

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

September 13, 2018

A regular meeting of the Orange County Industrial Development Agency was convened in public session on September 13, 2018 at 2:04 P.M. at the Orange County Business Accelerator in New Windsor, New York.

The meeting was called to order by Vice Chair, Mary Ellen Rogulski, and upon roll being called, the following were:

PRESENT: Mary Ellen Rogulski, John Steinberg, Edward Diana, Stephen Brescia, Robert Schreibeis,

ABSENT: Robert Armistead, James DiSalvo

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  
Christine Cordova – Focus Media  
Lisa Sommers – Focus Media  
Wayne Booth – Orange County Executive Office  
Michael Sweeton – Town of Warwick  
James Kulisek – O.C. Legislator  
Michael Kraai – Kraftify  
Larry Wolinsky – Amy’s Kitchen  
Kaitlynn Perez – OCP  
Lindsay Newler – OCP

Vice Chair Rogulski calls to order the regular meeting of the Orange County IDA, September 13, 2018 (Pledge of Allegiance is recited). Board consists of five members. There is a quorum.

Roll Call is taken.

**Minutes**

Review of the prior August 9, 2018 board meeting minutes. Motion to approve the minutes is made by Mr. Diana, seconded by Mr. Schreibeis. Motion carries with all in favor.

Review of the August 28, 2018 audit committee meeting minutes. Motion to approve the minutes is made by Mr. Diana, seconded by Mr. Schreibeis. Motion carries with all in favor.

**Executive Session**

Vice Chair Rogulski 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 a client of the IDA. Motion made by Mr. Diana to enter executive session issued. Motion seconded by Mr. Schreibeis. All in favor.

*Enter Executive Session*

The members discuss the financial and credit history of a client of the IDA.

*Mr. DiSalvo enters at 2:18pm*

*End Executive Session*

Vice Chair Rogulski entertains a motion that the committee enter into executive session pursuant to section 105(1)(f) of the open meetings law to discuss the compensation benefit package of employees of the IDA. Motion made by Mr. Diana to enter executive session issued. Motion seconded by Mr. Schreiber. All in favor.

*Enter Executive Session*

The members discuss the compensation benefit package of employees of the IDA.

*End Executive Session*

### **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 \$10,923,062, as of August 31, 2018. Two CDs matured in August. Bids were solicited for new CDs. A sixth month CD was acquired with 2.15% interest rate, and a one year CD was acquired with a 2.4% interest rate.

Mr. Kleiman reviews the income and expense summary, noting that YTD is \$719,451 and YTD expenses are \$243,012, with revenues exceeding expenses by \$476,440.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$194,699, and expenses are \$1,487,561. Expenses, as anticipated, exceed revenues by \$1,292,876.

Vice Chair Rogulski asks for a motion to approve the vouchers and payments in the amount of \$55,440 for September. Motion made by Mr. Brescia, seconded by Mr. DiSalvo, 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.

### **2019 Budget**

Mr. Kleiman presents the proposed final budget to the board. The proposal is inclusive of the IDA and Accelerator budget.

As chair of the Audit Committee, Vice Chair Rogulski states that the audit committee met and reviewed the budget with management. The budget being presented today was approved by the Committee.

Mr. Kleiman reviews the budget document with the board. Proposed total revenue for 2019 is \$2,577,591 with expected expenses of \$4,397,930. The expenses exceed the revenues by \$1,820,339. Closing fees were reduced by \$1,000,000 for 2019. Due to the expansion of The Accelerator, additional funds were added to the Special Initiative and operations line items. Agency support costs were reduced, and the IDA is only supporting seven agencies in 2019. A Research & Support line item was added for additional agency engagement if needed.

Vice Chair Rogulski entertains a motion to approve the 2019 IDA Budget. Motion made by Mr. Schreiber, seconded by Mr. Brescia, that the Board accept the 2019 IDA Budget. Open for discussion. Affirmative votes of all members present results in motion carried.

### **Retirement Resolution**

Vice Chair Rogulski informs the board that the Retirement Resolution is required to change the retirement process for the IDA employees. This resolution will authorize a 457 Deferred Compensation Plan.

Mr. Dowd reads aloud the Resolution. Motion is made by Mr. Steinberg, seconded by Mr. DiSalvo, authorizing the establishment of a deferred compensation plan for the existing employees of the IDA. Roll call is taken. Affirmative votes of all members present results in motion carried.

Mr. Dowd presents the New York State required deferred compensation plan resolution to the board. Motion is made by Mr. Steinberg, seconded by Mr. DiSalvo, authorizing the establishment of a deferred compensation plan for the existing employees of the IDA. Roll call is taken. Affirmative votes of all members present results in motion carried.

### **Chairman's Report**

Vice Chair Rogulski passes on giving a Chairman's Report.

### **Chief Operating Officer Report**

Ms. Villasuso gives her report to the board.

Ms. Villasuso, Mr. Cozzolino, and Mr. Kleimen will be working together to structure a new 2019 fee schedule for board approval.

The IDA was recently audited by the ABO regarding sales tax exemption compliance. An item resulting from that audit regarding the Cross Roads Court Real Estate project is up for board discussion at today's meeting.

There is ABO proposed legislation before New York State regarding IDAs and transparency. It is substantial and a robust proposal for reporting requirements. Some of what is being proposed includes additional preparation and submission of reports. This legislation is being tracked by the EDC, IDA Counsel, and IDA Lobbyist. Any updates will be reported to the board.

Management continues to work with Warwick on a proposed SWOT evaluation and Accelerator concept. With a little more experience under their belt's, management has revisited Port Jervis to rehash a SWOT.

The most recent sewing class graduated today, and students were given aptitude tests by Ziel. Many of the students were given offers for full-time employment. The next round of training will start shortly as Ziel needs at least twenty sewing technicians by the end of the year.

As a result of having Ziel moving into the area, a lot of interest has been shown by other companies looking to potentially relocate.

At the Middletown Accelerator Campus, Augmate has hired a scientist and Alternate E-Source has hired two engineers. Management has held meetings with Middletown Accelerator clients to ensure that the space is being utilized appropriately. If clients are not using the space appropriately, they will be asked to leave and another company will be invited to take their place.

Public hearings were held recently for two clients. A public hearing was held in Warwick for Kraftify and in Goshen for English Dana Distributors.

This week management attended a meeting with County Executive Neuhaus to discuss the County's economic development strategy.

Two conferences are coming up later this fall. The Hudson Valley Women's Leadership Conference on October 23<sup>rd</sup> at the Culinary Institute of America, and the inaugural Emerging Leaders Conference at the Y Campgrounds near Port Jervis on November 27<sup>th</sup>.

## Applications/Resolutions

English Dana Enterprises, Inc.

Mr. Dowd informs the board that a public hearing was held for this project at Village of Goshen. It was lightly attended and went smoothly. This project has received a letter of support from the Village. It can be found in the monthly packet.

Final Resolution

Mr. Dowd reads aloud the English Dana Distributors, Inc. Final Resolution. Motion is made by Vice Chair Rogulski, seconded by Mr. Steinberg, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of English Dana Enterprises, Inc. Roll call is taken. Affirmative votes of six board members results in motion carried.

IBM Corp.

Resolution

Mr. Dowd reads aloud the International Business Machines Resolution. Motion is made by Vice Chair Rogulski, seconded by Mr. Brescia, accepting resolution authorizing additional financial assistance and the execution and delivery of a further amended agent agreement. Roll call is taken. Affirmative votes of six board members results in motion carried.

Medline Industries, Inc.

Ms. Villasuso reminds the board that they voted and approved the application for the proposed project at a location in Wallkill. Today's resolution is to approve an updated application and authorize a public hearing for the new location in Montgomery.

Resolution

Mr. Dowd reads aloud the Medline Industries, Inc. Resolution. Motion is made by Vice Chair Rogulski, seconded by Mr. Schreibeis, accepting the revised application resolution authorizing action on certain matters pertaining to a proposed project for the benefit of Medline Industries, Inc. Roll call is taken. Mr. Brescia and Mr. Diana Abstain. Affirmative votes of four board members results in motion carried.

Kraftify, LLC

Ms. Villasuso informs the board that this project is a brewery located in the former correctional facility located in Warwick. Town Supervisor, Mr. Sweeton, and the business owner, Mr. Kraai, are present should the board have any questions. A public hearing was held. The board has some concerns regarding the retail aspect of the business.

Vice Chair Rogulski states that the board discussed the project and due to the retail component and types of jobs being created the board has decided to incentivize a 485-b PILOT, Sales and Use Tax Exemption, and Mortgage Recording Tax Exemption for the Kraftify project.

Final Resolution

Mr. Dowd reads aloud the Kraftify, LLC Final Resolution. Motion is made by Mr. Brescia, 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. Mr. Diana votes nay. Affirmative votes of five board members results in motion carried.

## Other Board Business

Amy's Kitchen, Inc.

Ms. Villasuso reminds the board that in 2014, a resolution was adopted that authorized a \$500,000 project expenditure for infrastructure and site work. The construction phase of the Amy's project is underway, and it was requested that the project execute the agreement. Their counsel is present to address some concerns before executing the agreement and to give the board an update on the project status.

Larry Wolinsky addresses the board on behalf of Amy's Kitchen. The Amy's Kitchen site is cleared and graded, sub-bases have been installed, the ground has been decommissioned for wells, drainage has been installed, 17M infrastructure improvements have largely been completed, and currently the primary of the work is being done on the bridge over the Wallkill River. That is largely what has been completed under a clearing and grading permit issued by the Town. The permitting of the utility component of this project is still not complete as they are waiting for the grant of an easement from the Orange County Legislature. Water and sewer are being supplied by the City of Middletown via a 4.3 mile pipeline. The project is in the process of acquiring several additional permits to progress the construction and infrastructure development in the next thirty to sixty days. The first six months of 2019 will involve a large amount of site infrastructure. At the same time the building and manufacturing process at the facility will be designed. Additional infrastructure items anticipated for 2019 installation include a pre-treatment plant pump station, road lighting, transformers, etc. Mid- 2019 it is anticipated that the project will get the building permit for construction of the facility. The building should take about a year to construct and outfit. Full production and use of the site is anticipated at the end of 2020 or start of 2021.

Mr Diana states that he is concerned that the project will install the initial infrastructure and road, but not complete the building. Is there any way that the company can guarantee that the site will be completed to totality? Or could the funds be returned if the project was not completed as initially intended?

Mr. Wolinsky states that the project would be uncomfortable drawing from the funds until all permits have been received. With respect to the agreement, the project would still like to receive the benefit, but there are a few questions. Are the funds able to cover infrastructure on and off site relating to this project? The original agreement did not specify.

Mr. Dowd informs the board that an example of off-site work would be running water and sewer lines to the project location.

Mr. Wolinsky states that onsite infrastructure could include the pump station, pretreatment plant, etc.

The board agrees that it is acceptable that the funds be used for both on and off-site infrastructure work.

Mr. Wolinsky asks if the fund can be used for both materials and labor regarding to the project, or is it preferred that it cover labor costs?

The board agrees that it is preferred that the funds be used for project materials.

Mr. Wolinsky asks if the use by date in the agreement can be extended. Would December 30, 2019 be an acceptable date?

The board agrees that it is acceptable to extend the agreement date.

Mr. Wolinsky thanks the board for their time.

The Hub 1, LLC

Ms. Villasuso reminds the board that The Hub 1, LLC project is located in Deerpark. As discussed at the last board meeting, the project has gone into foreclosure and the property was resold to another party. Today it is being asked that the board take action to terminate the existing PILOT on the property.

Mr. Dowd reads aloud The Hub 1, LLC Resolution. Motion is made by Mr. DiSalvo, seconded by Mr. Schreibeis, authorizing counsel to the IDA to take all necessary legal action to terminate the Port Jervis Holdings. LLC (formerly

Hub 1, LLC) PILOT agreement, lease, and leaseback agreements. Roll call is taken. Affirmative votes of six board members results in motion carried.

Mr. Dowd informs the board that they never received a response from the new property owner or their counsel.

#### Ridge Hudson Valley, LLC

Ms. Villasuso reminds the board that the Ridge Hudson Valley property is located on Route 300 in the Town of Newburgh. This project was originally anticipated to be a retail shopping center. The project had come before the board for approval in 2017. Due to the complicated finance structure that involved the Town and School District the project stalled as it lacked support from the affected municipalities. Management recently touched base with the project regarding development status. Since initial approval the scope of the project has change substantially and it is the determination of management that the initial approvals be rescinded. Today it is being asked that the board take action to rescind the initial approvals for this project. The project may reapply without prejudice.

Mr. Dowd reads aloud the Ridge Hudson Valley, LLC Resolution. Motion is made by Mr. Schreibeis, seconded by Mr. DiSalvo, accepting the resolution denying Ridge Hudson Valley, LLC's request for certain financial assistance. Roll call is taken. Affirmative votes of six board members results in motion carried.

#### Cross Roads Court Real Estate, LLC

Ms. Villasuso reminds the board that there are letters between the IDA and project in their packets. They were informed that they had exceeded their Sale and Use Tax exemption. This was discovered during the STE audit recently performed onsite by the ABO. The project counsel requested thirty more days to review documents, but since that seemed like an excessive amount of time the project was given ten days. That allotted time will be up in the near future and hopefully the project will come back with the necessary information or payment to be handed over to the state and resolve the issue. Depending on the outcome the IDA may have to move to legal proceedings.

#### **Adjournment**

Meeting called for adjournment by Vice Chair Rogulski, motion made by Mr. Schreibeis, seconded by Mr. DiSalvo, the time being 3:45 p.m.