, 3 A.D.3d at 398-399 (1st Dept. 2004). Therefore, the motion for leave to appeal should be granted.

CONCLUSION

This case presents novel and significant questions of law which are of statewide importance. At least one question involves a conflict among the decisions of the departments of the Appellate Division. Leave to appeal should be granted.

Dated: October 21, 2014

/S/ John W. Caffry

/S/ Claudia K. Braymer

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John W. Caffry

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In the Matter of the Application of

PROTECT THE ADIRONDACKS! INC., SIERRA  
CLUB, and PHYLLIS THOMPSON,

Petitioners-Appellants,

for a Judgment Pursuant to  
CPLR Article 78

-against-

ADIRONDACK PARK AGENCY, NEW YORK STATE  
DEPARTMENT OF ENVIRONMENTAL CONSERVATION,  
PRESERVE ASSOCIATES, LLC, BIG TUPPER,  
LLC, TUPPER LAKE BOAT CLUB, LLC, OVAL  
WOOD DISH LIQUIDATING TRUST and NANCY  
HULL GODSHALL, as Trustee of OVAL WOOD  
DISH LIQUIDATING TRUST,

Respondents-Respondents.

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**DISCLOSURE STATEMENT  
PURSUANT TO RULE  
500.1(f)**

**Albany County Index  
No. 1682-12**

**Appellate Division  
Case No. 516901**

Petitioner-Appellant Protect the Adirondacks! Inc. has no  
parent companies, subsidiaries or affiliates.

Petitioner-Appellant Sierra Club has no parent companies,  
subsidiaries or affiliates.