

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

June 13, 2019

A regular meeting of the Orange County Industrial Development Agency was convened in public session on June 13, 2019 at 2:07 P.M. at the Orange County Business Accelerator in New Windsor, New York.

The meeting was called to order by Chairman, Mary Ellen Rogulski, and upon roll being called, the following were:

PRESENT: Mary Ellen Rogulski, Edward Diana, Stephen Brescia, Michael Gaydos, Robert Schreibeis, James DiSalvo

ABSENT: John Steinberg

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer
Kevin Dowd – IDA Attorney
Joel Kleiman – Chief Financial Officer
Russell Gaenzle – Harris Beach
Vincent Cozzolino – Managing Director
Melanie Schouten – Program Director
Lisa Sommers – Focus Media
JP McGuirk – Focus Media
Maureen Halahan – Orange County Partnership
Bill Fioravanti – Orange County Economic Development
Neil DeLuca – Goshen Plaza Associates
James Carnicelli – Gateway Development Group
Kevin Plunkett – SDC Hudson Valley Realty, LLC
John Cappello – Jacobowitz & Gubits, LLP
Max Cordella – NYS Senator Metzger
Frank Dagele – Dagele Bros Produce Co.

Chairman Rogulski calls to order the regular meeting of the Orange County IDA, June 13, 2019 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Minutes

Review of the May 9, 2019 board meeting minutes. Motion to approve the minutes is made by Mr. Schreibeis, seconded by Mr. Diana. Motion carries with all in favor.

Review of the May 9, 2019 Governance Committee meeting minutes. Motion to approve the minutes is made by Mr. Diana, seconded by Mr. Schreibeis. Motion carries with all in favor.

Review of the May 28, 2019 Special meeting minutes. Motion to approve the minutes is made by Mr. Schreibeis, seconded by Mr. Gaydos. Mr. DiSalvo abstains. Motion carries with five board members 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 \$10,975,886 as of May 31, 2019.

Mr. Kleiman reviews the income and expense summary, noting that YTD income is \$84,530 and YTD expenses are \$113,591, with expenses exceeding revenues by \$29,061.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$126,924, and expenses are \$874,259. Expenses, as anticipated, exceed revenues by \$747,335.

Chairman Rogulski asks for a motion to approve the vouchers and payments in the amount of \$648,299.45 for June. Motion made by Mr. Schreibeis, seconded by Mr. DiSalvo, that the board accepts the financial reports and authorizes IDA payments and vouchers. Open for discussion. Affirmative votes of all members present results in motion carried.

Chairman's Report

Chairman Rogulski passes on giving the Chairman's report.

Chief Operating Officer Report

UTEP (Uniform Tax Exemption Policy)

Ms. Villasuso states that there is a copy of the UTEP in this month's packet. Some of the policy changes include: the removal of references to speculative building, updated PILOT structure, and increased claw back provisions regarding audit compliance and PILOT payments.

Mr. Dowd reads aloud Uniform Tax Exemption Policy Resolution. Motion is made by Mr. Gaydos, seconded by Mr. Schreibeis, accepting resolution to amend the Orange County Industrial Development Agency Uniform Tax Exemption Policy. Affirmative votes of all board members results in motion carried.

Ms. Villasuso informs the board that there is a 2018 NYS Comptroller's report in the packet for review. The report identifies the Hudson Valley region, and specifically Orange County, as one of the most active IDAs in the state outside of the New York City and Long Island based IDAs.

Ms. Villasuso informs the board that Ms. Schouten has been working on complying with a letter sent from the Investigations and Government Operations Committee, Chaired by Senator Skoufis. This letter was sent out to all IDAs and some public authorities in the State. This is the second letter received from this Committee. The first letter was received in March 2019. Harris Beach has helped to draft a response template.

Ms. Villasuso reminds the board that the Merlin Entertainments (Legoland) PILOT and associated agreements had to be amended updating the section block and lot numbers. These documents are now being executed. The PILOT will now reflect what is shown on the tax maps.

Mr. Dowd updates the board on the 18 Route 17K Sales and Use Tax issue. He reminds the board that the project never formally moved forward but had used the Sales Tax Exemption in the approximate amount of \$350,000. This project chose to sell the property and were willing to let the OCIDA recapture the Sales Tax funds. One of their tax attorneys told them they did not have to return that funding to the State, as they were entitled to the exemption due to it being used for manufacturing and mining. OCIDA Counsel told them to get an opinion from the State Department of Tax and Finance. They are currently submitting a formal letter to the Department of Tax and Finance. The board will be updated on the outcome.

Ms. Villasuso informs the board that Counsel has been working on the funding agreements for the Warwick based Accelerator. A property transfer is in process. Once those matters are settled renovations can begin. Everyone has been working diligently to move everything along in time for the harvest season.

Audit Committee Report

Mr. DiSalvo informs the board that the Committee met with the project Kraftify, LLC, a Warwick based brewery, and Loewke Brill. There have been a few issues regarding this project relating to correspondence, notification, and overall Labor Audit approach. The Committee has requested that Mr. Dowd draft a letter to the project giving by the next meeting to address any issues and become fully compliant. Depending on the outcome, it may be requested that this project come before the Committee at the July meeting. If seen fit, board action may be requested in July.

Mr. DiSalvo informs the board that the Committee also discussed Merlin Entertainments (Legoland) and the related DEC issues due to run off into the local bodies of water. The project has been fined as a result of the environmental issues. Those fines have all been paid. It was discussed where the oversight of the IDA ends relating to issues and the best way to proceed. He states that if the IDA sees anything egregious, they'll be sure to have an open conversation with the local municipalities.

Mr. Brescia states that an open dialogue is key. Everyone is concerned about the environment, but the IDA is not responsible for SEQR on any level. The IDA has no jurisdiction on environmental matters.

Accelerator Committee Report

Mr. Cozzolino states the CBD/Hemp cluster based in Warwick continues to be a big effort as development moves forward. This cluster includes a full range of participating partners from farmers, research and development, and to product manufacturers. There is hope that this crop will help the struggling farmers in the region profit and grow. Mr. Cozzolino introduces Frank Dagele, Dagele Bros Produce Co, that came to talk about the benefit of this cluster.

Mr. Dagele informs the board that he has been in business for 40 years. He has a farm and distribution business with 75 employees. These employees include farm workers, truck drivers, warehouse personnel, forklift operators, administrative, etc. Presently he distributes fresh fruits and vegetables to about 100 school districts ranging from NYC to Glen Falls. Agriculture is a constantly changing industry. In 2018, he began farming approximately 54 acres for CBD production. The weather presented a challenge, but the end result was a good crop that was harvested and sent for production. A lot was learned in that first year, for example, the crop needs to be stabilized after harvest via a drying process. They currently don't have the capability for this drying due to the required machinery. He has come before the board today relating to this interest in drying. The equipment is expensive with costs around \$1M. He has about half the capital to contribute towards the equipment but needs help to acquire the remaining funds. With the continued growth and popularity of this crop it could create a strong hub and asset for Orange County.

Mr. Cozzolino informs the board that they are working with Mr. Dagele to close the gap on the remaining funds needed. It is believed that retaining a Federal lobbyist will help obtain additional funding. It is being requested that the board approve the retention of such a lobbyist. The lobbyist will be secured on a month to month basis for \$5,000.

Motion is made by Mr. Brescia, seconded by Mr. Schreibeis, authorizing the retention of the services of the law firm of McAllister & Quinn in Washington, DC to assist in securing federal grants for the IDA and the accelerator. Roll call is taken. Affirmative votes of all board members results in motion carried.

Mr. Cozzolino informs the board that NBC came up in the past few weeks and filmed the Warwick facility along with some local farms. A feature should be shown in the next few days.

Applications/Resolutions

Goshen Plaza Associates, LLC

Ms. Villasuso reminds the board that Goshen Plaza Associates, LLC is a proposed project in the Town of Goshen. It is a \$27M project consisting of 107,000 sq ft of space and 239 jobs. The site will host a CVS, Grocery store, potentially a medical facility, and some additional store fronts.

Mr. Dowd informs the board that the public hearing was held for this project. The Village, Town, County, Orange County Partnership, Orange County Chamber, and Goshen Chamber showed their support for the project and potential incentives. A local resident voiced his support of the project but stated that he did not support the granting of incentives. The hearing was an overall positive experience for the project.

Ms. Villasuso reminds the board that the project is requesting a 10yr PILOT, Sales and Use Tax Exemption, and Mortgage Recording Tax Exemption.

Mr. Brescia states that he feels the board should support incentivizing the 10yr PILOT. It's a unique project on a site that has been blighted for many years.

Mr. Gaydos asks if the medical facility has officially signed to be tenant.

Mr. DeLuca, Goshen Plaza Associates, states not yet but the project is very confident that they will come on board. The anticipated medical facility is Orange County Regional.

Mr. Gaydos states that he agrees that the board should consider supporting the 10yr PILOT.

Mr. Schreibeis states that the site does need to be renovated and Goshen needs a supermarket, but the project is primarily retail. Incentivizing the retail aspect bothers him.

Mr. Diana states that he is against incentivizing the project and he will be voting No. The reasons being the project score card did not score high enough for a 10yr PILOT and he's against incentives for retail. Some good jobs will be created with the medical facility, but there is also a large amount of lower paying jobs that come with this project. He does not think the board should set a precedent by incentivizing this project.

Chairman Rogulski states that she agrees and does not like to incentivize retail-based projects. However, she is in favor of approving the Sales and Use Tax and Mortgage Recording Tax Exemption. This could provide enough financial help to the project to move it forward. The project could additionally get the 485-b they are entitled to minus the participation of the local school district.

Mr. DiSalvo states that he feels the project could have gotten a slightly higher score due to the level of local support for the project. He's in favor of incentivizing the project. He wonders if the project is not subject to a 10yr PILOT if there is another one that the project could receive.

Ms. Villasuso reminds the board that they can approve the project for a 485-b PILOT. The IDA does have the ability to override the local municipality and approve that incentive.

Mr. Dowd reminds the board that due to the fact this is a retail-based project it must receive the approval of the County Executive.

Final Resolution

Mr. Dowd reads aloud the Goshen Plaza Associates, LLC Final Resolution. Motion is made by Mr. Brescia, seconded by Mr. Gaydos, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of Goshen Plaza Associates, LLC in the form of a 10yr PILOT, Sales and Use Tax Exemption, and a Mortgage Recording Tax Exemption. Roll call is taken. Chairman Rogulski, Mr. Diana, and Mr. Schreibeis vote no. That resolution does not pass due to a 3 to 3 tie of votes.

Motion is made by Mr. Brescia, seconded by Mr. Gaydos, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of Goshen Plaza Associates, LLC in the form of a 4yr PILOT, Sales and Use Tax Exemption, and a Mortgage Recording Tax Exemption. Roll call is taken. Chairman Rogulski and Mr. Diana vote no. Motion carries with four board members in favor.

Mr. Diana states that a contingency needs to be added stating the taxes paid to the local Village do not start lower than the current value.

Mr. Capello, Jacobowitz & Gubits, LLP, thanks the board and asks that the project partially close to gain the Sales and Use Tax Exemption for the needs of CVS moving forward as soon as possible.

Mr. Gaenzle states that is possible, but the approval of the County Executive must be gained before the project can move forward.

SDC Hudson Valley Realty, LLC

Ms. Villasuso reminds the board that this is a proposed hotel project in the Town of New Windsor on the Stewart Airport Property. It is a \$17M project with an anticipated 40 jobs. This project is seeking Sales and Use Tax Exemption, Mortgage Recording Tax Exemption, and a 10yr PILOT.

Final Resolution

Mr. Dowd reads aloud the SDC Hudson Valley Realty, LLC Final Resolution. Motion is made by Mr. Schreibeis, seconded by Mr. Brescia, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of SDC Hudson Valley Realty, LLC. Roll call is taken. Affirmative votes of all board members results in motion carried.

Matrix Newburgh I, LLC

Mr. Gaenzle informs the board that he was contacted by the project Counsel. The project wants to sell 3 parcels of land that are under the current PILOT. If approved by the board the Lease, Lease-back, and PILOT will need to be adjusted to reflect this change. These parcels would go back on the tax rolls at full value.

Resolution

Motion is made by Mr. DiSalvo, seconded by Mr. Schreibeis, accepting resolution authorizing the amendment of the lease and leaseback agreements with respect to the Matrix Newburgh I, LLC project. Roll call is taken. Affirmative votes of all board members results in motion carried.

Kraftify, LLC

Ms. Villasuso informs the board that the Kraftify, LLC PILOT is supposed to start in 2019, but construction is not complete. A call was received from the Town requesting that the PILOT start date be delayed until the construction phase is complete.

Mr. DiSalvo informs the board that the Audit Committee requests that this resolution be tabled. If the project proves that it can comply with the Labor Audit this resolution can be reconsidered at the next monthly meeting.

Motion is made by Mr. DiSalvo, seconded by Mr. Diana, tabling the Kraftify, LLC resolution. Roll call is taken. Affirmative votes of all board members results in motion carried.

Other Board Business

No Other Board Business is presented at this time.

Attorney Client Session

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

Enter Attorney Client Session

The members discuss the legalities of certain matters.

Chairman Rogulski entertains a motion that the committee end the attorney client closed-door session and reconvene the regular meeting. Motion made by Mr. Brescia to end the closed-door session issued. Motion seconded by Mr. Schreibeis. All in favor.

Adjournment

Meeting called for adjournment, motion made by Mr. Schreibeis, seconded by Mr. Brescia, the time being 3:30p.m.