

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

June 08, 2017

A regular meeting of the Orange County Industrial Development Agency was convened in public session on June 08, 2017 at 2:06P.M. at the Orange County Business Accelerator in New Windsor, New York.

The meeting was called to order by the Chairman, Robert Armistead, and upon roll being called, the following were:

PRESENT: Robert Armistead, Mary Ellen Rogulski, John Steinberg, Michael Bonura, Edward Diana, Stephen Brescia, Robert Schreibeis

ABSENT: NONE

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer
Kevin Dowd – IDA Attorney
Russell Gaenzle – Harris Beach
Joel Kleiman – Chief Financial Officer
Vincent Cozzolino – Managing Director
Lisa Sommers– Focus Media
Maureen Halahan – OCP
Amanda Dana - OCP
Wayne Booth –Orange County Executive Office
Michael Zukerman – CNW Real Estate
Fred Straub – CNW Real Estate
John Madeo – Mountco
Joel B. Mounty – Mountco

Chairman Armistead calls to order the regular meeting of the Orange County IDA, June 08, 2017 (Pledge of Allegiance is recited). Board consists of seven members. There is a quorum.

Roll Call is taken.

Minutes

Review of the prior May 11, 2017 meeting minutes. Motion to approve the minutes is made by Ms. Rogulski, seconded by Mr. Schreibeis. Motion carries with all in favor.

Financial Reports and/or Requests for Payment

Mr. Kleiman reviews the summary of IDA bank accounts, certificate of deposits, and money market accounts that reflect a total of \$10,856,049, as of May 31, 2017. A CD is maturing at the end of August.

Mr. Kleiman reviews the income and expense summary, noting that YTD is \$249,458, and YTD expenses are \$187,469, with revenues exceeding expenses by \$61,689. Payments are anticipated from IBM and CPV in the near future.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$80,024, and expenses are \$716,239. Expenses, as anticipated, exceed revenues by \$636,216.

Chairman Armistead asks for a motion to approve the vouchers and payments in the amount of \$317,988.00. Motion made by Ms. Rogulski, seconded by Mr. Steinberg, that the Board accept the financial reports and authorize IDA payments and vouchers. Open for discussion. Affirmative votes of all members present results in motion carried.

Chairman's Report

Chairman Armistead informs the board that the Management Team did a good job hosting the Hudson Valley Leadership Conference at the Culinary Institute of America. It was well attended with 400 plus people. Accelerator awards were handed out during the conference to Senator Larkin and Laurie Villasuso for their leadership in the Hudson Valley. The event received positive feedback.

Chief Operating Officer Report

Ms. Villasuso reminds the board that today, June 8th, is the annual reorganizational meeting for the OCFC. Mr. Bonura will be replacing Mr. Steinberg on the Governance Committee. This appointment is being made by Chairman Armistead. The Governance Committee now consists of:

Mr. Diana – Chair
Mr. Schreibeis
Mr. Bonura
Ms. Rogulski – Alternate

Ms. Villasuso reminds the board that a couple of years ago the State Comptroller's Office audited the OC IDA. The auditors met with Management last month, and many of the issues address in this report have since been addressed. Currently, the auditors are reviewing and revising the draft report. Management will review this updated report and submit a response that will be published with this report. This is expected to be wrapped up by the end of July.

Management recently met with the County Executive and staff to assist a regional Minority Owned Business Consortium. This Consortiums intention is to help minority owned businesses that are trying to capitalize on the 30% of contracts set aside for certified MWBE businesses. The County Executive has requested they get assistance to form their not-for-profit and access available opportunities.

In the past month, public hearings have been held for The Ridge Project and Bnai Yoel Project. The hearing for The Ridge was well attended. The transcripts for the hearing will be made available to the board.

Management met with Mr. Steinberg and Mr. Harrison, of Stewart Airport, to discuss the Port Authority property as requested by the board. That conversation is ongoing, but it seems there is a possibility they will get that property back. Management will keep the board updated on the status of the property.

Mr. Cozzolino, Ms. Villasuso, and Mr. Dowd attended the Economic Development Council's (EDC) annual conference in May. Ms. Villasuso informed the board that she is now a board member of the NY State EDC. This was her nomination meeting. The IDA sponsored a successful well attended event during the conference.

When the DRI announcements came out The Accelerator was not included in the projects to be funded. Initially part of that funding was anticipated for the expansion satellite location in Middletown. While at this conference, management spoke with other DRI recipients throughout the state. These recipients also had similar incubator or accelerator programs within their DRI funding structure that went without financial support. The DRI funds have been largely set aside for capital improvements and infrastructure. The Accelerator is not alone as other programs experienced similar situations.

Mr. Diana informs the board that management has been working well over a year on this Middletown expansion with the anticipation of receiving some DRI funds to support the project. Two locations were anticipated for these new Accelerator locations. The Mayor and Common Council were big supporters of the project. A report with this project in consideration was sent to Albany for review. Only six of the ten projects were supported and The Accelerator expansion was not one of them. Due to the lack of funds, only the Touro College expansion will take place currently. Negotiations were made with Tony Danza Team that owns the Touro College property, and an alternative solution of 18 months' free rent with a three-year lease has been agreed upon. They've partnered with TSEC to fund the up fit of the space. The search for additional funds for this project continues.

Ms. Villasuso informs the board that SUNY is putting a satellite location in Port Jervis. Management has met with the County Executives Office, the Port Jervis Mayor, and the School Board to discuss potential classes at this site.

Management continues to discuss the possibility of an Accelerator expansion in Port Jervis with the Mayor.

Management is working with the City of Middletown to help retain a manufacturer by providing automation and hopefully acquire grant funding.

Management attended OCPs Real Estate Summit and gave a presentation regarding IDA incentives. The Summit was a successful and well attended event.

Mr. Kleiman and Ms. Rogulski have met with Community Capital to discuss a micro-loan fund for the OCFC. Discussions have begun with intentions of launching that program within a year.

Management has been working on creating partnerships between St. Luke's Hospital and Touro Medical College. This initiative hopes to leverage connections and potentially create an additional SMARTT Lab onsite at the Touro facility.

Chairman Armistead asks Mr. Dowd to give a report on the recent public hearings.

Mr. Dowd informs the board that besides the applicant, the Bnai Yoel public hearing was lightly attended. The Ridge public hearing lasted about an hour and was well attended. Both positive and negative comments were made by the general public. Though ultimately the support of the community, school board and town board, will determine the success of this project. They have to agree to the funding mechanism or the project will not work. One school board member was very out spoken against the project, and the Town Supervisor indicated that the proposed rec center that was being built on the site may not be enough for their support of the proposed 28-year PILOT.

Mr. Brescia questions the true length of the PILOT.

Mr. Dowd states that the applicant is still trying to determine what is needed to repay the bonds. The final PILOT length has not clearly been determined.

Mr. Gaenzle states currently there is nothing the IDA board can do until the project has gained the support of the taxing jurisdictions. Without that there is no deal.

The Accelerator Report

Mr. Cozzolino updates the board on The Accelerator Progress.

A new company is moving into one of the Accelerator buildings at the Avenue of the Americas campus. This company manufactures unique bags. He has contracts with the military and Japanese companies. He's going to hire staff immediately at \$13 an hour and 50% medical benefits.

The first artisanal food manufacturing POD will be created. This manufacturer is currently headquartered in the town of Montgomery and produces key lime pies. TSEC is supporting the outfitting of that POD with the necessary equipment.

The next conference will take place this fall and will address Film Industry incentives and needs in the Hudson Valley.

There is an industry cluster of beverage producers in the Hudson Valley. Everything from specialty elixirs, to craft beers, distilled beverages, etc. A great deal of these businesses are not making money. Management is working on solutions and alternatives to help them reach the next level and successfully grow.

The Hudson Valley Leadership Conference took place on May 19th, in the Marriott Pavilion at The Culinary Institute of America. The auditorium hosted the speaking section of the event, but the lower level hosted an Accelerator client and regional partner market. The event was well attended by approximately 300-400 people, well received, and only positive feedback has been expressed.

Management is working with OCP to address an issue regarding water and sewer lines in Middletown affecting local businesses. Ms. Dana has been working on this initiative for quite some time, and The Accelerator has now joined this effort by applying for grant funds.

Management is working with a New Windsor company that prepares and packages ethnics foods. This company quickly outgrowing its current space, is trying to automate, and is struggling to develop and manage a steady workforce. Consulting services are being provided.

Management is working with the Town of Highland Falls to repurpose and fill an empty building.

The onsite incubator is full and expanding.

The Accelerator Without Walls program continues to grow without any true marketing.

Discussions

Ms. Villasuso informs the board that management had met with Loewke Brill, Fellenzer, and interested parties to discuss the status of ongoing labor audits. The audits continue to be productive and successful during the construction portion of the projects in question.

In the future, management will be meeting with local contractors and Loewke Brill to inform local contractors how to bid appropriately against non-local or union contractors. This will educate them on the rules and give these contractors a fair opportunity.

Chairman Armistead commends the management staff on their efforts regarding the labor auditing process.

Applications/Resolutions

CNW Real Estate, LLC – Presentation

Mr. Zukerman and Mr. Straub presents on behalf of CNW Real Estate

The project is intended to be a 132-unit assisted living facility in the town of New Windsor. The units will house 172 beds between assisted and memory care. The building will have what is considered eight neighborhoods. Each neighborhood handles a different level of care specific to the needs of the clients. It's a 33M dollar project. It will be the only one of its kind in what is considered the primarily market area. The facilities will be state of the art and first class. An independent management company will facilitate the care facility and provide the appropriate employees. The job count will be 43 FTE.

The project is permit ready and they are currently awaiting the approval of the IDA to move forward.

CNW Real Estate, LLC – Initial Resolution

Mr. Dowd reads aloud CNW Real Estate, LLC Initial Resolution. Motion is made by Ms. Rogulski, seconded by Mr. Steinberg, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of CNW Real Estate, LLC. Affirmative votes of all members present results in motion carried.

Mountco – Presentation

Mr. Madeo presents on behalf of Mountco

Assistance is being requested for the financing of an acquisition and rehabilitation project that spans three different developments located in: Wallkill, Spring Valley, and Stony Point. Wallkill is a Senior Project consisting of 75 units, Stony Point 75 unit affordable housing facility, and Spring Valley is a 95 unit affordable family house facility.

In recent years the acquisition and rehabilitation of similar facilities built in the 70s and 80s across the country is taking place to keep the affordable status. Tax exempt bonds and 4% tax credit programs is the most common vehicle to assist these projects.

Mountco alone has developed 12 of these acquisition and rehabilitation projects in the last few years resulting in over 1,300 units.

The development of these project through IDAs is common. What isn't common, in this particular case, is Mountco has come to the Orange County IDA for assistance with projects taking place in Rockland County.

Mountco has met with the Rockland IDA and informed them that they intended to come the Orange County IDA to seek financing for all three projects. The Rockland IDA board was supportive and portrayed a willingness to have their Executive Director and Bond Council work with the Orange County IDA COO and Bond Council to address any technical issues.

Some of the topics that were addressed by the Rockland IDA board that might be of interest to this board are: In addition to the construction jobs and maintaining the current jobs onsite, there are a couple public policy issues regarding the preservation of affordable housing. These projects were all owned by existing non-profits corporations and these corporations will continue to be in the ownership structure. There will be no tenant displacement. There will be no critical financial impact on the tenants.

Mr. Gaenzle informs the board that only Sales Tax Exemptions can be given by the Orange County IDA to the Walkkill Apartments, LLC project. For the Rockland based developments, Mountco will have to apply to Rockland County IDA for sales tax exemptions. On the OCFC side of the transaction regarding the issuance of bonds, there has to be an amendment to the certificate of incorporation and a TEFRA approval will be needed. The Rockland County IDA will need to sign off on the Orange County IDAs involvement. Currently, it is not anticipated that there will be any issues bonding all three developments.

Walkkill Apartments, LLC – Initial Resolution

Mr. Dowd reads aloud Walkkill Apartments, LLC Initial Resolution. Motion is made by Mr. Diana, seconded by Mr. Brescia, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of Walkkill Apartments, LLC. Affirmative votes of all members present results in motion carried.

Attorney-Client Session

Chairman Armistead entertains a motion that the committee enter into attorney client closed door session. Motion made by Mr. Schreibeis to enter the closed-door session issued. Motion seconded by Mr. Bonura. All in favor.

Attorney Client Session

The members discuss the legalities on a certain matter.

Attorney Client Session

Such other and further business as may be presented

With no further business, meeting called for adjournment by Chairman Armistead, motion made by Mr. Steinberg, seconded by Mr. Bonura, the time being 3:50 p.m.