

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

November 12, 2020

A regular meeting of the Orange County Industrial Development Agency was convened via Zoom video conference November 12, 2020 at 1:05P.M.

Chairman Rogulski calls to order the regular meeting of the Orange County IDA, November 12, 2020. (Pledge of Allegiance is recited). Board consists of six members. There is a quorum. Upon roll call, the following were:

PRESENT: Mary Ellen Rogulski, Edward Diana, James DiSalvo, Stephen Brescia, John McCarey, Denise Quinn

ABSENT: Michael Gaydos

ALSO PRESENT: Laurie Villasuso – Chief Executive Officer
Vincent Cozzolino – Managing Director
Melanie Schouten – Chief Operating Officer
Edward Januszkiewicz – Chief Financial Officer
Kevin Dowd – IDA Attorney
Russell Gaenzle – Harris Beach
Dean Brady – Tech Management
Michael S. Blustein, Esq. - Blustein, Shapiro, Rich & Barone, LLP
Luigi Kapiti - Orange Inn, LLC
Carly Glassé - Orange Inn, LLC

Minutes

Review of the October 8, 2020 Board meeting minutes. Motion to approve the minutes is made by Mr. DiSalvo, seconded by Mr. McCarey. Motion carries with all in favor.

Financial Reports and/or Requests for Payment

Mr. Januszkiewicz reviews the financial reports and requests for payments.

The summary of IDA bank accounts, certificate of deposits, and money market accounts reflect a total of \$6,041,469 as of October 31, 2020.

On the income and expense summary, YTD income is \$543,865 and YTD expenses are \$315,158, with revenues exceeding expenses by \$228,707.

On the income and expense summary for the Business Accelerator, revenues YTD are \$104,763, and expenses are \$2,188,666. Expenses, as anticipated, exceed revenues by \$2,083,903.

The Statement of Net Assets is reviewed. There has been no substantial change in receivables.

Chairman Rogulski asks for a motion to approve the vouchers and payments in the amount of \$23,750.80 for November. Motion made by Mr. McCarey, seconded by Ms. Quinn, 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.

Chairman's Report

Chairman Rogulski passes on giving a Chairman's Report

Chief Executive Officer Report

Ms. Villasuso gives the Chief Executive Officer Report.

The Executive Order to allow virtual meetings was extended through December 3rd. This Executive order is signed on a month-to-month basis, and typically on the day of expiration.

Chairman Rogulski, Mr. Cozzolino, and Ms. Villasuso will be attending the E&E Committee meetings on November 16th. They will be presenting on recent OCIDA and Accelerator activities.

Letters providing updates on stalled projects were in the packet. If any extensions or actions are needed regarding these projects, they will be brought to the attention of the Board at the December meeting.

Accelerator Report

Mr. Cozzolino gives the Accelerator Report.

Ziel, an Accelerator fashion manufacturing company, was awarded funds from New York State to produce N95 masks. The production equipment for this new manufacturing line is on order. Management is currently working with the company to make sure the equipment and manufacturing line are efficiently set up. This increase in production has led to the creation of 5 jobs.

Orange Packaging is currently producing millions of gowns. Management has been working with them to automate that process as the company cannot find enough labor to support that level of production.

The CBD regulations for hemp were released. A press event was held in Warwick on the October 27th. This will help the CBD cluster move forward. Urban Extracts will be part of the production of a CBD drink that Pepsi will distribute.

Management is still working with Grace Community Church to see if part of the AI Accelerator space will be a fit for their congregation. The layout of the 2nd floor, that will house AI companies, is under development.

Mr. Gaenzle informs the Board that the work that the Accelerator is doing is not going unnoticed. Other economic organizations in the State have taken notice and discussed what they can do to mirror the success of the OCIDA Accelerator efforts.

Mr. DiSalvo asks if the companies that have pivoted to make the PPE equipment due to COVID will be able to resume pre-COVID production once a vaccine is released and PPE equipment isn't needed.

Mr. Cozzolino states the companies that have take on PPE productions are still producing pre-COVID items. Core business production has started to build back up. Management has been working with these companies on a sustainable post COVID plan.

Chairman Rogulski asks if Urban Extracts is ready to produce the CBD beverage.

Mr. Cozzolino states that Urban Extract is currently working on setting up the production line for this item. They are in the process of acquiring the necessary equipment.

Mr. DiSalvo asks if the AI Accelerator is still valid and has an active interest.

Mr. Cozzolino states that the West Point Military Academy is still very interested, and 3 startup companies are looking to move in as soon as possible.

Mr. DiSalvo states that it would be nice to have an update from Rick Minicozzi regarding the South Gate Flats, LTD project.

Ms. Villasuso states that they have received a mini update from Mr. Minicozzi on the South Gate Flats, LTD hotel property. There have been some hurdles due to COVID and its effect on the hospitality industry. Management will reach out and see if Mr. Minicozzi can attend the December meeting to give an update to the Board.

Resolutions

Clear Key, LLC

Ms. Villasuso states that in the packet there are two letters, one from Clear Key, LLC and one from The Livland Group, explaining the potential transition of ownership. The current owners had put the hotel on the market and The Livland Group is interested in assuming the property and ideally the IDA incentives. They have committed to retaining the job numbers as stated in the original project application.

Michael S. Blustein presents on behalf of The Livland Group.

The investor is a contract vendee. They are taking out a \$12M mortgage but are not seeking a mortgage exemption from the IDA. They are only seeking the transfer of the PILOT benefits. The estimated taxes without the PILOT are about \$300,000, which would make it a non-feasible project given the nature of the current hospitality market due to COVID. Assuming the PILOT assignment is granted, The Livland Group is ready to move forward with the assumption. All the existing jobs will be kept.

Chairman Rogulski asks if The Livland Group understand that there will be annual reporting requirements due to the OCIDA. Any defaults in reporting would be subject to any claw back provisions in the original agreement.

Mr. Blustein states that they have been informed of that requirement.

Chairman Rogulski states that it is important that this is understood as the incentives granted were based on the anticipated creation of jobs.

Mr. Gaenzle states that should the Board approve the Assignment and Assumption, the Livland Group will have to assume all the obligations, as well as the rights, under the existing documents. As a result, those job requirements will remain in place.

Resolution – Assignment and Assumption

Mr. Dowd reads aloud the Clear Key, LLC Resolution. Resolution authorizing the Orange County Industrial Development Agency to execute all necessary documents in connection with the conveyance of the project and the project documents to Blooming Grove Hotel, LLC. Motion is made by Mr. Brescia, seconded by Mr. McCarey. Roll call is taken. All vote in favor.

Amy's Kitchen, Inc.

Ms. Villasuso states that Amy's Kitchen currently has a Sales and Use Tax Exemption that is set to expire on December 31, 2020. They are looking for an extension until April 30, 2022. The anticipated project completion date is set for May 1, 2022, as per their letter. The letter also provides the following project status updates: all off-site traffic and utility improvements have been completed, the bridge installation and site grading has concluded, substantial progress with the building, infrastructure, and process design for the main building and wastewater pre-treatment plant has been made. To date, the Company has an out-of-pocket investment in the Project of \$13,150,000. Assuming no further delays, building construction will commence in Spring 2021. Typically, it is not recommended to approve extensions for more than one year, but since they are only requesting an additional 4 months, it will save the Board time and effort to grant the extension until April 30, 2022.

Mr. Brescia asks if there is any update regarding the progress on the Heritage Trail.

Ms. Villasuso states that no request for payment has been received by the OCFC.

Mr. Januszkiewicz states that he has reached out to his contact with the County and will be touching base with him on Monday.

Mr. DiSalvo asks if the approval of the additional 4 months for Amy's will set a precedent.

Ms. Villasuso states that due to the fact that it's not even an additional half year that it shouldn't set expectations for future requests.

Chairman Rogulski states that due to COVID, it is assumed that construction was put on hold for some time in the Spring. She asks if they are working on both the building and production facility.

Ms. Villasuso states that Amy's is working on the Church and currently the site of the future production facility.

Resolution – STE Extension

Mr. Dowd reads aloud the Amy's Kitchen, Inc. Resolution. Resolution authorizing the Orange County Industrial Development Agency (the "agency") authorizing the extension of the sales and use tax exemption benefits granted to Amy's Kitchen, Inc. (the "company") through April 30, 2022, and the execution of related documents. Motion is made by Mr. DiSalvo, seconded by Mr. McCarey. Roll call is taken. All vote in favor.

Orange Inn, LLC

Ms. Villasuso states that Orange Inn, LLC submitted a project application for Limoncello at the Orange Inn in Goshen. The request is for an incentives package to help renovate the property and expand their services to include a hotel and small conference center. They are requesting a Sales and Use Tax Exemption, potentially a Mortgage Recording Tax Exemption, and a PILOT.

Luigi Kapiti presents on behalf of Orange Inn, LLC.

Mr. Kapiti purchased the historic property in 2006. The building was operating as a restaurant and short-term living quarters. The restaurant was closed for 6 months and underwent major renovations. It was challenging to remove the tenants to do proper renovations on the upper levels. Over time, the rooms were rehabbed, but never to the full extent that was desired. The restaurant has become a focal point in the Village hosting 100s of special events over the years. Bills and taxes have increased, leading to a need to expand the services to include a hotel and small conference center. It is an ideal time as it is anticipated that Goshen will experience a period of growth over the next few years. If approved, the incentives will help with the expansion and renovations, and ultimately lead to the creation of jobs.

Mr. Brescia asks if there is adequate parking at the venue to accommodate the expansion.

Mr. Kapiti states that the rear parking lot accommodates 30 cars. Valet parking will be offered, and additional street parking is available on the weekends and after 5pm during the week when the local government employees are not working. He does not foresee any issues.

Chairman Rogulski asks if the project has received approval from the Village.

Mr. Kapiti states that plans have been approved by the Village.

Chairman Rogulski asks how a PILOT may apply to a project like this if the footprint isn't changing.

Ms. Villasuso states that should the project receive initial approval, the application will be sent to the Orange County Office of Real Property and they will help to determine the value of the PILOT. Though the footprint isn't expanding, the value of the property would increase due to the renovations. The Sale and Use Tax Exemption would also be very valuable to this project.

Chairman Rogulski asks if any incentivized PILOT would only abate the increased value of the property.

Ms. Villasuso confirms that they can only abate the difference from what exists now and the increased value. If granted initial approval today, it would authorize a public hearing. Additionally, support letters are needed from the Village.

Mr. Gaenzle states that virtual meetings and public hearings have been approved on a month by month basis. It is likely that the public hearing can be conducted on Zoom. Due to the second wave of COVID, it is unlikely that the Governor will require that it be an in-person public hearing.

Chairman Rogulski states that she thinks that property improvement would be a great asset for Goshen. Mr. Kapiti has done a good job to date with the property.

Ms. Villasuso states for the scoring criteria, this project received a 5 for strategic vision (development is encourage as a result of COVID), 1 for ratable value, 3 for number of jobs created, 1 for quality of jobs (as some are minimum wage), 1 for location (as it is not located in a designated growth zone), and 3 for desirability (renovation of a historic site). The total score is a 14. The project would still be eligible for a medium and sector-based PILOT.

Mr. Diana states that he supports the incentives, and the work Mr. Kapiti has already put into this historic location.

Mr. Brescia states he also supports incentivizing the project. The restoration of that building has brought positive business to the Village of Goshen.

Resolution – Initial

Mr. Dowd reads aloud the Orange Inn, LLC. Initial Resolution. Resolution of the Orange County Industrial Development Agency (i) accepting the application of Orange Inn, LLC with respect to a certain project, (ii) describing the forms of financial assistance being contemplated by the Orange County Industrial Development Agency with respect to such project and (iii) authorizing a public hearing with respect to such project. Motion is made by Mr. DiSalvo, seconded by Mr. Diana. Roll call is taken. All vote in favor.

Other Board Business

NYTT, LLC

Ms. Villasuso states that in the packet there was a notice regarding overdue taxes for the NYTT, LLC project. The PILOT for this project expires on December 13, 2020. As a result, nothing can be done to recapture or terminate this project. This is project that has failed to respond to the audit for almost the entirety of its PILOT in conjunction with always paying tax bills late. Attention it brought to this situation as a reminder that as the IDA approaches the 2020 audit time, late and incomplete submissions will not be taken lightly.

Adjournment

Meeting called for adjournment, motion made by Mr. Brescia, seconded by Mr. DiSalvo, the time being 1:49p.m.