

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

April 09, 2020

A regular meeting of the Orange County Industrial Development Agency was convened in public session on April 09, 2020 at 2:00P.M. via video conference.

Chairman Rogulski calls to order the regular meeting of the Orange County IDA, April 09, 2020 (Pledge of Allegiance is recited). Board consists of seven members. There is a quorum. Upon roll call, the following were:

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

ABSENT:

ALSO PRESENT: Laurie Villasuso – Chief Executive Officer
Kevin Dowd – IDA Attorney
Joel Kleiman – Chief Financial Officer
Russell Gaenzle – Harris Beach
Vincent Cozzolino – Managing Director
Melanie Schouten – Chief Operating Officer
Dean Brady – The Accelerator
Rob Unger – JGS
RJ Martucci – JGS
Kevin Downs – St. Luke's Attorney
Tom Gibney – St. Luke's
Dan Maughan – St. Luke's
Christopher Vinci – St., Luke's

Minutes

Review of the February 13, 2020 board meeting minutes. Motion to approve the minutes is made by Mr. Brescia, seconded by Mr. Schreibeis. Motion carries with seven board members in favor.

Review of the February 13, 2020 Audit Committee meeting minutes. Motion to approve the minutes is made by Mr. Brescia, seconded by Mr. Schreibeis. Motion carries with all in favor.

Review of the February 13, 2020 Governance Committee meeting minutes. Motion to approve the minutes is made by Mr. Brescia, seconded by Mr. Schreibeis. Mr. McCarey abstains. Motion carries with all in favor.

Review of the March 27, 2020 Audit Committee meeting minutes. Ms. Villasuso stated that the minutes were read and there was one error. It read Legislator and should be Legislature and the timing of the submission of the PARIS report. Ms. Rogulski stated that the first paragraph should be expanded and to get clarity about what the issues were. Mr. DiSalvo concurred with that. Ms. Rogulski stated that the minutes will be tabled.

Financial Reports and/or Requests for Payment

Mr. Kleiman reviews the revised IDA vouchers which were approved by the Audit Committee last month in the amount of \$1,399,920.69. He stated the reason why the vouchers were so high was due to funding The Accelerator for 1st and 2nd Quarter.

Mr. Kleiman reviews the summary of IDA bank accounts, certificate of deposits, and money market accounts that reflect a total of \$6,944,043 as of March 31, 2020.

Mr. Kleiman reviews the income and expense summary, noting that YTD income is \$111,961 and YTD expenses are \$2,369,127 with most of this going to WVLDC. Mr. Kleiman brought the board up to date with the \$1.5 million and \$500k for WVLDC. With approval of the vouchers we will exhaust the \$1.5 and have spent \$474,410.04 of the \$500k leaving a balance of \$25,589.96.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$5,377, and expenses are \$574,054.

Mr. Kleiman reviews the vouchers and payments for April. He stated that we received a closing fee from GAM Property of \$46,801.75 and the total amount of vouchers was \$269,894.32. He noted that the WVLDC vouchers were approved earlier in the month by the Audit Committee. He stated that approvals are needed for all payments.

Chairman Rogulski asks for a motion to approve the March and April vouchers and payments. Motion made by Mr. Brescia, seconded by Mr. Schreibeis, that the board accepts the financial reports and authorizes IDA payments and vouchers. Affirmative votes of all members present results in motion carried.

JGS Annual Financial Report

Mr. Unger went over the 2019 Audit Financial Statement and he reported that it was an unmodified or clean opinion. Revenue for the year was about \$393,000 expenses were \$3,312,000 which \$892,000 was spent on projects and fund balances at the end of year was \$1,940,000 as designated and \$9,548,000 as undesignated. Ms. Villasuso asked Mr. Unger to talk a little about the Long-Term Receivables. Mr. Martucci stated that the IDA has large projects and the closing fees several hundred thousand and some into the million-dollar range. Some projects have agreements with the IDA to pay out the closing fee over a period of time. What the IDA plans to collect within the next 12 months is considered current which is about \$913,000. In the long-term portion it is about \$2,100,000 which are items that the IDA plans to collect in 2021 and after. Part of that number is the \$1,500,000 the IDA put up for the Warwick Accelerator Development. He said the WVLDC applied for a grant from New York State for the development of this project which they will receive 40% of what was spent. The IDA will receive what they invested up to the \$1,500,000. The IDA spent in 2019 about 1,490,000 which is the amount in the accounts receivable long term. He stated other items in long term are final payments from Merlin Entertainment and what is being collected from SUNY Orange. Ms. Rogulski stated that for the first time this year all the Tax-Exempt Bond projects reported in and she congratulated the people involved. Ms. Villasuso stated that the Audit Committee recommended this Audit Financial Report for Approval on 3-27-20 but the full boards needs to approve it.

Chairman Rogulski asks for a motion to approve the Annual Financial Audit. Motion made by Mr. Schreibeis, seconded by Mr. McCarey. Affirmative votes of all members present results in motion carried.

Annual Report / PARIS Approval

Mr. Kleiman started off by saying the PARIS report is made up of 4 components that are due to New York State March 31st. Since then, New York State has extended the deadline for submission. He stated that the IDA was able to submit 3 of the 4 reports to New York State prior to March 31st and reached out to the ABO to come to the conclusion on the reconciliation of the conduit debt. The ABO was able to supply the IDA with a reconciliation of final numbers for conduit debt for years 2017, 2018 and 2019. This will conclude the reconciliation issue the IDA has been working on the past year. Mr. Kleiman stated the ABO has included a schedule and figures which is found in the packet stating what the ABO would like the entire board to adopt and approve. He stated we will need to supply the ABO the resolution they will endeavor through the Comptrollers Office or themselves to be able to put the numbers into the system going back to 2017, 2018 and 2019. Mr. Kleiman stated that once this is done, he will resubmit for 2018 one part of the report and then conclude with 2019 and file the last report for 2019. Ms. Rogulski asked once this is done will the IDA be up to date, Mr. Kleiman responded yes. Mr. Dowd read the resolution approving the correction of conduit debt balances for years 2017, 2018 and 2019 previously recorded in the Public Authority Recording Information System or PARIS.

Chairman Rogulski asks for a motion to approve the resolution. Motion made by Mr. Schreibeis, seconded by Mr. DiSalvo. Affirmative votes of six members present results in motion carried.

IBM Audit

Ms. Villasuso stated that we have audited IBM for multi years and as per the agreement they have paid us a fee based on their number of employees. Mr. Martucci stated that the final audit that JGS did encompasses 4 years starting June 2013 and ending May 2017. He stated that the years JGS has been engaged to do the IBM audits, they found a balance owed to IBM. IBM has paid in excess of the fees they should have paid. He said that this was an error on IBM's part in regard to the purchases that were applicable to the fee calculation. The balance owed is about \$570,000. IDA Management and IBM have had communications and have come up with an agreement that the balance would work down in the coming years, so the IDA does not have to expend any dollars on a go forward basis.

Ms. Villasuso spoke to Mr. Spinei and agreed that IBM would take the amount as a credit. The Audit Committee was in agreement with that. Ms. Rogulski asked if we have a plan put in place to prevent this from happening in the future. Ms. Villasuso stated that when IBM's STE package came up for renewal the language was corrected in the agreement. She said in terms of an audit, there are no plans to audit IBM since the IDA works with Mr. Spinei and IBM gives the IDA a spreadsheet every year for review.

Chairman Rogulski asks for a motion to accept the IBM Report. Motion made by Mr. Brescia, seconded by Mr. Diana. Affirmative votes of all members present results in motion carried.

UHY, LLP - Resolution

Mr. Dowd stated that this is a new name for the bookkeeping firm that we use. Mr. Dowd reads the resolution authorizing the retention of UHY, LLP (formerly PKHB CPAs, P.C.) to provide General Bookkeeping services to the IDA. Ms. Rogulski asked if this was just for the name change and Mr. Dowd stated yes effective January 1, 2020.

Chairman Rogulski asks for a motion to authorize the retention UHY, LLP. Motion made by Mr. Schreibeis, seconded by Mr. Brescia. Affirmative votes of six members present results in motion carried and one absent due to technical difficulty.

Chairman's Report

Chairman Rogulski passes on giving the Chairman's Report.

Chief Executive Officer Report

Ms. Villasuso gives the Chief Executive Officer's report.

Close on PARIS report. Once the numbers are solidified with the ABO the IDA will be able to submit the 2019 Audit. She stated that even though the deadline has been changed, with the exception of one item, we would have been in a position to submit our PARIS report on March 31st.

Management is working on revising all the IDA policies including the Labor Policy.

The GAM Properties Corp. project closed this month.

Two hotel projects in the Town of New Windsor have been inactive for a year since receiving final approval in 2019. Counsel reached out to them and received a response. Due to a Port Authority issue that is preventing one of them from moving forward and also COVID we will be extending their approval and working with them moving forward.

The 2020 NY EDC IDA Academy was to be held April 21st with most board members attending, but due to the COVID crisis it was postponed. The board will be informed once a new date is set.

IDA Agents are retooling what their plans were in 2020 due to the COVID crisis and refocusing on recovery efforts.

FOIL Request: There are a few that have been received. If it is a digitized FOIL request, we process those like normal, if it is not digitized like one that was received requesting minutes from 2002 – 2006, which these minutes are in storage and with the mandatory work from home order, we are unable to comply at this time but will process as soon as the mandatory work order is lifted. Mr. Brescia asked if Ms. Villasuso was able to say who requested this FOIL. She stated it was Grindstone Research out of Lexington KY. Ms. Rogulski asked what the agency does, Mr. Dowd stated it does research for political agencies and political candidates.

Mr. Dowd spoke about the mechanics Lien filed by a contractor on the USAI project (also know as BBL). Mr. Dowd spoke to the Plaintiff's counsel and also to Mr., Jacobowitz, who represents USAI (BBL). This was filed after the lease agreement was filed. He stated that this is ongoing between the two counsel. Mr. Dowd stated he will keep in touch with both counsels to try and get the IDA off this lawsuit. He will keep everyone informed on this matter.

Sentinel Reality submitted their paperwork and indicated they utilized their STE. Mr. Dowd sent them a letter to confirm they are not using an expired STE. Since this is the second project that has used an expired STE, Ms. Reilly was asked to work with Loewke Brill to bring in STE expiration monitoring into the Labor Policy monitoring to ensure there are no issues with expired STE.

Legoland contacted the IDA to let them know that the opening has been officially delayed until 2021. No discussions about amending any agreements have come up yet.

A few Solar Companies have approached us about our PILOT program. They typically go to the town or school board directly. We have a mature company that came to the IDA, so we have asked Mr. Gaenzle to come up with a potential Solar Policy. Mr. Ganzel explained what the solar policy would look like. He stated that IDA's across the state have been doing solar projects for a number of reasons. They push alternative energy, the unique nature of the facilities makes it very difficult for assessors to figure out their value, confusion surrounding real property tax law section 487. What it does is give the taxing jurisdiction security as to the PILOT payments for whatever period of years agreed upon as well as the developer without having to figure out how to value these facilities. He stated that the per megawatt varies across counties and we would need to see where Orange County would like to be. This is a growing trend across the state. The policy that Mr. Gaenzle shared came from Tompkins County. It is preliminary at this time and not sure how fast the project in Orange County wants to move. Ms. Villasuso stated that Mr. McCarey had an interest in this and would like the IDA to take a look at it. Mr. McCarey stated that it is a smart move for the IDA to move in this direction and come up with a uniform policy to help many local towns out. Mr. Gaydos stated that a lot of towns are putting restrictions on the solar farms and a problem may be that they are going to bring their own people to work on them and there will be no local labor. Mr. Cozzolino stated that they discussed that and feels they may be open minded about local labor now but knows that the install will not be local labor. Mr. Gaydos stated that maybe we should not entertain it due to the labor policy. Ms. Rogulski asked is the reason why IDA's support these solar farms is so they can provide a stable way to do the valuation rather than a financial incentive to build them? She stated they are very profitable to the owners; they don't create jobs and she doesn't see a benefit to us doing it. Ms. Villasuso said that Mr. McCarey experience will be valuable to the whole board due to the county, school districts, towns issues with having uniformity with the way they are billing, how they are charging and who gets the benefit of the Host Community Agreement. Mr. Brescia said that Mr. Gaydos has good points and we are seeing less and less return on investment on the local municipalities on these solar fields. He said that if they are not using local labor, open and close shop, we should not entertain it. Mr. Diana stated a lot of towns don't want solar farms so why would we encourage it. Mr. Diana stated that this will have to be discussed further. Ms. Villasuso stated this is just preliminary conversation to make sure the full board was aware that the IDA had been approached about it. She said we will discuss this further; we didn't want to get an application for this and not be able to react. Ms. Rogulski said that if it is intended to be a conduit to make the collection of taxes easier for the municipalities and to have more consistent valuations, we may have some value added without it being an incentive. Mr. McCarey stated that it is a benefit for local taxing districts and he doesn't think the IDA should give any financial incentives but thinks it could be a source of revenue like application fees and make a uniform policy for towns to make it easier for them to put together the solar projects.

Ms. Villasuso stated with the COVID, staff is working remotely or one at a time coming in the office and feels that we have fully transitioned to a COVID recovery team. She said the IDA has already spent money to assist businesses to get them through this crisis, have had webinars, and walked many companies through the SBA loan process.

Accelerator Committee Report

Mr. Cozzolino spoke about the COVID-19 Business Outreach Response. This program allows any Orange County Company to contact us and help them walk through the Federal Programs that they could apply for and help work and follow the process all the way through. This program was kicked off with 200 companies participating in the Small Business Webinar about the incentives on April 2nd. There will be a second Webinar next Thursday which is a follow up to the first one. The biggest issue are the banks not being able to meet the marketplace demands. He stated that they are working with 90 companies helping them to apply for SBA programs under the CARES Act that was kicked off on March 30th. The companies that are being helped have 1 – 70 employees. The type of companies are service, professional service, manufacturing, retail, construction, development and distribution. Mr. Cozzolino said that every company they are working with could become a potential Accelerator Without Walls client, several being in the manufacturing and fashion world. He stated most companies that they are working with will get support from the SBA. There are several different SBA loans with PPP and EIDO being most popular. Every company is being asked what needs to be done to help and we are receiving a lot of feedback. This is also laying the groundwork for OCFC loans if they are able to give loans. They will continue to walk future companies through the application process and follow up. Mr. Brescia asked if the Webinar is on the IDA website and the response was yes. Mr. Brescia stated that the Webinar was excellent, praised it at the Legislature's meeting and shared it with a few companies. Accelerator Companies Manufacturing PPE Devices is the next slide. Mr. Cozzolino thanked the board for all the help especially Ms. Rogulski in help of connecting the hospitals for the face shields. These companies are Accelerator or Accelerator Without Walls companies that have contacted the IDA in the beginning of the COVID for help in getting some products manufactured. The lab in Warwick could be used in the future to test for COVID virus. Mr. Cozzolino went on to face shields, Ms. Rogulski connected him to St. Luke's Hospital that was looking for face shields and other PPE devices. He stated there were 2 things that were done, Melo one of our Accelerator companies made 5

prototypes involving the Doctors to see if we could make a face shield they want. They wanted a face shield that could be lifted up and Melo was able to do that. The second thing was the Doctors did not want felt or Velcro materials on the face shield, due to bacteria and germs gathering. That is what made this face shield unique, so the cost was higher about \$3.50 a shield. Orange Packaging an AWOW client is making a less expensive shield for \$1.60 and they are being used at the local medical facilities, Doctors' Offices, etc. Mr. Cozzolino stated that Dairy Queen contacted Melo about the shields that lift up, they are interested in all of their employee's wearing face shields and asked Melo if he could make the face shields available to all Dairy Queen stores. Mr. Cozzolino said that it was nearly impossible to get the plastic to make the face shields, Orange Packaging had a bunch of plastic in stock to use for their own face shields. Their source was contacted but did not have any available so Orange Packaging sold the IDA 500 pounds out of their stock so we could get product out to the hospitals as quick as possible. Orange Packaging was late in making their delivery to enable Melo to make the face shields to the local hospitals. We also purchased a sanitization station and put it in service to sanitize every face shield under the UV light.

Face Masks – FPS an AWOW client is making cloth face masks. They can be purchased in large quantities and come in many designs and some with pockets to insert your own filter.

Addibots a company in the Middletown Accelerator designed the face shields using CAD design and 3D models which turned into production.

Both Melo and Orange Packaging are getting orders from all over the county for both of their models of face shields.

Mr. Cozzolino spoke about the IDA website. There is now a COVID Response Button that has everything that we spoke about, our business outreach, ability to be reached by email, news and information.

The last chart is Well Tech. Our time and attention are focused on COVID response. He said that a number of Accelerator Companies had to shutter their businesses until we get through COVID. We are using this time to do business development. A meeting was held April 2nd with a distributor in Nevada called Well Tech Distributor which is a distributor of personal care products and other healthy living products. Many of the Accelerator companies were able to present the types of products they have and how they may fit into the menu of things Well Tech Distributor will distribute. Since then, Hemp Farms of NY, Farmbody and Melo are in the next stage of negotiation with Well Tech Distributor.

Ms. Villasuso asked Ms. Shouten to bring up the media page. On our website thanks to Mr. Brady a landing page has been created. She stated that by having this COVID page, it is good resource for the business community, to view the webinars, and job postings.

Audit Committee Report

Mr. DeSalvo gives the Audit Committee report.

The Committee received an update on Kraftify and Satin Fine Foods.

Ms. Villasuso stated that one of the things Kraftify came to the Committee for is an extension of their STE. There have been a number of discussions with Kraftify, the status of their project, and the labor policy. Due to the conditions we are living under the Audit Committee is recommending to the board to extend the STE until the end of 2020 so they can complete their project and move forward with their PILOT as planned. Mr. DiSalvo stated that Kraftify has used about half of their STE. Ms. Rogulski asked if the resolution will extend their STE and Mr. Dowd said yes.

Mr. DiSalvo said the second portion was Satin Fine Foods. There was discussion about some correspondence that were misplaced. He stated bottom line was the Board removed the last year of their PILOT due to SFF not complying with the yearly reporting documents. After much conversation and the economic situation, the Audit Committee agreed to rescind the last year of their PILOT. Ms. Rogulski asked if we were just going to forget that SFF didn't comply with the reporting requirements. Mr. DiSalvo said no but there are a number of underlying circumstances that were addressed in Audit Committee and we did go into Executive Session to discuss some of the issues and thought it was the best way to move forward with rescinding the removal of the last year of PILOT.

Mr. Dowd reads aloud the Kraftify Resolution to extend the STE to December 31, 2020. Motion is made by Mr. Schreibeis, seconded by Mr. Gaydos, accepting resolution. Roll call is taken. Affirmative votes of all board members present results in Resolution Adopted.

Mr. Dowd reads aloud the Satin Fine Food Resolution to rescind the previous motion and reinstate the final year of the PILOT. Motion is made by Mr. Schreibeis, seconded by Mr. Gaydos, accepting resolution. Roll call is taken. Affirmative votes of all board members present results in Resolution Adopted.

Mr. DiSalvo stated that there was a discussion on the IBM Audit and the 2020 Audit, and they were both handled.

Governance Committee Report

Mr. Diana informed the board that they had a discussion of going over the Objectives and Mission Statement. After the Committee read it over, they agreed to bring it to the full Board. Ms. Villasuso stated that it is for the job creation and retention goals for 2019. She stated that they are being adopted retroactively. The Governance Committee is recommending we approve as presented. Mr. DiSalvo asked about the retention numbers changing. Ms. Villasuso stated that was for 2020. She stated for 2019 there were 100 retained and 250 created and for 2020 we are shifting the focus on retention so we will retain 200 and create 150.

Chairman Rogulski asks for a motion to approve the 2019 Objectives and Mission Statement. Motion made by Mr. Schreibeis, seconded by Mr. Gaydos. Affirmative votes of all members present results in motion carried.

Applications/Resolutions

St. Luke's / Cornwall

Resolution

Ms. Villasuso stated that they are doing some restructuring on debt. Mr. Gibney stated that they are refinancing all their outstanding bonds which include the 2001A, 2001B and the 2006 bonds that went through the OCIDA. He is looking for the IDA to vote on the execution and delivery of any and all termination satisfaction or discharge documents in connection with the refinance. The goal is to try and refinance by April 30th although with the 2001 bonds they are public bonds which are subject to a 30-day redemption period. Mr. Downs, attorney for St. Luke's stated that they are working with the proper parties to meet this goal.

Mr. Dowd reads aloud the resolution to Terminate the Agency's Bonds and Related Documents in connection with the Agency's series 2001A, Series 2001B and Series 2006 Bond Issuances issued for the Benefit of St. Luke's. Motion is made by Mr. Brescia, seconded by Mr. Schreibeis. Affirmative votes of six board members and one abstention. Resolution is adopted.

CRH Realty III, LLC (Crystal Run)

Resolution

Ms. Villasuso stated that Crystal Run Realty is doing a sale of their property / transition of ownership. There is a conveyance and the resolution state the IDA needs to consent due to being in the chain of custody. Mr. DiSalvo asked what they were doing, and Ms. Villasuso stated they are selling their Monroe property to Hammes Partners III, L.P. and is subject to a Leaseback. Ms. Villasuso said there is no MTE and no incentive.

Mr. Dowd reads aloud the Resolution authorizing the OCIDA to execute all necessary documents in connection with the conveyance of the project and the project documents to Hammes Partners III, L.P. and consent to the sublease of the facility by Hammes Partners III, L.P. to Crystal Run Healthcare Physicians LLP pursuant to Section 6.3(a) of the Leaseback Agreement. Motion is made by Mr. Schreibeis seconded by Mr. Diana; Roll call is taken. Affirmative votes of all board members present results in resolution adopted.

Adjournment

Meeting called for adjournment, motion made by Mr. Schreibeis, seconded by Mr. Brescia, the time being 3:36p.m.