

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

February 11, 2021

A regular meeting of the Orange County Industrial Development Agency was convened via Zoom video conference February 11, 2021 at 2:08p.m.

Vice Chairman Diana calls to order the regular meeting of the Orange County IDA, February 11, 2021. (Pledge of Allegiance is recited). Board consists of six members. There is a quorum. Upon roll call, the following were:

PRESENT: Edward Diana, James DiSalvo, Stephen Brescia, Michael Gaydos, John McCarey, Denise Quinn

ABSENT: Mary Ellen Rogulski

ALSO PRESENT: Laurie Villasuso – Chief Executive Officer
Vincent Cozzolino – Managing Director
Melanie Schouten – Chief Operating Officer
Edward Januszkiewicz – Chief Financial Officer
Kevin Dowd – IDA Attorney
Russell Gaenzle – Harris Beach
Dean Brady – Tech Management
James Rollins – Galileo Technology Group
Nancy Proyect – OC Citizens Foundation
Luigi Kapiti – Orange Inn, LLC
Carly Glasse – Orange Inn, LLC
Larry Wolinsky – Jacobowitz and Gubits
Ryan Withall – Walkkill Owner LLC

Minutes

Review of the January 14, 2021 Board meeting minutes. Motion to approve the minutes is made by Mr. McCarey, seconded by Mr. Gaydos. Motion carries with all in favor.

Review of the January 14, 2021 Audit Committee meeting minutes. Motion to approve the minutes is made by Mr. DiSalvo, seconded by Mr. Gaydos. Motion carries with all in favor.

Financial Reports and/or Requests for Payment

Mr. Januszkiewicz reviews the financial reports and requests for payments.

The summary of IDA bank accounts, certificate of deposits, and money market accounts reflect a total of \$5,935,897 as of January 31, 2021.

On the income and expense summary, YTD income is \$5,146 and YTD expenses are \$12,784, with expenses exceeding revenues by \$7,638.

On the income and expense summary for the Business Accelerator, revenues YTD are \$7,669, and expenses are \$157,703. Expenses, as anticipated, exceed revenues by \$150,034.

The Statement of Net Assets is reviewed. Long term receivables are current.

Voucher and payment requests include: annual Foreign Trade Zone, January Auditing Services, Brown & Weinraub Retainer & JCOPE Fee, Legal Services, Loewke Brill Consulting Site Visits, Reporting, UHY Advisors Retainer, and Business Accelerator 2Q21 Support.

Ms. Villasuso states that in the February packet, the Foreign Trade Zone report accompanied the request for payment. Going forward it will be requested that a report and invoice be submitted to receive payment.

Vice Chairman Diana asks for a motion to approve the vouchers and payments in the amount of \$807,750.36 for February. Motion made by Mr. DiSalvo, seconded by Mr. McCarey, 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

Vice Chairman Diana states that the Accelerator Committee discussed 3 companies that are requesting AWOW assistance. It is being recommended by the Committee that the Board approve AWOW support for the 3 companies. All 5 Accelerator sites will be referred to as campuses going forward. Any AWOW company looking for assistance will go before the Accelerator Committee and full Board for approval with the request before Galileo Technology Group (GTG) works with them. This will streamline the process and create a formal record of all granted approvals.

Mr. Brescia states that earlier in the week the Mayor of the Village of Monroe called to discuss a project he was working on for the Village. He requested the Mr. Cozzolino and Mr. Rollins reach out to the Mayor. The call had a positive outcome, and the Mayor and County Legislator present were pleased with the discussion and provided recommendations. Does approval need to be given before a call like that can take place?

Mr. Cozzolino states that, as a Board Member, items such as that call can be brought to the attention of The Accelerator/ GTG. Before any action is taken on the project via the AWOW program it would need to come before the Committee and full Board. Currently, both the Village of Monroe and Newburgh have requested evaluations and SWOTS for potential Accelerator locations.

Vice Chairman Diana states that both the Village of Monroe and Newburgh requests should be discussed further next month.

Mr. Brescia states any Accelerator in the City of Newburgh would require assistance from the local City IDA. The OCIDA and its Accelerator program has done more for that municipality than any other in the County. The local resources need to be utilized to make that location feasible.

Mr. Rollins discusses the three companies that made requests for AWOW assistance.

FPS, a clothing manufacturer in Chester, is looking for assistance on post COVID endeavors. Due to COVID, they undertook PPE production and are now considering new avenues. They have contracts with the Department of Defense for mask and gown production. It is currently anticipated that it will take about 16 hours a week to help them restructure and potentially pivot away from PPE production. The FPS stated that 2020 was their best year ever as a result of the provided AWOW assistance.

Orange Packaging, originally a display manufacturer in Newburgh, wants assistance to install a cleanroom. This cleanroom would be used to package pipettes and swabs that collect cultures for medical facilities. Connections were made with Senator Schumer's office to expedite the process, but if they are unable to set up the cleanroom, the company would have to lay off approximately 150 people. PPE production initially led to creation of 200 jobs and the loss of 150 would be a huge step back.

Gilman's Cleaners, a dry cleaning business, is requesting assistance to reevaluate his business model. Due to COVID, there has been less need for dry cleaning and businesses has suffered with a large population working from home. His business currently has a lot of underutilized space and AWOW assistance would be used to provide recommendations for alternatives space uses and business consulting. For example, working with a costume company from NYC to both store and clean costumes. The company let go of 20 employees at the start of COVID, and since then 4 have been rehired. Consulting would provide best practices, and evaluate the best approach to rehabilitate the outdated building with potential grant funding.

Mr. Brescia asks what the project job creation would be with assistance.

Mr. Rollins says that Mr. Hinton anticipated bringing the full 20 employees back with some additional part time jobs in the summer due to work with seasonal camps. Gilman's Cleaners was a multigeneration business that was sold in the

last few years to Mr. Hinton. As a result, the company will be handled like a newer company undergoing growth. Work needs to be done to stimulate growth and job retention.

Vice Chairman Diana states that it was the recommendation of the Committee to bring the requests from these 3 companies to the full Board for approval.

Motion made by Mr. Brescia, seconded by Mr. Gaydos, that the Board authorize AWOW assistance for FPS, Orange Packaging, and Gilman's Cleaners. Open for discussion. Affirmative votes of all members present results in motion carried.

Vice Chairman Diana informs the Board that the AWOW budget was broken down month by month permitting approximately 200hrs of AWOW monthly assistance. In the month of January only 140 hours were used.

Mr. Rollins states that this breakdown will help with internal controls as well as accountability. The breakdown detail additionally shows the percent of time spent per company each month. This will help maximize the funds spent by the OCIDA on the AWOW program, and highlight the economic assistance being provided.

Chief Executive Officer Report

Ms. Villasuso gives the Chief Executive Officer Report.

The Executive Order to allow virtual meetings was extended through February 26th. This Executive order is signed on a month-to-month basis, and typically on the day of expiration.

In December, the Office of the State Comptroller (OSC) reached out to further review previously submitted 2018-2019 PARIS project data. The OSC wanted to review certain Bond issues, PILOT reporting, and property tax reporting. Management, Julie Marshall, Harris Beach, and the OSC met on January 21st to discuss the audit. Mr. Januszkiewicz provided a formal response. The PARIS for 2019 and 2019 is currently open and revisions are being made. It is well known that PARIS is an inaccurate reporting system which often makes project reporting a challenge. If corrections are ever needed, the State has to permit corrections to be made by opening locked reports.

It is 2020 annual audit time. Management is working with JGS to collect the annual audit confirmations for PARIS reporting. Based on the granted incentives, projects are required to submit the NYS-45 (employment numbers) and ST-340 (sales tax exemptions) along with annual reporting. JGS will come before the Board in March to review their OCIDA and OCFC 2020 audit findings. Everything will be submitted into PARIS by March 31st.

The Public Hearing for Fiorello Pharmaceuticals, Inc. was held on February 9th via Zoom. Warwick Town Supervisor, Michael Sweeton, was in attendance providing project support. A support letter has also been received from Mr. Sweeton. A Warwick resident voiced some concerns about the project, stating that the IDA had not had enough time to review the application and project request. His letter will be given to the Board along with the Public Hearing transcript for the March meeting. It is currently anticipated that the project will come before the Board at the March meeting for final approval. Fiorello Pharmaceuticals applied for incentives on all 3 phases of the construction. The phases could take up to 3 to 4 years to complete. Since the project is requesting bond financing, they need to apply for everything at once. All 3 phases are planned but depend on the legislation and market demand.

Vice Chairman Diana inquired who the concerned resident was, and if they were industry related.

Ms. Villasuso states that it is a Warwick resident, and it is not believed to be industry related.

Mr. Dowd states that the gentleman that spoke was not opposed to the project. He was mainly concerned about the speed that it was being approved, and the size of the building being constructed.

Ms. Villasuso states that Public Hearings are necessary and public comment is both important and welcome.

Ms. Villasuso continues with her report.

The Board approved an assignment and assumption of several months ago for Clear Key II, LLC. This property is officially sold, and the transfer of ownership is complete. An article was included in the packet. The project will now be known as Blooming Grove Hotel, LLC and the new owners will be liable to report to the Board.

The 2020 Foreign Trade Zone report accompanied the request for payment in the packet. Going forward it will be requested that a report and invoice be submitted to receive payment annually. This is another step taken in refining

practices. Every check and invoice will be supported with documentation. Management was recently on a call with the County Executive, Harry Porr, and Bill Fioravanti and discussed the reinvigoration of the FTZ. New Board members were just appointed, and an event will be held to help promote it. Hopefully, the funds that the OCIDA contribute to the County will help further that promotion and attract more industry.

There are 2 resolutions for potential Board approval. There is a budget line for marketing and PR but, for the purpose of best practices, agreements will be formally authorized by the full Board. The resolutions are for Focus Media, \$2,500 a month, and 88 Studio, \$5,000 a month.

Mr. Dowd reads aloud the Focus Media Resolution. Resolution authorizing the retention of the services of Focus Media to assist the IDA in matters regarding the content development and maintenance of the IDA'S website. Motion is made by Mr. McCarey, seconded by Mr. Gaydos. Roll call is taken. All present vote in favor.

Mr. Dowd reads aloud the 88 Studio Resolution. Resolution authorizing the retention of the services of 88 Studio, LLC to assist the IDA in matters regarding the design of marketing materials for the IDA and Accelerator websites and hosting zoom webinars and live-streaming IDA committee and board meetings. Motion is made by Mr. DiSalvo, seconded by Mr. Brescia. Roll call is taken. All present vote in favor.

Accelerator Report

Mr. Cozzolino introduces James Rollins. Mr. Rollins joined Galileo Technology Group towards the end of 2020 and has been working with Accelerator clients ever since. He has experience in entrepreneurial leadership, management, and has run businesses. 13 of the 20 onsite Accelerator companies are minority or women owned, and the addition of Mr. Rollins helps to reflect the companies being served.

Mr. Rollins thanks Mr. Cozzolino for the introduction. He states that he has a background in management, government relations, and international business. He's looking forward to this opportunity and making a difference in the economic community of Orange County.

Mr. Cozzolino gives the Accelerator Report.

The Accelerator is all about job creation, whether it be onsite companies or off-site AWOW companies. Today the Committee concentrated on AWOW company requests. Multiple AWOW companies have visited both Committee and Board meetings to express thanks and provide visibility to the public regarding the benefits being provided. It's been uplifting to hear companies both retain and create jobs during COVID times when so many businesses have suffered or shuttered. A current concern amongst some companies is, while they pivoted to PPE production in 2020, how can they pivot away from that and grow in new avenues as the original core business for these companies may no longer exist or look different going forward. The companies have expressed wanting to keep all employees hired during COVID growth.

The business assistance onsite Accelerator clients have received has been provided in the form of comfort for those that have lost family members to the pandemic and the loss of business. They need help to revitalize business and, for some, sales. Of the 20 companies, 16 of the companies have successfully made it through these troubled business times. The quality of companies located at the onsite locations is improving. The newest company to join the Warwick facility has been featured on the CBS morning show. The long-term goal is to have the Accelerator campus companies remain in Orange County, but no longer have the OCIDA subsidize rent. The companies would remain in their current Accelerator location and pay full cost or, in some cases, take over the lease.

It is currently the goal of Melo to take lease hold of the buildings he currently occupies. The Town of New Windsor does not want to sell the buildings. The next step is to see if a lease can exist directly between Melo and the Town. If that doesn't work, the goal will be to extend the current lease and have Melo continue to be a sub-leaser but at full value.

Ziel is currently in negotiations with the landlord of 605 Broadway to have a direct lease. It is expected that it will take a few more months for the negotiations to be settled.

Management has been working with Grace Community Church regarding the AI Accelerator Campus building in Highland Falls. They have sent a letter of intent to take lease hold of the building and have the OCIDA as a sub-tenant. The last remaining concerns for the Church were the parking situation, which was resolved a few days ago, and currently, to have a change of use for the building gaining authorization for it to be used as a church. Mayor D'Onofrio is currently looking into the change of use. Ms. Quinn informed the Committee that type of use typically cannot be

denied. There is a new Superintendent at the US Military Academy, who is on Board with the AI initiative and will need help with faculty spouses that are well educated and need employment. There is potential to help these people get jobs created by the AI and Warwick clusters. Management spoke with the President of Mount Saint Mary's College. The college is interested in the AI initiative with goals of creating an AI curriculum, having students potentially intern with companies the AI campus companies, and partnering with the Military Academy students.

Mr. Rollins states that there are about 10 companies that are interested in locating to the AI campus.

Mr. Cozzolino states that, in addition to the City of Newburgh and Village of Monroe, Port Jervis has reached out to rediscuss a potential Accelerator Campus.

Vice Chairman Diana states the AI is certainly gaining positive interest. Mount Saint Mary has been experiencing changes with 3 different presidents in the last 5 years, but their interest and growth plans are encouraging. The Military interest is huge for the initiative and Highland Falls.

Resolutions

Orange Inn, LLC

Ms. Villasuso states that Orange Inn, LLC is before the Board for final project approval. The incentives are for the renovation of the current facility. They have gone through the public hearing process and received several letters of support.

Ms. Villasuso states for the scoring criteria, this project received a 5 for strategic vision (development is encourage as a result of COVID), 1 for ratable value, 3 for number of jobs created, 1 for quality of jobs (as some are minimum wage), 1 for location (as it is not located in a designated growth zone), and 4 for desirability (renovation of a historic site). The total score is a 15. The project would still be eligible for a medium and sector-based PILOT. It is up to the Board to grant the project either a 4 year or 10 year PILOT.

Mr. Kapiti states that a 10 year PILOT would be ideal.

Mr. Brescia asks is there will be a rooftop bar.

Mr. Kapiti states that there will only be a lounge in the top floor. There were complications regarding concern over the age of the building and being able to support a rooftop bar.

Mr. DiSalvo asks if any elected officials attended the public hearing or wrote letters of support.

Ms. Schouten says no.

Mr. DiSalvo states that he supports the project and either 4 year or 10 year PILOT. Additionally, it would have been nice for a County representative to come out and support a local business.

Vice Chairman Diana states that due to the historic nature of the location and business, any granted incentives would enhance both the restaurant and hotel. Affordable housing whether residence or temporary is a benefit to the County. He supports granting the project a 10 year PILOT. The historic nature, location in the County, affordable residence, and proximity to the future Legoland makes this a viable business.

Ms. Quinn states that she agrees and supports a 10 year PILOT.

Mr. Brescia states that he agrees and also supports a 10 year PILOT. This business is more unique than a standard motel. It sits in the historic corridor and the County seat. These unique qualities make the 10 year PILOT reasonable.

Mr. McCarey states that he also recommends a 10 year PILOT.

Mr. Gaydos states that he supports a 10 year PILOT.

Motion made by Mr. Brescia, seconded by Mr. DiSalvo, that the Board authorize a 10 year PILOT for Orange Inn, LLC. Roll call is taken. All present vote in favor.

Resolution – Final Resolution

Mr. Dowd reads aloud the Orange Inn, LLC Resolution. Resolution authorizing the Orange County Industrial Development Agency to (i) take a leasehold interest in an approximately 0.23±-acre parcel of land located at 159-167 Main Street in the Village and Town of Goshen, Orange County, New York (the "land"); (ii) appoint Orange Inn, LLC (the "company") as its agent to undertake a certain project; (iii) negotiate, execute and deliver a lease agreement, leaseback agreement and tax agreement; (iv) provide financial assistance to the company in the form of (a) a sales and use tax exemption for purchases and rentals related to the acquisition, renovation and equipping of the project, and (b) a partial real property tax abatement through the tax agreement; and (v) execute related documents. Motion is made by Mr. DiSalvo, seconded by Mr. McCarey. Roll call is taken. All present vote in favor.

Amy's Kitchen Inc.

Ms. Villasuso states that Amy's is requesting an assignment and assumption. Amy's is partnering with WP Carey, a publicly traded, national real estate investment trust (REIT). WP Carey will provide financial investment for the construction of the facility.

Mr. Wolinsky speaks on behalf of Amy's Kitchen Inc. Amy's is partnering with WP Carey Inc., a REIT. As a result of this partnership, WP Carey would fund a large portion of the construction costs. Amy's would convey the property and building to WP Carey and WP Carey would lease the building back to Amy's Kitchen under a 25 year lease with two ten year extensions. It would essentially be a 45 year lease agreement. Under this arrangement, Amy's would still be responsible for the construction of the facility, meet the obligations set forth in the current OCIDA agreements, and annual reporting requirements. The construction of the building is scheduled to commence Spring 2021. Building plans are currently under the active review of the Town of Goshen Building Inspector. The project is moving forward. The current documents specify, that with the transfer of any property, that the project gain consent from the OCIDA.

Mr. Brescia asks if the initial intent for the project was to have turnkey operation. He was under the impression that the Amy's Kitchen facility would be up and running by now. Why the transition to a turnkey operation with an outside entity that requires an additional leaseback agreement.

Mr. Wolinsky explains that two changes took place that led to this transition. First, changes in business demand and the internal business model. Second, COVID-19 effected business and changed business dynamics. Amy's Kitchen is a market force driven business and the pandemic led to a high demand in product. The company felt that this would be the best business decision to move forward and effectively meet current demand.

Mr. Brescia states that he hopes this expedites the construction of the facility as the groundbreaking took place about two years ago.

Mr. Wolinsky states that there has been about a year and half worth of infrastructure construction that took place that consisted of traffic improvements and the installation of a water and sewer line. That work is now complete.

Ms. Quinn asks what portion of the property is being purchased.

Mr. Wolinsky states that the parcel of the food manufacturing facility and the route 17M parcel are being purchased. Both parcels are covered under the current OCIDA agreements.

Mr. Gaydos states that it is understood the Amy's Kitchen was grandfathered in under the old labor policy, but communication between the project and local contractors has been poor. It is possible that he can help local laborers that want to take part in Amy's Kitchen construction. This is a OCIDA project and it is preferred that as much local labor work on the project be used as possible, and if the opportunity be given, that these contractors can have open communication without having to go through hoops to gain information.

Mr. Wolinsky states that he is not involved in the construction process, but he does know that a good amount of local labor was used for the initial infrastructure. He will be happy to take this information back to general Counsel for Amy's Kitchen and let them know that a point person is needed for interested contractors regarding building construction.

Ms. Villasuso asks Mr. Gaenzle to comment on how this conveyance will impact current reporting and agreement documents.

Mr. Gaenzle states that from a legal standpoint this is a relatively standard legal transaction in which Amy's Kitchen Inc will transfer fee title to WP Carey Inc, and they will leaseback the facility to Amy's Kitchen. Amy's Kitchen will still be liable for their current obligations including annual compliance reporting. From an administrative OCIDA standpoint nothing really changes.

Ms. Quinn asks if the food manufacturing facility has to be constructed before the Science of the Soul facility.

Mr. Wolinsky states that is correct and a condition of the approvals.

Ms. Quinn asks if this transfer impacts that agreement and condition.

Mr. Gaenzle states that this transfer does not impact the agreements currently in place. No current obligations have been impacted.

Resolution – Project conveyance

Mr. Dowd reads aloud the Amy's Kitchen, Inc. Resolution. Resolution authorizing the Orange County Industrial Development Agency to execute all necessary documents in connection with the conveyance of the facility (as defined below) to W.P. Carey, Inc. or an affiliated entity thereof. Motion is made by Mr. McCarey, seconded by Mr. Brescia. Roll call is taken. All present vote in favor.

Wallkill Owner LLC

Ms. Villasuso states that Wallkill Owner LLC purchased an affordable house development in the Town of Wallkill. This is currently an existing set of benefits with the Town of Wallkill IDA, but that IDA does not issue bonds. As a result, the project has come to the OCIDA to request bonds for the purchase and renovation of the facility, a Sales and Use Tax Exemption, Mortgage Recording Tax Exemption, and a PILOT. This would not be a standard tax based PILOT from the current UTEP. It has a different structure that is typical of this type of transaction.

Mr. Brescia asks if this request is comparable to the previously incentive Mountco projects.

Ms. Villasuso says yes.

Mr. Brescia asks if this is uncommon.

Ms. Villasuso states that this is not uncommon.

Mr. Brescia asks how is worked out with the Mountco projects.

Ms. Villasuso states that things went well.

Mr. Gaenzle states that he spoke with Mountco about a month ago and everything is on pace.

The Board discusses the location of the project.

Mr. Withall speaks on behalf of Wallkill Owner LLC.

Lincoln Avenue Capital is a real estate development firm that focuses on acquisition preservation affordable housing development across the United States. The company was founded in 2016 and has been quite active in the last 5 years. Lincoln Avenue Capital currently has over 50 properties that comprise of 10,000+ units across 10 states. In the last 4 year they have closed approximately 20 bond tax credit rehab transactions and have completed construction on 8 facilities. The project is requesting bond inducement for Wallkill Living Center. Wallkill Living Center ("the Project"), is located in Middletown, New York approximately 1 mile west of the Interstate 84/Route 17 interchange. The elderly property consists of 136 residential rental units housed in a single mid-rise building. The property was originally constructed in 2003. Currently 116 units are set aside at 60% AMI, consisting of 58 one-bedroom units and 78 two-bedroom units. The remaining 20 two-bedroom units are not restricted and rented at market rate. As part of the resyndication, all units will be set aside at 60% AMI for 30 years.

The sources of funds for the acquisition and rehabilitation of the Project will be a combination of a tax exempt loan from Citi Community Capital ("Citi") through their "Back-to-Back" program, a Citi taxable construction loan, four percent (4%) low-income housing tax credit equity ("LIHTC"), a subordinate loan from the State of New York Low-Income Housing Trust Fund Program, and deferred developer fee. Multifamily housing bonds will be issued by the Orange County Industrial Development Agency ("OCIDA") in the approximate amount of \$14,500,000, not to exceed \$18M, which will be purchased directly by Citi. Citi will also arrange a construction-only taxable loan in the amount of \$8,000,000, funded on a drawdown basis, in order to bridge tax credit equity funds. The Project expects to generate annual tax credits allocated by NYSHCR in the amount of approximately \$960,000 that will be sold to a tax credit investor to raise LIHTC equity in the approximate amount of \$8,830,000.

The total development costs will be \$26.7M that consists of acquisition cost of \$15.9M. The total rehab costs will be \$5.44M. The soft costs will be \$2.1M with \$3.5M in developer fees.

The 4% Bond/LIHTC transaction will feature a full site renovation of approximately \$40,000 per unit (\$5.44M). This renovation, which will be completed within twelve months of closing, will focus on improving tenant quality of life and improving the physical condition and operational efficiency of the Project. Operational efficiencies will be created through investments in renewable energy and energy efficiency features. The specific scope of work will be determined through a rigorous design process and tailored to meet the capital needs of the property; however, the typical scope of work includes the following. All lighting fixtures in the units and common areas will be upgraded to energy efficient LED fixtures; all external windows and sliding doors will be replaced with double glazed units further improving the building envelope's insulation; all apartment electrical appliances will be upgraded to Energy Star rated appliances; water fixtures will be replaced with more efficient low-flow toilets, showerheads, and aerators. Further rehab work will include interior door hardware replacement; replacement of kitchen cabinets/vanities; replacement of kitchen countertops with laminated units; and installation of resilient vinyl flooring. Additional external work will include painting of all exterior walls and sidings; parking lot and pavement trip hazard repairs; exterior lights replacement with LED light fixtures; and cleaning/repairing of all storm drainage systems to ensure highest efficiency operation.

In addition to bond financing, the project is requesting a Sales and Use Tax Exemption, not to exceed \$221,000, Mortgage Recording Tax Exemption, not to exceed \$187,500, and the granting of a new PILOT. The current agreement is with the Town of Wallkill IDA and they are not in the position to issue bonds. That IDA is aware and approves of the project coming to the OCIDA with its request. The current PILOT was issued in 2003 with the initial construction of the property. It is a tax as a percentage of gross rents plus direct assessments. In 2004, the first full year of resident occupancy gross rent percentage started at 3% and escalated by 30 basis points annually until the eleventh year of the agreement where the percentage stabilized at 7% of gross rent. That 7% is in perpetuity as long as the housing trust fund soft loan is still in force.

It is anticipated that economic impacts based on \$1M of rehab will generate local income of \$840,000, local business income of \$250,000, local wages and salaries of \$585,000, local taxes of \$70,000, and 11.5 local jobs. Those figures applied to \$5.4M rehab investment will result in total local income of \$4.57M, local business income of \$1.4M, local wages and salaries of \$3.2M, local taxes of \$384,000, and 62.5 local jobs.

The property currently has 2 full time and 2 part time employees that are employed by a third party management company. It is anticipated that there will be a creation of 8 to 10 additional part time jobs.

Mr. Brescia states that the granting of OCIDA incentives would make the project liable for the local labor policy.

Mr. Withall states that the project fully intends to abide by the local labor policy. When the bid is prepared, the local labor requirement will be included.

Mr. Gaenzle states that since the project is applying for the incentives through the OCIDA, all policies would apply to the project. Issuing bond through the OCIDA does not absolve the project of policy requirements.

Ms. Quinn asks if the project is applying for any HCR grants.

Mr. Withall states that not at this point in time. Based on current model and proposed project they are not required to find any gap financing, which makes it easier for the project, by not having to deal with the HCR review process. In the case the project faces any financial issues, the option is available.

Vice Chairman Diana asks what would happen if the OCIDA did not incentivize the project. Would Lincoln Avenue Capital proceed with the project?

Mr. Withall states that there is an avenue to receive State level bonds issuers, but past experience and information received states that acquisition real estate deals are very low on the totem pole for allocation, as the State is more interested in allocation for new construction. It would impact the timeline by extending it and potentially no longer be feasible. All the guidance the project received states that working with a local IDA is the most efficient avenue.

Vice Chairman Diana states that it is understood Lincoln Avenue Capital has already purchased the property, the goal is to rehab and improve the facility for current tenants and encourage economic growth. If the OCIDA did not assist to issue bonds this project may not move forward and greatly extend the timeline.

Mr. Withall states that is correct. If they are unable to gain access to bonds, it would be difficult to continue to operate the property.

Mr. Gaenzle states that he worked on similar affordable projects across the State. When a project like this has to go through the state, the timeline is challenging, and the fees paid are not given to local agencies. These projects take awhile to close and would not close until later in the year. The process can get started now.

Mr. McCarey asks the value of the bonds requested.

Mr. Withall states that they are requesting bonds in a value not to exceed \$18M. That value has a cushion, and it is likely that the value requested will be lower. It will be approximately the value of 55% of the development costs to meet the tax credit requirements.

Mr. McCarey asks the length of the bonds requested.

Mr. Withall states that they are long term bonds, 20 to 30 years.

Mr. McCarey asks if the project is getting any NYSERDA money.

Mr. Withall says no.

Resolution – Inducement Resolution

Mr. Dowd reads aloud the Wallkill Owner LLC Resolution. Resolution of the Orange County Industrial Development Agency (i) accepting the application of Wallkill Owner LLC (the "company") with respect to a certain project, (ii) taking official action towards the issuance of up to \$18,000,000 principal amount multi-family housing revenue bonds for the purpose of financing such project, (iii) describing the forms of financial assistance being contemplated by the Orange County Industrial Development Agency with respect to such project and (iv) authorizing a public hearing with respect to such project. Motion is made by Mr. Brescia, seconded by Ms. Quinn. Open for discussion.

Mr. Diana asks the anticipated fees to be paid to the OCIDA.

Ms. Villasuso states that fees will be above \$200,000.

Roll call is taken. All present vote in favor.

Attorney Client Session

Vice Chairman Diana entertains a motion that the Board enter into attorney client closed door session. Motion made by Mr. DiSalvo to enter the closed-door session. Motion seconded by Mr. Brescia. All in favor.

Enter Attorney Client Session

The members discuss the legalities of certain matters.

Vice Chairman Diana entertains a motion that the Board end the attorney client closed door session and reconvene the meeting. Motion made by Mr. DiSalvo to end the closed-door session. Motion seconded by Mr. Brescia. All in favor.

Other Board Business

Motion is made by Mr. Brescia, seconded by Mr. DiSalvo authorizing an additional \$25,000 to the Brown Weinraub contract. Open for discussion.

Mr. Gaydos states that this money had been authorized in response to the legislative audit.

Roll call is taken. All present vote in favor.

Ms. Quinn states that the OCIDA should feature women businesses assisted by the Accelerator for International Women's day.

Adjournment

Meeting called for adjournment, motion made by Ms. Quinn, seconded by Mr. DiSalvo, the time being 4:18p.m.