

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

November 14, 2019

A regular meeting of the Orange County Industrial Development Agency was convened in public session on November 14, 2019 at 2:03 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 upon roll being called, the following were:

PRESENT: Mary Ellen Rogulski, Edward Diana, Michael Gaydos, Robert Schreibeis, James DiSalvo, John Steinberg

ABSENT: Stephen Brescia

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer
Kevin Dowd – IDA Attorney
Joel Kleiman – Chief Financial Officer
Russell Gaenzle – Harris Beach
Vincent Cozzolino – Managing Director
Melanie Schouten – Program Director
Cathie Hunter – Compliance Administrator
Lisa Sommers – Focus Media
Bill Fioravanti – Orange County Economic Development
Jacob Billig, Esq – 360 Middletown Holdings, LLC
Shulem Rosenbaum – 360 Middletown Holdings, LLC
Pincos Freund - 360 Middletown Holdings, LLC
Dov Freund - 360 Middletown Holdings, LLC
Solomon Getz - 360 Middletown Holdings, LLC
Lindsay Newler – Orange County Partnership
Rick Minicozzi – Thayer Hotel
Jim Brooks – Orange County Parks Dept.
Travis Ewald – Orange County Parks Dept.
Michael Amodeo – Orange County Park Dept.
Chris Harrison – ATC
David Rabbitts – NYS Senator Skoufis
Russell Simon – CRH Realty VIII
Mark Buekow – CRH Realty VIII

Chairman Rogulski calls to order the regular meeting of the Orange County IDA, November 14, 2019 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Minutes

Review of the September 12, 2019 board meeting minutes. Motion to approve the minutes is made by Mr. Schreibeis, seconded by Mr. Diana. Motion carries with all in favor.

Review of the September 12, 2019 Audit Committee meeting minutes. Motion to approve the minutes is made by Mr. DiSalvo, seconded by Mr. Gaydos. 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 \$10,652,975 as of October 31, 2019.

Mr. Kleiman reviews the income and expense summary, noting that YTD income is \$1,208,463 and YTD expenses are \$462,169, with revenues exceeding expenses by \$746,295.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$149,573, and expenses are \$2,404,457. Expenses, as anticipated, exceed revenues by \$2,254,885.

Chairman Rogulski asks for a motion to approve the vouchers and payments in the amount of \$655,457.30 for October and \$1,324,180.54 for November. Motion made by Mr. Diana, seconded by Mr. Schriebeis, 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 Operating Officer Report

Ms. Villasuso gives the Chief Operating Officer's report.

This is the first meeting that is being filmed. This is a test in anticipation for the new legislation requiring IDAs to livestream meetings. As of 2020 all board meetings and public hearings will be livestreamed and available online for the general public.

Danskammer came to the IDA with an overpayment issue. They had been over billed by the local taxing jurisdictions. It is believed that Danskammer and the municipalities have come to a solution, but nothing has been solidified yet. No action is required, and the board will be kept updated on the status of the matter.

All documents have been executed for the Warwick Valley LDC project. Funds totaling \$1.5M have been invested into the development of the CBD Accelerator in Warwick. These funds will be refunded by virtue of a State grant awarded to the Warwick Valley LDC for the revitalization of the prison site. The reimbursements are anticipated starting the middle of 2020.

Management will be traveling to New York City to the New York State Assembly Committee. They are expected to make a statement on the effectiveness of IDAs.

In the packets there is an editorial that was published in the Times Herald Record on October 31st. This editorial titled "What's being done to help Newburgh" accuses the OCIDA of not providing enough assistance to the City of Newburgh. This article is upsetting as both the OCIDA and The Accelerator have invested funds into the City of Newburgh. The OCIDA had contributed over \$1.6M dollars for the Newburgh Armory. Additionally, over \$1M was contributed to renovate two Accelerator buildings in the City of Newburgh that house six businesses and hosts sewing classes. Management spoke with the Newburgh IDA and they were not interested in partnering with OCIDA on any projects. The City of Newburgh has its own IDA to help drive economic development. Many of the efforts put forth by the OCIDA continue to go unnoticed. The OCIDA and Accelerator continue to work on cluster development in the Newburgh area.

Mr. Cozzolino states that due to the Newburgh Accelerator, the rest of the city block has developed. That entire block is now an industry. Many companies have relocated to Newburgh, and this growth has helped to revamp that area. The Accelerator is open to partnering with other organizations and welcomes the assistance in the economic growth efforts of Orange County. Partnerships with the Newburgh IDA, SUNY Orange, The Armory and BOCES are more than welcome. Though many articles have been published by the Times Herald Record highlighting the positive work of the Accelerator and OCIDA in Newburgh, the author of this editorial put their own opinion in the paper whether or not it was based on facts.

Mr. Gaydos states that he sits on the board of the Hudson Valley Building Trades and he has had a similar experience with Newburgh, in which they do not want assistance, nor want to participate in, economic development efforts.

Ms. Villasuso continues her report.

The ABO is conducting an audit on a few selected OCIDA projects. Any reports issued will be shared with the board.

Governance Committee Report

Ms. Villasuso informs the board that the Governance Committee reviewed by-law revisions. The Committee recommended a few changes. Once the changes have been made, management will send all the board members the by-laws for final review, with anticipated action to be taken at the December meeting.

Audit Committee Report

Mr. DiSalvo informs the board that the Audit Committee discussed labor audit signs, the IBM audit, project compliance, and supplemental appropriation. The supplemental appropriation will help to cover the needs of The Accelerator program for the remainder of the 2019 calendar year. There is a resolution in the packet for the board to take action.

Mr. Dowd reads aloud the supplemental appropriation resolution. Motion is made by Mr. Schreibeis, seconded by Mr. DiSalvo, authorizing a supplemental appropriation from the fiscal year 2019 unrestricted net assets for various objects and purposes associated with the New Windsor, Middletown, Newburgh, and Warwick Accelerator and for other general expenses of the IDA. Roll call is taken. Affirmative votes of all board members results in motion carried.

Mr. DiSalvo informs the board that the Committee discussed Loewke Brill monitoring the Warwick project to assist with efficiency. This will help protect the invested expense made by the OCIDA and ensure the work that is being paid for has been done. Loewke Brill would perform site visits, conduct weekly calls, and work with the contractors. The cost would be \$4,280 for the monitoring. It is anticipated that this monitoring would only take three months. Loewke Brill has been assisting for some time to help keep this project on track. These funds would help cover the remaining time.

Motion is made by Mr. Gaydos, seconded by Mr. Schreibeis, authorizing Loewke Brill to monitor the Warwick project. Roll call is taken. Affirmative votes of all board members results in motion carried.

Accelerator Committee Report

Mr. Cozzolino gives The Accelerator report.

Newburgh Area Accelerator

The Newburgh Area Accelerator continues to grow. There are ten sewing and fashion manufacturing companies. FPS and Ziel are both looking to hire staff. A new sewing training program begins November 18th. Ziel has acquired additional funding to support new products such as the shelter suite. The employees of both FPS and Ziel will receive medical benefits as of January 2020, which is ahead of schedule. Melo has not yet added medical benefits, but has instituted performance incentives.

Management has helped Melo staff connect to Voxy an educational English speaking application. Users can connect to Voxy via phone or computer and learn conversational English during their free time. This application will help the Melo staff develop professionally and allow them to connect to more customers.

Management traveled to Italy and toured the Limberti factory. It was a small, clean, compact, and efficient factory. They had high quality Italian machinery that assisted in the manufacturing process. Similar equipment would be an asset to Accelerator clients. Each staff member was specialized in their role. Next week Mark Cross is opening a flag ship and is highlighting Limberti as the master maker of their goods. Limberti is working on a long term plan for their New York based location. Steps have been made to locate a future facility.

Middletown Accelerator

The Middletown Accelerator has been reenergized. There were facilities issues at this location. There were leaks, no air conditioning, and no heat among other issues affecting the clients housed onsite. The Middletown facilities management is now working with The Accelerator team to get these issues under control. The cleanroom will open in December. The first R&D project involving a CBD mixture will be tested in the cleanroom. A researcher from Touro Medical College will help with the testing process.

Farm Body and Goats in a Coat are growing. Both businesses have several employees and have steadily growing sales. Farm Body has the opportunity to break into the CBD market encouraging additional growth.

Warwick Accelerator

The extraction facility is under construction. The test lab is 80% done but operational. The test lab has already employed their first employees, among them a chemist. This chemist had lived in Warwick but had to leave due to lack of employment opportunities. She's now moved back. One of the goals of this cluster to create jobs and help prevent youth flight. As a cluster partner Sullivan Community College is developing a test technician program.

A hemp roundtable was hosted on October 31st. It was well attended. Senator Metzger was there and continues to be a partner for this cluster assisting with legislation. Dr. Steier, Dean of Touro Medical College, gave a presentation on the effects of CBD and TCH on the human body.

Connections have been made with hemp product developers all over the country and management continues to work on attracting companies to the Warwick location.

Artificial Intelligence Accelerator

The SWOT for the Artificial intelligence Accelerator is set up for November 19th. Connections with interested companies have already been made.

Entrepreneurial Investor Fund

Management is working on developing an entrepreneurial investor fund. They have met with partners in Cable Vision, EB5 investors, amongst others. The goal is to have these investors help small local businesses gain the financial backing needed to grow to the next level. This would be the creation of a true angel fund in Orange County.

Youth Conference

The second Annual Emerging Leaders Youth Conference will take place on November 20th at Anthony's Pier 9. Attendance has doubled to 135 students from 13 schools. The Accelerator has partnered with the Orange County Youth Bureau and BOCES to create this event for high school students grades 10 to 12. Students experience interactive workshops and mock interviews. This event works on soft skills and prepares students for the next step in their life whether it be college or the workforce.

Applications/Resolutions

South Gate Flats, LTD

Mr. DiSalvo recuses himself.

Ms. Villasuso informs the board that South Gate Flats, LTD is a proposed project in the Village of Highland Falls. It is a \$39M hotel project creating 75 jobs. This project has received several support letters.

Rick Minicozzi presents the South Gate Flats project to the board.

South Gate Flats, LTD will build a 79 suite luxury hotel and spa on Main Street in Highland Falls. The construction of this hotel will create 124 construction jobs and be built by Iron Sword a service disabled veteran based business. The hotel will feature a restaurant, full service spa, salon, rooftop club room with pool and fitness center, lobby bistro, lounge, group meeting space, social event spaces and office space. The hotel will create about 75 jobs with the potential for growth. The hotel will be built on the site of a currently vacant bank and boarding home, both sources of

crime in Highland Falls. It is anticipated that the economic stimulus from South Gate Flats will attract other businesses to invest in Highland Falls and make it a tourism destination location.

Ms. Villasuso informs the board that this project is applying for a PILOT, Sales and Use Tax exemption, and a Mortgage Recording Tax exemption. For the scoring criteria this project received a 5 for strategic vision (as it fits into the OCIDAs strategic plan), 2 for ratable value, 4 for number of jobs created (as 75 jobs created is high for this industry), 0 for quality of jobs (as some are minimum wage), 5 for location (as it is located in a designated growth zone), and 5 for desirability (it has received County and local support). The total score is a 21, which is high for the scoring metric. The project is eligible for a Sales and Use Tax exemption, Mortgage Recording Tax exemption, and a hotel sector PILOT. The board also reserves the right to grant a different PILOT, if seen fit.

Mr. Gaydos asks how this project will affect the Thayer Hotel.

Mr. Minicozzi states that the two hotels will work together. The new hotel will provide spill over space when the Thayer is full. Guests at either hotel will be able to take advantage of the amenities provided at this new location.

Mr. Minicozzi informs the board that the project did apply for a CFA grant but to date no grant has been awarded.

Mr. Diana asks if all the funding is in place.

Mr. Minicozzi states that if assistance is not provided and the project becomes financially unviable, construction of this facility would have to wait until it makes more sense. This hotel is ahead of the market by being constructed now.

Initial Resolution

Mr. Dowd reads aloud the South Gate Flats, LTD Initial Resolution. Motion is made by Mr. Steinberg, seconded by Mr. Schreibeis, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of South Gate Flats, LTD. Roll call is taken. Mr. DiSalvo abstains. Affirmative votes of 5 board members results in motion carried.

360 Middletown Holdings, LLC/ 13th Ave Fish Market, Inc.

Mr. Diana recuses himself.

Ms. Villasuso reminds the board that this is a proposed manufacturing project in the Town of Wallkill. It is a \$5.2M project with an anticipated 46 jobs. This project is seeking Sales and Use Tax Exemption, Mortgage Recording Tax Exemption, and a PILOT. The Town Of Wallkill IDA has deferred this project to the OCIDA.

Jacob Billig, Esq, Shulem Rosenbaum, Pincos Freund, Dov Freund, and Solomon Getz presents the 360 Middletown Holdings, LLC project to the board.

Freund's Fish Market is a generationally run business currently operating from several locations based in New York City. They have clientele all over the world. The Middletown facility would be a new expansion site providing additional opportunities for product growth. The facility is currently being used for fish products and therefor easily lends itself to this company. The project would rehabilitate the interior of the current facility. This new facility would expand in product over time to provide sushi, raw fish production, gefilte fish production, and kitchen production involving breaded, kosher, and frozen food product.

Ms. Villasuso asks with a large percentage of the project costs going towards interior improvements, what is the project looking for when it comes to the PILOT?

Mr. Billig states that the incentives will assist with the reconfiguration of the facility interior and bring it up to Kosher food production standards. The project is looking for some certainty with the property taxes to help the business grow with some predictability.

Ms. Villasuso states for the scoring criteria this project received a 5 for strategic vision (as it is a manufacturing facility), 1 for ratable value, 3 for number of jobs created, 0 for quality of jobs (as some are minimum wage), 1 for location (as it is located in a designated growth zone), and 2 for desirability (it has received County and local support). The total score is a 12. The project would still be eligible for a medium and sector based PILOT.

Initial Resolution

Mr. Dowd reads aloud the 13th Ave Fish Market, Inc. Initial Resolution. Motion is made by Mr. Schreibeis, seconded by Mr. Steinberg, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of 13th Ave Fish Market, Inc. Roll call is taken. Mr. Diana abstains. Affirmative votes of 5 board members results in motion carried.

County of Orange (Heritage Trail)

Mr. Fioravanti presents the County of Orange project.

This project is looking for assistance to extend the Heritage Trail from Goshen to Middletown. This is segment 2 of 3 parts. As this is not the first time this project has come before the board, he asks if the board would like an overview of economic impacts or any other information regarding the project.

Chairman Rogulski states that jobs resulting from this project is missing from the application. The economic impacts resulting from the Heritage Trail are valid, but the mission of the OCIDA is quality job creation. Without job creation it will be hard to justify the approval of this application. Unlike the first time this project came before the board, The OCIDA board wanted to have this project go through the application process. In addition to the application process, management will consult with the ABO to understand whether this project falls within the statutes of IDAs. The OCIDA boards plans on complying with the recommendation of the ABO. It's unfortunate if this project cannot get approved due to the lack of jobs, as this is a good project for both the County and municipalities.

Mr. Gaydos asks why the OCIDA cannot approve this project.

Chairman Rogulski states that the ABO's interpretation of this project was that it did not fit the statutes of IDAs. Due to the lack of jobs, these funds would be seen as a grant. Legally IDAs cannot issue grants.

Mr. Fioravanti states that the County understands that it does create jobs directly, but feels that this project impacts jobs tremendously. It has shown that public trails increase property value, creates recreation and healthier residents, therefore lowering healthcare costs, and helps local companies by creating access to local jobs. Currently, there are almost 2,000 jobs a quarter mile from the trail. The addition of this segment would give access to another additional 1,772 jobs. With Legoland and Amy's kitchen opening in the near future, a total of 5,500 jobs will be within reach of the trail.

Mr. Steinberg asks if any maintenance jobs are being created by this project.

Mr. Brooks states no full-time jobs are being created by the project. Currently, the County does not plan on creating any full-time jobs to manage the trail.

Mr. DiSalvo states that since this is the first time this project is coming before the board with the current application, it is valid that project go through the process and that the ABO be engaged.

Mr. Diana states that over the last two decades over twenty miles of the trail have been built. Beside the Federal Government, the County never went to an outside source for funding until it approached the OCIDA. He is not sure why the OCIDA was approached for this segment of the trail. Prior to this the funds were always bonded. He's ok with it if a positive response is received from the ABO.

A project representative states that the funds have now been bonded.

Mr. Diana states that would mean that the County contribution would be lowered substantially.

Mr. Fioravanti states that they are still leveraging funds for the project.

Ms. Villasuso informs the board on the next steps. Should the board accept the application, management would be authorized to move forward with the public hearing. At the same time, management will work with the ABO to get a clear determination regarding the project.

Initial Resolution

Mr. Dowd reads aloud the County of Orange Initial Resolution. Motion is made by Mr. Gaydos, seconded by Mr. DiSalvo, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of the County of Orange. Roll call is taken. Affirmative votes of all board members present results in motion carried.

CRH Realty VIII, LLC

Mark Buekow and Russell Simon represent CRH Realty VIII, LLC project.

Mr. Buekow states Hammes Partners, the Real Estate owner of the CRH Realty VIII, is in the process of selling that property to Welltower, Inc. Crystal Run Newburgh is currently in operation there. This is a request for the assignment of the current lease resulting in a change in ownership.

Resolution

Mr. Dowd reads aloud the CRH Realty VIII, LLC Authorizing Resolution. Motion is made by Mr. DiSalvo, seconded by Mr. Gaydos, authorizing the assignment and assumption of the CRH Realty VIII, LLC project. Roll call is taken. Affirmative votes of all board members present results in motion carried.

Other Board Business

No Other Board Business is presented at this time.

Adjournment

Meeting called for adjournment, motion made by Mr. DiSalvo, seconded by Mr. Schreibeis, the time being 3:40p.m.