

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AUDIT COMMITTEE MINUTES

January 10, 2019

Orange County Business Accelerator in New Windsor, New York.
1:00pm- 2:00pm

PRESENT: James DiSalvo, John Steinberg, Edward Diana

ALSO PRESENT: Laurie Villasuso - Chief Operating Office, Vincent Cozzolino, Melanie Schouten, Kelly Reilly, Jim Loewke

Labor Policy

Ms. Villasuso started the meeting off about the Labor Policy Audits. Ms. Villasuso stated that we had some challenges at the last meeting on two projects Med Parc and Dana. Ms. Villasuso stated that there was a call with Dana about an exemption for their masonry work due to them having a 9% cost differential and not 10% which is stated in our Labor Policy. Ms. Villasuso stated that they had a call about this and found out that there was an opportunity for Dana to get to the 85% local labor. Mr. Loewke stated that Dana is at 87% and found a way to get their local labor percentage up which is good. Mr. DiSalvo stated that Dana had a problem, knew about the problem and fixed it. Mr. Diana stated that is good. Ms. Villasuso stated that the project is in full compliance now and Mr. Loewke stated yes all but Lane Construction but have been made aware of the non-compliance of the two people. Ms. Reilly said that Sullivan Fire is not in compliance now, and Mr. Loewke stated that by the end of the project they will be. Mr. Dowd asked what is the total percentage of the project that is complete and Mr. Loewke didn't know but stated that it maybe half complete. Ms. Villasuso stated that a waiver was denied for Dana at last month's meeting, a conversation took place with Dana, and they course corrected to bring more people in so they would be in compliance by telling them that they could lose a year of their PILOT or a portion of their sales tax. Ms. Villasuso stated that Dana will be notified for them to move forward and at this point they are not in jeopardy of losing any benefits.

Ms. Villasuso suggested that the board revisit some of the language in the Labor Policy in the coming months. Ms. Villasuso stated that we are working with several labor policies and the newest one states that per contractor the project has to be 85% local labor compliant and the labor policy prior states that the project needs to be 85% over the entire project. Ms. Villasuso stated that the audit committee board needs to meet in a different meeting to go over the labor policy.

Ms. Villasuso stated MedParc was denied a waiver for the framers. There is no change on their compliance level. Ms. Villasuso stated that this audit committee needs to make a decision on terms on what we want the recapture to look like. MedParc does not have a PILOT just a Sales Tax Exemption and Mortgage Tax Exemption. The Audit Committee discussed what the recapture would be. Mr. Loewke confirmed that this project is about 70% complete. Mr. Diana asked if the rest of this project will be in compliance and Mr. Loewke stated yes. Mr. Dowd stated that the IDA has to give a notice of violation not just the letter denying their waiver. Ms. Villasuso stated that Mr. Dowd needs to send out a letter of violation. Ms. Villasuso stated that she wants to leave this meeting with a plan on what the Audit Committee wants to do with the recapture. The Audit Committee determined the recapture amount for Med Parc would be \$50k from their STE unless they bring Header Construction back on the job to get their labor percentage up to 85%.

Mr. Diana stated that he liked the older version of the labor policy. Mr. Loewke stated that since we changed our labor policy there was an uptick in waivers. Ms. Villasuso stated we will have a meeting on the labor Policy. Ms. Villasuso will call Mr. Devitt and let him know that they will have as a recapture penalty in the amount of \$50k in sales tax which is 1/3 of the value of Header Construction contract unless they bring Header back to get their local labor in compliance. Ms. Villasuso stated that there will have to be a resolution at the next meeting in order to recapture the sales tax.