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ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATE OF NEW YORK

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IN THE MATTER OF

CROSS ROADS COURT REAL ESTATE, LLC

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Newburgh Town Hall
1496 Route 300
Newburgh, New York
October 7, 2015
11:00 a.m.

B E F O R E: James Petro, Chairman
Orange County IDA

FRANCES ROTH
COURT STENOGRAPHER
168 North Drury Lane
Newburgh, New York 12550
(845) 566-1641

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4 A P P E A R A N C E S :

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6 LAW OFFICES OF KEVIN T. DOWD
7 Attorney for ORANGE COUNTY IDA
8 46 Daisy Lane
9 Montgomery, New York 12549

8

Laurie Villasuso, Associate Executive Director, OCIDA

9

10 HARRIS BEACH, PLLC
11 BOND COUNSEL TO OCIDA
12 99 Garnsey Road
13 Pittsford, NY 14534
14 BY: RUSSELL E. GAENZLE, ESQ.

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1 CROSS ROADS COURT REAL ESTATE, LLC

2 MR. PETRO: It's 11:00, let's get started.

3 Would everyone stand for the Pledge of Allegiance
4 please?

5 (Whereupon, the Pledge of Allegiance was recited.)

6 MR. PETRO: Alright, this is a public
7 hearing for Cross Roads Real Estate, LLC in the
8 Town of Newburgh. I'm Jim Petro, the Executive
9 Director of Orange County Industrial Development
10 Agency, Laura Villasuso, Associate Executive
11 Director, Franny will be doing the minutes. To
12 my right is Kevin Dowd, the attorney for the
13 Orange County Industrial Development Agency and
14 Bond Counsel is Russ Gaenzle. Can you read the
15 Notice of Public Hearing, sir?

16 MR. DOWD: Yes, sir. Notice of Public
17 Hearing. Notice is hereby given that a public
18 hearing pursuant to Article 18-A of the New York
19 General Municipal Law will be held by the Orange
20 County Industrial Development Agency on
21 Wednesday, October 7, 2015 at 11:00 a.m. local
22 time at the Newburgh Town Hall, 1496 Route 300,
23 Newburgh, New York 12550 in connection with the
24 following matter. CROSS ROADS COURT REAL ESTATE,
25 LLC, a New York limited liability company, for

1 CROSS ROADS COURT REAL ESTATE, LLC

2 itself or on behalf of an entity formed or to be
3 formed has submitted an application to the Agency
4 requesting the Agency's assistance with respect
5 to a certain project consisting of (i) the
6 acquisition by the Agency of a leasehold interest
7 in an approximately 5.90 plus minus acre parcel
8 of land located at Crossroads Court in the Town
9 of Newburgh, Orange County, New York, (ii) the
10 construction on the Land of an approximately
11 86,000 square foot hotel and; (iii) the
12 acquisition and installation in, on and around
13 the Improvements of certain items of equipment
14 and other tangible personal property, including
15 but not limited to, furniture. The Agency will
16 acquire a leasehold interest in the Facility and
17 lease the Facility back to the Company. The
18 Company will operate the Facility during the term
19 of the lease. At the end of the lease term, the
20 Agency's leasehold interest will be terminated.
21 The Agency contemplates that it will provide
22 financial assistance to the Company in the form
23 of sales and use tax exemptions, a mortgage
24 recording tax exemption and, if necessary, a real
25 property tax abatement, all consistent with the

1 CROSS ROADS COURT REAL ESTATE, LLC
2 policies of the Agency. A representative of the
3 Agency will be at the above-stated time and place
4 to present a copy of the Company's Project
5 application and hear and accept written and oral
6 comments from all persons with views in favor of
7 or opposed to or otherwise relevant to the
8 proposed Financial Assistance. Dated September
9 24, 2015 by Orange County Industrial Development
10 Agency.

11 MR. PETRO: Alright, as always, this IDA
12 public hearing is for informational purposes
13 only. There will be no action taken today, no
14 roll calls of any kind. We gather information
15 from the public, anyone that wants to speak,
16 report back to our board. There's a sign-in
17 sheet, I know some other people came in, would
18 you please sign in on this sheet so we have a
19 record who was here? First we'll have a small
20 presentation by the applicant themselves.
21 Estimated sales tax exemptions 328,000, we just
22 figured out the mortgage tax exemptions which
23 their portion will be approximately 62,5, the
24 PILOT itself is a standard 485-b without the IDA
25 which is put out by the state, 27.5 percent

1 CROSS ROADS COURT REAL ESTATE, LLC
2 savings to the applicant 10 years starts at 50
3 percent up five percent a year for 10 years but
4 when we do it as an equivalent they can also
5 attempt to get other benefits. So that being
6 said, what we'll do is hear from the applicant
7 first just quickly what you're doing with the
8 plan, jobs that you're going to create and why
9 you think it's a good deal.

10 MR. KINUM: Good morning, my name is Michael
11 Kinum, I'm with the Goldman Law Firm representing
12 Martin Milano and Cross Roads Court Real Estate,
13 LLC. Briefly, this is a construction project of
14 139 unit hotel, a Hampton Inn and Suites, going
15 to be about 86,000 square feet. It's a
16 significant investment in the town and has total
17 project costs in excess of \$14.5 million. It's
18 going to create a great deal of jobs for the
19 area, approximately 125 construction jobs and
20 maybe 30 plus permanent jobs when it's all said
21 and done. We have the support of the town and
22 some others and I have some written materials and
23 letters in support which I will hand up after I'm
24 done. Currently, there's a shortage of hotel
25 rooms in the community. This project is going to

1 CROSS ROADS COURT REAL ESTATE, LLC
2 help alleviate that shortage and is going to
3 generate new and additional hotel taxes for the
4 community as it gets up and running.

5 MR. PETRO: As it stands now, just land,
6 correct?

7 MR. KINUM: Just land right now.

8 MR. PETRO: You're not knocking anything
9 down to build it, so any improvement would be
10 pure benefit in new taxes to the municipality,
11 the county, schools?

12 MR. KINUM: Correct.

13 MR. PETRO: You're only going up, not taking
14 anything down?

15 MR. KINUM: That's correct.

16 MR. PETRO: Does anybody on the table here
17 have any questions for the applicant at this
18 time? Alright, very good. Alright, at this
19 time, I'll open it up to the public for comment.
20 I know that we do have a letter from the Town of
21 Newburgh that they do support the project, as I
22 stated earlier, which would, I'll say it again,
23 which is 485-b equivalent. The sales tax
24 abatement which is 8 1/8 percent and mortgage tax
25 on the state side and the town would be made

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CROSS ROADS COURT REAL ESTATE, LLC

whole on their side. So that being said, would anybody like to speak? Mr. Supervisor?

SUPERVISOR PIAQUADIO: Thank you. Just wanted to make clear just what the town's plan was here. We had some meetings, maybe informal, maybe made the newspaper a few times with the applicant who maybe was considering like a PILOT or a long term payment in lieu of taxes for the hotel. The decision of the town board because I talked with all of them when we voted back on the 8th was not so much to say well, you already had one, whatever you done with it, you sold it, had nothing to do with the past. This town always felt or existing board felt that hotels don't receive that type of tax benefit, 485-b, fine, what the state's giving you, that's fine, what we never talked about before and we have no objection to is sales tax on construction material. No problem with that. And I think on September 8 we actually passed a resolution saying we have no problem with this project, as far as sales tax on construction and also the portion of mortgage tax that would go to the state, the town will still be made whole on any

1 CROSS ROADS COURT REAL ESTATE, LLC
2 borrowing so we have no problem there. And you
3 might say well, why are we doing that? We do
4 want another nice hotel back in the town that
5 will be taxable. So we need it for our
6 residents. Also, by doing it, not that the
7 applicant wouldn't, but this more or less makes
8 it more certain that they will use local labor
9 and there's a five percent hotel-motel tax to the
10 county, so there's a lot of positives to it for
11 us. And we're hoping that the IDA goes along
12 with that. So other than that, that's it for me.
13 Let me ask one question to maybe Jim or the
14 attorney. On the 485-b, are they just applying
15 through our assessor's office or are you going to
16 handle that?

17 MR. GAENZLE: You can do it either way, we
18 have to come into the chain of title in order to
19 provide them with the partial mortgage tax
20 exemption. We can do a quick in and out but
21 technically, when we do that, the property goes
22 on the exempt side of the rolls even for a moment
23 in time. So whatever the town would prefer.

24 SUPERVISOR PIAQUADIO: We can do it through
25 here.

1 CROSS ROADS COURT REAL ESTATE, LLC

2 MR. PETRO: It should be noted Gill brought
3 up the point we do have a labor policy in place,
4 I'm sure you're aware of it, complying with
5 85 percent local labor, it's seven counties
6 large, quite extensive. I don't think it will be
7 a problem to comply but we'll monitor it, if we
8 do get complaints, Laurie and I are respondents
9 to those complaints and we'd have to act in some
10 manner if it should get to that point. But I
11 think over the seven county area it's quite
12 extensive, you won't have any problems. And
13 there are exceptions also if you have a specific
14 need for something that we don't count that in
15 the 85 percent but we do really suggest that you
16 use local labor so we don't have any problems.
17 Anybody else like to speak for or against? Just
18 Bill?

19 MR. FIORAVANTI: Thanks for the opportunity,
20 I'll go slowly. I'm Bill Fioravanti from the
21 Orange County Partnership.

22 MR. PETRO: He's been hanging around a lot
23 in the new tunnel driving back and forth.

24 MR. FIORAVANTI: We're just here as, I'm
25 here to express the Partnership's support of this

1 CROSS ROADS COURT REAL ESTATE, LLC
2 project, for all the reasons that have been
3 stated already, not only is it creating
4 construction jobs, permanent jobs, it's a great
5 compromise in terms of the sales tax exemption.
6 We always want to see that we have the
7 municipality on board. And it does add to our
8 stock of available hotels, we need it, we have a
9 dwindling amount of hotels in the area, whether
10 that's related to this project or not, doesn't
11 matter, they're going off the tax rolls and we're
12 losing those hotels whether because of the air
13 show, because of West Point, Woodbury Commons,
14 we're losing those rooms, those occupants to
15 neighboring counties when we're full. So we
16 don't want that, we want the tax dollars that
17 were mentioned as well as the hotel tax is
18 important to help fund our town, using the County
19 Executive Neuhaus who's trying to put a greater
20 emphasis on that and economic development. A lot
21 of what we do is kind of intertwined with them,
22 whether it's a water park, anything else you can
23 imagine, just want to lend our support to this
24 kind of project that we need.

25 MR. PETRO: Thank you. Lynn?

1 CROSS ROADS COURT REAL ESTATE, LLC

2 MR. WARREN: I think it's a win-win, I'm
3 very happy for it. Just really want to commend
4 Mr. Piaquadio in our town for giving this thing a
5 really good look over. And I know a lot of
6 people are, you know, cause I'm around the town
7 all the time, lot of people are upset that we
8 lost the two hotels off the tax map but they did
9 nothing wrong. And we need to help them and get
10 it in there and I really am really happy for it,
11 really want to see it. Because if I have
12 relatives coming in from out of town, where do I
13 tell them to go, Ramada Inn? Really? Where do
14 they go? I'm all for it.

15 MR. PETRO: Okay, nobody else? At this
16 time, I would close the public hearing. I'll
17 bring it back up to the board here for anything,
18 any further comments? I think we really covered
19 everything. I do think it's a good project and
20 it's certainly needed, there's, I think when the
21 air show was here I think the rooms were sold out
22 almost immediately, right, Bill? You couldn't
23 get a room in Orange County. So I think Mark
24 you're probably doing the right thing building
25 because we really do need to have some rooms in

1 CROSS ROADS COURT REAL ESTATE, LLC
2 Orange County. Definitely try to contact the
3 trades and/or local labor and do the best you can
4 to keep everybody locally busy when they get
5 going. We'll have this transcript done, it will
6 be back to our board for review and we'll have
7 you on next month's agenda, I promise you that in
8 November, right, Laurie?

9 MS. VILLASUSO: November 12th.

10 MR. PETRO: We'll do a final review and move
11 forward, I think.

12 MR. GAENZLE: If you can hold off on making
13 purchases until then, if you make purchases now
14 and pay the sales tax, we can't get it back.

15 MR. PETRO: You may make a purchase and
16 agree to pay 30 or 60 days out, as long as you
17 don't pay them that works. So that's up to you,
18 just giving you--anything else, Gill? I think we
19 covered it.

20 SUPERVISOR PIAQUADIO: I think we covered
21 it.

22 MR. PETRO: Thank you for coming.

23

24 (Proceedings concluded at 11:10 a.m.)

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C-E-R-T-I-F-I-C-A-T-I-O-N

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5 I, FRANCES ROTH, a Stenographic Reporter and Notary Public
6 of the State of New York, do hereby certify:

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8 that the foregoing is an accurate record of the testimony,
9 as given, to the best of my knowledge and belief, the same
10 having been stenographically recorded by me and transcribed
11 under my supervision.

12

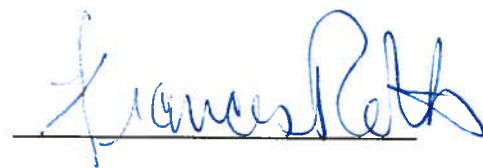
13 That I am not related to any of the parties involved in
14 this matter, and that I have no personal interest
15 whatsoever in the outcome thereof.

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FRANCES ROTH

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