

ORIGINAL

1 THE ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
2 STATE OF NEW YORK

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3 In The Matter of

4 Re: MACK BROS. LTD

-----x

6 November 19, 2022
7 4:00 p.m.
8 Town of Goshen Town Hall
9 41 Webster Avenue
10 Goshen, New York

11 B E F O R E: WILLIAM FIORAVANTI
12 CEO OCNYIDA
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22 FRANCES ROTH
23 Court Stenographer
24 168 North Drury Lane
25 Newburgh, New York 12550
Telephone (845) 566-1641

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2 A P P E A R A N C E S:

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4

WILLIAM FIORAVANTI

CEO OCNYIDA

5

4 Crotty Lane

New Windsor, New York 12553

6

ALSO PRESENT: Marty Borrás

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Administrative Assistant

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1 MR. FIORAVANTI: Good afternoon everyone,
2 thanks for being here. My name is Bill
3 Fioravanti, I'm the C.E.O. of the Orange County
4 Industrial Development Agency and we are here for
5 the public hearing for Mack Bros. otherwise known
6 as Milmar Foods. Thank you all for being here
7 again. Let me just make a couple introductions
8 and then we'll get to the Pledge and the rest of
9 our agenda. Again, my name is Bill Fioravanti,
10 Director of the Orange County Industrial
11 Development Agency. I have Marty Borrás from the
12 I.D.A. as well, Miss Frances Roth is our
13 stenographer for today, the applicant,
14 representing the applicant is Mr. Roy Makinen
15 from Milmar/Mack Bros., Mr. David Higgins is the
16 engineering consultant and Mr. John Cappello is
17 legal representation. So they may contribute to
18 a small portion of the presentation, we're not
19 going to have a lengthy presentation, just want
20 to make sure everyone understands the project,
21 the scope of it, what's being considered for
22 incentives. And then when I've run through a few
23 things I'll open up to public comment. Just to
24 make the announcement one more time, I believe
25 everyone did sign in but if you do want to speak

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1 please sign on the pad there. And I'd like to
2 start with the Pledge of Allegiance please, if
3 you would stand for the Pledge, the flag is to my
4 right.

5 (Whereupon, the Pledge of Allegiance was
6 recited.)

7 MR. FIORAVANTI: Thank you. Before I get
8 into this matter, it's going to be I think a
9 little more common practice for us here at the
10 Orange County IDA, we're trying to do a much
11 better job of helping to educate the public about
12 exactly what we do, make sure because there's a
13 lot of misunderstanding about exactly the role of
14 the IDA and the types of incentives that we
15 offer. So I just want to go through a couple
16 things. First of all, and these details will be
17 in the public hearing notice that was put out
18 several weeks ago, but first of all, this
19 applicant is looking for what I'd like to call
20 the three-legged stool of IDA benefits and this
21 is basically all we offer, the IDA itself. We
22 have a sister agency, the Orange County Funding
23 Corporation through which we can offer, issue tax
24 exempt revenue bonds and such, but with the IDA,
25 there's three possible benefits, a sales tax

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1 exemption that's for building materials, for
2 equipment, for furniture, fixtures for a project.
3 Of course in Orange County we have an
4 8.125 percent sales tax, they can be exempted
5 from that during, for the scope of their project.
6 The second is mortgage recording tax exemption,
7 on a commercial mortgage for a project such as
8 this one there is a tax of 1.05 percent on the
9 principal of the mortgage that's being taken, we
10 can exempt that as well. The third benefit
11 again, the third leg of this stool is a, what's
12 commonly known as a PILOT, Payment In Lieu Of
13 Taxes, or a property tax abatement and the term
14 abatement really just means phase in. It is in
15 lieu of taxes meaning rather than this project
16 being assessed like our homes are every year,
17 what's it worth, what are the taxes going to be
18 and that can deviate every single year, this
19 provides certainty, predictability and a clear
20 payment schedule for the applicant if approved of
21 course. The idea of a phase in, I want to be
22 clear that taxes never go down, they only go up,
23 we don't write anyone checks, we don't provide
24 any grants, nothing like that, it's just savings
25 on taxes for the investment of this project. The

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1 property tax abatement for the most part usually
2 starts where whatever the, in the case of land,
3 raw land and construction project being built
4 from the ground up there, the taxes usually start
5 at whatever that lien is generating in taxes
6 right now and they will go up over the term of
7 the PILOT, in this case because it's a
8 manufacturer and per our tax exempt policy we
9 are, the applicant can apply for a 15 year PILOT
10 so over the course of 15 years the taxes will go
11 from what they are now to what they'll be full
12 boat and I'll give you that number in a moment,
13 and they go up usually gradually typically in a
14 straight line type of a progression there. Just
15 to clarify a couple other misunderstandings,
16 these are all new, what I'll call incremental
17 taxes that will result from this project. If
18 this project doesn't happen the taxes don't
19 materialize because we're giving them a savings
20 or a phase in of those property taxes, no other
21 resident, constituent or business shoulders the
22 remainder of the taxes, there's no such thing.
23 There are less that are being charged to this
24 applicant over that period. Again, there's no
25 remainder to be made up by any other taxpayer in

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1 the town or otherwise. Special districts, so
2 fire, ambulance, police, those are, they're a
3 special district that taxpayers pay into to fund
4 those services. With a PILOT or again a property
5 tax abatement or any of these other benefits, the
6 applicant cannot avoid any of those special
7 district payments ever. So those will be paid in
8 full from the get-go always, the new incremental
9 special district taxes will be covered. The then
10 the last piece I'd like to point out is sometimes
11 I think it can be confusing, it can be, it can
12 give I think a challenging perspective of the
13 fact that projects that come to the IDA also go
14 usually through the planning board approval
15 process. And they're doing that simultaneously,
16 sometimes they're completing the planning board
17 process before they even come to us and that is
18 for a reason. IDAs are not allowed to award
19 benefits, incentives to any sort of project until
20 that project has a determination through the
21 SEQRA process. And those, I think people here
22 understand, know what that acronym is, that's the
23 State Environmental Quality Review Act, New York
24 State's very stringent environmental impact
25 assessment process, an environmental review and

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1 approval, the New York State General Municipal
2 Law requires that an applicant go through the
3 SEQRA process and get a determination as to
4 positive or negative, you'll hear about positive,
5 it is determined it will have an environmental
6 impact, negative if it does not. Either way they
7 need a determination before the IDA can award
8 benefits. The challenge with that what I
9 consider a catch 22 if I can use that term is
10 that it appears often to the public and to all of
11 us that while they're going through the approval
12 process, they must be, they're going to do this
13 anyway, they don't need any sort of incentive.
14 Again, I understand that perspective, that
15 perception but again, the fact is that they
16 cannot even have IDA benefits unless they go
17 through that process. So that was just one of
18 the other things I wanted to clarify. Next I'd
19 like to read the notice of public hearing. This
20 was put out in the newspaper, put on our website,
21 and a few other venues in order to make sure the
22 public is aware of it, it is wordy but please
23 allow me to read it in full. Notice is hereby
24 given that a public hearing pursuant to Article
25 18-A of the New York General Municipal Law will

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1 be held by the Orange County Industrial
2 Development Agency, the Agency, on November 17,
3 2022 at 4:00 p.m. local time in the Town of
4 Goshen Town Hall, 41 Webster Avenue, Goshen, New
5 York, in connection with the following matter.
6 Mack Bros. Ltd, a New York corporation for itself
7 or on behalf of an entity to be formed,
8 collectively to be known as the Company herein,
9 requested the Agency undertake a project known as
10 the Project, consisting of: (A)(i) the
11 acquisition of a leasehold interest in
12 approximately 60 acres of improved real property
13 located at One 6 1/2 Station Road, tax map number
14 12-1-13.2 and 2564 State Route 17M, tax map
15 number 12-1-13.1, Goshen, New York, collectively
16 to be known as the Land herein; (ii) the
17 demolition of approximately 5,000 square feet of
18 the existing approximately 60,000 square foot
19 building, known as the Building, used as a frozen
20 food manufacturing facility and the construction
21 of an approximately 40,000 square foot addition
22 to the Building to provide for among other things
23 a new loading dock, refrigerated refuse area,
24 freezer space, processing area, two manufacturing
25 areas and office space and the renovation of

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1 certain portions of the existing Building
2 including but not limited to the packaging,
3 processing, storage and freezing areas,
4 collectively with the Building known as the
5 Facility; (iii) The acquisition and installation
6 in and on the Facility of furniture, fixtures and
7 equipment, collectively the Equipment, and
8 together with the Land and the Facility, known as
9 quote the Project Facility; (B) The granting of
10 certain financial assistance in the form of
11 exemptions from State and local sales and use
12 tax, mortgage recording tax and real property
13 tax, collectively the Financial Assistance; (C)
14 The appointment of the Company or its designee as
15 an agent of the Agency, the IDA, in connection
16 with the acquisition, construction, equipping and
17 completion of the Project Facility; and (D) The
18 acquisition of an interest in the Land and
19 Facility by the Agency pursuant to a lease
20 agreement and the acquisition of an interest in
21 the Equipment pursuant to a bill of sale from the
22 Company to the Agency; and the sublease of the
23 Project Facility back to the Company pursuant to
24 a lease back agreement. The Company will be the
25 initial owner or operator of the Project. The

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1 Agency will at the above-stated time hear all
2 persons with views with respect to the proposed
3 Financial Assistance to the Company, the proposed
4 owner/operator, the location of the Project
5 Facility and the nature of the Project. So those
6 are what comments should be about, this project
7 as it pertains to potential financial incentives
8 from the IDA. A copy of the application filed by
9 the Company with the Agency with respect to the
10 Project including an analysis of the costs and
11 benefits of the Project are available for public
12 inspection during the business hours at the
13 office of the Agency located at 4 Crotty Lane,
14 Suite 100, New Windsor, New York 12553 or on its
15 website at <https://www.ocnyida.com>. I'd like to
16 underscore those facts for those that don't know
17 our office is currently located at the Stewart
18 Airport Campus, 4 Crotty Lane is basically at the
19 top of the hill, at the top of the campus but our
20 website is designed and constantly improved to be
21 ever transparent for everything that we do, every
22 project comes before us, every detail is posted
23 on that website. Again, that's www.ocnyida.com.
24 You go to the home page right away first of all
25 you'll see an opportunity to link for the

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1 livestream of this event of any of our, of all of
2 our meetings are public by the way, you can
3 access the livestream from the home page and you
4 can also go to the active projects section,
5 there's a menu at the top, active projects and
6 you look at new, any project that's not only
7 currently being considered by the IDA but any
8 that is under is the term of their incentives is
9 still active. If somebody got a 15 year PILOT 14
10 years ago, the information for that project will
11 be on our web page until the 15th year term runs
12 out. If you want information on a past project
13 that is not considered active and is on our
14 website we will give you any piece of information
15 you or anyone else wants. Transparency is the
16 name of the game with the IDA so I wanted to be
17 clear about that. Just a couple other things.
18 The IDA for a projects like this our board of
19 directors is considering, we always do a cost
20 benefit analysis so, and using a tool that's a
21 proven tool used in the industry, this is
22 actually a new version that we purchased last
23 year from a group called MRB Group, they
24 specialize in this type of work, basically what
25 we'll do is we enter all of the project

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1 information, construction jobs, budgets, what the
2 taxes on the land would be without the project,
3 what the taxes would be with the project without
4 the incentives, every detail of the PILOT, again,
5 the abatement schedule, everything is included
6 there and basically in the end it spits out what
7 it considers to be various values. First of all,
8 the sales tax exemption being requested by Mack
9 Bros./Milmar, the value that they estimate based
10 upon their budget, again, building materials,
11 furniture, fixtures, equipment, et cetera, that
12 total projected sales tax exemption is \$487,500.
13 The mortgage recording tax, again, the
14 1.05 percent off the principal of the mortgage
15 that's \$75,000 and the PILOT over the course of a
16 15 year PILOT which again is what the IDA
17 currently makes available for applications for
18 manufacturers over the entire course of the 15
19 year PILOT the applicant would pay, make payments
20 even though they're getting a tax break they will
21 be making incremental tax payments during the
22 whole term and those payments total projected to
23 be \$3,972,054.46, again, just shy of \$4 million.
24 And I want to be clear this is just on the
25 expansion that Milmar/Mack Bros. is doing, not on

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1 the existing facility, none of those taxes
2 change, they never go down, when a PILOT expires
3 the taxes can never go down again or be exempted
4 or abated ever again. So they will be paying a
5 total of almost \$4 million in payments, there
6 will be a saving over that term however of
7 \$2,246,324.96, so the total value of incentives
8 that this applicant if approved would benefit
9 from would be \$2,808,824.96, so certainly
10 considerable incentives. In order to create,
11 they're projecting 50 jobs is what they're
12 committing to over the course of the next three
13 years and quite frankly that adding to our
14 property tax base here in the Town of Goshen and
15 further supporting and enabling the growth of a
16 quality employer here in the town, that's the
17 intention, that's the reason we even consider
18 these incentives, but again there's certainly
19 value to them. I believe I mentioned this
20 earlier, not sure if everyone else was in the
21 building, but there's a copy right here in front
22 if you want to come up for the cost benefit
23 analysis as well as the PILOT schedule which
24 really just says that year by year over the 15
25 years what the applicant would be paying if this

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1 PILOT among the other benefits is approved. One
2 other thing I will point out in year 16 when this
3 PILOT expires the taxes are due to be \$483,948 so
4 the taxes from that point year 16 it will be that
5 and only going up from there unless Mr. Betro
6 decides to lower the taxes for the municipality
7 but taxes generally go up as a rule of course so
8 that's the case. And I will also add special
9 districts over the course of the PILOT again they
10 will pay special district taxes in full, they
11 will be contributing \$216,216.89 to those special
12 district funds. Again, the cost benefit analysis
13 now, the total cost of the incentives \$3,025,042,
14 local benefits a value of \$77,791,630, these are
15 the benefits to us based upon the jobs,
16 construction, permanent taxes being paid, et
17 cetera, total benefit to the state and region
18 \$81,713,063, so it's roughly \$82 million
19 projected economic impact as a result of this
20 project. And that impact is just during the term
21 of the PILOT. They will be creating value
22 through jobs for years to come and property taxes
23 paid but just during the period of the PILOT
24 again the value, the benefit to the state and to
25 the local municipality is \$81,713,000. Lastly,

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1 we do a benefit to cost ratio so you know based
2 upon what it's costing us, again, what were the
3 incentives that would be given if approved versus
4 the actual benefits, the economic impact benefits
5 locally with a benefit of just under \$67 million
6 to us, and a cost of \$2,429,000, that locally the
7 benefit to cost ratio is 28 to one. So we
8 project an economic impact and benefit to the
9 local area of 28 times the value of the
10 incentives. The state however it's a lower
11 amount, less value to the state and they're
12 giving up more of a sales tax exemption, the
13 benefit to the state is \$3,379,707 at a cost of
14 \$310,000, the benefit to cost ratio statewide is
15 11 to one so the value of the incentives is 11
16 times the value of the incentives is what will be
17 the benefit locally here. So we're going to get
18 to public comment in a moment. The only other
19 thing I'd like to add is the fact that this is
20 not, this is a public hearing, this is not a back
21 and forth. I want to give all full respect and
22 time to people that come up, make their comments,
23 but if you have a question or a comment that
24 maybe is deserving of a response, I'll write
25 those down, I'll save all of those till the end

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1 and I may ask the applicant to respond to a
2 question or comment or I may not but I may based
3 upon what we hear. Make sure we've covered
4 everything else. And I already know, Fran, I'm
5 talking too quickly for you but we have a
6 recording for you as needed, you and I go way
7 back as this has been a longstanding problem that
8 I've not fixed, but we're keeping things moving.
9 With all that said, I'm going to grab this if I
10 can reach it, and our first two gentlemen, we'll
11 actually hear from the applicant so I don't know
12 who would like to speak first, we don't need a
13 long presentation but we want to make sure people
14 understand the project itself, the scope, the
15 scale, et cetera. Mr. Cappello, why don't you
16 start.

17 MR. CAPPELLO: Good evening, late afternoon,
18 John Cappello, as Bill said, with Jacobowitz &
19 Gubits, I'm here on behalf of the applicant to
20 present what we believe is an exciting
21 opportunity for the Town of Goshen, the County of
22 Orange and State of New York. I also have here
23 with me Dave Higgins, the engineer, who I will
24 turn this over to very quickly because he will
25 explain exactly what the project is, he's been

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1 involved since day one, and Roy Makinen, who is
2 with Mack Bros./Milmar Foods, who is here to
3 discuss the history of this company. He's been a
4 long time Goshen resident who has been providing
5 jobs in Goshen and is looking, seeking to upgrade
6 and expand their operations to improve and
7 upgrade the facilities, make them more
8 competitive and also provide as Bill said
9 approximately 50 new jobs to the area of people
10 who will hopefully come, will stay in the area,
11 will be part of the community and help make
12 Goshen and our area a more diverse community.
13 The benefits that we'll receive will help offset
14 the cost and really make this project go, I don't
15 have to tell anyone in the office, you know, in
16 this room what has been happening with inflation,
17 with interest rates on any loans, with Covid and
18 the loss and the need to upgrade your work force,
19 all of those have just increased the cost
20 enormously on any project. So these IDA benefits
21 will help offset those costs and it also helps I
22 believe the purpose that the state formed an IDA
23 was to make our state one, more competitive, two
24 allow people who are investing in our state to
25 have some opportunity when they're initially

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1 taking the construction loan and doing the
2 buildup to catch up, to get fully operating, get
3 employees fully there, get their operations fully
4 functional. You don't start operating like that
5 the day you make improvements. The prorating of,
6 and the abatements of taxes and some of the fees
7 over a time will allow them to pay more as they
8 begin operation, as they get their feet on the
9 ground and begin operating. I believe that is an
10 important purpose of the IDA. And the third and
11 it can't be understated enough this project
12 because it will receive IDA benefits, if it does,
13 will be required to use local labor. So instead
14 of people coming from Tennessee who will come and
15 have no commitment to the community, come here,
16 do cheap labor, build it and leave, you will be
17 helping promote and provide more jobs and
18 benefits for your local labor force to help build
19 it and keep those businesses and keep that money
20 in our community. The money they make building
21 this they will likely spend in our community
22 which is one of the benefits as Bill said. And
23 they will also be paid good New York wages versus
24 Tennessee wages. So I think all of that adds up
25 to allow a really great upgrade to the facility

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1 to provide people to provide more diversity to
2 our community, to provide the types of jobs we
3 need. I would say that these are some management
4 jobs, manufacturing jobs, this is not a
5 warehouse. As someone who goes around this area
6 a lot that word has become that this is
7 manufacturing, this is the type of development I
8 hear every day people say this is the type of
9 development we need in the area. It's someone
10 who has made a commitment to this community
11 already who will be able to continue to do it
12 hopefully for another generation and do it in a
13 competitive manner. So with that, I'm going to
14 have Dave briefly go through the logistics of the
15 actual project.

16 MR. FIORAVANTI: If I could, Mr. Higgins,
17 before you start, I want to just touch on a
18 couple things that Mr. Cappello said. First of
19 all, local labor, that's local construction
20 labor, the Orange County IDA has had since 2016 a
21 local labor policy that requires that if you get
22 incentives, any incentives from the IDA that
23 85 percent of your construction labor needs to be
24 from the local work sheds we call it, it's not
25 locally meaning not just Orange County, we

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1 frankly could not possibly provide enough workers
2 just from Orange County, the local work shed
3 really is defined as the seven county region
4 basically from here, Sullivan County, Ulster
5 County, all the way down to Westchester, so those
6 counties. And the second piece I want to make
7 sure people understand is there's a new law that
8 was passed by New York State in effect as of
9 January 1, 2022 for prevailing wage, that any
10 project, construction, commercial construction
11 project that is over a \$5 million budget,
12 construction budget, land acquisition and such
13 and if it's over \$5 million and if more than
14 30 percent of the budget for the project comes
15 from public sources, IDA benefits, state grants,
16 whatever it might be, then that construction
17 project must be built by prevailing wage. So the
18 laborers that are on-site must make prevailing
19 wage, not necessarily union but union certainly
20 prevailing wage but it must be prevailing wage
21 and that is in effect on this project from what
22 we see in the plans. Just wanted to be clear.
23 Sorry about that, Mr. Higgins.

24 MR. HIGGINS: No problem. Thank you. Good
25 afternoon, David Higgins from Lanc & Tully

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1 Engineering and Surveying. We have been working
2 with Milmar on this project for many, many months
3 and also have been in front of the planning board
4 many times to progress this plan through their
5 approval process. Just to give a brief rundown
6 of the project, this is tax lot 12-1-13.2, it's
7 approximately 18.7 acres, it's located on the
8 north side of New York State Route 17M and on the
9 west side of 6 1/2 Station Road, property's known
10 as One 6 1/2 Station Road in Goshen, it's in the
11 town's ORI district which, and the CO district
12 which is a commercial office mixed use district
13 and food processing use is permitted with a
14 special use permit by the planning board. This
15 map that we have here represents the existing
16 conditions for the site. This is an aerial
17 overview and I'll take the clips off here, so
18 this shows the existing facilities. Basically
19 right now they total 61,104 square feet, they are
20 in need of some renovation and certainly
21 expansion to meet Milmar's needs as they progress
22 into the future with expanded growth and to meet
23 standards for all the food processing
24 requirements that come out of that. They do have
25 access off 6 1/2 Station Road, there's right now

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1 three means of access, some parking areas up
2 front, pavement right now is in a various state
3 of condition, some of the areas need to be
4 renovated. And so we have a plan here, I'll turn
5 the page over, so this is an overview of
6 essentially the site plan that we have before the
7 planning board. And basically just to highlight
8 some of the building additions that are proposed,
9 this is a 27,762 square foot freezer which is
10 located on the west side of the site. Currently
11 Milmar uses an off-site freezer, I believe it's
12 actually in New Jersey, so they wanted to bring
13 the freezer space here, basically avoid truck
14 trips from here to the off-site facility in New
15 Jersey and back and forth. There's also a 9,110
16 square foot production room which is located on
17 the south side of the building, and then some
18 other facilities, a 1,276 square foot dry storage
19 room, a 1,276 square foot dock office, in this
20 area where there's an existing barn right now
21 that is going to be demolished they're putting a
22 2,251 square foot test kitchen with two chef
23 offices and then there's some other various
24 facilities around the back, there's a packaging
25 room, a trash refuse room and then some

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1 miscellaneous corridors and whatnot that connect
2 all these spaces. Up front the planning board
3 has us basically looking to improve the
4 aesthetics of the site from 6 1/2 Station Road
5 and 17M so we have some landscaping improvements,
6 we're going to be abandoning one of the entrances
7 and just have a truck entrance in the back and
8 parking area up front. So one of those entrances
9 is being removed and we are providing some
10 additional parking around the facility around the
11 back end. Right now the current site has 95
12 parking spaces, with the improvements up here and
13 the additional parking around the back of the
14 building we're going to increase that to 162
15 parking spaces. There's improved accessibility
16 around the building, we're basically going to be
17 paving, replacing the gravel drive with pavement
18 and basically improve circulation around the
19 building which is important for emergency vehicle
20 access. There will be an underground storage
21 facility for water and fire protection service,
22 we have that right now, the size is a 30,000
23 gallon underground storage tank, there's also
24 some landscaping improvements on the periphery of
25 the facility so that was also again something the

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1 planning board was looking for. There are
2 several other permits and approvals that we do
3 need to obtain in addition to the site plan and
4 special use permit that we need to obtain from
5 the planning board. There's a nationwide permit
6 from some wetlands disturbance from the U.S. Army
7 Corps of Engineers that's under a tenth of an
8 acre that qualifies as a nationwide permit with
9 the Army Corps. We will need to get a permit
10 from the New York State DEC for storm water SPDES
11 and the project was referred to the Orange County
12 Department of Planning under the GML-239M
13 regulations. With regard to the SEQRA act, the
14 planning board acted as lead agency and they
15 granted a negative declaration on July 21, 2022,
16 we are right now in the process of finalizing
17 site plan approval and special use permit
18 approval with the planning board, they have
19 resolution conditional approval prepared
20 according, we're just going through those last
21 items so we believe that we will have that closed
22 out with the planning board probably in the next
23 one to two months I would say. So with that, I
24 will hand the presentation over to Roy Makinen
25 from Milmar who can provide some additional

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1 information.

2 MR. FIORAVANTI: Very good, thank you, sir.

3 Mr. Makinen?

4 MR. MAKINEN: Thank you very much. First of
5 all, thank you very much to the board, thank you.
6 Inflation, it was very well said, costs, wages,
7 everything is going up so quickly and we want to
8 grow, we want to stay here, we want to grow. We
9 have 240 people, we'd like to bring the other 50
10 people in. We'd like to get out of New Jersey,
11 we'd like to bring everything out to our own
12 property. We have 60 acres but we're only using
13 the 18 acre parcel. Again, we can bring the
14 people in a lot quicker with your help and we'd
15 greatly appreciate it. It's a family business,
16 we've been here since 1989 and we're looking to
17 grow and stay here.

18 MR. FIORAVANTI: Can you tell us how many
19 current employees you have right now?

20 MR. MAKINEN: 240.

21 MR. FIORAVANTI: A lot of people don't
22 realize that, that is kind of tucked away there,
23 not everyone realizes that. Okay, very good
24 thank you.

25 MR. MAKINEN: Thanks very much.

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1 MR. FIORAVANTI: Without further ado, I'm
2 going to open it up for public comment, start
3 right with County Legislator Michael
4 Anagnostakis.

5 MR. ANAGNOSTAKIS: Where would you like me
6 to speak from?

7 MR. FIORAVANTI: Right in the front.

8 MR. ANAGNOSTAKIS: Thank you for having me
9 here, first of all, thank you board member for
10 having me here. And as you know, I'm Orange
11 County Legislator Mike Anagnostakis but I'm also
12 Senior Advisor to Senator James Skoufis. And I
13 want to make it clear I'm representing him today
14 here. Anyone that knows me knows that any time I
15 speak it's off the cuff, I never have anything
16 written down, but this time I will read exactly
17 what the words and the sentiment of the Senator
18 are so I have no misunderstandings at all.

19 MR. FIORAVANTI: Very good.

20 MR. ANAGNOSTAKIS: So Senator Skoufis
21 strongly opposes, is opposed to the Payment In
22 Lieu Of Taxes for the Mack Bros. project.
23 Besides the fact that Mack Bros.' application
24 cites a one percent estimate of sales within
25 Orange County, a \$60 million projection of income

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1 within their first three years of operation and
2 that Mack Bros. is already getting \$7.2 million
3 in USDA and ESD grants for this project, the
4 simple matter of fact is that the applicant
5 concedes on their application that they would in
6 fact move forward with this project regardless of
7 if they received an IDA incentive or not.
8 Nothing more needs to be considered. IDA
9 benefits when applied properly which this IDA
10 regularly do not do abide by the "but for" clause
11 of economic development, but for this incentive
12 the project would not happen. The fact that a
13 definite no has not already been communicated to
14 the applicant by the IDA staff is alarming but
15 unsurprising given the agency's history of
16 disregarding taxpayers. If the IDA approves a 15
17 year PILOT or any PILOT at all for a project and
18 jobs that are unquestionably going to move
19 forward regardless of an incentive that would be
20 more of the same, borderline criminality and
21 shameless graft coming out of this IDA. We look
22 forward to the new jobs Mack Bros. will create
23 and to their continued operation in Goshen. Our
24 office, the Senator's office, remains a partner
25 to all local businesses and we look forward to

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1 the future success and endeavors here in Orange
2 County so long as it is not needless and on the
3 backs of property taxpayers. Senator Skoufis
4 urges the Orange County IDA to reject, to reject
5 the PILOT and finally do the right thing for the
6 taxpayers of Orange County. Thank you for your
7 time. May I hand this in for the record?

8 MR. FIORAVANTI: Please. Thank you, sir.

9 MR. ANAGNOSTAKIS: Thank you.

10 MR. FIORAVANTI: Next would be Legislator
11 James O'Donnell, County Legislator.

12 MR. O'DONNELL: Thank you, appreciate it.
13 Thank you, sir, for since '89 coming to Goshen,
14 coming to Orange County in spite of the fact that
15 New York State ranks 49th out of 50 in doing
16 business. Alright, the reason we have IDAs is
17 because of that fact. If the senate, the
18 assembly and the governor's office would fix that
19 then perhaps we wouldn't need IDAs. This is the
20 second time I've heard Senator Skoufis say
21 borderline criminality. I don't know exactly
22 what that means, borderline, but in case you've
23 done anything criminal my background is the state
24 police and five years as a chief of the police of
25 the MTA, if he's got anything criminality wise

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1 please bring it forward forthwith. As you know,
2 I was the leader of recovering \$1.3 million of
3 the IDA, the past board. I want to congratulate
4 the current board and you as doing the right
5 thing stepping up and serving the public. And
6 for you, sir, bringing 50 more jobs to the County
7 of Orange you should be congratulated on that and
8 also for hiring local companies to help you to
9 get this successfully and continue your business
10 that has been a cornerstone of our community
11 since '89. Alright, again, Senator Skoufis is a
12 hard working guy, he's in charge of
13 investigations though, alright, he has the
14 subpoena power, he has a lot of influence in
15 Albany. I wish he would have went after the
16 previous IDA board as much as he talks about
17 borderline criminality which is just ridiculous
18 as far as putting a stain on the good people that
19 sit on the board now and yourself, I find that
20 borderline criminal. Alright, I do find it
21 disgraceful. So if he's got anything, put it on
22 the table. Again, sir, congratulations, thank
23 you.

24 MR. FIORAVANTI: Thank you, Mr. O'Donnell.

25 Next is Zach Constantine.

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1 MR. CONSTANTINE: Thank you, Bill, it's good
2 to see you. Thank you for your transparency in
3 putting together this meeting, I was glad I was
4 able to make it. I will be brief. I do want to
5 echo Senator Skoufis' calls here to reject this
6 PILOT. I think that there's a couple concerns
7 that come to mind. I'm here today as a resident
8 of this community. What comes to mind after
9 hearing some of the speakers that went before me
10 here is that the people who really invest in our
11 state, in our community year after year, month
12 after month, are the taxpaying residents of
13 Goshen. I heard inflation mentioned, inflation
14 is a factor, and those folks, those taxpaying
15 residents deserve a break for those very same
16 reasons. And even though Milmar wouldn't
17 necessarily be getting a tax cut that would raise
18 the taxes of local residents, is local residents
19 tax payments that won't be offset by the
20 contributions of a larger business if they paid
21 their fair share like all of us do. And that's
22 why I'm particularly concerned about this
23 project, they're getting assistance already, many
24 other ways, assistance that smaller and medium
25 size businesses don't often have access to. And

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1 on that point, there are far too many small and
2 medium size businesses, even some right here in
3 Goshen that do have a barrier to entry as far as
4 doing things that they want to do with their
5 projects and that's why the disregard for the
6 "but for" clause in this particular project is
7 really troubling to me. That is something that
8 this body is held to specifically to make sure
9 that we are attracting the types of businesses
10 that we otherwise would not have. I do thank you
11 for everything you've done for the community of
12 Goshen and being a part of our community for so
13 many years but you're here and there are several
14 other projects that potentially could be here
15 that we could be working very hard to attract to
16 make sure they come here and stay here if they
17 were given the incentives that they need. So
18 while this board is going out of their way to
19 provide transparency now and put information on
20 the website and share these details with
21 residents, the residents of this community would
22 benefit so greatly from more ratables from a
23 business of this size coming on the tax rolls
24 paying their fair share and being held to the
25 same standards as everybody else. The PILOT is

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1 simply too large for far too many years for it to
2 really benefit the community as a whole when they
3 would benefit so much more if this business
4 that's still going to be here paid their fair
5 share. So I do want to echo the claims of
6 Senator Skoufis, I think this PILOT should be
7 rejected or changed.

8 MR. FIORAVANTI: Thank you, Mr. Constantine.
9 And lastly, Katie Lancellotti.

10 MS. LANCELOTI: So thank you and thanks
11 for the opportunity to speak. As Bill said, I'm
12 Katie Lancellotti, I represent the Orange County
13 Partnership. I am here today to express our
14 unwavering support of this project. As a local
15 family owned business that's expanding and
16 continuing to contribute to the Town of Goshen
17 this company which is in an industry that we are
18 constantly trying to attract and trying to keep
19 here is desiring to stay here in Orange County
20 and not only stay here but continue to thrive
21 here which they have done since the late '80s.
22 So I just wanted to be brief, just say that we
23 continue to support their continued growth and
24 their request for incentives to keep them here
25 and to expand with their workforce space.

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1 MR. FIORAVANTI: Thanks very much, Katie. I
2 have no other folks signed up to speak so unless
3 I hear anything else?

4 MR. CAPPELLO: I just wanted to clarify
5 something for the record that was said. I know
6 there's comments that well, they're here already
7 but they've stated that it may be many years from
8 now that they may be able to do this expansion
9 and upgrade. So to punish someone who's made a
10 commitment to the area to try to attract
11 something outside and new really makes no sense
12 if we want to help those who have invested in our
13 community. And I know from a legal perspective
14 I've always been taught in marketing your best
15 market is the people, your clients who already
16 know the work you do instead of looking outside
17 and trying to go, this is the same here, this is
18 someone you know who's already made a commitment
19 here who's telling you and told you on the record
20 and been honest with you to say yes, we may do it
21 but we're not going to do it for several years
22 because we will not be able to do it and
23 therefore those jobs that are in Jersey will stay
24 in Jersey and not come to New York. And the
25 other thing I really think is important to know

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1 because I've represented a number of developers
2 in this region who have been faced with this
3 situation who have been faced with opposition and
4 what have many of them have done, many of them
5 have looked and said well I can get the 485-b tax
6 exemptions which is still going to abate my taxes
7 which is very seldom mentioned here and how am I
8 going to make up the difference? I'm going to go
9 hire those people in Tennessee or Pennsylvania
10 and who are going to work for much cheaper labor,
11 they're going to take their checks when they make
12 their checks they're going to go back to
13 Tennessee, back to Pennsylvania, they're going to
14 shop, they're going to eat in restaurants in
15 Tennessee and Pennsylvania, they're going to
16 educate their kids in Tennessee and Pennsylvania,
17 they're going to pay for karate instruction and
18 dance instruction for their children in Tennessee
19 and Pennsylvania, while the workers on IDA
20 projects who use local labor that money will go
21 here and it will help union workers, it will help
22 labor and it will help our force. So the
23 argument I'm hearing almost is forget about no,
24 New York, let's use outside labor, build it
25 cheaper because, and that's not benefiting your

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1 taxpayers at the end of the day and it's hard,
2 but I've seen it, I've seen it in action and
3 that's what happens. Now I'm not saying Milmar
4 is going to do it. They committed they want to
5 use local labor but this is what you're faced
6 with and this is the purpose of the IDA is to
7 keep those jobs in New York and to keep employing
8 New Yorkers instead of looking outside.

9 MR. FIORAVANTI: I appreciate that, John.
10 And I will underscore a couple of your points.
11 First of all, that to the "but for" clause, the
12 applicant, to be clear, the public, everyone in
13 attendance, the applicant did respond saying that
14 they would expect that if they didn't get the
15 incentives they would hope to continue with the
16 project but as John said, is outlining, it
17 wouldn't be for several years. So the IDA if
18 they were to approve the incentives the
19 motivation frankly would be to realize the jobs
20 and multiplier effect that Mr. Cappello is
21 talking about, the 75 percent of one's earnings
22 are spent locally, to be able to realize those as
23 well as adding the incremental taxes, the
24 property taxes they will be paying throughout the
25 term of the PILOT and at full boat so to speak

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1 going forward, so that's the only reason the IDA
2 would consider those benefits even if they're
3 saying the project would, they would contemplate
4 it going forward. And just to again touch on
5 what Mr. Cappello said about the 485-b, so for
6 anyone in attendance or in the public that's
7 tuning in that is not aware, a 485-b is I like to
8 describe it simply as half a PILOT essentially
9 and it's as of right, meaning that any commercial
10 construction project in New York State has a
11 right to apply for a 485-b, and by the way, it's
12 not much of an application process, you typically
13 go to the municipal clerk, town clerk lets say,
14 you fill out a form and that's it. It is as of
15 right and again, in New York how it works
16 typically you, an applicant if they get a 485-b
17 they would start paying taxes at 50 percent of
18 the ultimately new tax rate starting at
19 50 percent. And those taxes will increase
20 five percent a year over ten years until they get
21 to the full boat again. So, however, it's as of
22 right and there are no restrictions, no strings
23 attached so to speak, unlike IDA benefits, where
24 again we have our local labor policy so you would
25 have to use 85 percent local labor. Again, with

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1 485-b, they're free to do whatever they like.
2 Also the prevailing wage law applies because of
3 these incentives tip the scale in terms of
4 triggering the requirement for local construction
5 laborers to be paid by prevailing wage so I think
6 that's important to point those out. I'm glad
7 that you did clarify that, Mr. Cappello. And
8 that those are the types of factors that I think
9 motivate the IDA board to consider these. So
10 I'll just open it up one more time on the floor
11 if anyone wants to make additional comments or
12 anyone else? Mr. Betro, if you wanted to say
13 something please, Mr. Supervisor?

14 MR. BETRO: Just a couple of questions,
15 sure, for the record. Since the Goshen residents
16 are paying for this IDA benefit, can you tell me
17 how many employees of the 230 live in Goshen?

18 MR. MAKINEN: No, I could not right now. I
19 honestly could not. I could look it up for you.

20 MR. BETRO: Yeah, I'd like to know. And
21 would you be willing to guarantee that at least
22 25 of those 50 jobs would come from Goshen
23 residents?

24 MR. MAKINEN: We'd be more than happy,
25 we're, I've been part of the area for 30 years.

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1 MR. BETRO: I understand that.

2 MR. MAKINEN: I think that this is the
3 hardest hiring time I've ever seen. We're doing
4 everything to find as many people as possible.

5 MR. BETRO: And--

6 MR. MAKINEN: And as they leave we try to
7 hire locals, that's our goal.

8 MR. BETRO: Okay, so you can say for the
9 record that you will guarantee at least 25 of the
10 jobs will come from Goshen residents if they
11 apply?

12 MR. FIORAVANTI: I was going to say if they
13 apply, you can't guarantee that they'll apply.

14 MR. MAKINEN: If we can hire them that would
15 be fabulous, love to have that.

16 MR. BETRO: Thank you.

17 MR. FIORAVANTI: Thank you, Mr. Supervisor.
18 Any other comments? Hearing none at 4:53 we will
19 close the public hearing for Mack Bros./Milmar.
20 And again, I want to reiterate to the public that
21 may be listening in or watching this at a later
22 time or anyone here if you have other questions
23 you want to discuss this, you want to debate it a
24 little bit kind of on the side, I'm always happy
25 to have those conversations, my contact

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1 information is on the website, if someone here
2 wants to get my cell phone, whatever it might be,
3 I'd be happy to give that out but we appreciate
4 you being a part of the process. This is what
5 America's all about, this whole public process so
6 we appreciate everyone being here. Thank you,
7 Mr. Makinen and your associates for providing all
8 that detail and again, we're going to close the
9 public hearing now 4:54 p.m. on November 17th.
10 Thank you all for being here, have a good day.

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13 * * * * *

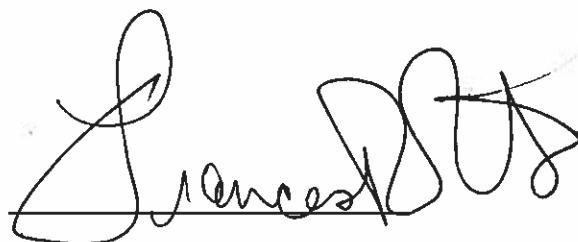
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16 End time 4:54 p.m.
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C-E-R-T-I-F-I-C-A-T-I-O-N

I, FRANCES ROTH, a Stenographic Reporter and Notary Public
of the State of New York, do hereby certify:

That the foregoing is an accurate record of the testimony,
as given, to the best of my knowledge and belief, the same
having been stenographically recorded by me and transcribed
under my supervision.

That I am not related to any of the parties involved in
this matter, and that I have no personal interest
whatsoever in the outcome thereof.

A handwritten signature in cursive script, appearing to read 'Frances Roth', written over a horizontal line.

FRANCES ROTH

Here representing Senator Skoufis' strong opposition to a payment in lieu of taxes for the Mack Bro's project

- Besides the facts that the Mack Bro's application cites a 1% estimate of sales within Orange County, a \$60M projection of income within their first three years of operation and that Mack Bro's is already getting \$7.2M in USDA and ESD grants for this project- the simple matter of fact is that the applicant concedes on their application that they WOULD, in fact, still move forward with this project regardless of if they receive an IDA incentive or not.
- That is a hard stop. Nothing more needs to be considered. IDA benefits, when applied properly - which this IDA has regularly *not* done for a very long time - abide by the "but for" clause of economic development: *but for* this incentive, the project would not happen.
- The fact that a definitive "no" has not already been communicated to the applicant by the IDA staff is alarming but unsurprising given the agency's history of disregarding taxpayers. If the IDA approves a 15-year PILOT - or any PILOT - for a project and jobs that are unquestionably going to move forward regardless of an incentive ^{THAT} would be more of the same: borderline criminality and shameless graft coming out of this IDA.
- We look forward to the new jobs Mack Bros will create and to their continued operation in Goshen. Our office remains a partner to all local businesses and we look forward to their future success and endeavors here in Orange County so long as it's not needlessly on the backs of property taxpayers.
- Senator Skoufis urges the OC IDA to reject the PILOT and finally do the right thing by taxpayers.