

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

December 13, 2018

A regular meeting of the Orange County Industrial Development Agency was convened in public session on December 13, 2018 at 2:01 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, John Steinberg, Edward Diana, James DiSalvo, Stephen Brescia, Michael Gaydos

ABSENT: Robert Schreibeis

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer
Kevin Dowd – IDA Attorney
Russell Gaenzle – Harris Beach
Joel Kleiman – Chief Financial Officer
Vincent Cozzolino – Managing Director
Melanie Schouten – Program Director
Christine Cordova – Focus Media
Lisa Sommers – Focus Media
Bill Fioravanti – Orange County
Maureen Halahan – Orange County Partnership
Kathy Russo – Airport Properties VIII
Lee Browning, Jr – Airport Properties VIII
Julie Forman -Airport Properties VIII
Eric Muhlrad – 134 Jessup Switch Rd
Al Muhlrad – 134 Jessup Switch Rd
Steven Esposito – Gam Property Corp

Chairman Rogulski calls to order the regular meeting of the Orange County IDA, December 13, 2018 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Roll Call is taken.

Minutes

Review of the November 14, 2018 board meeting minutes. Motion to approve the minutes is made by Mr. Diana, seconded by Mr. Steinberg. Motion carries with all in favor.

Review of the November 14, 2018 Audit Committee meeting minutes. Motion to approve the minutes is made by Mr. Steinberg, seconded by Mr. Diana. Motion carries with all in favor.

Executive Session

Chairman 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 clients of the IDA. Motion made by Mr. DiSalvo to enter executive session issued. Motion seconded by Mr. Diana. All in favor.

Enter Executive Session

The members discuss the financial and credit history of clients of the IDA.

End Executive Session

Chairman Rogulski entertains a motion that the committee enter into attorney client closed door session. Motion made by Mr. DiSalvo to enter the closed-door session issued. Motion seconded by Mr. Diana. All in favor.

Enter Attorney Client Session

The members discuss the legalities of certain matters.

Chairman Rogulski entertains a motion that the committee end the attorney client closed door session and reconvene the regular meeting. Motion made by Mr. DiSalvo to end the closed-door session issued. Motion seconded by Mr. Steinberg. All in favor.

Financial Reports and/or Requests for Payment

Mr. Kleiman reviews the summary of IDA bank accounts, certificate of deposits, and money market accounts that reflect a total of \$11,643,598 as of November 30, 2018.

Mr. Kleiman reviews the income and expense summary, noting that YTD income is \$1,853,394 and YTD expenses are \$365,281, with revenues exceeding expenses by \$1,488,114.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$317,436, and expenses are \$2,115,282. Expenses, as anticipated, exceed revenues by \$1,797,846.

Chairman Rogulski asks for a motion to approve the vouchers and payments in the amount of \$54,127 for December. 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.

Chairman's Report

Chairman Rogulski passes on giving the Chairman's report.

Chief Operating Officer Report

Ms. Villasuso informs the board it is audit time and management is sending out letters to all the active projects. Based on the recommendation of the board, additional wording has been added informing projects that not complying with the audit request will result in the loss of years of their PILOT. If there is no PILOT, then failure to comply will result in the loss of Sales and Use Tax benefits. The board will act at the upcoming March 2019 meeting as needed to recapture any benefits from non-compliant projects.

Mr. Cozzolino reminds the board that management was asked to research and resolve any issues regarding the staff retirement plan. The previous plan was frozen a little over a year ago. Management worked with the State and ABO to understand what plan would be appropriate and how to replenish the lost money for that year. Provision was made in the 2019 budget to compensate the staff on lost funds. Today's resolution acknowledges the repayment of these lost funds to the staff.

Motion is made by Mr. Steinberg, seconded by Mr. Brescia, authorizing an one-time retirement allocation adjustment be paid to vested OCIDA personnel. Roll call is taken. Affirmative votes of six board members results in motion carried.

Ms. Villasuso brings the board's attention to the 2019 Board meeting schedules in their packets.

The board discusses the dates. Adjustments will be made and the schedule will be posted online and in the Times Herald Record.

Accelerator Committee Report

Mr. Cozzolino reminds the board that part of The Accelerator plan was to build a clean room at the Middletown location. Unfortunately, that part of the plan was unable to be executed in 2018, but Accelerator management plans on moving forward with the clean room this coming year. Management requests approval for up to \$100,000 to be used towards the clean room if needed. Additional financial contributions are anticipated from TSEC and WDI.

Motion is made by Mr. Diana, seconded by Mr. Steinberg, authorizing \$100,000 to be used towards a clean room at The Accelerator Middletown Campus. Roll call is taken. Affirmative votes of six board members results in motion carried.

Audit Committee Report

Ms. Villasuso informs the board that the Audit Committee discussed some of the projects that are currently experiencing labor audit policy compliance issues. The Committee met with Loewke Brill regarding the deficiencies. The Committee will further review what was discussed, and will come back to the full board with recommended actions for recapture regarding non-compliant projects.

Applications/Resolutions

134 Jessup Switch Road, LLC

Mr. Muhlrاد presents on behalf of 134 Jessup Switch Road, LLC.

The Muhlrاد family has developed several properties in Orange County. This project consists of a four company flex building with office space and warehousing. The companies anticipated to be housed at this location consist of a distributor of Datacom, power cables and accessories, a pharmaceutical manufacturer, a copper scrap and recycling company, and a wire and cable distribution company. These companies have been in business for a while with good track records. Some of the companies are located out of the area and this will allow them to gain a foot hold in Orange County. Approximately 45 jobs will be housed in this location.

Mr. Steinberg asks the status of construction.

Mr. Muhlrاد states that footings have been installed.

Mr. Brescia states that he had a conversation with Bill Fioravanti yesterday regarding the spec nature of this project. He believed that that issue was getting resolved. However, now that he hears that footings are already installed it is clear that the project is already under construction, and it has been indicated that the project will go forward without the benefits.

Mr. Muhlrاد states that this project would go forward, but at a much slower pace. They have constructed many projects in the County in past years with their own funding, and they are hoping to get assistance with this current project.

Mr. Brescia states that it would have been better for the project to come before the IDA Board before they had started construction. This is considered problematic by the board and its mission statement. The IDA Board gets highly criticized by any approvals given to projects that have already started construction. He cannot support this project.

Mr. Steinberg asks about the types of manufacturing jobs that will be present onsite.

Mr. Muhlrاد states wire and cable and pharmaceutical manufacturing will be onsite.

Mr. Gaydos asks about the salaries of the staff.

Mr. Muhlrاد states there is a scale of \$40,000 to \$75,000 depending on position.

Ms. Rogulski asks if the Sales and Use Tax Exemption being requested will only benefit the developer or will it assist the resident companies as well.

Mr. Muhlrاد states that it is split in half to benefit both the developer and the residents.

Mr. Gaydos asks is there anything in writing that specifically addresses if a project starts construction before coming to the IDA board that incentives cannot be provided.

Ms. Rogulski states that it is not formally stated that a project cannot receive benefits if a project has already begun construction.

Mr. Gaenzle states that this often a matter of timing that a project has already begun, and it is at the boards discretion if they should choose to approve the project or not.

Ms. Rogulski states that the application shows that the project has only cleared the site and poured the footings. She asks has the project done more than that.

Mr. Muhlrاد states that walls have been constructed on top of the footings.

Initial Resolution

Mr. Dowd reads aloud the 134 Jessup Switch Road, LLC Initial Resolution. Mr. DiSalvo abstains due to a business relationship. Motion is made by Chairman Rogulski, the resolution does not receive a second. Resolution fails for a lack of a second.

Airport Properties VIII, LLC

Ms. Russo presents on behalf of Airport Properties VIII, LLC.

This project consists of the construction of a 4 story, 83 room Fairfield Inn & Suites by Marriott. The same owners were granted incentives by the IDA Board for the current Homewood Suites by Hilton in New Windsor. There are currently contaminated buildings on the property that will be taken down by the owners and replaced by a sustainable green building. This project will create about 23 jobs, but it is anticipated that these numbers will be exceeded. The owners conducted a wage survey for the hospitality industry in the region. The current Homewood Suites exceeds the standard amount of jobs and salaries provided. The owners will proceed with this same conduct for this new hotel. The owners support local tourism efforts even if that means displacing revenue. The owners would like to work with local students through a hospitality program that is accredited and paid. Local labor will be used for the construction period of the project. Stewart airport is up 60% and it is an ideal time to develop another well maintained and operated hotel on the airport property.

Ms. Villasuso informs the board that there are three support letters in the packet on behalf of this project.

Initial Resolution

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

Gam Property Corp.

Mr. Esposito presents on behalf of Gam Property Corp.

This project consists of a proposed 70,000 sf extension to an existing 130,000 sf paper and party product distribution center run by King Zak Industries in Goshen. King Zak has been in business in Orange County for 27 years. They have out grown their space several times leading to moving to a new location and adding on extensions as needed. This request is for the newest extension. This is a family owned and run business. The project is currently working with the Village planning board and to date has received local support. Other locations were researched but due to the metropolitan based nature of this business the owners would like to try to stay and expand in place. Manufacturing for

this company is done nationally and internationally. At the completion of construction, an anticipated 25 jobs will be created, and it is expected that that number will continue to grow.

Ms. Villasuso informs the board that she and Mr. Cozzolino visited the facility. It is a beautiful, high-tech, organized site. This is anticipated as the first of many more expansions with the expectation of onsite manufacturing in the future. They are working with management on an AWOW level to help with the transition of onsite manufacturing.

Initial Resolution

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

Heritage Trail

Ms. Villasuso informs the board that a letter was received by Mr. Porr, County Executive's office, with a request to continue this expenditure line item until December 2019. The Governance Committee recommends that the extension be granted with the understanding that that no additional extensions be granted beyond 2019.

Resolution

Mr. Dowd reads aloud the Heritage Trail Resolution. Motion is made by Mr. DiSalvo, seconded by Mr. Brescia, accepting resolution extending the time for the undertaking of a project expenditure of \$1,000,000 to assist in the cost associated with the construction of segment 2 of the Heritage Trail extension project. Roll call is taken. Affirmative votes of all board members results in motion carried.

Other Board Business

No other board business presented.

Adjournment

Meeting called for adjournment, motion made by Mr. DiSalvo, seconded by Mr. Steinberg, the time being 4:05p.m.