

Mary Ellen Regulski, Chairman • **Edward A. Diana**, Vice Chairman • **John Steinberg, Jr.**, Second Vice Chairman
• **Stephen Brescia**, Secretary • **Michael Gaydos**, Assistant Secretary • **Robert J. Schreibeis, Sr.** • **James DiSalvo**
Laurie Villasuso, Chief Executive Officer (Acting) • **Vincent Cozzolino**, Managing Director **Kevin Dowd**,
Attorney • **Russell E. Gaenzle**, Harris Beach • **Joel Kleiman**, Chief Financial Officer

Agenda

PLEASE TAKE NOTICE, The Orange County Industrial Development Agency will hold a regularly scheduled meeting on September 12, 2019 at 2:00 p.m. at the **Orange County Business Accelerator, 4 Crotty Lane, Suite 100, New Windsor, New York**, to consider and/or act upon the following:

Order of Business

- **Roll Call**
- **Approval of the minutes**
 - August 8, 2019 Board Meeting
 - August 8, 2019 Audit Committee Meeting
- **Financial Reports and/or Requests for Payments**
- **New and Unfinished Business**
 - Chairman's Report
 - Chief Executive Officer (Acting) Report
 - Accelerator Management Report
 - Board Committee Reports (as needed)
 - Audit Committee Report
 - 2020 Budget Approval
- **Applications/Resolutions**
 - GAM Property Corp. – Final Resolution
- **Other Board Business**
 - Med Parc, LLC
- **Adjournment**

Dated: September 12, 2019

Stephen Brescia, Secretary

By: Laurie Villasuso, Chief Executive Officer (Acting)

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AUDIT COMMITTEE MINUTES

August 08, 2019

Orange County Business Accelerator in New Windsor, New York.
12:15pm- 2:15pm

PRESENT: James DiSalvo, John Steinberg, Edward Diana
ALSO PRESENT: Laurie Villasuso - Chief Executive Officer (Acting), Vincent Cozzolino, Joel Kleiman, Kelly Reilly, Kevin Dowd- Attorney, Heather Rieker

Goshen Plaza Associates, LLC

Ms. Villasuso started the meeting stating that Goshen Plaza has withdrawn their request for assistance but feels the project will not stop. The reason Goshen Plaza Associates gave for the project withdrawal was that the IDA was uncooperative on the labor policy. Ms. Villasuso stated that they did not want to abide by our labor policy. She stated that they will not get their \$5,000.00 application fee back, and providing that the \$30,000 labor audit check does not bounce they will only get back what is left over after the IDA takes out for what Loewke Brill charged for visiting the site several times. Harris Beach was asked to expedite the closing by Goshen Plaza which they did, Harris Beach sent their bill to Goshen Plaza and they have not heard from them. Ms. Villasuso states that with the board's approval they hold onto the \$30,000 labor audit check for the amount that is owed to Harris Beach until Harris Beach is paid and then refund them what is left over. The board agreed but suggested they change the wording in the labor policy to read something like the funds can be used to pay for different purposes if needed. Mr. DiSalvo would like to also add to the policy that we need to deposit checks within a certain amount of days. Ms. Villasuso stated that a line can be added to the application about the fees collected.

Kraftify

Ms. Villasuso stated Loewke Brill is available by phone if needed. As of now Kraftify is in full compliance, all contractors are in good standing and well above the 85% local labor requirement. Loweke Brill has suggested we approve a waiver for the glycol system that pertains to the brewery as both a specialty and warranty exemption. The sign is properly posted, and weekly labor reports and insurance documentation has been submitted. Ms. Villasuso stated that the board has to act on the waiver. Mr. Diana motions to approve the exemption, seconded by Mr. DiSalvo. Motion carries with all in favor.

Ms. Villasuso stated that the town reached out to the IDA requesting that the Kraftify PILOT start date to be delayed until the construction phase is complete. The Audit Committee tabled the resolution to be sure that Kraftify would continue to be compliant. Last month the board thought that it may be difficult to move the PILOT out due to the school district tax becoming a lien as of July 1. Mr. Dowd confirmed that the PILOT cannot be changed. With that being said the board recommends that this resolution be tabled without a date.

Satin Fine Foods

Ms. Villasuso stated that Satin Fine Foods is the first project we recaptured benefits on for their lack of compliance with their audit for 2019, Mr. Dowd had several conversations with their attorney, and he contacted their attorney and said we would not reconsider recapture the final year of their PILOT. Ms. Villasuso received a call from their COO, she explained the scenario, and the biggest issue they had was the IDA mailed the letter to the incorrect address. Ms. Villasuso explained under the PILOT they had to let us know about any changes. She feels that they may be poised to take legal action. Satin was supposed to forward her a copy of a letter in which Satin claims it had sent to then Executive Director, Jimmy O'Donnell, about the change of address. However, as of today, we have not received any such letter.

2020 Draft Budget

Mr. Kleiman went over the IDA, BA, and OCFC budget line by line. He first started with IDA fees, with a total projected revenue of over 2.3 million dollars for 2020. Next, he went over the expenses and then the agency support projects. Ms. Villasuso went over each agency. Mr. Diana asked what does Foreign Trade Zone do with the money? Ms. Villasuso stated they will find and get back to the committee or invite Mr. Porr in to explain. All agencies that the IDA supports provide a service to us. Next Mr. Kleiman went over Project Expenditures. Mr. Diana brought up the Heritage Trail money for \$1 million; he thought that was off the table. Ms. Villasuso stated that they may apply for benefits through the application process. Mr. Kleiman asked how much the Committee would like to keep in the Project Expenditures, and the Committee came up with a total of \$1 million. Mr. Kleiman then went on to the BA budget and explained all the line items on this draft budget. He stated that the Special Initiatives line is basically a contingency line.

Mr. Steinberg brought up the question of personnel. He would like to see the percentage of time each employee spends on IDA, OCFC, and location. Mr. Kleiman showed him a schedule of expenses and what location they are spent on. It does not include salary personnel. Mr. Steinberg would like to see percentage of personnel separated by each agency (IDA, OCFC, BA) and Mr. Kleiman said that he could do that.

OCFC – Basically the same as 2019 except \$250,000.00 was taken out of revenues from CPV which we no longer receive payments for.

Mr. Kleiman summarized the Draft Budget. The items are to find out about the Directors and Officers Insurance, Foreign Trade Zone fund, and to take out the reference for Heritage Trail on the Project Expenditures. He will finalize the budget for next month's Audit Committee Meeting for approval.

Ms. Villasuso brought up the Heritage Trail and asked the Audit Committee to think about if the Heritage Trail should be charged an application fee, labor audit fee, and closing fees if they apply.

Audit Committee Meeting ended at 2:15pm.

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. Schrebeis, 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 was 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.

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August 6, 2019

Orange County Industrial Development Agency
Orange County Business Accelerator
4 Crotty Lane, Suite 100
New Windsor, New York 12553

Attn: Board of Directors & Chief Executive Officer, Laurie Villasuso

Re: **Med Parc LLC - Financial Assistance from the Orange County Industrial Development Agency**

Dear Board Members & CEO:

Please note that I have acted as, and continue to act as, legal counsel to Med Parc LLC (the "Company" or "MedParc") in connection with a certain project undertaken by the Company (the "Project"), as agent of the Orange County Industrial Development Agency (the "Agency" or "IDA"). This Project consisted of (i) the acquisition by the Agency of a leasehold interest in an approximately 4.95±-acre parcel of vacant land located at 599 East Main Street in the Town of Wallkill, Orange County, New York (collectively, the "Land"), (ii) the construction on the Land of an approximately 54,280 square foot hotel comprised of 93-units (the "Improvements"); and (iii) the acquisition and installation in, on and around the Improvements of certain items of equipment and other tangible personal property including, but not limited to, furniture (collectively, the "Equipment" and, together with the Land and the Improvements, the "Facility"). The IDA authorized this Project by resolution adopted on January 11, 2018.

Please be advised that the MedParc has recently entered into a contract with Lordi, Inc. for purchase and sale of the Land, Improvements and Facility (collectively, the "Hotel"). Pursuant to this contract, MedParc is to fully complete the construction of the Hotel, as well as completely furnish and equip the Hotel prior to closing. The scheduled closing date is to occur on or about 10 days after MedParc receives a certificate of occupancy. After closing, Lordi, Inc. will operate the Hotel. There is no change to Project whatsoever other than the change of ownership. The completion of the Hotel is estimated for sometime in late September to mid-October, 2019 and the closing to occur shortly after that.

On behalf of MedParc and pursuant to the closing documents with the Agency, particularly the Lease Agreement and the Leaseback Agreement, both dated as of May 4, 2018, by and between the Company and the Agency, MedParc is requesting that the IDA consent to the transfer of the Hotel as described above and to close out the Project at the IDA's meeting scheduled for September. Although the financial assistance provided by the IDA only involved sales and mortgage tax exemptions for constructing and equipping the Hotel which will be completed before the transfer of ownership, the term of the Lease and Leaseback Agreements extend to December 31, 2019. So it is necessary to terminate the Agreements at an earlier date as addressed in the Agreements (sections 2.5, 8.1 and 8.2 of the Leaseback Agreement). As such, please take this as notice under section 8.1(a) of the Leaseback Agreement of MedParc's intention to terminate that Agreement prior to the end of its term. We understand that the consent to transfer and approval to terminate the Agreements prior to the closing date will be conditioned on the IDA decision with respect to the labor policy audit and MedParc will be responsible for making any payments or penalties associated with such decision so that MedParc can purchase the Facility back from the IDA pursuant to section 8.3. In this manner and timeframe, we can have the necessary documentation that reflects the termination of the IDA's leasehold interest in the Hotel by the time of the closing.

In addition, as noted above, MedParc will make all purchases to fully furnish, equip and provide a complete supply inventory so that the Hotel is ready for operation prior to closing. All of those purchased items are included in the sale of the Hotel. Accordingly, we respectfully request that the IDA consider allowing an exemption of any sales tax that may be due because of the bulk sale of fixtures, furnishings, inventory and equipment to Lordi, Inc. since those purchase items will be included in the sale of the Hotel and will not have been used prior to the sale of the Hotel.

Thank you for your consideration of the above and please let me know if there is anything else you need from us.

Very truly yours,

Joseph M Catalano

Joseph M. Catalano
Attorney for MedParc, LLC

cc: Kevin Dowd, Esq. (attorney for IDA)
Marc Devitt, Manager, MedParc, LLC
Daniel Thomas, Esq. (attorney for Lordi, Inc.)

Skoufis to investigate Medline PILOT application

By Michael Randall

Times Herald-Record

Posted Sep 3, 2019 at 9:57 PM

Updated Sep 3, 2019 at 10:34 PM

MONTGOMERY — State Sen. James Skoufis announced Tuesday that he is launching an investigation into Medline's application for a payment in lieu of taxes (PILOT) agreement for its proposed new warehouse in the Town of Montgomery.

The town's Industrial Development Agency has taken no action yet on the application.

At a news conference outside Town Hall, Skoufis said this probe will be part of a larger one the Senate Committee on Investigations and Government Operations that he chairs is conducting statewide on IDAs and other public authorities.

Skoufis said he is not opposed to IDAs, but they should only assist "companies that are in genuine need."

"In its first year, Medline estimates it will make \$74 million without a dime of tax breaks," Skoufis said. "This is not a business in need of a tax break."

Skoufis was surrounded by about two dozen residents wearing blue T-shirts with the slogan "Pay your damn taxes" in white letters.

Skoufis had spoken those words at a recent public hearing on Medline. A Times Herald-Record editorial several days later said many struggling New Yorkers would be happy to put that message on a T-shirt. Skoufis did just that.

Medline, which makes and distributes medical supplies, proposed building a 1.3-million-square-foot warehouse on 118 acres on Route 416. It would replace Medline's 500,000-square-foot warehouse in Wawayanda, which the company says it has outgrown. Medline sometimes refers to the current warehouse as its Middletown facility, although it is not within the city limits.

But Skoufis and other critics point out Medline's PILOT agreement on the Wawayanda warehouse, which was granted by Orange County's IDA, is now coming to an end and they are due to begin paying their full share of property taxes.

"This, my friends, is nothing short of a scam," Skoufis said.

Skoufis plans to subpoena documents from Medline, the town and county IDAs and “every entity Medline has engaged” in the process of seeking its PILOTs.

Medline defended its tax payments in a written statement.

“Medline has paid approximately \$3.84 million of property tax to the local municipalities of Wawayanda, Middletown and the Minisink Valley School District since constructing our Middletown facility,” the statement read in part. “We plan to pay taxes in Montgomery that will support the community.”

Montgomery resident Cheri Zahakos was among those supporting Skoufis.

“Should Medline go forward, they should pay their entire tax bill, as every citizen is required to do,” Zahakos said. “Why should I bear the burden?”

Chris Ludlow, the regional Civil Service Employees Association political action coordinator, said Medline is “a wealthy company taking advantage of town and Valley Central School District taxpayers.”

“Anything the senator needs, the CSEA is here to back him,” Ludlow said.

Skoufis said Medline isn’t waiting to learn the fate of its PILOT application; their decision is already made.

“By their own admission, they’ve already purchased the site,” Skoufis said.

mrandall@th-record.com

Opinion

Editorial: Cheers for peace, music, swimming and sewing

Posted Aug 26, 2019 at 2:06 AM

CHEERS: To all of the people who showed once again that a crowd could find its way to Bethel for a weekend of peace and music and, as farmer and host Max Yasgur so memorably said 50 years ago, have nothing but peace and music. The golden anniversary of the Woodstock Festival came with some understandable apprehension including an on-again, off-again, somewhat-but-not-really official commemoration that searched, in the tradition of the original but less successfully, in vain for a home. There were warning signs on every major road alerting motorists to potential traffic jams that never really emerged. In general, there were bands and fans, a lot of tie-die and even more good will. Much has been said about the spirit of Woodstock. For those who remember the original, whether they made it there or not, the idea that they would one day celebrate a half century since Richie Havens and Jimi Hendrix provided the most famous concert bookends in musical history must have sounded like a fantasy. But fantasies sometimes do come true.

CHEERS: To the Newburgh Armory Unity Center's new swim program. A group of college-age swimming instructors used pool toys to lure children into the water to start with. Thirty children were enrolled in the Saturday lessons, part of the swim program's 8-week pilot session, with Unity Center Founder Bill Kaplan helping supply the Mount Saint Mary College pool and money for caps, goggles and suits. Valerie Bryant had organized a temporary after-school swim program for the local Boys and Girls Club in the past, so she knew what to do for this new effort which came with an obligation for the youngsters — to enroll in educational courses at the armory. "A lot of people think swimming is just recreational. No," Bryant said. "It's like when you teach your child to look both ways before they cross the street. ...It's just as important as those basic things you teach them." Research shows that black and other minority children drown or suffer non-fatal submersion injuries at a rate disproportional from white

children, which Bryant believes is socioeconomic. About 64 percent of black children, 45 percent of Hispanic and Latino children, and 40 percent of white children have minimal swimming skills, if any, according to a study commissioned by the USA Swimming Foundation.

CHEERS: To Shelli Scott who opened a garment-making studio, with help from the Orange County Industrial Development Agency's Accelerator program, which incubates new businesses and nurtures fledgling firms. With her June lease in the City of Newburgh, her self-named women's clothing line, Shelli Scott, became the Accelerator's third new fashion business of 2019. The Fashion Institute of Technology graduate's company is the fashion cluster's 11th. And since the cluster's 2016 start, hers is the 50th job created. The Accelerator's parent, the Orange County IDA, is a nonprofit public benefit corporation, with an Orange County Legislature-appointed board that considers tax breaks to create, attract and retain jobs. The Accelerator's apparel businesses is growing, Scott says, because of "the access that they give you to the sewing space, the amazing space they let you rent for a reasonable fee" and access to other resources.

Newburgh making fashion statement with help from IDA Accelerator

By **Daniel Axelrod**

Times Herald-Record

Posted Aug 20, 2019 at 7:26 PM

CITY OF NEWBURGH — Shelli Scott's fashion dreams began on her pillow.

The Cleveland native grew up toting it everywhere for comfort.

Then, a kindly older neighbor woman played mentor, teaching Scott how to sew colorful pillowcases.

Now, after a long career as a freelance apparel maker and a high-end seamstress — including on Broadway and even for the U.S. Open — Scott has a new figurative security blanket.

The 40-something-year-old resident of Monroe and Harlem recently opened a garment-making studio, with help from the Orange County Industrial Development Agency's Accelerator program, which incubates new businesses and nurtures fledgling firms.

With her June lease at 605 Broadway in the City of Newburgh, her self-named women's clothing line, Shelli Scott, became the Accelerator's third new fashion business of 2019.

The Fashion Institute of Technology graduate's company is the fashion cluster's 11th. And since the cluster's 2016 start, hers is the 50th job created.

Two of the businesses are maturing quickly toward setting up shingles without the Accelerator's discounted rent, business advice, equipment, training and other resources.

The Accelerator's parent, the Orange County IDA, is a nonprofit public benefit corporation, with an Orange County Legislature-appointed board that considers tax breaks to create, attract and retain jobs.

The Accelerator's business assistance fund — now \$11 million — comes from the fees the IDA has collected from other businesses applying to be considered for tax breaks and incentives for economic development projects.

So, why are the Accelerator's apparel businesses growing?

"It's the access that they give you to the sewing space, the amazing space they let you rent for a reasonable fee, the equipment," and other resources, Scott said.

Scott and the Accelerator's leaders have ready replies for those doubting their efforts to partly resurrect Newburgh's former apparel industry, which was ravaged by decades of deindustrialization and off-shoring.

For one, today's clothing consumers are more discerning and more likely to buy American-made goods, said Laurie Villasuso, the IDA's acting CEO.

Plus, Newburgh, she said, has a history of apparel-making and people who want the training to work in production jobs that typically pay \$15 an hour or more.

And though the city's 4.9 percent June unemployment rate was its lowest since 1990, it still leads 31 Hudson Valley municipalities with at least 25,000 residents.

That's why seven of the Accelerator fashion cluster businesses are in the City of Newburgh, three are in nearby New Windsor and one is in Warwick.

Elsewhere, the Accelerator also runs clusters for medical devices and personal care products in Middletown and the therapeutic cannabis compound cannabidiol, or CBD, in Warwick.

In the Newburgh area, the fashion cluster's promising businesses include Ziel, an on-demand sports clothing manufacturer, and Melo, which is making a backpack for the U.S. Defense Department.

"I think maybe 10 or 15 years ago it would have been" not economically viable to bring clothing-making back to Newburgh, "but you have to think about the consumer base nowadays," Villasuso said. "The people purchasing care a lot about the carbon footprint, where things are made, and how they're made, and we have an incredible market nearby" in New York City.

Orange County IDA Managing Director Vincent Cozzolino said the local fashion

cluster's 50 jobs have been worth it, despite costing \$12,600 per job.

Gone are the days of luring giant businesses, he argues. Most grow organically, and they're small- and mid-sized, he added.

"Right now, two of the (apparel) companies have some pretty big plays planned, and if they hit, they could each have 100 employees in the next two years," Cozzolino said. "We're trying to create an industry, and you have to be patient when you take on a new cluster, whether it's CBD or this advanced fashion manufacturing cluster."

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Meet Stephanie Falsetta, the Entrepreneur Who Quit a High-Powered Job to Build a Soap Empire

Falsetta says it's been "an amazing journey" as a soaper after leaving the famed auction house Christie's

By **Diane Herbst**

August 15, 2019 04:19 PM



PHOTO: COURTESY OF STEPHANIE FALSETTA

For 15 years, Stephanie Falsetta commuted an hour and 45 minutes each way by bus from her home in Middletown, New York, to her job in Manhattan as

a legal administration manager for the famed auction house Christie's.

At home, the married mom was raising three young children. Falsetta was also growing a passion for creating different types of soaps using goat's milk. She perfected original recipes by taking classes and lots of trial and error, an endeavor prompted by her mother's love of goats milk soap and inability to find a good product.

"It's very moisturizing," says Falsetta's mother, Marianne Markey, 69. "When she started making it I was thrilled."

Falsetta called her burgeoning business Goats in a Coat. By the end of December 2014, with demand growing from her mother's wide circle of friends and sales at local orchards, Falsetta decided to take the leap. She quit her job at Christie's and become a goat soap maker full-time.

"It was the hardest thing to quit my job," says Falsetta, 44. "My mom is super important to me and she tells it to me straight all the time. I told her, 'I am thinking of quitting my job' and she shocked me and said, 'You should follow your bliss.'"

Almost five years later, Falsetta's passion has developed into a successful business. Her company offers 32 varieties of goats milk soap bars and lotions, which she makes with help from her mom, 7-year-old daughter, Samantha, and a few part-time employees at a manufacturing facility that is part of the Orange County IDA Accelerator at Touro College. She charges \$6 for a bar and \$10 per lotion, which come both scented and unscented.

Over 15,000 soaps and lotions, and 6,000 soy candles a year are now sold through the Goats in a Coat website and a dozen orchards in New York. For Angry Orchard, Falsetta has created a unique line that includes using their ciders.

"It's a constant for me," says Falsetta. "And I am constantly testing things out. Sometimes I come up with crazy ideas and it just won't work. Business is booming, at times it's hard to keep up with the demand."

The goats milk comes from a local farm, and is added to Falsetta's original recipes. The soaps involve working with lye, and differing amounts of oils and butters. "One makes it creamier, one makes it more bubbly," she says. "There are so many things that go into it."

Says Markey: "I am very proud of her. I am proud she stuck with it, it's a good product."

Falsetta cherishes the community of fellow soapers she's met from around the country, and is on the board of directors of the Handcrafted Soap & Cosmetic Guild, a non-profit trade association. The group estimates there are some 360,000 soap makers in the United States, she says.

Growing up in Queens, Falsetta never had dreams of becoming a soap maker. After earning her secretarial degree, she worked at a large law firm before landing her job at Christie's about 20 years ago.

"It was the hardest thing to quit my job, it was my life," Falsetta says. "That was how I was known, that I worked at Christie's. Now it's so nice to work for myself and I don't even think twice when I tell people I am a soaper. It's been an amazing journey."

Accelerator's Fashion Cluster takes off

August 12, 2019



NEWBURGH – Last fall the Accelerator's Fashion Cluster opened with one company in a former factory on Upper Broadway in the City of Newburgh.

The Accelerator, powered by the Orange County Industrial Development Agency, has grown that from one company, Ziel, a just-in-time sportswear manufacturer, to a total of 10 new businesses, said the IDA's Acting Chief Executive Officer Laurie Villasuso.

"We have 603 Broadway, which has two companies in it; we have 605 Broadway, which has four companies in it, and we have New Windsor, which has four companies in it," Villasuso said.

The IDA's Accelerator program has its original facilities in two buildings adjacent to New York Stewart International Airport in New Windsor and the medical research and manufacturing cluster in the Horton Pavilion in the City of Middletown, which also houses Touro College of Osteopathic Medicine.

Opinion

Editorial: Danskammer mess just got a bit darker

Posted Aug 11, 2019 at 2:10 AM

It's hard to know where to begin with the latest revelations concerning plans to build a new power plant by the old Danskammer plant on the Hudson. So let's start with bookkeeping.

The company claims that it has overpaid \$900,000 in property taxes to Orange County, the Town of Newburgh and the Marlboro school district under a payment in lieu of taxes agreement that began in 2014. So the first questions concern accounting. What kind of company loses track of that much money?

This is an even more damning question for the town, the county and especially the school district. Do these municipalities keep track of our money the way we assumed they should? It's not as if property taxes from the plant were a minor amount or a minor consideration. The troubled history of power plants in the region should make them and their payments very visible.

The Marlboro school especially should have been able to keep track of these payments considering the local crises it encountered when previous owners of power plants went bankrupt and tax payments plummeted, leading to severe budget cuts, unsustainable tax increases and millions of dollars in emergency aid from the state Legislature.

What about the Orange County Industrial Development Authority? For years it gave out subsidies and did not bother to track the results. Those who now run the IDA have admitted that to show how they are doing a better job. So how did they lose track of \$900,000?

Before any of the parties in this discussion decide how to handle this situation, the public needs to know what went wrong, who was responsible, what will the consequences be and, most important of all, what changes are being made to

make sure that so much money does not once again get lost in the system.

But that's not the worst problem. The real challenge concerning the existing Danskammer plant and plans for a new one are more environmental than financial.

The state is committed to reducing carbon emissions in the next decades. The plans for the new Danskammer plant are in direct opposition to that state law. If the owners are allowed to build the natural gas plant they have proposed, it is very likely that the state will not meet its goals.

Which brings us back to the money. Danskammer owners say that they don't need the money back in the next two years of the subsidized arrangement they now have if they can get an extension for five more years and deduct it over that longer term.

Why are we giving tax subsidies to polluters in the first place? Why would we give them even more subsidies? And why does a company that says it is planning on a new plant to burn gas and make money need any of these tax subsidies as incentives anyway?

And by the way, would the Danskammer owners agree that the \$20,000 they donated to the Town of Marlboro for beautification, a gift that came at a time when the company knew it could use a little more local good will, be counted as a downpayment on the refund?

Goshen Plaza builder gives up tax incentives

By Daniel Axelrod

Times Herald-Record

Posted Aug 9, 2019 at 8:01 PM

GOSHEN — The Orange County Industrial Development Agency's board rescinded on Thursday a four-year payment-in-lieu-of-taxes agreement and other economic incentives to the ownership group proposing a new supermarket and shopping plaza in Goshen.

The tax incentives, which the IDA granted in June, were for Fareri Associates' multi-million-dollar plan to overhaul Goshen Plaza at 84-120 Clowes Ave. A few days before the meeting, the company requested that the board rescind the tax breaks because it said it was not "rational or realistic" that it could afford to use only local labor on the project.

Pending all final permits, the Greenwich, Conn., real estate investment and construction company's plans call for a total teardown and repaving for a shopping center.

Designs include a total of 104,000 square feet of retail space, up from 58,000 square feet, with new attached buildings in an L-shape, plus four separate buildings.

A new supermarket would take up nearly 39,000 square feet. The plaza would be carved into up to 15 storefronts for local or national stores.

In June, the IDA, a public benefit corporation that considers tax breaks and other stimulus to promote the local economy and lure and retain businesses, had granted a four-year PILOT instead of a 10-year PILOT, as part of a new policy.

The IDA has been halting incentives for retail and hotel projects in Orange County, which are common and often likely to come without extensive economic incentivization, said Laurie Villasuso, the IDA's acting CEO.

But the IDA had granted the developer a mortgage recording tax exemption of

\$155,403, plus sales and use tax exemptions totaling nearly \$660,300. Now, the project won't receive those tax breaks.

Despite much local anticipation, the developer still has not disclosed the supermarket planned for the plaza. The developer plans for the plaza's CVS to remain open as the plaza is rebuilt and the store is replaced. Pending all approvals, the plaza could be rebuilt by as soon as late 2021.

A dollar amount for the PILOT that the project gave up was not readily available.

"They felt (using local labor) drove the costs up too high and believed the incentives weren't worth it," Villasuso said. "We have an exemption process ... and it's fairly flexible, but if we're giving tax breaks we want to make sure they're using Hudson Valley labor."

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Danskammer claims tax overpayment of nearly \$900K

By Lana Bellamy

Times Herald-Record

Posted Aug 8, 2019 at 9:45 PM

Updated Aug 8, 2019 at 10:11 PM

NEW WINDSOR — Danskammer Energy LLC claims it overpaid nearly \$900,000 in property taxes to Orange County, the Town of Newburgh and the Marlboro school district under its PILOT agreement that began in 2014, according to a letter Danskammer sent to the Orange County Industrial Development Agency.

In the letter dated July 29 and signed by Danskammer Chief Financial Officer Thomas M. Gray, the company said it would like to consider minimizing the repayment burdens through a five-year extension of its current PILOT that expires in 2021.

“We aren’t demanding the money be paid in full immediately,” said Michelle Hook, vice president of public affairs, on Thursday. “We want this to have a minimal impact on the taxing jurisdictions, mainly the town and the school district.”

Danskammer has said repayment through an extended PILOT could help the taxing jurisdictions by allowing them to pay back smaller sums over seven tax cycles, as opposed to paying large sums over the PILOT’s two remaining tax cycles.

The IDA’s acting CEO Laurie Villasuso said the IDA board of directors addressed the letter at its meeting Thursday in New Windsor. The board authorized the agency’s attorneys to review Danskammer’s claims and ensure the amount of overpayment was accurate.

Once the attorneys finish their review and meet with leaders from the Town of Newburgh, the Marlboro school district and the county, the board can make a

decision about whether a PILOT extension is in play, Villasuso said.

The legal review could be completed as soon as next month, Villasuso said.

Danskammer Energy is preparing its Article 10 application to the New York State Public Service Commission to build a new 600 megawatt combined-cycle generation natural gas power plant in the Town of Newburgh. The new, \$400 million facility would be built beside the existing peaker plant on Danskammer's River Road property, located on the edge of the Hudson River in the Town of Newburgh.

Company CEO Bill Reid presented an outline of the plan to the Newburgh Town Council during a meeting in January. The bulk of infrastructure that the project calls for is already in place, such as a natural gas pipeline, electric lines, transmission lines, access roads, sewer and other elements vital to running a plant.

The project's goal is to fill a void in electricity generation capacity when the Indian Point nuclear power plant closes in 2021.

Discovering the problem

Hook said the company discovered the overpayment in taxes while preparing to apply for a new PILOT with the Orange County IDA when the current agreement expires.

Hook said the first batch of overpayments were made in 2016 to the Marlboro school district, Town of Newburgh and Orange County.

The management team that took ownership of Danskammer in 2018 discovered invoicing discrepancies while preparing to talk to the IDA about the company's repowering initiatives, Hook said.

When the overpayment issue is reconciled, and if Danskammer Energy is awarded permits to repower the plant, Hook said the company would like to enter into a new PILOT agreement in late 2020 or early 2021 that would "start fresh" and supersede any potential extension from the IDA.

If the IDA is not interested in an extension, Danskammer said in its July letter to

the IDA board that it is willing to work with the agency to recover the money through the remainder of its existing PILOT agreement.

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