

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

August 08, 2019

A regular meeting of the Orange County Industrial Development Agency was convened in public session on August 08, 2019 at 2:15 P.M. at the Orange County Business Accelerator in New Windsor, New York.

The meeting was called to order by Chairman, Mary Ellen Rogulski and the Pledge of Allegiance was recited, Chairman Rogulski then called the roll and the following were:

PRESENT: Mary Ellen Rogulski, Edward Diana, John Steinberg, Steve Brescia, Robert Schreibeis, James DiSalvo

ABSENT: Michael Gaydos

ALSO PRESENT: Laurie Villasuso – Chief Executive Officer (Acting)
Kevin Dowd – IDA Attorney
Joel Kleiman – Chief Financial Officer
Russell Gaenzle – Harris Beach
Vincent Cozzolino – Managing Director
Kelly Reilly – Project Manager
Heather Rieker – Galileo Technology Group
Lisa Sommers – Focus Media
Kaitlynn Perez – Orange County Partnership
Bill Fioravanti – Orange County Economic Development
Dan McNeilly – McNeilly Wood Products, Inc.

Chairman Rogulski states that 6 members are present and that constitutes a quorum.

Minutes

Review of the July 11, 2019 board meeting minutes. Motion to approve the minutes is made by Mr. DiSalvo, seconded by Mr. Schreibeis. Motion carries with all in favor.

Review of the July 11, 2019 Audit Committee meeting minutes. Motion to approve the minutes is made by Mr. DiSalvo, seconded by Mr. Steinberg. Motion carries with all in favor.

Financial Reports and/or Requests for Payment

Mr. Kleiman reviews the summary of IDA bank accounts, certificate of deposits, and money market accounts that reflect a total of \$11,304,976 as of July 31, 2019. He brought to the attention of the board that a CD matured this week and put bids out and received a bid for 1.95% interest for 6 months. A treasury bill will mature next week, and Mr. Kleiman will put it out for bid for 6 months to a year. Ms. Rogulski asked what bank and Mr. Kleiman stated Sterling.

Mr. Kleiman reviews the income and expense summary, noting that YTD income is \$100,376 and YTD expenses are \$186,108.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$136,890, and expenses are \$1,395,955.

Mr. Kleiman went to the Revised Vouchers and stated the funds received is \$983,071.75 and went over line by line. The total payment is \$647,597.77 and went over each of them line by line.

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

Chairman's Report

Chairman Rogulski passes on giving the Chairman's report.

Chief Executive Officer (Acting) Report

Ms. Villasuso updated the board on Amy's Kitchen. She stated the road from Route 17M to the bridge is complete, the bridge over Wallkill River from Science of the Sole to factory site is complete, parking lot is being paved, site is cleared, water / sewer is 90% complete, and the factory completion is projected by 3rd or 4th quarter 2020 and it is projected to be operational by 1st quarter 2021. She stated that the Orange County IDA contributed \$500,000.00 towards infrastructure repairs and they have not drawn down on that money yet.

Ms. Villasuso moved on to Legoland. They are projected to open the park in Spring 2020 and the hotel in late 2021. There was a conversation with Legoland that a small percentage of jobs will be sub-contractors and not working for Legoland, but their employer would be. Ms. Villasuso and Harris Beach looked over the PILOT and the language in the PILOT does allow for that. Ms. Villasuso checked to be sure that those employees had the potential to move up and have a career future with Legoland and let them know to verify employment they would need to provide the contract between the operator and Legoland, and the operator would provide the NYS-45 to show employment figures.

Ms. Villasuso spoke about Danskammer. They are considering rebuilding in their Newburgh site, they will be building a new power plant and demolishing the old power plant. They are in the study phase with New York State, and the conclusion would lead to Article 10 approval. All the input should be completed by the end of October 2019 the Public Service Commission Siting Approval will take up a year after that. Once this project is approved construction could begin late 2020. They have not applied to the IDA yet.

Ms. Villasuso updated everyone on the IDA legislation. She stated there are 4 pieces waiting for the governor's signature. The first one is a requirement to live stream and post all IDA videos, ABO is now able to audit LDCs which our Funding Corporation, and HEMP Legislation for Hemp production and use, and ABO was granted the authority to remove board members and staff for non-compliance for 36 months.

Ms. Villasuso stated the EDC (Economic Development Council) has started an IDA Academy for staff and board members. There will be 4 per year, the entire staff will be attending the first one that will be held on September 10th. It is an all-day class and will cover subjects such as: New legislation, ABO will be there (Jeff Pearlman), labor policy monitoring, web and technology compliance, Public finance tools, Office of State of Comptroller to speak about what to expect for 2019-2020 if you get audited. Ms. Villasuso stated that if any of the board members want to go to let her know and arrangements will be made.

The October 2019 IDA / OCFC meetings will be cancelled due to scheduling issues.

Audit Committee Report

Mr. DiSalvo informs the board that the Committee had a good meeting. Kraftify is now compliant. He stated that the Audit Committee would like to table the resolution indefinitely due to the tax lien being effective July 1 and it cannot be changed.

Mr. DiSalvo told the board that the 2020 draft budget was discussed for IDA, OCFC and BA. The Audit Committee will meet next month to finalize it.

Accelerator Committee Report

Mr. Diana states that the meeting was good, and the committee was brought up to date on the Accelerators. A potential future Accelerator was discussed but we will not disclose it publicly yet.

Mr. Cozzolino stated that Congressman Delgado has started a Small Business Committee and asked Ms. Villasuso and Mr. Cozzolino to be on that Committee.

Mr. Cozzolino handed out a draft of The Accelerators and where they are located, it is becoming much more prominent. The second page of the draft is about Hemp. He stated that the Federal Lobbyist that has been hired and has come

forward with millions of dollars of grant applications that we can apply for as well as extensions of projects. They are called Economic Adjustments Assistance Grants.

EVIO Labs in Warwick has received their certification from NYS to test their CBD and Marijuana crops. In the past the crops needed to be sent out of state to be tested, but now they can test them here. Mr. Cozzolino stated that is lab can also do food testing and other things but mostly for our CBD / HEMP product. The HEMP crop is in the ground and as it grows, the HEMP people go out in the field and certify the level of the CBD and then cut the plants down. Once they extract the oil and it gets tested by the factory, and then a third party looks at it and that is this EVIO lab. Any end users can use this lab also and they are already getting calls outside Orange County to use this service. TSEC has put in \$100,000.00 for equipment for this lab which is an old barn.

Mr. Cozzolino stated that the IDA will be putting more press releases out on what we do. He states that each of the Board members will be involved in the press releases. He read aloud the press release that will be getting released.

Mr. Cozzolino stated that next week is the MAGIC conference in Las Vegas, this is the first year an Orange County company will be present. The company is Ziel. Besides attending MAGIC, Mr. Cozzolino stated they will also be meeting with 2 HEMP companies. He said there are 3 companies from out West that are interested in what we are doing here in Orange County, so he feels the word is getting out. Mr. Cozzolino stated that both Ziel and Melo have plans to expand and are doing very well.

Applications/Resolutions

Kraftify, LLC

Ms. Villasuso states to the board that the Kraftify, LLC resolution will be tabled due to the timing of the tax lien.

Motion is made by Mr. Brescia, seconded by Mr. Diana to pass the resolution. Brief Discussion

Motion is made by Mr. Brescia, seconded by Mr. Steinberg to table the Kraftify, LLC resolution. Roll call is taken. Affirmative votes of all board members result in motion carried.

McNeilly Wood Products, Inc.

Ms. Villasuso stated that Mr. McNeilly is present, this project's application is in the packets. It is for the expansion of his facility in Hamptonburg and his employees.

Mr. McNeilly stated they are a pallet manufacturer and re-conditioner, and as a byproduct of pallet manufacturing and recycling they grind wood waste and part of the wood waste is used to make mulch for landscaping, animal bedding and boiler fuel. They are proposing to build a 50,000 square foot building on property they own. The existing facility will continue to operate. He said they are moving their clean operation which is the assembly and repair of pallets away from the dirty facility which cutting of wood and dismantling of pallets. They are basically separating the two operations. Mr. McNeilly stated that the Town of Hamptonburg supports this project and the IDA has the support letter. He states they are a small company, but this is a big project and represent 57% of their gross revenues. He is asking the IDA for financial assistance for both Sales Tax Exemption, PILOT, and Mortgage Recording Tax Exemption. Mr. Steinberg asked what percentage of business is new vs. remaking. Mr. McNeilly stated that 45% is new pallets, 45% is reconditioned, and 10% is mulch and animal bedding. Ms. Villasuso asked Mr. McNeilly to speak about his immediate plan to occupying 25,000 sq. ft and the other 25,000 sq. ft. to be occupied a bit later. Mr. McNeilly explained they don't have immediate need for 50,000 sq. ft. but in the future. They are looking to possibly leasing 25,000 sq. ft. short term. Ms. Villasuso asked what bank is providing the finances, Mr. McNeilly stated Orange Bank and Trust. Ms. Rogulski asked if they were receiving CFA money and Mr. McNeilly stated they have been awarded a CFA grant. Ms. Villasuso stated that they did the score sheet for this project and the Strategic Vision is 5, Rate able Value is 1 (3.9M), Number of Jobs is 4, Quality of Jobs is 1, Location is 1 and Desirability is 3 Total 15. This project is a 15 out of 30 and is qualified for a sector-based PILOT. Ms. Villasuso stated that Mr. McNeilly is applying for STE, MRT and a 10-year PILOT.

Motion is made by Mr. Brescia, seconded by Mr. Steinberg to adopt the Initial Resolution. Roll call is taken. Affirmative votes of all board members except Mr. DiSalvo abstained and Mr. Gaydos is absent, result in 5 ayes so motion carried.

Ms. Rogulski asked Mr. McNeilly if he is aware of the labor policy and he stated yes. Ms. Villasuso stated that Loweke Brill will meet with him at the Public Hearing.

Goshen Plaza Associates

Ms. Villasuso stated that in the packets there is a letter from the attorneys for Goshen Plaza Associates notifying us that they withdraw their request for incentives. They had a number of concerns, one being the fees that they were made aware of since the beginning, another was the PILOT and last was the labor policy. They believed that we were being uncooperative. She stated that Goshen Plaza Associates asked for Harris Beach to expedite the closing documents and pushed back on Loewke Brill and refused to let them on site. After several conversations with Ms. Villasuso and Ms. Rogulski they decided that the benefits were not valuable to them. Ms. Villasuso stated there is a resolution to vote to rescind their benefits and close it out. Goshen Plaza Associates has requested refund of their fee. The application fee of \$5,000.00 is non-refundable, but they also have given a check for \$30,000.00 for labor policy monitoring fee. We will withhold any funds that is owed to Loewke Brill and hold the fees that are owed to Harris Beach as leverage until they close with Harris Beach.

Motion is made by Mr. Schrebeis, seconded by Mr. DiSalvo to rescind benefits for Goshen Plaza Associates resolution. Roll call is taken. Affirmative votes of all board members except Mr. Gaydos is absent, result in 6 ayes so motion carried.

Other Board Business

Danskammer Correspondence

Mr. Gaenzel stated that a letter was received the end of July outlining a billing issue with respect to the PILOT. Danskammer has paid over \$900,000.00 in excess payments. What Danskammer has requested the board to consider is they want to minimize the impact on the tax jurisdiction by spreading the \$900,000.00 over time. Mr. Gaenzel stated there are only 2 years left of the PILOT, so they have asked to consider extending the term of the PILOT to give them a credit for this overpayment. He said that it was not only an overpayment on the miscalculation of how the PILOT payment was to be paid but also didn't calculate the Special District Credit. Danskammer wants to reset the base existing Special District Credit charge which is \$120,000.00 to \$350,000.00 which they were billed at currently and that being good for the Special District. Danskammer has not asked the board to take any formal action today, but Mr. Gaenzle suggested that subject to Mr. Dowd and Mr. Gaenzle confirming with the tax jurisdictions are ok with this, the board authorizes staff and counsel to amend the documents to implement a seven tax cycle credit for the overpayment subject to Mr. Dowd and Mr. Gaenzle confirming that the taxing jurisdictions were overpaid by that amount. Ms. Rogulski asked if they were going to net out what the current bill is owed, and Mr. Gaenzel stated yes. Ms. Rogulski said the seven cycles will cover four years, Mr. Gaenzel stated that it will be approximately four and a half years. Mr. Gaenzel stated that the alternative could be to do it for the 2 remaining cycles, but the school district would get killed. Danskammer wants to spread out the impact of the tax jurisdiction. Mr. Gaenzel recommended to amend the documents after Mr. Dowd and Mr. Gaenzel confirm. Mr. Dowd stated that he received an email from Newburgh's town attorney asking if the IDA would consider to extend the PILOT. Mr. Diana would like to get a letter from the jurisdiction. Ms. Rogulski would like to investigate to see why it happened since this is the second time in 9 months since no municipality can afford to have this happen. Ms. Villasuso stated that it is two things, one is Mr. Kleiman is working on getting an audit firm that will confirm all the PILOT payments and second is that this has happened in both power plants because IDA PILOTS don't have any impact of the Special District Credits. Motion by Mr. Steinberg to authorize staff and counsel to verify with the tax jurisdiction and receive correspondence from the tax jurisdiction that support the credit for 7 tax cycles and an amendment of the PILOT. Motion seconded by Mr. Schrebeis. All in favor.

Med Parc LLC

Ms. Villasuso stated that a letter was received from Med Parc LLC. about the construction that is almost complete and their future plans. Mr. Dowd stated he was contacted by the attorney for Mark Devitt about the hotel project. The hotel should be completed by the end of September and they have entered into a contract to sell the hotel who will operate it as a hotel. It is a turn key operation. Med Parc LLC wants to finish the project and close within a short period of time after they receive their COA. Mr. Dowd stated that since we gave them incentives of STE and MRT and they received a 485B through the town, they need approval from the IDA for the transfer before they go ahead and seek approval. Mr. Dowd told them he would present it at the meeting. He stated that if the IDA wants to hold this for final approval in September that would be fine. He also stated that in the letter they are aware of the labor issue and the non-compliance issue and there will be some sort of assessment. Med Parc LLC is seeking the board's approval to sell the project and transfer ownership. Mr. Dowd stated that formal resolution for next month will be prepared if that is what the board wants. Mr. Schrebeis suggests for the board to think about this for next month's meeting.

Executive Session

Chairman Rogulski entertains a motion that the committee enter into an attorney client privilege meeting. Motion made by Mr. Steinberg to enter the session. Motion seconded by Mr. DiSalvo. All in favor.

Chairman Rogulski ask for a motion to leave attorney client session and re-convene regular meeting. Motion made by Mr. Schrebeis and seconded by Mr. Brescia. All in favor.

Adjournment

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