

## ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

### MINUTES

July 9, 2020

A regular meeting of the Orange County Industrial Development Agency was convened via Zoom video conference July 9, 2020 at 2:10P.M.

Chairman Rogulski calls to order the regular meeting of the Orange County IDA, July 9, 2020 (Pledge of Allegiance is recited). Board consists of five members. There is a quorum. Upon roll call, the following were:

PRESENT: Mary Ellen Rogulski, Edward Diana, James DiSalvo, Stephen Brescia, John McCarey

ABSENT: Robert Schreibeis, Michael Gaydos

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  
Nancy Proyect – Consultant  
Ryne Johnson – NDC  
Kevin Gremse - NDC  
Tony Cardone – Monroe  
Michael McGinn - Monroe

### **Minutes**

Chairman Rogulski requests that the Warwick Valley LDC investment section of the Accelerator Report within the Board Meeting Minutes be given in greater detail.

Review of the June 11, 2020 Board meeting minutes. Motion to approve the minutes, as to be amended, is made by Mr. Brescia, seconded by Mr. Diana. Motion carries with all in favor.

Review of the June 11, 2020 Audit Committee meeting minutes. Motion to approve the minutes is made by Mr. DiSalvo, seconded by Mr. Diana. Motion carries with all in favor.

### **Financial Reports and/or Requests for Payment**

Chairman Rogulski states that Mr. Kleiman was asked to join the Board meeting today so that they may thank him for his 13 years of service to the Orange County IDA as CFO. A plaque has been made honoring his dedication. He joined the OCIDA during his tenure as County Commissioner of Finance when Mr. Diana was the County Executive. He helped the OCIDA transition into twenty first century accounting and was a great support with compliance needs. Chairman Rogulski personally thanks Mr. Kleiman for his contribution.

Mr. Kleiman thanks Mr. Diana for initially giving him the opportunity to work with the OCIDA. It has been a pleasure working with all the past and present board members and staff during his 13-year tenure. It was a terrific learning process. He wishes everyone the best of luck and good health in both business and in their personal lives.

Mr. Januszkiewicz reviews the summary of IDA bank accounts, certificate of deposits, and money market accounts that reflect a total of \$6,610,936 as of June 30, 2020.

Mr. Januszkiewicz reviews the income and expense summary, noting that YTD income is \$126,831 and YTD expenses are \$192,459, with expenses exceeding revenues by \$65,628.

Mr. Januszkiewicz reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$78,768, and expenses are \$1,322,583. Expenses, as anticipated, exceed revenues by \$1,243,815.

Chairman Rogulski reminds the Board that cash reporting was discussed at the last meeting and it was requested that Management work on a balance sheet. That is currently being edited. Going forward the financial reports will be gap based and will look more like the reports that are received from the accountants. Ideally by August the Board will be able to review a balance sheet. This format will also give value to OCIDA assets. It will be a more appropriate representation of the financial condition of the OCIDA.

Mr. Januszkiewicz states that at the last meeting it was requested that Management look into banks that can accept municipal deposits. This was researched and banks that currently cannot take municipal deposits include credit unions, savings banks, saving and loans banks, and federal saving associations. There is legislation in the state to expand it to credit unions and savings banks, but that legislation has not moved forward since January.

Chairman Rogulski asks for a motion to approve the vouchers and payments in the amount of \$24,670.30 for July. Motion made by Mr. McCarey, seconded by Mr. Brescia, 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**

Chairman Rogulski acknowledges her sadness in the passing of former OCIDA Chairman Robert Armistead. He passed away too soon. He served the OCIDA very well. He was a valued mentor and will be great missed.

Mr. Diana adds that David MacFarland also recently passed away. He was also a former OCIDA board member and Chairman.

It is agreed that both gentlemen will be greatly missed.

### **Chief Executive Officer Report**

#### **Adopt Mission Statement**

Ms. Villasuso informs the Board that, as a formality, the Mission Statement will be adopted on an annual basis going forward. She reads aloud the OCIDA Mission Statement to the Board:

"The mission of the Orange County Industrial Development Agency is to promote economic growth through a program of incentives-based allocations that assist in the construction, equipping and maintenance of specific types of projects and facilities. The IDA works to advance the health, prosperity, and economic welfare of our County's citizens by retaining and creating jobs and attracting new businesses."

Ms. Villasuso states adopting the Mission Statement will keep the Board in compliance.

Motion made by Mr. Diana, seconded by Mr. Brescia, adopting the OCIDA Mission Statement in 2020. Open for discussion. Affirmative votes of all members present results in motion carried.

Ms. Villasuso gives the Chief Executive Officer Report.

The reason the Mission Statement was adopted is that Management attended the NYSEDC IDA Academy and that need was brought to their attention. This virtual training reviewed compliance, legislation, and hosted an informative IDA Member specific section. Mr. McCarey attended the Board Member section. As a reminder every Board member is required to complete the Public Authorities Accountability Act training. Currently, all Board members are up to date.

A copy of the Board training section will be shared with the OCIDA Board members.

*Mr. Gaydos joins the meeting at 2:24pm.*

The Academy featured a lot of discussion on the Prevailing Wage Legislation and the Grants and Loans Bill. Luckily the OCIDA staff is already well versed in these topics, which is a testament to the OCIDA legal staff and lobbying firms.

This month's packet includes the response sent to the ABO regarding the audit of the Dana Distributors and IMB 2018 projects. Management has not heard back from the ABO. As a result, it is currently assumed that the matter is closed. The Board will be informed if anything changes.

The Board members have received an email regarding an upcoming retreat. The retreat will cover compliance topics. Once a date is selected, Management will reach out to see if Mr. Pearlman, ABO Director, can give a compliance overview to the Board members.

Workloads continue to increase as businesses start to phase back to work. Local businesses need assistance in SBA COVID recovery needs but also in operations. It has been a drain on staff, but everyone has come together to support local business in this time of need. Ms. Schouten has been working on the OCIDA COVID-19 Safety Plan.

The Executive Order to allow virtual meetings was extended through August 5<sup>th</sup>. If the Executive order is lifted and remote meetings are no longer permitted their will be an issue as the OCIDA does not have enough space to safely host a public meeting and socially distance per current NYS COVID standards.

The transition from Mr. Kleiman to Mr. Januszkiewicz is complete. Mr. Januszkiewicz is quickly coming up to speed on the financial needs of the OCIDA and OCFC. Management has spent a good amount of time meeting and refining some of the practices for efficiency and transparency.

The OCFC Loan program was exhausted, but other NYS based IDAs are starting to initiate loan programs due to the Grants and Loans Bill. Other IDAs have reached out for guidance, Dutchess County for example, to determine if they could undertake their own program. The OCIDA was one of the first agencies to launch their own loan program from scratch once COVID hit.

The 11<sup>th</sup> COVID recovery webinar was held on June 25<sup>th</sup>. A representative from the SBA, Myriam Bouchard, discussed business recovery from shutdown. The 12<sup>th</sup> webinar will be held next week covering the Federal Reserve's Main Street Lending Program.

The Board took action to extend the STE and Tax Agreements for Hampton Park and Merlin Entertainments at last month's meeting. Those documents are still underway, but, in the interim, a letter was sent to all affected jurisdictions notifying them of the change.

It currently looks as if the OCIDA will host all their 2020 meetings this year, with perhaps, the exception of either November or December. Things have been very busy. Management will keep up to date on all COVID related items and react accordingly. It is anticipated that staff will primarily work remotely for the foreseeable future. In times like these, concentrations tend to shift. It is most likely that the Accelerator will be busier. Economic downturns tend to result in entrepreneurs leading the path. As a result, the Accelerator and AWOW programs are more important then ever.

Depending on Board action, there is the potential to look forward to the launch of the Highland Falls Accelerator Campus.

### **Accelerator Report**

#### **AI Accelerator**

Mr. Diana states that the Accelerator Committee discussed the Highland Falls Accelerator. It is the recommendation of the Committee to lease the entire building. There are 7 businesses potentially interested in moving into the Highland Falls campus. Those 7 businesses would occupy approximately 6,000 sq ft. Sub-leasing with the Association of Graduates from West Point is in talks as they are potentially interested in 4,000 sq ft of the building. Highland Falls Mayor D'Onofrio, reached out to Mr. Diana to express his support of the project. The initial lease will be for 5 years with a 2 year out clause. The cost is \$15 per square ft minus utilities. The intention is to charge \$8 per sq ft for occupants. This location will help Highland Falls and Orange County be on the forefront of AI.

Chairman Rogulski states that the 7 companies already interested in joining this cluster are from the telemedicine and virtual reality industries. These companies are well positioned to quickly grow due to the anticipated expansion and

need from these industries. They will create quality high paying jobs. This location and cluster are a good opportunity for the IDA, Accelerator and Orange County based businesses and she supports leasing the Highland Falls facility.

## **AWOW**

Mr. Diana informs the board that a local business owner attended the Accelerator Committee meeting. This business had initially been based in Florida. They recently relocated to Chester to occupy a 4,000 sq ft space. They experienced a large amount of growth in the past few months and have now expanded to an additional 9,000 sq ft space. They have increased staff from 15 to 35 employees. They have been producing PPE due to COVID-19. He commends Management for assisting this company.

Mr. Brescia thanks Mr. Diana, Mr. McCarey, and Management for their involvement with the new AI Accelerator Campus. It is good to see something positive happen in Highland Falls. This is a great opportunity for the Accelerator to both assist Highland Falls and businesses.

Motion made by Mr. Brescia, seconded by Mr. Diana, authorizing the Chief Executive Officer of the IDA to execute a lease agreement for an approximate 16,000 square foot building located at 195 Main Street, Highland Falls, NY for use by the Accelerator. Affirmative votes of all members present results in motion carried.

## **Governance Committee Report**

Mr. Diana informs the Board that the Committee discussed potential IDA Agent Hudson Valley Agribusiness Development Corp. (HVADC). The Committee was evaluating what this Agent does to work with the IDA and assist Orange County based businesses.

Mr. Cozzolino states that HVADC is an organization that helps agriculture-based businesses throughout the region and in Orange County. Management has been working with Paul Ruskiewicz and the E&E Committee to give assignments to HVADC. Management would like to partner with Mr. Ruskiewicz and really get a list of Orange County based action items for HVADC so that this organization can be held accountable as an IDA agent.

Mr. Diana states that the Committee is interested in fully understanding the funding stream for HVADC. The OCIDA contributes \$25K, but a breakdown per County and contributing organization has been requested from Management. He wants to make sure the contributions are equal amongst the contributing organizations.

## **Other Board Business**

### **NDC/Monroe Presentation**

Ms. Villasuso informs the Board that they have been joined by Monroe Town Supervisor Cardone regarding potential development in his Town. Mr. Cardone has brought a team from NDC that will present a plan for the development.

Mr. Cardone thanks the Board for the opportunity to speak. It is felt that this project will be very beneficial to the Monroe School District, residents, and local businesses. Councilman Mr. McGinn has also joined the meeting today. He asks that Ryne Johnson, NDC, give the presentation.

Mr. Johnson thanks the Board for the opportunity to speak. He explains the NDC is not-for-profit economic development consulting firm that has based in NY for the past 50+ years. It is the longest standing organization doing such work in the Country. A primary part of their work is to partner with IDAs on project-based PILOT developments.

Mr. Johnson states that NDC has been working with the Town of Monroe for 2+ years on this project. Together they have been able to resolve an exceedingly difficult community issue in a way that is agreeable to all parties involved and settle difficult litigation. Should anyone have any questions regarding the litigation Mr. Cardone can address them. They have been able to negotiate approximately 250 acres of land from a group of developers to a third-party development entity in which they will be seeking proposals through a Proposal to Qualifications (RFQ) process. This team has been working on the development of this RFQ process for about a year. This RFQ process will launch at the end of July to a group of high-quality developers that NDC has assembled in and around the NY area. It is felt that any of these developers would create a quality product for the Town of Monroe. The Town has taken a proactive approach in moving this project forward to the extent of completing an environmental impact statement. Through this analysis

and impact statement the Town has created a floating zone. The floating zone, in great detail, defines the density and standards in which units can be developed and where something can be developed on these 250 acres. This land is comprised of 7 parcels and 3 parcels will be developed equaling a total of 91 acres. The remaining 4 parcels will be held in perpetuity as conservation land trust to enable public recreation. There is a conceptual development plan of 491 residential units for the 3 parcels. Of these units, 356 will be rental units.

Mr. Johnson states that when working with the plaintiffs the negotiated transfer price of the acreage was \$16M. Even with the increased demand for housing, due to COVID, the project is under financial stress. Shrewd developers will see that this project will struggle financially and there is potential that they will not bid, or they may get bids from lesser quality candidates than desired. The Board is not being asked to approve a PILOT. It is being requested that the Board authorize a statement from the OCIDA stating that preliminary discussions have been held and that the OCIDA has the authority to grant a PILOT but is not under any obligation to do so. It is understood that the Board would need to see a formal project proposal for incentives to be granted and that speaking about projects in the hypothetical is not preferable. NDC and Monroe would like to open a collegial dialogue to bring this project to fruition.

Chairman Rogulski informs the Board that she had conversation with Mr. Cardone regarding this project. She expressed to him that she is not in favor of supporting a project like this. The OCIDA has never approved any housing project though statutorily they are permitted to. Though the Town, Village, and School District are in support of the project she feels that the rest of the County should not have to support this project. She is not so sure that the project is not tenable in respect to the financial numbers. Her opinion is that real estate developments have their own economic factors and projects are affected by financial figures. Therefore, if there is an issue with the tax amounts then the municipality itself should be able to address that issue. She is also uncomfortable making any formal statement or commitment no matter how nebulous. Stating that conversations were held, and a presentation was given is fine. She encourages the other Board members to voice their opinions.

Mr. Brescia asks if the 4 conservations parcels are considered park land in lieu of money.

Mr. Cardone states that there are park land fees that come into play.

Mr. Brescia states that typically he would have agreed with Chairman Rogulski's feelings towards such a project, but he would like to hear more and keep an open mind about this project to ideally protect the infrastructure of the Town. There might be alternatives that would not be as positive for the property.

Mr. Diana states that he is concerned as well as the OCIDA has never approved such a project. He knows other Townships have floating zones regarding condensed housing. It can be greatly beneficial to the Town. He can be opened mind to it, but is not thrilled about it.

Mr. Cardone states that the unique quality, when speaking with the Orange County Land Trust, comes into play with the permanent conservation of land in conjunction with a development. It is felt that this could be a model for future developments in the state of NY.

Chairman Rogulski states, as discussed with Mr. Cardone, conceptually there are a lot of interesting and beneficial qualities from a design aspect regarding this project. The issue regarding the OCIDA is whether the Board wants to consider giving tax incentives to a for profit residential development. Not to mention, this project is in conjunction to a serious litigation settlement regarding the Town. If the Board were to review a residential project, one benefit to the community would be that the project would be subject to the OCIDA labor audit process and local labor would be required. The OCIDA is about the creation of permanent quality jobs and not just beautiful projects or effective lawsuit settlements. She is not convinced that a PILOT would be required to make this project financially viable for a potential candidate. It would be easier to support a project like this if the factual numbers were presented showing that the project was unappealing to investors. She feels that it is a slippery slope to approve incentives for a for profit residential developer. In the end it is supposed to be about job creation.

Mr. Diana states that he holds a similar concern regarding job creation. With rough math it works out to be \$30K a lot. He asks if that is normal in this type of development.

Mr. Johnson states that there is a regional market perspective and an evaluation specific to the Monroe market. The NDC analysis has looked at both and from their perspective the numbers necessary to make this project work are above market presently and above market for comparable projects regionally. It is about 12% to 15% above market. In relation to jobs, they are seeing people actively considering where they want to live and where they will work from. A coincidence of COVID-19, in relation to this project, is that people are now considering a live-work environment. It is expected that the development proposal for this project will be focused on providing such live-work environments that reflect what is happening current day. It is anticipated that this will not be a standard residential commuter community

that would have been proposed a year ago. It is believed that this project will create and support jobs, particularly in Monroe, unlike your standard residential development.

Chairman Rogulski states that, unfortunately, the way the OCIDA incentives are structured is to companies that provide employment. Not to provide incentives to companies that might create rollover benefits. A residential apartment complex is not going to generate hundreds of jobs. There is not a direct correlation. It is agreed that live-work environments are on the rise, and this project in a good location to support that way of life. Chairman Rogulski states that it is her job to represent that OCIDA and taxpayers of Orange County. The taxpayers of Orange County benefit when all communities benefit. The benefit is disproportionate in regard to this project. Setting this type of precedence is troubling. Giving tax incentives directly to developers is troubling to her.

Mr. DiSalvo states that there is validity to a lot that has been said. He is 60/40 in relation to what Mr. Brescia said regarding looking further into the situation and considering a potential project. He would like to at least move it forward enough so that a project can enter the review process. He does not believe it will predispose the OCIDA to a position it will take. Per the mission statement, the Board will potentially review any project that will fit the County as a macro. As the Board reviews each community per a project, they then consider the micro benefits. This type of project has not been incentivized by the OCIDA, but he does not think that going into the future, post COVID environment, different revenue streams may need to be considered. There is value on the micro level for the Town of Monroe, even on a small level, helping mom and pop businesses from a growth in residents. Additionally, if the project creates attraction to that area the County will benefit as a whole. The Board is not typically comfortable with this type of project, but he would like to review a formal proposal. In the end, the Board may choose to not incentivize this type of project or the applicant may choose to pass on receiving the incentives.

Mr. Gaydos states that he would tend to agree with the Chairman. This is not a project that the OCIDA would normally consider. There are a lot of unpredictable factors should a precedent be set. In relation to local labor, the labor industry will make it through the COVID era. Projects will come and laborers will get jobs. Things will bounce back. The housing market in Orange County is currently strong. He would need to see the facts on paper to believe this project could not sustain itself. If the project had more of a commercial aspect it would receive a stronger consideration but being strictly residential makes it harder to incentivize. He is open to hearing more, but he is not sure if it is plausible.

Chairman Rogulski asks OCIDA Counsel to give their opinion. Monroe and NDC are not looking for a commitment. What they are requesting today is approved wording for their RFQ stating tax incentives from the OCIDA may be available. The pulse of the Board seems to be that they would be willing to review a formal application, but no commitment statement or letter can be provided by the Board.

Mr. Gaenzle states that the legal standpoint on the project is that it would qualify for incentives, should the Board want to proceed. Language in the RFQ will not obligate the OCIDA Board to act on any proposal. In the end, the developer would need to substantiate the need for the project and from there it would be at the Boards discretion.

Mr. Brescia asks if Harris Beach has worked on a similar workforce housing projects in the State of NY.

Mr. Gaenzle states that, yes, Harris Beach has worked on this type of project in NY. He has also worked with NDC on projects before. Harris Beach has helped IDAs induce similar type projects.

Mr. McGinn thanks the Board for the opportunity to present this project. It is understood that the central mission of the OCIDA is to create jobs, but if you create jobs you need a place for those people to live. This development would provide that opportunity to live in a unique settling in Orange County. It is commonly said by elected officials that youth-flight needs to be prevented. This development could create the opportunity to keep youth local. There will be a spinoff of job creation, but also benefit the County as these residents will patronize other areas outside of Monroe. They are not asking for a bailout on the lawsuit. What is being asked is potential assistance to overcome the next hurdle and attract the best possible developer.

Mr. McCarey states that he would keep an open mind to potential project and review a formal proposal. He asks the estimated rental range on the 356 rental units.

Mr. Johnson states that the percentage of rental units came from the floating zone requirements. The 491 units represents the highest density of housing available for this project. The 356 would be the maximum rental units per the floating zone requirements. The assume rental rates are approximately \$2.20 sq ft, market price, and \$1.45 sq ft, affordable housing.

Mr. McCarey asks the standard size of a unit.

Mr. Johnson states about 1,800 sq ft to about 2,600 sq ft.

Mr. McCarey asks the price of the for-sale units.

Mr. Johnson states between \$500,000 and \$600,000.

Chairman Rogulski states the consensus of the Board is to allow an application process for a potential project. She polls the Board and a majority of the Board states yes. She tells NDC and Monroe that a willingness to review a proposal by the OCIDA can be represented in the RFQ wording. Mr. Gaenzle can assist in the proper wording on behalf of the Board. An application will be review based upon its merits.

### **Adjournment**

Meeting called for adjournment, motion made by Mr. Gaydos, seconded by Mr. DiSalvo, the time being 3:31p.m.