

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

August 9, 2018

A regular meeting of the Orange County Industrial Development Agency was convened in public session on August 9, 2018 at 2:00 P.M. at the Orange County Business Accelerator in New Windsor, New York.

The meeting was called to order by the Chairman, Robert Armistead, and upon roll being called, the following were:

PRESENT: Robert Armistead, Edward Diana, Stephen Brescia, Robert Schreiber, James DiSalvo

ABSENT: Mary Ellen Rogulski, John Steinberg

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer  
Kevin Dowd – IDA Attorney  
Russel Gaenzle – Harris Beach  
Joel Kleiman – Chief Financial Officer  
Vincent Cozzolino – Managing Director  
Melanie Schouten – Program Director  
Lucy Joyce – Cornell Cooperative Extension  
Bill Fioravanti – Orange County Economic Development  
Brian Gates – HVEDC  
Christine Cordova – Focus Media  
Hema Easley – Focus Media  
Fred Dana – Dana Distributors  
Steven Esposito – Esposito & Associates  
Maureen Halahan – OCP  
Lindsay Newler – OCP  
Douglas Sansted – Crystal Run Health  
Wayne Booth – Orange County Executive Office

Chairman Armistead calls to order the regular meeting of the Orange County IDA, August 9, 2018 (Pledge of Allegiance is recited). Board consists of five members. There is a quorum.

Chairman Armistead welcomes Wayne Booth, Orange County Executive Office, and Lucy Joyce, Cornell Cooperative Extension, Maureen Halahan, Orange County Partnership, and Bill Fioravanti, Orange County Economic Development.

Roll Call is taken.

**Minutes**

Review of the prior June 14, 2018 board and audit committee meeting minutes. Motion to approve the minutes is made by Mr. DiSalvo, seconded by Mr. Schreiber. 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 \$11,515,861, as of July 31, 2018. A CD matured on August 1<sup>st</sup>. Bids were solicited for a new CD, and a CD with double the current rate was received at 2.4%. The next CD will mature on August 22<sup>nd</sup> consisting of \$1.5 million, and bids will be solicited for a sixth month CD.

Mr. Kleiman reviews the income and expense summary, noting that YTD is \$227,150 and YTD expenses are \$213,794, with expenses exceeding revenue by \$13,356.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$194,111, and expenses are \$1,219,790. Expenses, as anticipated, exceed revenues by \$1,025,679.

Chairman Armistead asks for a motion to approve the vouchers and payments in the amount of \$30,413 for July and \$1,029,217.35 for August. Motion made by Mr. Diana, seconded by Mr. Schreiber, 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.

Mr. Kleiman reminds the board that they have been working with a new bookkeeping firm for the last year. Recently, management started to research an alternative firm and it is recommended that the IDA switch to Pattison, Kroskey, Howe, Bucci, CPAs from Kingston. The advantage with this firm is that they have the skill set to provide both CPA and bookkeeping support. Due to the size of the firm and its expertise, the cost for PKHBs services is fair.

Motion made by Mr. Schreiber, seconded by Mr. Diana, authorizing the retention of PKHB CPAs, P.C. to provide general bookkeeping services to the IDA. Open for discussion. Affirmative votes of all members present results in motion carried.

### **Chairman's Report**

Chairman Armistead is happy to acknowledge that management has brought on two interns: Sarah Wilson, SUNY New Paltz and Christina Nazario, Mount Saint Mary College.

### **Chief Operating Officer Report**

Ms. Villasuso gives her report to the board.

Sarah Wilson has been part of team since she was in high school. She is currently assisting with Accelerator client management. Christina Nazario is a marketing intern and has been working with management to develop new marketing approaches.

The Orange Tower Drive project was incentivized by the board in 2017 and it is anticipated to close soon.

The IDA was recently audited by the ABO regarding sales tax exemption compliance. They visited the office last week and reviewed a select number of projects. The ABO is in the process of auditing a handful of IDAs across the state. The board should expect to get feedback once this round of audits is complete. Management is hoping that they issue a set of best practices in terms of sales tax exemption management to help refine the IDAs practices. With more and more ABO oversight and regulation, compliancy is becoming a heavy lift. Compliancy is something that management will work throughout the year to ensure all documentation is current.

Chairman Armistead asks how the audit went.

Ms. Villasuso informs the board that the auditors were friendly and informative. Some of their concerns included board oversight, board interaction with projects, changes made to the exemptions after final resolution, and transparency. While compliancy has come a long way, there is still more supplemental data that can be collected from the projects to ensure project reporting and compliancy is consistent.

Ms. Villasuso, Mr. Cozzolino, and Mr. Kleimen will be working together to structure a new 2019 fee schedule for board approval. Mr. DiSalvo and Ms. Rogulski joined management in a strategy meeting to discuss this fee overhaul. It is anticipated that fees will work on a sliding scale based on project size.

About a year ago, the Goshen sewer water EDAP was brought to the attention of the board. The board had authorized management to move forward and investigate the EDAP application process and contribute grant writing to assist with poor infrastructure. Management partnered with Amanda Dana, OCP, and she lead the initiative bringing together the appropriate resources and businesses in need on the 17 corridor. Management has worked through a large part of the process acquiring a SAMs number, signed contingent letters of involvement, and drafted a large part of the grant. It was handed off to Mr. Kleiman for his professional opinion, due to the financial contribution required by the IDA, and to discuss whether the IDA or another entity should be managing this grant.

Mr. Kleiman informs the board that he reviewed the application. The application has been in the works for over a year and a half and involves three municipalities, the Town of Goshen, Village of Goshen, and Orange County. This is an infrastructure grant for the installation of sewer and water lines connecting to private property. The six companies affected by this infrastructure primarily belong to retail, sports facilities, and manufacturing industry sectors. It's a total capital investment of \$1M with a 50% contribution from the state, if approved. After reviewing all the components of the application, Mr. Kleiman does not recommend the board move forward in this grant process. It is recommended that the County handle this project due to the following reasons: it affects three municipalities, covers industries not typically incentivized by the OCIDA, and the scope of the project is outside of the expertise of the OCIDA as it relates to infrastructure.

Mr. Brescia states that it is understood that this may not be a fitting project, but asks that someone touch base with David Church and discuss the project with him.

## **Board Committee Reports**

### Accelerator Committee

Mr. Cozzolino presents The Accelerator report.

The Accelerator continues to be active. Seco, Limberti, and Ziel anticipate moving in shortly as construction reaches completion. The first round of Ziel sewing training is currently in process and another two classes are anticipated this fall. No one is guaranteed a job, but each trainee is given the opportunity to take a sewing test at the end of the course with the potential of a job offer if successful. Management is also working with County Organizations and Access VR as marketing support to spread the word about job availability. More than fifty job positions will need to be filled by the end of the year amongst several resident Accelerator companies. Resident company, Green Panda, recently got a nationwide retail contract with potential for a children's toothbrush contract.

The Accelerator is at capacity and additional space is needed to help with overflow. There is a building next to the Ziel facility, 603 Broadway, and management would like to use that space to house additional companies and a training center.

There is major focus on rebranding and attracting new clients to The Accelerator. With the assistance of the new marketing intern, management is getting a fresh perspective on updated marketing concepts.

Management has recently worked on some SWOTs. It seems that the Highland Falls location may take on a new direction. This analysis is focusing on building a relationship with West Point to benefit the local economy. Port Jervis will rehash their SWOT to build a more effective plan. The second Warwick SWOT was completed, and an exciting industry cluster was selected.

Chairman Armistead asks how the resident companies are monitored.

Mr. Cozzolino states that management meets with the companies every month or so and reviews their status, financials, supply chain and any other topics of concern.

Mr. Diana states that the Newburgh Campus was a great idea, as it has been a goal to assist the City of Newburgh for quite some time, and leasing the additional location would benefit the current growth of this local sewing cluster.

Motion is made by Mr. Brescia, and seconded by Mr. DiSalvo, authorizing the Chief Operating Officer of the IDA to execute a lease agreement with B4 Holdings, LLC for an approximate 3,000 square foot building located at 603 Broadway, Newburgh, NY for use by The Accelerator. Open for discussion. Affirmative votes of all members present results in motion carried.

## **Applications/Resolutions**

English Dana Enterprises, Inc.

## Presentation

Mr. Esposito presents on behalf of English Dana Enterprises, Inc.

Dana Distributors is a third-generation family owned business operating out of the Village of Goshen. The current facility is about 119,000 sf warehouse and office space. It is a beverage distribution center for Orange, Sullivan, and Rockland. The expansion process started about a year ago. Hudson Valley Snacks and Soda closed its business laying off 38 employees. Dana distributors was to pick up that portfolio consisting of Dr Pepper, Snapple, etc. To guarantee that portfolio, they ran projections and it was discovered that they would need both additional space and man power. Dana Distributors was able to secure those prior Hudson Valley Snack and Soda employees, while temporarily renting that facility. Due to the lack of available space, Dana management considered relocating out of the County to centralize distribution. It was finally decided that remaining in Orange County was the best plan of action and as a result they have come before the board to incentivize an expansion for the current Goshen facility.

This project application is for a 46,500 sf addition to the warehouse which includes an expansion of the draught cooler, controlled environment warehouse and associated site improvements. The project also includes new construction of a 12,000 sf state of the art returns/recycling building including loading docks and processing equipment.

Ms. Villasuso informs the board that the application is for a 10-year enhanced PILOT and a Sales Tax and Use exemption.

## Initial Resolution

Mr. Dowd reads aloud the Dana Distributors, Inc. Initial Resolution. Motion is made by Mr. Diana, seconded by Mr. Schreibeis, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of Dana Enterprises, Inc. Roll call is taken. Affirmative votes of five board members results in motion carried.

## Kraftify, LLC

Ms. Villasuso informs the board that this project is for a brewery located in the former correctional facility located in Warwick.

## Presentation

Mr. Kraai presents on behalf of Kraftify. LLC.

Kraftify has been open and operating as Pine Island Brewery about 2 years in its current location. The business has been successful, and new jobs have been created. Due to this success, additional space is needed for production and events. This project application is for the land acquisition, full renovation, and construction of a new central Pine Island Brewing facility in Warwick. The new location is about 15,000 sf building originally built in 1930. Due the age of the building it needs extensive rehabilitation. This new space will house a brew house, tanning line, barrel aging program, tasting room, and banquet hall. Product will be produced, packaged, and shipped from this facility. Alternatively, this will be a destination site that hosts weddings, festivals, and special events encouraging tourism.

Ms. Villasuso informs the board that the application is for a 10-year enhanced PILOT and a Sales Tax and Use Exemption, and Mortgage Recording Tax Exemption.

Ms. Villasuso ask Mr. Kraai to describe the event space.

Mr. Kraai states that the event space will be primarily designated to the second as a rental. It will have an open, unfinished, rustic feel.

Ms. Villasuso asks if the location will have a restaurant component.

Mr. Kraai states that they will serve brick oven pizza, but that is not the primary focus of the facility.

Mr. Brescia asks if facilities with a similar industry have been incentivized. There is concern due to the retail aspect of the business.

Mr. Diana states he is also concerned due to the retail and restaurant components of the business.

Ms. Villasuso states that the business does have a brewing, manufacturing, and tourism component.

Mr. Kraai states that they do not consider themselves a restaurant and the primary use of the budget money is being spent on the manufacturing aspect of the business and facility. There is hope in the area that the rehabilitation of this location and the traffic it drives will work as a tourism catalyst for the surrounding area and additionally fill up the remainder of the empty correctional facility.

#### Initial Resolution

Mr. Dowd reads aloud the Kraftify, LLC. Initial Resolution. Motion is made by Mr. Armistead, seconded by Mr. Schreibeis, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of Kraftify, LLC. Roll call is taken. Affirmative votes of five board members results in motion carried.

#### St. Luke's Hospital Project & St. Luke's Cornwall Hospital Project

Mr. Gaenzle informs the board that back in 2001 and 2006 the board issued bonds for St. Luke's. St. Luke's won a grant from the State for 8M for facility improvements. Due to the original bond documents, in order to make any changes to the facility, board consent is required as the issuers. The bank that owns the bonds has consented as well.

#### Resolution

Mr. Dowd reads aloud the St. Luke's Hospital Project & St. Luke's Cornwall Hospital Project Resolution. Motion is made by Mr. Schreibeis, seconded by Mr. DiSalvo, authorizing consent with the respect to the additions, modifications, or improvements of certain existing project facilities. Roll call is taken. Affirmative votes of five board members results in motion carried.

#### CRH Realty III, LLC

Douglas Sansted presents on behalf of CRH Realty III, LLC.

Mr. Sansted reminds the board that they supported the CRH Realty III project in Monroe. This facility was opened just shy of two years ago. There is need for working capital for CRH to hire an additional 70-80 physicians across their Orange County based facilities within the next 18 months. They would like to borrow against this asset and invest it into employment.

Mr. Dowd asks to specify the projects actions.

Mr. Sansted states that they are assigning the existing mortgage to a new lender and requesting an exemption on the increased mortgage recording tax.

#### Resolution

Mr. Dowd reads aloud the CRH Realty III, LLC Resolution. Motion is made by Mr. Diana, seconded by Mr. Schreibeis, accepting resolution to take action on certain matters pertaining to a current project benefitting CRH Realty III, LLC. Roll call is taken. Mr. DiSalvo abstains. Affirmative votes of four board members results in motion carried.

#### The Hub 1, LLC

Mr. Dowd informs the board that The Hub 1, LLC project is about 8 years old. The original owner went into bankruptcy and the bank took over. The board extended the agreement to the bank and the bank transferred it to its subsidiaries. At some point, there was some confusion and the property was put back on the tax roll at full assessed value. It seems that the bank has recently sold this property unbeknownst to the board. The first notice the board received was from the Town last month informing them of the change in ownership. The town is very upset and would like to see the PILOT terminated. Counsel is currently trying to verify who the new owner is and inform them that the PILOT does not automatically transfer. The board has every right to terminate, but it would be appropriate to notify the new owner first.

The board agrees that the new owner should be notified first before taking further action.

### **Other Board Business**

Ms. Villasuso informs the board that there was an article in the Time Herald Record regarding an air permit issue CPV is currently facing. The air permit was not renewed. There is some ongoing debate on who should be handling the issue and whether it be the project or the state. Inquiries have been made if this is an act of PILOT default. This matter is not considered an act of default, but management is tracking the issue and a call has been put into to the company for additional details.

### **Executive Session**

Chairman Armistead entertains a motion that the committee enter into executive session pursuant to section 105(1)(f) of the open meetings law to discuss the financial and credit history of clients of the IDA. Motion made by Mr. DiSalvo to enter executive session issued. Motion seconded by Mr. Brescia. All in favor.

*Enter Executive Session*

The members discuss the financial and credit history of clients of the IDA.

*End Executive Session*

### **Adjournment**

Meeting called for adjournment by Chairman Armistead, motion made by Mr. Schreibeis, seconded by Mr. Diana, the time being 3:44 p.m.