

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

June 11, 2015

A regular meeting of the Orange County Industrial Development Agency was convened in public session on June 11, 2015 at 2:00P.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, John Steinberg, Robert Schreiber, Edward Diana, Stephen Brescia, Henry VanLeeuwen

ABSENT: Mary Ellen Rogulski

ALSO PRESENT: James Petro – Executive Director
Laurie Villasuso – Associate Executive Director
Kevin Dowd – IDA Attorney
Russell Gaenzle – Harris Beach
Wayne Booth – Deputy Orange County Executive
Bill Fioravanti – Orange County Partnership
Maureen Halahan – Orange County Partnership
Martin Nowak – Nowak Properties, Inc.
Chet Patel – JCA Hospitality, LLC
Jake Kriney – JCA Hospitality, LLC
Whitney Bowers – Focus Media
Josh Sommers – Focus Media
James Walsh – Times Herald Record
Brian Gates – HVEDC
Laurence Gottlieb – HVEDC
Charles Druzak – ITC Corp

Chairman Armistead calls to order the regular meeting of the Orange County IDA, June 11, 2015 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Review of the prior May 14, 2015 meeting minutes. Motion to approve the minutes as presented made by VanLeeuwen, seconded by Schreiber. Motion carries with all in favor.

Roll Call taken.

Financial Reports and/or Requests for Payment

Mr. Kleiman reviews the income and expense summary, noting that income YTD is \$822,513, expenses of \$582,612, with revenues exceeding expenses by nearly \$240K, which includes the payment of \$436K from Blackhawk Development. Moving on, he reports that the IDA has over \$8.6M between its bank accounts. He adds that the IDA expects to receive more funds over the summer, including the IBM annual payment, and those funds will be invested.

He advises that a revised voucher report has been distributed, which reflects the addition of the payment to Orange County Arts Council for the 1st Quarter in the amount of \$10,232.11. The total payments for approval is now \$17,866.42, with funds received staying at \$480,843.88.

Lastly, Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues are just over \$48K, and expenses are just over \$293K. Expenses, as expected, exceed income by approximately \$245K. He notes that the expenses and revenues are in line with the 2015 budget.

Motion made by VanLeeuwen, seconded by Brescia, that the Board accept the financial reports and authorize payments and vouchers for June 2015. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. Petro notes that if CPV closes, there will be more funds in the IDA accounts, and asks how those will be handled. Mr. Kleiman advises that he will solicit interest rates from various banks and invest the money into a CD. Mr. Gaenzle adds that the wire may be initiated tomorrow.

Chairman's Report

Chairman Armistead advises that at this time, the Business Accelerator is in transition from one management team to another, and takes a moment to thank Brian Gates and HVEDC for their work with the Business Accelerator and its clients. He thanks HVEDC on behalf of the Board, and notes that the Board is excited for the Business Accelerator's new direction.

Executive Director Report

Ms. Villasuso advises that, at the May NYSEDC conference in Cooperstown, there was discussion about IDAs throughout the state standardizing their applications. She provides a copy of the suggested standard language, and adds that IDA should move forward with the revision of the IDA application and closing documents to include recapture provisions. She notes that the IDA has been discussing these revisions for some time, and that Harris Beach will provide the language for the provisions. Mr. Dowd advises that legislation for the standardization, endorsed by NYS EDC, has been introduced in both houses of the legislature. This would make practices uniform for all IDAs in the state of NY, both in application and documentation. It is also noted that much of the information in the legislation is already included in the Orange County IDA's application and documents, so the revisions will be minor.

Motion to accept new application and document language as a draft, subject to approval by Governance, made by Brescia, seconded by VanLeeuwen. Motion carries will all in favor.

Ms. Villasuso then updates the Board on the AmerisourceBergen project in Newburgh, which was announced by the Governor. She advises that AmerisourceBergen has been in touch with her and Mr. Petro, discussing IDA incentives for the past few months. She advises the Board that they could see an application for this project as early as next month.

Moving on, Ms. Villasuso recaps the Warwick Yard project for Board, which received its approvals earlier this year. She advises that Mr. Abbatine, managing partner of the project, requested that he receive Sales Tax Exemption documents prior to closing on the PILOT. She notes that this is not an unusual practice, and in the event of providing STE documents before the full financial close, the IDA and Harris Beach request half of the closing fees when the STE docs are delivered. In early April, Mr. Abbatine was provided the STE documents and the invoices for the fees - \$12,750 for the IDA and \$8,000 for Harris Beach – and advised that he must satisfy the invoices and provide proof of insurance in order to have full use of the STE. Unfortunately, Mr. Abbatine never provided the payment or the insurance, despite the repeated efforts of counsel and IDA staff to contact him. In those efforts, Mr. Abbatine was asked to either make the payments or the return of the documents. Just yesterday, Mr. Abbatine's attorney contacted the IDA and advised he would be able to pay \$5,000 total at this time, and would like a payment plan for the remainder of the legal and IDA fees. Chairman Armistead asks if construction on the site has begun, and notes that there has been chatter that work on the site is underway. Mr. Gaenzle notes that use of the documents is unauthorized until payment has been forwarded. Mr. Diana, and some other Board Members, note that they are not in favor of a payment plan and suggest rescinding the project's approvals entirely. Chairman Armistead asks that Mr. Dowd send a certified letter to Mr. Abbatine demanding that payment and proof of insurance be forwarded, or the documents returned, immediately. The members agree, and suggest that Mr. Abbatine has 15 days to respond to the letter.

Motion to authorize a certified letter demanding payment and proof of insurance, or return of the Sales Tax Exemption documents, within 15 days made by Brescia, seconded by VanLeeuwen. Motion carries with all in favor.

Lastly, Ms. Villasuso follows up on two outstanding issues: First, Church Hill Properties, the hotel project in Highland Falls, may be coming to a close within the next few months, and she advises that she will keep the Board posted on their progress. Second, Susan Glendenning visited the OCFC Governance Committee a few months ago requesting support for her historic house and museum in Cornwall. As a recap, Ms. Villasuso advises that Ms. Glendenning's site is home to one of the largest patent model collections in the country, and the largest woman-created patent model collection. She invited the members to the site for a tour, and has suggested a date of June 26th. She asks the members of the Board to advise her who would like to attend so that she can inform Ms. Glendenning. Tentatively, Chairman Armistead, Mr. Petro, Ms. Villasuso, and Mr. Dowd are able to attend.

OCBA Report

Mr. Gates advises the Board that the Business Accelerator is at 83% occupancy, and there are two open offices. There are nine companies represented, and 17 full time jobs in house. He reviews the newest company, Infinite Limit, who manufactures and assemble bungee cord organizers.

Mr. Sommers advises the Board of the two recent OCBA events. The first one was on May 19th, and featured Meghan Taylor from ESD. The event was very well attended, and was a successes. Yesterday's OCBA Annual Event was a tremendous success, with over 50 people in attendance. Also at the event, Mr. Cozzolino was able to present the new vision for the Business Accelerator, and explain the first production pod. Chairman Armistead commends Focus and the Business Accelerator team on the successful event. Looking forward, Mr. Sommers will work with the Business Accelerator team in the new vision.

Chairman Armistead once again thanks Mr. Gates for his work with the Orange County Business Accelerator.

OCP Report

Ms. Halahan updates the Board on the Mid Hudson Regional Economic Development Council's plan to apply for the Upstate Revitalization Initiative, and recaps the recent OCP MVP breakfast. She also reviews a workforce development summit held at the Newburgh Armory, and how the discussion dovetails with the new vision for the Business Accelerator. She adds that she and the OCP team will meet with Mr. Cozzolino. She then reviews the projects that have taken off in the last year.

Mr. Fioravanti reviews the Partnership's outreach efforts, as well as some of the trade shows the group will be attending this year. He then goes on to list some of the recent attraction projects, including the recent interest in the medical marijuana industry. He also reviews the business retention and expansion projects. He concludes by explaining the efforts to revitalize downtown Newburgh.

HVEDC/HVFBA – Agent of the IDA Update

Ms. Villasuso explains that, throughout the year, the appointed agents of the IDA have visited the meetings to explain their efforts for Orange County, and HVEDC and HVFBA is here to offer an overview of the activity.

Mr. Gottlieb begins by thanking the IDA for their partnership, and then goes on to explain that HVEDC is an umbrella economic development organization for the Hudson Valley, working very closely with the each counties' local economic development team. In addition to Hudson Valley Food & Beverage Alliance, HVEDC has launched Hudson Valley 3D Printing, NY Biohud Valley, and Hudson Valley Eds & Meds, helping to promote an array of growing industries and clusters. He goes on to explain some of the other initiatives HVEDC has been a part of, as well as some of the projects in which they have been involved. Mr. Gottlieb also explains the education aspect that HVEDC offers to all industry partners.

Nowak Properties, Inc. – Initial Resolution

Ms. Villasuso begins by advising the Board that the Nowak Properties, Inc. project is a hotel in the Town of Wawayanda. In addition to advising that the \$6M project aims to provide 19 jobs, she notes that the project does not yet have a letter of support from the Town of Wawayanda relating to the request for a Sales Tax Exemption and 10 Year PILOT. However, she has provided PILOT figures to Ms. Halahan and Mr. Nowak, who will be meeting with the Wawayanda Town Board on June 16th. Ms. Villasuso has also spoken with the Town Supervisor, and the Town is aware that the IDA will vote to accept the application and authorize a public hearing today, but that no incentives will be approved at this time.

Ms. Halahan introduces Mr. Nowak and the project, noting that the project is through the Town of Wawayanda approval process and has all approvals to construct the 108 room Sleep Inn hotel. She adds that there is a growing need in Orange County for hotels, considering that three just came off-line and that Orange County is home to two of the hottest tourism attractions in New York State. This hotel would be in an underserved area, at the junction of 84 and 17M. She adds that she and Mr. Nowak met with Supervisor Razzano yesterday, and that the Board is very pro-business, but that the PILOT figures just need to be shared with the full Board. Mr. Brescia notes that the IDA used to shy away from hotels, but lately the need for hotels in the area is so great – with many hotels coming off the tax rolls – that perhaps the IDA should embrace hotel projects. The members then discuss the advantages of new hotels.

Mr. Dowd reads aloud the Nowak Properties, Inc. initial resolution. Motion made by Brescia, seconded by Schreibeis. Open for discussion. Motion carries with five ayes, and Mr. VanLeeuwen abstaining.

JCA Hospitality, LLC – Initial Resolution

Mr. Fioravanti begins by advising that JCA Properties is a Home2 Suites hotel project in the Town of Wallkill. The project will repurpose the existing old Town Hall on Route 211, and the project developers worked closely with Supervisor Depew on the purchase of the site. Mr. Fioravanti notes that Supervisor Depew is very much behind the application. The request is only for Mortgage Recording Tax Exemption and Sales Tax Exemption. It is noted that the project will seek a 485-b through the Town.

Mr. Patel introduces himself and his partner, Mr. Kriney. He adds that they are local and have been in the hotel business for a number of years, having done a number of projects outside of the area, and now focusing on sites close to home. He goes on to explain that the Town has been eager to find someone to develop the old Town Hall site, which has been empty and off of the tax rolls, for quite some time. Their plan for development of the area surrounding the hotel includes a retail operation and a restaurant. He also explains that Home2 is a Hilton brand hotel, offering accommodations for extended stays and single-night visits. Mr. Patel also explains that the hotel will bring increased revenue to the community at large, as the guests will make purchases at local businesses and gas stations.

Mr. Dowd reads aloud the JCA Hospitality, LLC initial resolution. Motion made by Brescia, seconded by VanLeeuwen. Open for discussion. Affirmative votes of all members present resulted in motion carried.

347 Avenue of the Americas, LLC – Supplemental Resolution

Ms. Villasuso advises that 347 Avenue of the Americas, LLC is the project formerly known as Stewart FBI, LLC, and is a facility that was built on Stewart lands. The project is refinancing the mortgage on the property, and the IDA is a party to that mortgage. She notes that the IDA will collect a small fee for the transaction as well as 347 Avenue of the Americas is increasing the mortgage amount.

Mr. Dowd reads aloud the 347 Avenue of the Americas, LLC supplemental resolution. Motion made by Brescia, seconded by Schreibeis. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Such other and further business as may be presented

Ms. Villasuso points out that she has provided a few articles surrounding the proposed medical marijuana facility at the Continental Organics site. She also advises that Continental Organics has contacted the County Office of Real Property to determine the amount they owe on their PILOT payment. In addition, Mr. Dowd has sent out letters to the companies whose PILOT payments are still delinquent.

With no further business, meeting called for adjournment by Chairman Armistead, motion made by VanLeeuwen, seconded by Schreibeis, the time being 3:42 p.m.