

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AUDIT COMMITTEE MINUTES

August 13, 2020

Via Zoom / Conference 1:08pm- 1:28pm

PRESENT: Michael Gaydos, Edward Diana, James DiSalvo

ALSO PRESENT: Laurie Villasuso - Chief Executive Officer, Ed Januszkiewicz – CFO,
Melanie Schouten – Chief Operating Officer, Vincent Cozzolino – Managing
Director, Kevin Dowd – Attorney, Kelly Reilly, Dean Brady, Kevin Loewke –
Loewke Brill Consulting

Labor Policy Audit Updates

Ms. Villasuso began by stating Mr. Kevin Loewke from Loewke Brill was invited to the meeting to go over the status of the Labor Audits in progress and also an Exemption Request from GAM Properties. Mr. Loewke started with Legoland and stated that they are 79.83% overall and they are up to date on their documents. Orange Tower Drive is closed out and completed with 96% compliance overall, GAM Property Corp. has two sub-contractors on site Boyce which is at 98% and Rancourt is 100% compliant. The last project is 360 Middletown Holdings, LLC which has six contractors on site, and they are all 100% compliant. Mr. Loewke stated that the 3 jobs are in good shape even though Legoland is below the 85%, he feels that by the end of the project they will exceed the 85% local labor compliance.

Mr. Loewke went to the GAM Property Corp. waiver that Loewke Brill recommends the Committee to approve. This waiver is for a company MD Blasting and Drilling from Connecticut. They will be blasting and drilling on the backside of the building where the addition will be going. They were unable to find a local company to perform this work, so Mr. Loewke worked with Mr. Gaydos to try and find a local solution. There was only one local company Roehrs Construction, which was given the designs and came back stating that their Insurance Agent told them they should not work on the job due to the age of the utility wires surrounding the project which was a big risk so they decided to decline on the project. Mr. Loewke stated that since there were no other local companies that this waiver should be approved.

Motion is made by Mr. DiSalvo seconded by Mr. Gaydos to approve the GAM Property Corp waiver.
All voted in favor. Motion is carried.

Ms. Villasuso stated that Mr. Jim Loewke and Mr. Kevin Loewke has gotten themselves very familiar with the Prevailing Wage Bill that passed to start in 2022. She wanted to let the Committee know that next year Mr. Jim Loewke and Mr. Kevin Loewke will be giving us their take on the Prevailing Wage Bill and the requirements. Mr. Kevin Loewke stated that they are working with the person that wrote the bill and they are getting more clarity about it and what to expect.

Audit 2019

Ms. Villasuso brought up the Audit of 2019 and how we wanted to close out the New Hampton Tech, Breonics, Inc. and Port Authority/DOT line items in our Audits. Mr. Diana had asked to confirm the exact amounts that were outstanding. She stated that these are old documents that predate both Mr. Dowd and her and now that Mr. Kleiman gone, we have to bring Mr. Januszkiewicz up to speed. She stated now that all parties have met this month the Board will be brought up to speed at the September Meeting and close it out.

Heritage Trail

Ms. Villasuso stated that the Heritage Trail documents have been received from the County. She stated if or when the withdrawals come the Committee will be made aware if a CD has to be terminated early to pay the vendors for the project. Mr. Diana mentioned that we should wait until December for the repayment request. Ms. Villasuso stated that Mr. Januszkiewicz will be monitoring this. She stated that if payments are due prior to December maybe will do what Mr. DiSalvo suggested that we ask the bank to waive the early termination fee.

Kraftify

Ms. Villasuso let the Committee know that Kraftify owed us money for completion of the Loewke Brill Labor Audit monitoring

cost. They also in the past had labor compliance issues. Kraftify reached out to the IDA to get Board action due to the fact that they wanted to refinance with the SBA and the IDA would have to consent to subordinate. Ms. Villasuso let Kraftify know that they would consent, provided the project paid the fee's owed to the IDA. She stated that as of today Kraftify seems a little disinterested in moving forward due to all of the fees and expenses with the IDA and may want to terminate their agreements entirely. Ms. Villasuso stated that they can terminate if they choose and it could do good for the taxing jurisdictions since the building and property become 100% taxable and no longer under a PILOT, however Kraftify took advantage of the Sales and Use Tax Exemption and the Mortgage Recording Tax Exemption. She stated that this will give Kraftify the benefits without the IDA being able to monitor the number of employees promised in the application and not living up to all ends of the bargain. Mr. Diana stated that he was not happy about this since they took advantage of the STE and MTE and feels that the Board should do what needs to be done to go after all the money. Mr. Gaydos agreed. Ms. Villasuso stated that there is an option to recapture. Mr. Dowd stated that Kraftify was told if they want the IDA to consent to subordinate the mortgage, Kraftify would have to pay all the fees not just the Labor Audit Fee but also the penalty fee which was imposed on them for not complying with the Local Labor Policy. Mr. DiSalvo stated that the IDA has had continued issues with Kraftify's documentation and Labor Policy. He asked what the total amount of the Sales Tax Benefit that Kraftify benefited from, Mrs. Villasuso stated their total STE benefit was authorized up to \$81,250.00 based on \$1,000,000.00 taxable purchases. Mr. DiSalvo asked Mr. Dowd what the penalty would be, and Mr. Dowd stated that it would be total recapture. Mr. DiSalvo asked what the penalty for the Labor Policy non-compliance is and Ms. Schouten stated \$1,430.00. Ms. Villasuso reminded the Committee that termination of their agreement will be a Full Board action and if we wanted to recapture then the monies could be returned to the affected jurisdictions. The Committee all agree that they like that action. Ms. Schouten stated that the total amount of fee's that Kraftify owes is \$2,543.50. Mr. Diana stated versus \$85,000.00. Mr. Gaydo's asked if the IDA needs to respond to Kraftify and she stated yes after the Full Board has acted. Ms. Villasuso stated that they had a savings of \$18,000.00 on the Mortgage Recording Tax and last year they saved \$48,000.00 on the Sales Tax not inclusive of any savings for 2020. She projected that they are close to their \$80,000.00. All in it is about \$95,000.00. Mr. Diana stated that if they have no money to pay what happens then and Mr. DiSalvo stated that a lien could be put on the property. Mr. Dowd stated that they also have a PILOT and Ms. Villasuso stated yes, a 485-b. Mr. DiSalvo asked if the 485-b is through the IDA or town, Ms. Villasuso stated IDA, Mr. Dowd said they would lose that also.

Motion is made by Mr. Gaydos seconded by Mr. Diana to adjourn the Audit Committee Meeting.
All voted in favor. Motion is carried.

Audit Committee Meeting ended at 1:28

