



*Empowering Businesses. Inspiring Growth.*

**Robert T. Armistead**, Chairman • **Mary Ellen Rogulski**, Vice Chairman • **John Steinberg, Jr.**, Second Vice Chairman  
**Stephen Brescia**, Secretary • **Edward A. Diana**, Assistant Secretary • **Robert J. Schreibeis, Sr.** • **James DiSalvo**  
**Laurie Villasuso**, Chief Operating Officer & Executive Vice President • **Vincent Cozzolino**, Managing Director  
**Kevin Dowd**, Attorney • **Russell E. Gaenzle**, Harris Beach • **Joel Kleiman**, Chief Financial Officer

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## Agenda

PLEASE TAKE NOTICE, The Orange County Industrial Development Agency will hold a regularly scheduled meeting on August 09, 2018 at 2:00 p.m. at the **Orange County Business Accelerator, 4 Crotty Lane, Suite 100, New Windsor, New York**, to consider and/or act upon the following:

### Order of Business

- **Roll Call**
- **Approval of the minutes from June 14, 2018 meeting**
- **Financial Reports and/or Requests for Payments**
- **New and Unfinished Business**
  - Chairman’s Report
  - Chief Operating Officer Report
    - Cross Roads Court Real Estate, LLC
  - Board Committee Reports (as needed)
    - Accelerator Committee
      - Website
- **Applications/Resolutions**
  - English Dana Enterprises, Inc.
    - Initial Resolution
  - Kraftify, LLC
    - Initial Resolution
  - St. Luke’s Cornwall Hospital
    - Resolution
  - CRH Realty III (Monroe)
    - Resolution
  - The Hub 1, LLC
    - Resolution
- **Other Board Business**
- **Adjournment**

Dated: August 2, 2018

Stephen Brescia, Secretary

By: Laurie Villasuso, Chief Operating Officer & Executive Vice President

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

June 14, 2018

A regular meeting of the Orange County Industrial Development Agency was convened in public session on June 14, 2018 at 2:00 P.M. at the Statutory Committee Room, 3rd Floor Government Center Building, 255 Main Street, Goshen, NY 10924.

The meeting was called to order by the Chairman, Robert Armistead, and upon roll being called, the following were:

PRESENT: Robert Armistead, Mary Ellen Rogulski, Edward Diana, Stephen Brescia, John Steinberg, Robert Schreiber, Jim DiSalvo

ABSENT: NONE

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer  
Kevin Dowd – IDA Attorney  
Joel Kleiman – Chief Financial officer  
Vincent Cozzolino – Managing Director  
Kelly Reilly – Project Manager  
Lisa Sommers – Focus Media  
Hema Easley – Focus Media  
Bradley Bloomer – B4 Holdings, LLC  
Brian Gates – HVEDC  
Eric Gerstein – Medline Industries  
Jim Smith – Advance Testing  
Ken Fleischer – Old Guard Hotel  
Charles Frankel – Rider, Weiner, & Frankel  
Greg Louks – Old Guard hotel  
Chris Miele – CC4HV  
Paul Ruskiewicz – O.C. Legislature  
James Kulisek – O.C. Legislature  
Maureen Halahan – OC Partnership  
Wayne Booth – O.C. Executive Office  
Debra Corr – CC4HV  
Dan Axelrod – Times Herald Record  
Sandra Rothenberger -CC4HV

Chairman Armistead calls to order the regular meeting of the Orange County IDA, June 14, 2018 (Pledge of Allegiance is recited). Board consists of seven members. There is a quorum.

Chairman Armistead welcomes Annie Rabbitt, Orange County Clerk, Wayne Booth, Orange County Executive Office, and Paul Ruskiewicz, Orange County Legislature.

Roll Call is taken.

Mr. Gaenzle joins by phone.

**Board Committee Reports**

**Accelerator Committee**

Mr. Diana informs the board that a satellite location will be launched in the City of Newburgh. It will be housed in the old Bloomer Coat Factory building also known as 605 Broadway. The goal at this site is to bring this factory back online with newly manufactured sewn goods. This location will assist with creating much needed local jobs in the City. Mr. Diana feels this is a worthwhile investment on behalf of the board.

Mr. Cozzolino informs the board that this location will function under the same model as the other Accelerator satellite locations. Starting with an underutilized building the process is assistance in refurbishing it to then bring it back online with up and coming businesses. Historically this building was a women's coat factory owned and run generationally by the Bloomer family. It was one of the last remaining clothing manufacturing facilities in the region to close down, as all sewn products started to be outsourced to other countries. An athletic wear company will be housed at this new location once the facility is upfitted. There will be approximately fifty jobs created in the first year and a half of opening. This company is unique as they turn around large orders within about 10 production days domestically. Jobs will consist of software engineers, sewing technicians, and supply chain managers. Salaries will start at \$15 an hour. A demographic analysis is available in the board packet highlighting the types of people they are targeting to serve, the kinds of jobs they wish to create, the kinds of skills available locally, and the unemployment rate in the Newburgh community. Additional benefits will be available to the staff as well. The owner of Ziel, Marleen Vogelaar, started a company named Shapeways about seven years ago. She and her partners brought that company to the United States from the Netherlands. Shapeways also has NYS supported funds. Currently, it's a fifty million dollar company and continues to grow.

Mr. Diana states that part of IDA's mission has been to create quality jobs in Orange County for it's resident. These jobs are starting at fifteen dollars an hour with benefits are are quality jobs for the Newburgh area. After discussing this for many years as a board, this is a step in the right direction to meet the mission of the IDA.

Chairman Armistead states that for many years the board has discussed a project to assist Newburgh which has its own IDA but is limited in their capabilities. This is a good location and excellent project for the area.

Mr. Cozzolino informs the board that the New Windsor Accelerator sewing hub is full. The companies continue to grow, and the location continues to attract new niche companies. They are all providing high quality jobs in artisan environments.

Mr. Brescia states that he invited Legislator Jim Kulisek. As location is in his district he is sure Mr. Kulisek will support this project.

Mr. Steinberg asks for a breakdown of what the contributed funds supporting this project.

Ms. Cozzolino informs the board that the \$300,000 being contributed by the IDA are being matched by a \$100,000 contribution by the building owner. There will be five-year lease between the building owner, the IDA, and Ziel. The lease will be structured in that same fashion as those in the other satellite locations. During the first of the agreement, rent is at no charge to the company. Rent is \$9 a sq ft. When the Accelerator looks to open a new location, the goal is to work with a friendly landlord to work with the resident clients. The Newburgh IDA has met with management and reviewed the project. They are very supportive of the project. If possible, they are looking to contribute resources towards the project. Upon board approval, they will begin to immediately work on recruiting employees for Ziel.

Mr. Brescia states that the board has invested more in the City of Newburgh than any other location in the County. A great deal of support was given to the Armory and this is another worthwhile investment.

Mr. Cozzolino informs the board that the property will be made to look and feel more like a campus. This will create goods job, attract a modern company, and will offer an appeal to the local area.

Ms. Villasuso informs the board that Ms. Vogelaar's second in command has strong ties to Newburgh, so she understands the struggle of the area and the need for revitalization. They are looking to make a commitment to the community and not the just the business. They have ideas for having a community yoga studio onsite. The nature of her company is to provide a quick turnaround of product. By virtue of that model, it is anticipated that supply chain companies would follow suit and relocate to the area further supporting the local community and growing industry.

Ms. Vogelaar CEO and Founder of Ziel presents to the IDA board.

Prior to Ziel Ms. Vogelaar created the company Shapeways. It is now the world's largest 3D printing company and service provider to consumers in the world for 3D printing. She likes the on-demand printing model, but feels that more can be done. Athletic wear is a bigger market and has room for that growth.

Ziel is that on-demand manufacturing apparel company to support that vision. Ziel helps companies provide their own private label athletic wear lines with deliveries in under ten days. Long lead times and large minimum quantities is creating 40% over-supply in the industry and leading to waste. This is one of the main causes of the poor success rate

in the United States. These issues have created a larger issue beyond unsold and over produced product. It has led to wasted water, dye, poor work conditions often off-shore, etc. The simple solution to this issue is Ziel, an on-demand manufacturing system. This system creates an easy flow and quality supply chain between designer, supplier, store, and consumer. Since these products are made in America the quality is 40% better. No water is used, and products are made with sustainable fabrics. The U.S. Apparel market is a 230 billion dollar business, 40 billion of that market is active wear, and there is a 10 billion dollar possibility of growth in the athletic market. There are three target client groups in this industry: brands and retailers, fitness chains, and influencers and celebrities. The reason that Ziel would like to open a location in Newburgh is to tap into the engineer pool from IBM and the local demographic to provide sewing staff. Ziel has a great team that understands manufacturing, fashion design, sourcing, and software engineering. The assistance provided by the Accelerator team has made this transition seem possible.

Mr. Brescia asks if the project is approved today what is the estimated start up date.

Mr. Cozzolino states that they have already started interviewing factory managers and are working on additional staff. Launch date is as fast as they can move, hire people, and finish the up fit of the building. It's predicted to be in the matter of 90 days.

Chairman Armistead thanks The Accelerator committee for doing a great job.

Ms. Villasuso informs the board that the Audit Committee met and there are some resolutions that need to be passed to re-appropriate funds to help financing this project, sign for the lease, and for the management of the facility.

Ms. Rogulski informs the board that the Audit Committee supports the recommendations of the Accelerator committee and supports this project. Currently, there is a little above \$750,000 worth of special initiatives that need financial support resulting in the supplemental appropriation resolution for \$1 million. Special initiatives were underestimated in the initial 2018 budget. These funds would cover needs for Ziel as well other current project undertaken by The Accelerator.

Mr. Dowd reads aloud the supplemental appropriation resolution. Motion is made by Ms. Rogulski, and seconded by Mr. Steinberg, authorizing a supplemental appropriation in the amount of \$1 million from the fiscal year 2018 unrestricted net assets for various objects and purposes associated with the New Windsor, Middletown, and Newburgh Accelerator and other general expenses of the IDA. Affirmative votes of all members present results in motion carried.

Mr. Dowd reads aloud the lease agreement resolution. Motion is made by Ms. Rogulski, and seconded by Mr. DiSalvo, authorizing the Chief Operating Officer of the IDA to execute a lease agreement with B4 Holdings, LLC for an approximate 14,000 sq ft building located at 605 Broadway, Newburgh, NY for use by The Accelerator. Affirmative votes of all members present results in motion carried.

Mr. Dowd reads aloud the management resolution. Motion is made by Ms. Rogulski, and seconded by Mr. Steinberg, approving Galileo Technology Group as Managing Director of the Orange County Business Accelerator in Newburgh, NY. Affirmative votes of all members present results in motion carried.

## **Minutes**

Review of the prior April 12, 2018 meeting minutes. Motion to approve the minutes is made by Ms. Rogulski, seconded by Mr. Schreiber. 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 \$11,815,307, as of May 31, 2018. The next CD will mature on August 22<sup>nd</sup> consisting of \$1.5 million.

Mr. Kleiman reviews the income and expense summary, noting that YTD is \$32,147, and YTD expenses are \$157,242, with expenses exceeding revenue by \$125,096.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$191,084, and expenses are \$760,792. Expenses, as anticipated, exceed revenues by \$569,708.



Chairman Armistead asks for a motion to approve the vouchers and payments in the amount of \$390,580.35 for June and \$38,981.91 for May. Motion made by Mr. Schreibeis, seconded by Mr. Brescia, 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.

Mr. Kleiman informs the board that the current bookkeeping contract expires on July 1<sup>st</sup>. Management would like to change that into a month-to-month agreement.

Motion made by Mr. Diana, seconded by Mr. Schreibeis, that the bookkeeping agreement is done on a month to month basis. Open for discussion. Affirmative votes of all members present results in motion carried.

### **Chairman's Report**

Chairman Armistead passes on giving a Chairman's report.

### **Chief Operating Officer Report**

Ms. Villasuso informs the board that the IDA Application has been updated and a draft version is in their packet pending approval. The application has been updated to coincide with some of the ABO requirements, but also to address any operational issues that have occurred in the past. Some notable changes are applicants acknowledging contact information which must be current in IDA files, their mandatory participation in PARIS reporting, omitting some abbreviations for clarification, breaking out jobs created and retained, and adding an application expiration date.

Ms. Rogulski asks if it would be prudent to add expirations dates into resolutions.

Mr. Dowd states that as of this meeting they have been added in and will continue to be added going forward. The expiration date is six months from the date of initial resolution and a year from final resolution to closing.

Ms. Rogulski asks that if any IDA documentation is updated during periods of project inactivity, if the project could then automatically adopt that documentation and be subject to any updates via resolution or agreement.

Mr. Dowd states that they can be included into the application, resolutions, and agreements to reflect that request.

Ms. Villasuso informs the board that other application updates are a schedule breaking out the audit fees to include higher project amounts, and a spot for the application to acknowledge the closing costs and that they not negotiable.

Ms. Rogulski states that conversations with management recently took place discussing the current IDA fees. It was discovered that the fees in Orange County were lower than other IDAs on the state. Ms. Rogulski asks if it recommended that the OCIDA increase their application and closing fees.

Ms. Villasuso states no increases yet, but this is still up for consideration as additional research continues.

Motion made by Mr. Steinberg, seconded by Mr. DiSalvo, that the IDA Application updates be approved. Open for discussion. Affirmative votes of all members present results in motion carried.

Ms. Villasuso informs the board that Ms. Schouten is currently attending the IEDC Basic Economic Developer Course in Albany resulting in today's absence.

Ms. Villasuso informs the board that construction is underway on the third New Windsor building.

Ms. Villasuso informs the board that the NY State Comptroller came out with a 2016 report on IDAs. This can be found in the board packet. A decent article was written about it in Sunday's paper.

Ms. Villasuso informs the board that management has been meeting and working on updating the PARIS reporting process. One of the determinations resulting from those meetings is that language will be included with the yearly letter informing all projects that termination of some or all benefits will take place with failure to comply. Each project that fails

to comply will come before the board to recapture benefits. It is proposed that a year be removed off the end of the PILOT with each non-compliant year.

Mr. Diana states that the OCIDA should not have to suffer the repercussions of having non-compliant projects. This should help in getting all projects to participate.

Ms. Villasuso informs the board that the next IDA meeting will be held in New Windsor. The Accelerator has been refitted to include a new boardroom.

Ms. Villasuso informs the board that the IDA website will be given an overhaul to include new ABO regulations. The next IDA packet will include minutes from all committee meetings. Those will also be posted on the website

Ms. Villasuso informs the board that the President Container project is currently on hold. They may come to the IDA Board for approval or go to the Town of Wallkill. If the project remains inactive, the previous approvals will need to be rescinded.

Ms. Villasuso informs the board that three projects are currently being audited: The Castle, The Sentinel Reality, and Merlin Entertainments. Leowke Brill informed management that they were very happy with their interactions with Merlin as they were very cooperative and transparent. All three projects are currently above the 85% compliancy requirement.

Chairman Armistead thanks Laurie for her efforts and congratulates her for her appointment to the board of the EDC.

Mr. Brescia states that he would like plaques of recognition acknowledging the contributions made to the Heritage Trail and Cornell Cooperative Extension from the IDA and OCFC.

Ms. Villasuso states that she has spoken with the representative of the Cornell Cooperative Extension and that is in the works.

### **Applications/Resolutions**

Church Hill Properties of Highland Falls New York, LLC

Ms. Villasuso reminds the board that the Church Hill Property project came before the board a couple of years ago. The previous approval was rescinded a few meetings past due to project inactivity. This an official re-application as the scope and ownership of the project has changed.

#### Presentation

Mr. Fleischer, Mr. Frankel, and Mr. Louks speak on behalf of Church Hill Properties of Highland Falls New York, LLC.

The Churchill Properties project first came before the board and was given initial approval in 2014. Since then the plan and scope of the project has been improved with a redesign and change in ownership. The plan includes the removal of an old hotel and refurbishment of about five acres to construct a 100,000 sq ft full service hotel consisting of 122 rooms. Amenities will include a full-service restaurant, banquet room, 3 lounges, and roof top event space creating four levels of activity. The hotel will be built into the side of the hill creating better visibility of the structure upon approach. The intention is for this to be a four-star quality business and experience. Advantages will be Hudson River facing views and seasonal attractions to the area from the city. Rooms will provide guests with either a mountain or river view. The hotel will be named and branded shortly. This will create a beneficial location for the West Point academy, it's alumni, Highland Falls, and the County. The 12 to 14 month period of construction will create 200 -300 jobs. Once operational, it will create 110 to 120 sustainable jobs. Ideally the hotel will work as an attraction tool for supplemental businesses providing services and adding investment capital into the community.

Mr. Brescia states that last time the project came before the board it received lukewarm support from the Town and Village. The project needs to receive their support to gain the support of the IDA Board as they defer to them for support.

Ms. Rogulski inquires if funding has been secured.

Mr. Fleischer states that they are currently working on getting funding secured.

Ms. Villasuso states that a public hearing will be held for this project to gauge public support.

#### Initial Resolution

Mr. Dowd reads aloud the Church Hill Properties of Highland Falls New York, LLC Initial Resolution. Motion is made by Mr. Brescia, seconded by Mr. Diana, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of Church Hill Properties of Highland Falls New York, LLC. Roll call is taken. Affirmative votes of seven board members results in motion carried.

Medline Industries, Inc.

#### Presentation

Mr. Gerstein speaks on behalf of the Medline Industries, Inc project.

Medline is a family owned privately held company. They have been operating out of the Middletown location for about 8 years since 2010. They have experienced some great success in the region and they now have run out of space. They are looking to create a new larger 1.3M sq ft facility to handle their needs. They currently employ 340 people almost all of which live in New York. It is expected that employment numbers will increase to about 600 in the next five years and 800 plus in about 10 years. It is important to them to stay in Orange County due to the connections made and growing success though potential sites have been located in New Jersey and Pennsylvania for alternative options. Jobs will start at \$15 and hour with incentives for those that stay within the company. Jobs include but are not limited to janitorial, warehouse operator, driver, and management positions. There is internal movement to higher positions and a managerial training program to encourage growth. It will be a state of the art Lead Certified building, and solar power is currently considered for this location.

Ms. Villasuso informs the board that the Medline project is requesting a 15 year PILOT and Sales and Use Tax Exemption.

Chairman Armistead inquirers about the benefits offered to the employees.

Mr. Gerstein states that the employees pay less than 30% of the coverage cost. They also provide a 401K with a match.

Mr. Brescia states that the board does not often incentivize 15yr PILOTs, but this project would certainly qualify.

#### Initial Resolution

Mr. Dowd reads aloud the Medline Industries, Inc. Initial Resolution. Motion is made by Ms. Rogulski, seconded by Mr. Steinberg, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of Medline Industries, Inc. Roll call is taken. Mr. Diana abstains. Affirmative votes of six board members results in motion carried.

### **Other Board Business**

#### Strategy (ED Presentation)

Mr. Cozzolino presents the Economic Development Strategy to the board.

A long-time goal of the board, especially after the ABO audit has been to increase the quality of jobs in the County. This presentation will show the economic state of the County and what needs to be done to improve the quality of life. Pattern for progress assisted with the presentation by providing some statistics.

The living wage in Orange County is \$25 per hour. Ideally if one were in a relationship that could lessen the financial burden, but that \$25 enables a single or couple to rent an apartment for \$1,200 a month. That amount is not a lot for an

apartment in Orange County. The OCIDA projects, on average, yielded jobs between \$9 and \$12 per hour within the past few years, and most jobs did not require any college experience. This might be why local college registration is down, as there are limited available job in the county that require such an education.

The top Orange County based industry sectors for employment are: retail, healthcare, and accommodation & food service. If you look in other counties north of Orange County, you'll find that they have been able to attract and retain higher quality companies and jobs.

Many large projects have come to New York State, but have landed in other regions. This shows that there is a demand and potential in New York, but Orange County missed these opportunities for massive growth. Some example of missed projects are: Malta, Tesla, Norsk Titanium, Panasonic, Crystal IS, Regeneron, Chobani, Saab Sensis, and Alstom. These companies have been attracted to other locations all over the New York and Orange County was not a consideration.

By using a similar approach to the Accelerator model, management would like to raise the bar to attract more sophisticated projects. This would be done through a new marketing campaign including trade shows, conferences, and active outreach, developing stronger relationships with manufacturers and EDOs, and rebranding the OCIDA to feel approachable with intentions for expansion into new sectors. Currently, Orange County is known for being a distribution sector-based county.

In conclusion current incentivized projects offer many jobs that require no college education. There are many projects coming to New York, and management would like to undergo changes in order to appeal to these big companies that are relocating into the State.

#### Focus Media: Marketing Strategy Presentation

Ms. Sommers presents the Q1/Q2 Advertising Campaign Overview to the board.

Digital Advertising targeted to business owners and decision makers in the New York DMA

- Target an audience of business owners and decision makers in the NT Metro market through managed networks, keywords and behavior with the IDA's key messages
- The ads followed users around on different sites, allowing repetition and consistently reaching out to the audience with messaging, remaining top of mind.
- Once users clicked on the ad, they landed on a special microsite created specifically for the campaign, [www.chooseorangeny.com](http://www.chooseorangeny.com)

YouTube Advertising targeted to business owners and decision makers in New York

- IDA attraction video was advertised on YouTube, targeting specific interests related to business owners and decision makers in the NY Metro market
- Ads appeared in the video steam (prior to another video they had searched to watch) and along the righthand side or top, and the pathway through the video, a call to action appeared on screen prompting users to click to learn more on the microsite
- March 19-May 20 the YouTube video campaign yielded: 2,196,762 impressions, 705,548 video views, 32% video view rate (avg. is 15%), 2,026 clicks to website

Facebook advertising targeted to business owners and decision makers in the New York DMA

- IDA attraction video was advertised on Facebook, targeting male and female business owners between the ages of 35 and 64 in the NY Metro market
- Video appeared in user's newsfeeds, labeled as a sponsor ad, and included simple messaging on why businesses should choose Orange County, NY, as well as a call to action prompting them to the microsite.
- From March 19 through May 21, the Facebook video advertising campaign yielded: reach of 300,716, 15,648 total clicks on the ad, 38,357 video views, 594 post likes, 138 post shares

Radio Advertising -1010WINS

- Several spots were run over a 10-weeks period on 1010WINS, an AM station owned by CBS. The all-news channel recently soared to its strongest rating in four decades in Nielsen's October survey.
- From February 26 to April 30, measuring traffic to the website for 8 minutes after each spot aired, the 1010WINS campaign yielded: 64 total visits to the microsite, 48 visits during the afternoon drive vs. 18 visits during morning drive

#### Digital Advertising Network

-From March 1 through May 1, the digital advertising campaign yielded the following: Nearly 2 million impression, 1,669 clicks, .09% CTR (.085 is the industry standard). Users were engaged on sites like forbes.com, businessinsider.com, usatoday.com, newsday.com, reuters.com, bbc.com, and more. The geographic area with the most engagement were Connecticut, Long Island, New York City, and New Jersey. Upstate New York also performed well.

#### Google Analytics

-From March 1 – May 31, Google Analytics reported the following: 10,069 users, 11,922 sessions, 13,037 total page views

-The IDA website gets approximately 450 users per month. During this campaign the microsite averaged more than 3,350 monthly users

#### Recommendations/Next Steps

-The initial campaign proved successful in spreading the word about Orange County, being “open for business”. The metrics and web traffic from our campaign, in addition to calls being made to the IDA prove that.

-The Orange County IDA brand has been one of attracting distribution centers to the county; that is what the organization is commonly known for (per NYSEDC and other state leaders). Moving forward, we want to attract higher paying and higher quality jobs, such as those in the advanced manufacturing sector

-In order to do that, the Orange County IDA has to re-tool its messaging and own its messaging, ensuring it is distributed widely to its target audiences

-It is recommended that those audiences be reached through: trade shows, conferences, strategic alliances with influential organizations, updated collateral to distribute, as well as updated video to tell story, and targeting online advertising through digital ad networks, YouTube, and Facebook

Chairman Armistead addresses the board. With the resignation of Mr. Bonura, new appointments need to be made to the committee boards. The Audit Committee members remain the same consisting of: Ms. Rogulski, Mr. Diana, and Mr. Steinberg. The Governance Committee members will now consist of: Mr. Diana, Mr. Schreibeis, and Ms. Rogulski.

#### **Executive Session**

Chairman Armistead entertains a motion that the committee enter into executive session pursuant to section 105(1)(d) of the open meetings law to discuss pending litigation. Motion made by Mr. Schreibeis to enter executive session issued. Motion seconded by Ms. Rogulski. All in favor.

*Enter Executive Session*

The members discuss pending litigation.

*End Executive Session*

#### **Adjournment**

Meeting called for adjournment by Chairman Armistead, motion made by Mr. Steinberg, seconded by Mr. Brescia, the time being 4:35 p.m.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AUDIT COMMITTEE MINUTES

June 12, 2018

Orange County Business Accelerator in New Windsor, New York.  
1:30- 2:00pm

PRESENT: John Steinberg, Edward Diana, Mary Ellen Rogulski, Joel Kleiman

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer  
Kevin Dowd – IDA Attorney  
Vincent Cozzolino – Managing Director

**Appropriation of Funds**

Mr. Kleiman started out by covering three quick things. The update of IBM Audit with JGS. JGS will be doing three years of audit work due to how long it is taking to get the information, and once that is done the IDA will engage JGS to do the current year which Mr. Kleiman said they expect to get payment of approximately 1.4 Million dollars. JGS anticipates getting the IDA a draft of all three years by August / September after finalizing and getting a complete report. Ms. Rogulski asked if JGS was having problems getting the information from IBM and Mr. Kleiman stated that it is getting all the information due to a change in personal. Mr. Kleiman then stated the second item was banking and he is in the process of updating the pledge collateral agreement. Mr. Kleiman stated that he has send out all paperwork and expects the updates to be complete within 2 month. Mr. Kleiman brought up the bookkeeping services. He stated that he is looking to bring someone in house part time but not an employee. They are checking with Staffline and looking for 1 day a week that someone like a bookkeeper will come in and do all transactions for IDA, OCFC and BA. Mr. Kleiman said that he wants to get someone savvy with QuickBooks and will ask JGS to come in and do an interim audit for 3Q to ensure all the audit entries were posted correctly. Mr. Kleiman then went to the appropriations. Mr. Kleiman stated he spoke to Mr. Cozzolino, Ms. Villasuso, Ms. Reilly and Ms. Schouten about the expenditures; some already spent and some through a larger degree to be spent, with a larger portion about 1/3 of it for the Newburgh Accelerator. Mr. Kleiman handed out a printout to the audit committee. Mr. Kleiman stated that the printout was a schedule of different projects by expense line whether we paid it or not. The first item is the Amazon Building Improvements which we have not spend any money yet. There is a total amount of \$328,021.00 for fit up. The next item is the Middletown Operations for a total of \$55,200.00 of which some of this has been spent. The third item is Grant Consulting Services for \$11,200 which we have spent. The fourth is Accelerator in Newburgh, if we fit it up it will be \$300,000.00 and \$60,000 for management. The fifth is the Management Fee in the amount of \$20,004. Mr. Kleiman stated that the management fee had been increased after we put the budget together last year. The sixth is Marketing and PR. Mr. Kleinman stated that additional work had been done and we need to update our website due to ABO requirements, so we can be compliant. All three expenses are Focus Media for a total of \$216,000.00. The seventh is Middletown Rent and Maintenance for an amount of \$9,575.00. Mr. Kleiman stated that there is certain potential savings in the budget. Partnership, Shovel Ready, BA (savings on rent and phones). Mr. Kleiman handed out a second schedule that Mr. Dowd will include in the resolution. Mr. Kleiman stated that he separated the expenses from one-time expenses to recurring expenses of the one-million-dollar appropriation and 84% of the appropriation is one-time expenses. Mr. Kleiman mentioned the anticipated revenues coming in; Medline \$585,000.00, Merlin Entertainment \$94,000.00 this year and expects 2 million over the next 3 years for approximately \$650,000 a year for 3 years, Church Hill Properties \$80,000.00, IBM 1.4 Million, CPV anticipate \$250,000.00 and TSEC \$50,000.00 for the Amazon Building. Mr., Kleiman asked Mr. Dowd if he wanted to read the resolution and stated it basically says we are appropriately 1 million in unrestricted assets.

Mr. Cozzolino asked the audit committee if they would like to see Ziel come to the IDA Board meeting and the audit committee stated yes if she is available.

Mr. Steinberg asked about a review of allocated expense. Ms. Rogulski stated that we have limited resources and are very busy doing other things and in order to analyze and break down the courses in the accounting system is a heavy

burden. Ms. Roguski stated that it may be nice to know it but feels that it does not make us any less efficient. After a discussion Ms. Rogulski stated that the business of the IDA and The Accelerator is too fluid to do this on a line by line basis. Ms. Rogulski stated that she feels it will not be material enough negatively to warrant spending the time now. Mr. Cozzolino stated that every expenditure is accounted for and shown, what the math will show is we will look better for the cost of jobs, he suggested we do it another way. Mr. Diana said yes by pulling out the special initiatives and Mr. Kleiman said also take out overhead, separate the agency cost from the payroll.

Meeting concludes

# Orange County IDA

**AUGUST 2018**

## Funds Received

Kraftify (Application fee)	5,000.00
Dana Distributors (Appllication fee)	5,000.00
Merlin Entertainments/Legoland - fee (2nd Payment)	96,966.21
<b>Total</b>	<b>\$ 106,966.21</b>

## Vouchers & Payments

Kevin Dowd (Legal Services July 2018)	4,500.00
Loewke Brill Consulting Group, Inc. (July 2018)	3,380.00
Brown Weinraub (NYS lobbying services Aug. 2018)	5,000.00
R&D Legal Bookkeeping, Inc (Bookkeeping Services July 2018)	80.00
Rockland Economic Development Corp - PTA (2nd Qtr. 2018)	7,000.00
Roberta O'Rourke - stenographer services (Church Hill Ppties and Medline Ind)	530.50
The Solar Energy Consortium (T-SEC) (2nd Qtr. 2018)	8,726.85
The Accelerator (Supplemental Appropriation)	1,000,000.00
<b>Total</b>	<b>\$ 1,029,217.35</b>





*Empowering Businesses. Inspiring Growth.*

# APPLICATION FOR FINANCIAL ASSISTANCE

Dana Distributors

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(Applicant Name)

July 3, 2018

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(Date of Application)

**Robert T. Armistead**  
**Chairman**

Orange County Business Accelerator  
4 Crotty Lane, Suite 100  
New Windsor, NY 12553

Phone: 845-234-4192 Fax: 845-220-2228

[www.ocnyida.com](http://www.ocnyida.com)

[business@ocnyida.com](mailto:business@ocnyida.com)

Updated February 1, 2017

**ORANGE COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY**

APPLICATION FOR FINANCIAL ASSISTANCE

I. APPLICANT INFORMATION

APPLICANT

Company Name: English Dana Enterprises, Inc.  
Mailing Address: 52 Hatfield Lane, Goshen, NY 10924  
Phone No.: 845-294-4100  
Fax No.: 845-294-4111  
Fed Id. No.: 14-1514305  
Contact Person: Fred Dana  
Contact Email: fredcdana@aol.com

APPLICANT'S COUNSEL

Name: Michael Blustein, Esq.  
Address: 10 Matthews Street, Goshen, NY 10924  
Phone No.: 845-291-0011  
Fax No.: 845-291-0021  
Counsel Email: mblustein@mid-hudsonlaw.com

APPLICANT'S GENERAL CONTRACTOR/CONSTRUCTION MANAGER

Name/Contact: Esposito & Associates  
Address: 262 Greenwich Ave., Suite B, Goshen, NY 10924  
Phone No.: 845-294-0558  
Fax No.: 845-294-0580  
Email: eanda@espositoandassociates.net

Principal Owners/Officers/Directors (list owners with 15% or more in equity holdings with percentage ownership):

Corporate Structure (attach schematic if applicant is a subsidiary or otherwise affiliated with another entity)

Form of Entity

Corporation

Date of Incorporation: 8/10/70  
State of Incorporation: New York

Partnership

General \_\_\_\_\_ or Limited \_\_\_\_\_  
Number of general partners \_\_\_\_\_  
If applicable, number of limited partners \_\_\_\_\_

Date of formation \_\_\_\_\_  
Jurisdiction of Formation \_\_\_\_\_

Limited Liability Company/Partnership (number of members \_\_\_\_\_)

Date of organization \_\_\_\_\_  
State of Organization: \_\_\_\_\_

Sole Proprietorship

If a foreign organization, is the applicant authorized to do business in the State of New York?

\_\_\_\_\_

If any of the above persons, or a group of them, owns more than a 50% interest in the company, list all other organizations which are related to the company by virtue of such persons having more than a 50% interest in such organizations.

N/A

Is the company related to any other organization by reason of more than 50% common ownership? If so, indicate name of related organization and relationship.

No

Has the company (or any related corporation or person) made a public offering or private placement of its stock within the last year? If so, please provide offering statement used.

No

II. PROJECT INFORMATION

A) Project Address: 52 Hatfield Lane, Goshen, NY 10924

Tax Map Number 126-1-5.22  
(Section/Block/Lot)

Located in City of \_\_\_\_\_  
Located in Town of Goshen  
Located in Village of Goshen  
School District of Goshen

B) Are utilities on site?

Water Yes Electric Yes  
Gas Yes Sanitary/Storm Sewer Yes

C) Present legal owner of the site English Dana Ent., Inc.  
If other than from applicant, by what means will the site be acquired for this project? N/A

D) Zoning of Project Site: Current IP Proposed IP

E) Are any variances needed? No

F) Furnish a copy of any environmental application presently in process of completion concerning this project, providing name and address of the agency, and copy all pending or completed documentation and determinations.

G) Statement describing project (i.e. land acquisition, construction of manufacturing facility, etc.):

The Project includes a 46,500 sf addition to the warehouse which includes expansion of the draught cooler, controlled environment warehouse (CEW) and associated site improvements.

The Project also includes new construction of a 12,000 sf state of the art returns/recycling building including loading docks, processing equipment and associated site improvements.

H) Anticipated Date of Operation: Expansion November 15, 2018

I) Principal use of project upon completion:

- |  |   |   |   |
|--|---|---|---|
| <input type="checkbox"/> manufacturing | <input checked="" type="checkbox"/> warehousing | <input type="checkbox"/> research         | <input checked="" type="checkbox"/> offices |
| <input type="checkbox"/> industrial    | <input type="checkbox"/> recreation             | <input type="checkbox"/> retail           | <input type="checkbox"/> residential        |
| <input type="checkbox"/> training      | <input type="checkbox"/> data process           | <input checked="" type="checkbox"/> other |   |

If other, explain: Recycling

J) Estimated Project Costs, including:

Value of property to be acquired: \$ 0

Value of improvements: \$ 6,650,000.00

Value of equipment to be purchased: \$ 750,000.00

Estimated cost of engineering/architectural services: \$ 350,000.00

Other: \$ 32,300.00

Total Capital Costs: \$ 7,782,300.00

Project refinancing; estimated amount  
(for refinancing of existing debt only) \$ N/A

*Sources of Funds for Project Costs:*

Bank Financing: \$ 7,782,300.00

Equity (excluding equity that is attributed to grants/tax credits) \$ None

Tax Exempt Bond Issuance (if applicable) \$ None

Taxable Bond Issuance (if applicable) \$ None

Public Sources (Include sum total of all state and federal grants and tax credits) \$ None

Identify each state and federal grant/credit:

N/A \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

Total Sources of Funds for Project Costs: \$ 7,782,300.00

K) Inter-Municipal Move Determination

Will the project result in the removal of a plant or facility of the applicant from one area of the State of New York to another?

Yes or  No

Will the project result in the removal of a plant or facility of another proposed occupant of the project from one area of the State of New York to another area of the State of New York?

Yes or  No



Will the project result in the abandonment of one or more plants or facilities located in the State of New York?

Yes or  No

If Yes to any of the questions above, explain how, notwithstanding the aforementioned closing or activity reduction, the Agency's Financial Assistance is required to prevent the Project from relocating out of the State, or is reasonably necessary to preserve the Project occupant's competitive position in its respective industry:

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Project Data

1. Project site (land)
  - (a) Indicate approximate size (in acres or square feet) of project site  
14.68 acres
  - (b) Are there buildings now on the project site?  Yes  No
  - (c) Indicate the present use of the project site.  
94,000 sf warehouse/distribution and 18,000 sf office
  - (d) Indicate relationship to present user of project.  
Expansion of the existing warehouse, draught cooler and increase of the recycling/returns capacity.
2. Does the project involve acquisition of an existing building or buildings? If yes, indicate number, size and approximate age of buildings:  
N/A
3. Does the project consist of the construction of a new building or buildings? If yes, indicate number and size of new buildings:  
12,000 sf fully enclosed building for recycling/returns
4. Does the project consist of additions and/or renovations to existing buildings? If yes, indicate nature of expansion and/or renovation:  
36,750 sf warehouse expansion & 9,750 sf of fully enclosed truck loading area
5. Estimated Start Date of Construction: Fall 2018
6. Estimated End Date of Construction: Early 2019

7. What will the building or buildings to be acquired, constructed or expanded be used for by the company? (Include description of products to be manufactured, assembled or processed, and services to be rendered.)

Receiving, repacking, storage & distribution of beverages. Increase

capacity to receive returns & recyclables.

including the percentage of building(s) to be used for office space and an estimate of the percentage of the functions to be performed at such office not related to the day-to-day operations of the facilities being financed.)

The only office within the return building consisting of .8% of the gross of the building

for director of operations. There are no functions outside of day to day operations proposed.

8. If any space in the project is to be leased to third parties, indicate total square footage of the project amount to be leased to each tenant and proposed use by each tenant

N/A

9. List principal items or categories of equipment to be acquired as part of the project.

2-Forklifts & chargers, 1-cardboard compactor/baler, 1-baler for plastic, 1-glass crusher,

1-commercial can densifier, 2-16 bay tractor trailers, 1-48' tractor trailer, 5-sales vans.

1 26' non-cdl box truck, 1-pallet scale, 5-Big Ass Fans, surveillance equipment.

10. Has construction work on this project begun?

Complete the following

(a) site clearance	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<u>100</u> % complete
(b) foundation	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> % complete
(c) footings	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> % complete
(d) steel	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> % complete
(e) masonry work	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> % complete
(f) other (describe below)	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<u>40</u> % complete

Site Improvements including sewer, water, drainage & parking.

III. FINANCIAL ASSISTANCE REQUESTED

A) Benefits Requested

Sales Tax Exemption     IRB     MRT Exemption     Real Property Agreement

B.) Value of Incentives:

IDA PILOT Benefit: Agency staff will indicate the amount of PILOT Benefit based on estimated Project Costs as contained herein and anticipated tax rates and assessed valuation, including the annual PILOT Benefit abatement amount for each year of the PILOT benefit year and the sum total of PILOT Benefit abatement amount for the term of the PILOT as depicted under the heading "Real Property Tax Benefit (Detailed)" of the Application.

Estimated duration of Property Tax exemption: 10 years

Sales and Use Tax:

Estimated value of Sales Tax exemption for facility construction: \$ 195,000.00

Estimated Sales Tax exemption for fixtures and equipment: \$ 69,300.00

Estimated duration of Sales Tax exemption: 8 months

Mortgage Recording Tax Exemption Benefit:

Estimated value of Mortgage Recording Tax exemption: \$ \_\_\_\_\_

IRB Benefit:

IRB inducement amount, if requested: \$ \_\_\_\_\_

Is a purchaser for the Bonds in place?

Yes or  No

Percentage of Project Costs financed from Public Sector sources:

Agency staff will calculate the percentage of Project Costs financed from Public Sector sources based upon Sources of Funds for Project Costs as depicted above under the heading "Estimated Project Costs" (Section II(I)) of the Application.

C.) Likelihood of Undertaking Project without Receiving Financial Assistance

Please confirm by checking the box, below, if there is likelihood that the Project would not be undertaken but for the Financial Assistance provided by the Agency?

Yes or  No

If the Project could be undertaken without Financial Assistance provided by the Agency, then provide a statement in the space provided below indicating why the Project should be undertaken by the Agency:

With financial assistance, the Owner will be able to expand the capital program  
with regard to purchasing of equipment & technology and have the ability to hire  
additional employees.



IV. EMPLOYMENT PLAN

	Current # of jobs at proposed project location or to be relocated to project location	IF FINANCIAL ASSISTANCE IS GRANTED – project the number of FTE and PTE jobs to be RETAINED	IF FINANCIAL ASSISTANCE IS GRANTED – project the number of FTE and PTE jobs to be CREATED upon THREE Years after Project completion	Estimate number of residents of the Labor Market Area in which the Project is located that will fill the FTE and PTE jobs to be created upon THREE Years after Project Completion **
Full time (FTE)	85	103	18	18
Part Time (PTE)	5	17	12	12
Total	90	120	30	30

\*\* For purposes of this question, please estimate the number of FTE and PTE jobs that will be filled, as indicated in the third column, by residents of the Labor Market Area, in the fourth column. The Labor Market Area includes Orange County and the surrounding region (or six other contiguous counties, including Orange County, chosen at the Agency's discretion).

Salary and Fringe Benefits for Jobs to be Retained and/or Created.

Category of Jobs to be Retained and Created	Estimated Number of Jobs Per Category	Average Salary or Range of Salary	Average Fringe Benefits or Range of Fringe Benefits
Management	6	\$88,000-420,000	\$6,368-19,983
Professional	63	\$24,960-92,000	\$6,368-19,983
Administrative	8	\$31,200-77,500	\$6,368-19,983
Production			
Independent Contractor			
Other	43	\$24,960-73,000	\$6,368-19,983

### III. REPRESENTATIONS BY THE APPLICANT

The Applicant understands and agrees with the Agency as follows:

- A. Job Listings In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the proposed project must be listed with the New York State Department of Labor Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entitle") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JPTA") in which the project is located.
- B. First Consideration for Employment In accordance with Section 858-b(2) of the General Municipal Law, the applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant must first consider persons eligible to participate in JTPA programs who shall be referred by the JPTA Entities for new employment opportunities created as a result of the proposed project.
- C. A liability and contract liability policy for a minimum of three million dollars will be furnished by the Applicant insuring the Agency.
- D. Annual Sales Tax Fillings In accordance with Section 874(8) of the General Municipal Law, the Applicant understands and agrees that, if the proposed project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the Applicant.
- E. Annual Employment Reports: The applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site. The applicant will receive a request for information in the fourth quarter of each year that Financial Asssistance is utilized, and agrees to return the information by the end of January the following year.
- F. Compliance with N.Y. GML Sec. 862(1): Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if Financial Assistance is provided for the proposed Project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.



The Agency will collect an administrative fee at the time of closing.  
**SEE ATTACHED FEE SCHEDULE**

Transaction Counsel  
CHARLES SCHACHTER, ESQ./  
RUSSELL GAENZLE, ESQ.  
Harris Beach PLLC  
99 Garnsey Road  
Pittsford, New York 14534  
Tel: (585) 419-8633  
Fax: (585) 419-8817

Attach copies of preliminary plans or sketches of proposed construction or rehabilitation or both.

Attach the following Financial Information of the Company

1. Financial statements for last two fiscal years (unless included in company's Annual Reports).
2. Company's annual reports (or Form 10-K's) for the two most recent fiscal years.
3. Quarterly reports (Form 10Q's) and current reports (Form 8-K's) since the most recent Annual Report, if any.
4. In addition, please attach the financial information described above in items 1, 2 and 3 of any expected Guarantor of the proposed bond issue, if different from the company.

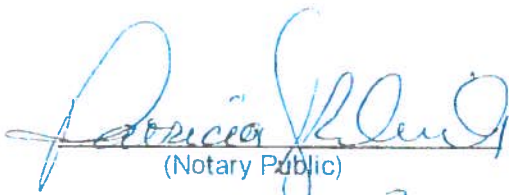
**HOLD HARMLESS AGREEMENT**



Applicant hereby releases the ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY and the members, officers, servants, agents and employees thereof (the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project, including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to reach final agreement with respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in processing of the Application, including attorneys' fees, if any.

  
\_\_\_\_\_  
(Applicant Signature)

By: Fred C. Dana  
Name: English Dana Ent., LLC  
Title: President

  
\_\_\_\_\_  
(Notary Public)

Sworn to before me this 3 day  
of July, 2018

Patricia J. Ulvila  
Notary Public State of New York  
NO. 01UL6050469  
Qualified in Orange County  
My Commission Expires Nov. 6, 2018

Real Property Tax Benefits (Details):

\*\* This section of this Application will be: (i) completed by IDA Staff based upon information contained within the Application, and (ii) provided to the Applicant for ultimate inclusion as part of this completed Application.

PILOT Estimate Table Worksheet

Dollar Value of New Construction and Renovation Costs	Estimated New Assessed Value of Property Subject to IDA*	County Tax Rate/1000	Local Tax Rate (Town/City/Village)/1000	School Tax Rate/1000

\*Apply equalization rate to value

PILOT Year	% Payment	County PILOT Amount	Local PILOT Amount	School PILOT Amount	Total PILOT	Full Tax Payment w/o PILOT	Net Exemption
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
TOTAL							

\*Estimates provided are based on current property tax rates and assessment values

Cost Benefit Analysis

**To be completed/calculated by AGENCY**

	<u>Costs =</u> <u>Financial Assistance</u>	<u>Benefits =</u> <u>Economic Development</u>
*Estimated Sales Tax Exemption	\$ _____	New Jobs Created Permanent _____ Temporary _____
		Existing Jobs Retained Permanent _____ Temporary _____
Estimated Mortgage Tax Exemption	\$ _____	Expected Yearly Payroll \$ _____
Estimated Property Tax Abatement	\$ _____	Expected Gross Receipts \$ _____
		Additional Revenues to School Districts _____ _____
		Additional Revenues to Municipalities _____ _____
		Other Benefits _____
Estimated Interest Savings IRB Issue	\$ _____	Private Funds invested \$ _____
		Likelihood of accomplishing proposed project within three (3) years  <input type="checkbox"/> Likely or <input type="checkbox"/> Unlikely

\* Estimated Value of Goods and Services to be exempt from sales and use tax as a result of the Agency's involvement in the Project. PLEASE NOTE: These amounts will be verified and there is a potential for a recapture of sales tax exemptions (see "Recapture" on page 10).

\$ \_\_\_\_\_ (to be used on the NYS ST-60)

**FEE SCHEDULE FOR THE  
ORANGE COUNTY IDA IS AS FOLLOWS:**

**Application Fee:**

**\$5,000 non-refundable, due at application, broken down as follows:**

*IDA Administrative Fee* \$2,500

*IDA Transaction Counsel Fee* \$2,500

**Labor Policy Monitoring Fee, based on project cost, due at application.**

This fee will be deposited into a non-interest bearing escrow account, and will fund the ongoing audit of Labor Policy compliance throughout construction. Any unused funds on deposit with the IDA will be returned to the company upon project completion.

Projects less than \$5M:	\$5,000.00
Projects greater than \$5M but less than \$15M:	\$10,000.00
Projects greater than \$15M but less than \$25M:	\$20,000.00
Projects greater than \$25M:	To be determined

**Closing Fee:**

***IDA Fee***

One-percent of the first \$2,000,000 of the project cost (as identified on page 5 of this application), plus one-half percent of amount above that, due at closing (total project cost includes land acquisition costs). \*

***IDA Transaction Counsel Fee***

One-third (1/3) of IDA fee (minimum of \$30,000 – to be reduced for smaller projects on case by case basis - plus out of pocket expenditures).

***Local Labor Policy Monitoring***

The IDA will use a third party firm or firms to monitor compliance with the Local Labor Policy (attached hereto). All costs incurred by the IDA in connection with such monitoring, should they exceed the amount collected at application, shall be the responsibility of the Company.

**NOTE** IDA reserves the right to seek additional IDA and Transaction Counsel fees for exceptionally complex/large transactions.

**Please make all Checks payable to:**

*Orange County Industrial Development Agency*

**Mail to:**  
*4 Crotty Lane*  
*New Windsor, NY 12553*

\*In the event that an applicant does not seek or does not qualify for the IDA's enhanced PILOT or the equivalent of the State's 485-b program, the fee will be a straight one-half percent (0.5%) of the project cost (as identified on page 4 of this application).

**LABOR POLICY**  
**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**



## Adopted 01-12-17

The Orange County Industrial Development Agency (IDA) was established for the purpose of creating employment opportunities for, and to promote the general prosperity and economic welfare of the residents of Orange County. The IDA offers economic incentives and benefits to qualified applicants who wish to locate or expand their businesses or facilities in Orange County. When the IDA approves a project, it enters into agreements to extend these incentives and benefits to the applicant.

Construction jobs, though limited in time duration, are vital to the overall employment opportunities and economic growth in Orange County. The IDA believes that companies benefiting from its incentive programs should employ local laborers, mechanics, craft persons, journey workers, equipment operators, truck drivers and apprentices (hereinafter "construction workers"), including those who have returned from military service, during the construction phase of projects. In this way, the IDA can generate significant benefits to advance the County's general prosperity. It is, therefore, the policy of the IDA that firms benefiting from its programs shall employ workers from Orange County and the "local labor" market during all project phases, including the construction phase.

For the purpose of this policy, the "local labor" market for construction workers shall be defined as those individuals living in Orange, Ulster, Sullivan, Dutchess, Putnam, Rockland and Westchester Counties. Applicants receiving IDA benefits shall ensure the contractor/developer hire at least 85% from the "local labor" market for their approved projects. The 85% shall be by contractor and in total at the time of completion of the project. The contractor/developer is mandated to keep daily log sheets of all field workers, commencing on the date of application. Any work performed after application shall be included in the determination of overall compliance with the 85% hiring requirements of this policy. A third-party auditing firm will be engaged to monitor construction work commencing on the date benefits are granted by resolution of the IDA Board.

However, the IDA recognizes that the use of local labor may not be possible for the following reasons and the applicant may request an exemption on a particular contract or trade scope for the following reasons:

1. Warranty issues related to installation of specialized equipment whereby the manufacturer requires installation by only approved installers;
2. Specialized construction is required and no local contractors or local construction workers have the required skills, certifications or training to perform the work;
3. Cost Differentials:
  - a. For projects whose project cost exceeds \$15M, significant cost differentials in bid prices whereby the use of local labor and materials significantly increases the sub contract or contract of a particular trade or work scope by at least 20%. Every reasonable effort should be made by the applicant and or the applicant's contractor to get below the 20% cost differential including, but not limited to, communicating and meeting with local construction trade organizations, such as the Hudson Valley Building and Construction Trades Council and other local Contractor Associations;
  - b. For projects whose project cost is less than \$15M, significant cost differentials in bid prices whereby the use of local labor and materials significantly increases the sub contract or contract of a particular trade or work scope by 10% or more. Every reasonable effort should be made by the applicant and or the applicant's contractor to get below the 10% cost

differential including, but not limited to, communicating and meeting with local construction trade organizations, such as the Hudson Valley Building and Construction Trades Council and other local Contractor Associations;

4. No labor is available for the project; and
5. The contractor requires key or core persons such as supervisors, foreman or "construction workers" having special skills that are not available in the "local labor" market.

The request to secure an exemption for the use of non-local labor must be received from the applicant on the exemption form provided by the IDA or the 3<sup>rd</sup> party monitor and received in advance of work commencing. The request will be reviewed by the 3<sup>rd</sup> party monitor and forwarded to the IDA, at which time the IDA's Audit Committee shall have the authority to approve or disapprove the exemption. The 3<sup>rd</sup> party monitor shall report each authorized exemption to the Board of Directors at its monthly meeting.

In addition, applicants receiving IDA benefits and Contractors on the project shall make every reasonable effort to utilize vendors, material suppliers, subcontractors and professional services from Orange County and the surrounding counties. Applicants and contractors shall be required to keep records of those local vendors, material suppliers, contractors and professional services whom they have solicited and with whom they have contracted with or awarded. This shall be stored in a binder on site and shall be easily available for review by an authorized representative of the IDA, such as the IDA's 3<sup>rd</sup> party monitor. It shall include any documents for solicitation and contracts. It is the goal of the County of Orange and the IDA to promote the use of local veterans on projects receiving IDA benefits. By partnering with local contractors, local contractor groups, local trade unions and contractors awarded work on IDA projects, there are opportunities for veterans to gain both short term and long term careers in the construction industry.

Once approved for IDA benefits, all applicants will be required to provide to IDA staff the following information:

1. Contact information for the applicant's representative who will be responsible and accountable for providing information about the bidding and awarding of construction contracts relative to the applicant's project;
2. Description of the nature of construction jobs created by the project, including in as much detail as possible, the number, type and duration of construction positions;
3. The names, contact information, certificate of authorization to do business in the State of New York and copies of current Certificates of NYS Workers' Compensation Insurance, NYS Disability Insurance, General Liability Insurance and proof of current OSHA training certification from all contractors' employees performing work on the site; and
4. A Construction Completion Report listing the names and business locations of prime contractors, subcontractors and vendors who have been engaged in the construction phase of the project.

All Orange County IDA projects are subject to local monitoring by the IDA and any 3<sup>rd</sup> party monitor. The applicant and/or the Construction Manager or General Contractor acting as agent for the applicant on the project, shall keep a log book on site detailing the number of workers, hours worked and counties and states in which they reside. Proof of residency or copy of drivers' license shall be included in the log book, along with evidence of necessary OSHA

certifications. Reports will be on forms provided by the IDA or weekly payroll reports which contain the same information as required on the IDA issued form. The applicant and contractors are subject to periodic inspection or monitoring by the IDA or 3<sup>rd</sup> party monitor.

The 3<sup>rd</sup> party monitor shall issue a report to the IDA staff immediately when an applicant or applicant's contractor is not in compliance with this labor policy. IDA staff shall advise the Audit Committee and/or IDA Board of non-compliance by email or at the next scheduled meeting. If a violation of policy has occurred, IDA staff shall notify the applicant and contractor in writing of non-compliance and give applicant a warning of violation and 72 hours in which to correct such violation. Upon evidence of continued non-compliance or additional violations, the IDA and/or its 3<sup>rd</sup> party monitor shall notify the applicant that the project is in violation of the Orange County IDA Labor Policy and is subject to IDA Board action which may result in the revocation, termination and/or recapture of any or all benefits conferred by the IDA.

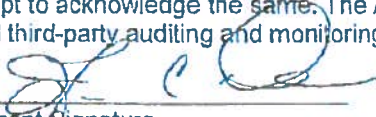
**The IDA will use a third party firm or firms to monitor and audit compliance with this local labor policy, the cost of which shall be paid for by the Company in advance of the audits and held in a non-Interest bearing escrow account until audits are complete.**

The applicant of an IDA approved project shall be required to maintain a 4' X 8' bulletin board on the project site containing the following information:

1. Contact information of the applicant;
2. Summary of the IDA benefits received;
3. Contractors names and contact information on IDA provided form;
4. Copies of proof of exemption from labor policy;
5. Copies of any warnings or violations of policy;
6. Copy of the Executed Labor Policy.

The bulletin board shall be located in an area that is accessible to onsite workers and visitors, which should be clear and legible at least 10 feet from said board.

The applicant has read the OCIDA Labor Policy and agrees to adhere to it without changes and shall require its construction manager, general contractor and sub-contractors who are not exempt to acknowledge the same. The Applicant understands and agrees that it is responsible for all third-party auditing and monitoring costs.

  
\_\_\_\_\_  
Applicant Signature

English Dana Enterprises, LLC

\_\_\_\_\_  
Company Name

Fred C. Dana

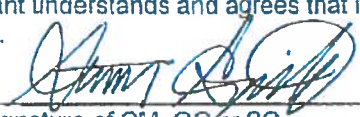
\_\_\_\_\_  
Print Name of above signer

fredcdana@aol.com

\_\_\_\_\_  
Email/phone of Applicant

July 3, 2018

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Signature of CM, GC or SC

Esposito & Associates

\_\_\_\_\_  
Company Name

Steven T. Esposito, RLA

\_\_\_\_\_  
Print Name of above signer

eanda@espositoandassociates.net

\_\_\_\_\_  
Email/phone of CM/GC/SC

July 3, 2018

\_\_\_\_\_  
Date

## Dana Distributors Expansion

In the summer of 2017, Hudson Valley Snacks & Soda, LLC based in Montgomery filed notice with the Department of Labor that they would be closing on or about October 30<sup>th</sup> whereby laying off 38 employees. They were local distributors for Dr. Pepper Snapple Group beverages (DPSG).

In August of 2017, Dana Distributors found out that they will be awarded the DPSG portfolio on November 1, 2017. Hudson Valley Snacks & Soda, LLC/DPSG employees were incentivized to stay until October 31, 2017 and would have an opportunity to interview with Dana Distributors prior to the close date.

Within the 90 days prior to taking over the DPSG portfolio, Dana forecasted the potential volume which resulted in them leasing space from Hudson Valley Snacks on Bracken Road in Montgomery starting November 1, 2017. This increased volume and new leased space required additional man power in the warehouse, delivery, sales and administration in order to successfully service the DPSG portfolio that Dana was awarded on November 1<sup>st</sup>.

Knowing that leasing space and operating a remote inventory depot will not be profitable in distribution, Dana evaluated their alternatives. One of the alternatives was to build a new operation in Dutchess County where they would be able to consolidate the neighboring Anheuser-Busch Inbev territories through purchase which would include DPSG and their current soft drink portfolios.

Dana Distributors decided to expand their existing Goshen facility to accommodate their needs. Dana then assembled a design team to complete environmental and site plan reviews, design the expansion and bid out the work.

If Dana Distributors had not decided to absorb the new employees by November 1, 2017 or provide future plans for a new larger facility or building expansion, they would have risked not being awarded the DPSG and the portfolio would have been distributed out of Elmsford, NY by the DPSG owned distribution facility. Dana's decisive action was able to preserve 30 jobs and will likely produce further employment opportunities in the future. Their expansion is also putting a \$7.5M capital investment in Orange County in addition to their existing facility.



**Motion By:** \_\_\_\_\_  
**Seconded By:** \_\_\_\_\_

**INITIAL RESOLUTION**  
*(Dana Distributors, Inc. Project)*

A regular meeting of the Orange County Industrial Development Agency held on August 9, 2018 at 2:00 p.m. (local time) at The Accelerator, 4 Crotty Lane, Suite 100, New Windsor, New York 12553.

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to a proposed project for the benefit of the below-defined Company.

RESOLUTION (i) ACCEPTING THE APPLICATION OF DANA DISTRIBUTORS, INC. WITH RESPECT TO A CERTAIN PROJECT (AS MORE FULLY DESCRIBED BELOW), (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.

WHEREAS, by Title I of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 390 of the Laws of 1972 of the State of New York, (hereinafter collectively called the "Act"), the **ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (hereinafter called the "Agency") was created with the authority and power and for the purpose of, among other things, acquiring, constructing, reconstructing and equipping manufacturing, warehousing, research, commercial, or industrial facilities as authorized by the Act; and

WHEREAS, **DANA DISTRIBUTORS, INC.**, New York business corporation for itself or on behalf of an entity to be formed (collectively, the "Company"), has submitted an application (the "Application") to the Agency requesting the Agency's assistance with a certain project (the "Project") consisting of: (A) the acquisition by the Agency, of a leasehold interest in a portion of an approximately 14.68±-acre parcel of land located at 52 Hatfield Lane in the Village and Town of Goshen, Orange County, New York (the "Land"); (B)(i) the construction of an approximately 46,500 square-foot addition (the "Addition") to the existing approximately 112,000 square-foot warehouse/distribution/office building located on the Land to be used by the Company as an expansion to the draught cooler and controlled-environment warehouse (CEW); and (ii) the construction on the Land of an approximately 12,000 square-foot stand-alone recycling building with loading docks, processing equipment and associated improvements (collectively, the "Recycling Building" and, together with the Addition, the "Improvements"); and (C) the acquisition and installation in, on and around the Improvements of certain items of equipment and other tangible personal property including, but not limited to, two (2) forklifts & charging stations, one (1) cardboard compactor/baler, one (1) baler for plastic, one (1) glass crusher, one (1) commercial can densifier (crushes cans into 4.6 cu. Ft cubes), two (2) 16 bay tractor trailers, two (2) 48 foot tractor trailers, five (5) sales vans (dodge caravan), one (1) 26 foot non-cdl box truck, one (1) pallet scale, five (5) Big Ass Fans <https://www.bigassfans.com/> and additional surveillance equipment for expansion and recycling (not included in general construction costs) (collectively, the "Equipment" and, together with the Land and the

Improvements, the "Facility"); all for use in the Company's business of receiving, repacking, storage & distribution of beverages and to increase the Company's capacity to receive returns and recyclables; and

WHEREAS, pursuant to Article 18-A of the General Municipal Law, the Agency desires to adopt a resolution describing the Project and the financial assistance that the Agency is contemplating with respect to the Project; and

WHEREAS, it is contemplated that the Agency will hold a public hearing and (i) negotiate an agent agreement (the "Agent Agreement"), pursuant to which the Agency will appoint the Company as its agent for the purpose of acquiring, constructing and equipping the Facility, (ii) negotiate and enter into a lease agreement (the "Lease Agreement"), a leaseback agreement (the "Leaseback Agreement") and a payment-in-lieu-of-tax agreement (the "Tax Agreement"), (iii) take title to, or a leasehold interest in, the Land, the Existing Improvements, the Improvements, the Equipment and personal property constituting the Facility (once the Lease Agreement, Leaseback Agreement and Tax Agreement have been negotiated), and (iv) provide financial assistance to the Company in the form of (a) a sales and use tax exemption for purchases and rentals related to the acquisition, construction and equipping of the Facility, (b) a partial real property tax abatement structured within the Tax Agreement, and (c) if necessary, a mortgage recording tax exemption for financing or re-financing related to the Project (collectively the "Financial Assistance"); and

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. The Company has presented an Application in a form acceptable to the Agency. Based upon the representations made by the Company to the Agency in the Company's Application, the Agency hereby finds and determines that:

(A) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(B) The Agency has the authority to take the actions contemplated herein under the Act; and

(C) The action to be taken by the Agency will induce the Company to develop the Project, thereby increasing employment opportunities in Orange County, New York, and otherwise furthering the purposes of the Agency as set forth in the Act; and

(D) The Project will not result in the removal of a civic, commercial, industrial, or manufacturing plant of the Company or any other proposed occupant of the Project from one area of the State of New York (the "State") to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project located within the State; and the Agency hereby finds that, based on the Company's Application, to the extent occupants are relocating from one plant or facility to another, the Project is reasonably necessary to discourage the Project occupants from removing such other plant or facility to a location outside the State and/or is reasonably necessary to preserve the competitive position of the Project occupants in their respective industries.

Section 2. The Chairman, Vice Chairman and/or the Chief Operating Officer of the Agency are hereby authorized, on behalf of the Agency, to hold a public hearing in compliance with the Act and negotiate the terms of (A) the Agent Agreement, pursuant to which the Agency appoints the Company as its agent to undertake the Project, (B) the Lease Agreement, pursuant to which the Company leases the Facility to the Agency, (C) the related Leaseback Agreement, pursuant to which the Agency conveys its interest in the Facility back to the Company, (D) the Tax Agreement and (E) related documents; *provided*, the provisions of the Agent Agreement and the rental payments under the Leaseback Agreement include payments of all costs incurred by the Agency arising out of or related to the Project and indemnification of the Agency by the Company for actions taken by the Company and/or claims arising out of or related to the Project.

Section 3. The Agency is hereby authorized to conduct a public hearing in compliance with the Act.

Section 4. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required and to execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 5. In the event that (a) the Company does not proceed to final Agency approval within six (6) months of the date hereof and/or (b) close with the Agency on the proposed financial assistance within twelve (12) months of the date hereof, the Agency reserves the right to rescind and cancel this resolution and all approvals made hereunder or under any other Agency resolution or action.

Section 6. These Resolutions shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to vote on roll call, which resulted as follows:

	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstain</u>
Robert T. Armistead				
Mary Ellen Rogulski				
Stephen Brescia				
John Steinberg, Jr.				
Robert J. Schreibeis, Sr.				
Edward A. Diana				
James DiSalvo				

The Resolutions were thereupon duly adopted.

STATE OF NEW YORK )  
COUNTY OF ORANGE ) ss:

I, the undersigned Secretary of the Orange County Industrial Development Agency, DO  
HEREBY CERTIFY:

That I have compared the foregoing extract of the minutes of the meeting of the Orange  
County Industrial Development Agency (the "Agency") including the resolution contained  
therein, held on the 9<sup>th</sup> day of August, 2018, with the original thereof on file in my office, and  
that the same is a true and correct copy of the proceedings of the Agency and of such resolution  
set forth therein and of the whole of said original insofar as the same relates to the subject  
matters therein referred to.

I FURTHER CERTIFY that all members of said Agency had due notice of said meeting,  
that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public  
Officers Law (Open Meetings Law), said meeting was open to the general public, and that public  
notice of the time and place of said meeting was duly given in accordance with Article 7.

I FURTHER CERTIFY that there was a quorum of the members of the Agency present  
throughout said meeting.

I FURTHER CERTIFY that as of the date hereof, the attached resolution is in full force  
and effect and has not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of said Agency this 9<sup>th</sup>  
day of August, 2018.

---

Stephen Brescia, Secretary





*Empowering Businesses. Inspiring Growth.*

# APPLICATION FOR FINANCIAL ASSISTANCE

Kraftify LLC

(Applicant Name)

6/12/18

(Date of Application)

**Robert T. Armistead**  
**Chairman**

Orange County Business Accelerator  
4 Crotty Lane, Suite 100  
New Windsor, NY 12553

Phone: 845-234-4192 Fax: 845-220-2228

[www.ocnyida.com](http://www.ocnyida.com)  
[business@ocnyida.com](mailto:business@ocnyida.com)

Updated February 1, 2017

**ORANGE COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY**

**APPLICATION FOR FINANCIAL ASSISTANCE**

**I. APPLICANT INFORMATION**

**APPLICANT**

Company Name: Kraftify LLC  
Mailing Address: 5 Missorelle Ct. Hawthorne, NJ 07506  
Phone No.: 973-386-7217  
Fax No.: \_\_\_\_\_  
Fed Id. No.: 47-1392536  
Contact Person: Mike Kraai  
Contact Email: Mike@piverslandbeer.com

**APPLICANT'S COUNSEL**

Name: Nathan Seifert  
Address: 65 Route 4 East, Suite 6 River Edge NJ 07661  
Phone No.: 201-441-9056  
Fax No.: \_\_\_\_\_  
Counsel Email: NSeifert@hdcbb.com

**APPLICANT'S GENERAL CONTRACTOR/CONSTRUCTION MANAGER**

Name/Contact: Ramon Gonzalez  
Address: 2467 Route 6, Slate Hill NY 10973  
Phone No.: 845-866-4091  
Fax No.: \_\_\_\_\_  
Email: Ramon@TripleRD.com

Principal Owners/Officers/Directors (list owners with 15% or more in equity holdings with percentage ownership):

Michael Kocai, 100%

Corporate Structure (attach schematic if applicant is a subsidiary or otherwise affiliated with another entity)

Form of Entity

Corporation

Date of Incorporation: \_\_\_\_\_

State of Incorporation: \_\_\_\_\_

Partnership

General \_\_\_\_\_ or Limited \_\_\_\_\_

Number of general partners \_\_\_\_\_

If applicable, number of limited partners \_\_\_\_\_

Date of formation \_\_\_\_\_

Jurisdiction of Formation \_\_\_\_\_

Limited Liability Company/Partnership (number of members 1)

Date of organization: 6/15/14

State of Organization: New York

Sole Proprietorship

If a foreign organization, is the applicant authorized to do business in the State of New York?

\_\_\_\_\_  
If any of the above persons, or a group of them, owns more than a 50% interest in the company, list all other organizations which are related to the company by virtue of such persons having more than a 50% interest in such organizations.

\_\_\_\_\_

Is the company related to any other organization by reason of more than 50% common ownership? If so, indicate name of related organization and relationship.

N/A

\_\_\_\_\_

Has the company (or any related corporation or person) made a public offering or private placement of its stock within the last year? If so, please provide offering statement used.

N/A

\_\_\_\_\_

II. PROJECT INFORMATION

A) Project Address: 251 State School Rd, Warwick NY 10990

Tax Map Number 46-1-37  
(Section/Block/Lot)

Located in City of ~~Warwick~~ N/A  
Located in Town of ~~Warwick~~ Warwick  
Located in Village of ~~Warwick~~ Warwick  
School District of ~~Warwick~~ Warwick Valley

B) Are utilities on site?

Water - Disconnected Electric " "  
Gas " " Sanitary/Storm Sewer " "

C) Present legal owner of the site Warwick Valley Local Development Corp.  
If other than from applicant, by what means will the site be acquired for this project? N/A

D) Zoning of Project Site: Current: Industrial Proposed: \_\_\_\_\_

E) Are any variances needed? No

F) Furnish a copy of any environmental application presently in process of completion concerning this project, providing name and address of the agency, and copy all pending or completed documentation and determinations.

G) Statement describing project (i.e. land acquisition, construction of manufacturing facility, etc.):  
land acquisition, full renovation + construction of brewing facility

H) Anticipated Date of Operation: 1/1/19

I) Principal use of project upon completion:

- |   |   |  |                                      |
|---|---|--|--------------------------------------|
| <input checked="" type="checkbox"/> manufacturing | <input checked="" type="checkbox"/> warehousing | <input type="checkbox"/> research          | <input type="checkbox"/> offices     |
| <input type="checkbox"/> industrial               | <input type="checkbox"/> recreation             | <input checked="" type="checkbox"/> retail | <input type="checkbox"/> residential |
| <input type="checkbox"/> training                 | <input type="checkbox"/> data process           | <input type="checkbox"/> other             |                                      |

If other, explain: \_\_\_\_\_

J) Estimated Project Costs, including:

Value of property to be acquired: \$ 240,000

Value of improvements: \$ 1,710,000

Value of equipment to be purchased: \$ 750,000

Estimated cost of engineering/architectural services: \$ included in construction

Other: \$ \_\_\_\_\_

Total Capital Costs: \$ 2,700,000

Project refinancing; estimated amount  
(for refinancing of existing debt only) \$ \_\_\_\_\_

Sources of Funds for Project Costs:

Bank Financing: \$ 2,430,000

Equity (excluding equity that is attributed to grants/tax credits) \$ 270,000

Tax Exempt Bond Issuance (if applicable) \$ -

Taxable Bond Issuance (if applicable) \$ -

Public Sources (Include sum total of all state and federal grants and tax credits) \$ 540,000

Identify each state and federal grant/credit:

NY ESD \$ 540,000

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

Total Sources of Funds for Project Costs: \$ \_\_\_\_\_

K) Inter-Municipal Move Determination

Will the project result in the removal of a plant or facility of the applicant from one area of the State of New York to another?

Yes or  No

Will the project result in the removal of a plant or facility of another proposed occupant of the project from one area of the State of New York to another area of the State of New York?

Yes or  No

Will the project result in the abandonment of one or more plants or facilities located in the State of New York?

Yes or  No

If Yes to any of the questions above, explain how, notwithstanding the aforementioned closing or activity reduction, the Agency's Financial Assistance is required to prevent the Project from relocating out of the State, or is reasonably necessary to preserve the Project occupant's competitive position in its respective industry:

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### Project Data

1. Project site (land)

(a) Indicate approximate size (in acres or square feet) of project site.

1.3 ACRES

(b) Are there buildings now on the project site?  Yes  No

(c) Indicate the present use of the project site.

Vacant, Previously a training school, then prison administr

(d) Indicate relationship to present user of project.

None

2. Does the project involve acquisition of an existing building or buildings? If yes, indicate number, size and approximate age of buildings:

1 Building, ~14,000 sqft, 1930

3. Does the project consist of the construction of a new building or buildings? If yes, indicate number and size of new buildings:

Phase 2, 1,500 sqft addition

4. Does the project consist of additions and/or renovations to existing buildings? If yes, indicate nature of expansion and/or renovation:

Full Renovation; mechanicals, plumbing, lighting, walls, demo, etc

5. Estimated Start Date of Construction: Fall 2018

6. Estimated End Date of Construction: Spring 2019

7. What will the building or buildings to be acquired, constructed or expanded be used for by the company? (Include description of products to be manufactured, assembled or processed, and services to be rendered. . .

15 BBL production brewery, barrel aging, canning line, tasting room

. . .including the percentage of building(s) to be used for office space and an estimate of the percentage of the functions to be performed at such office not related to the day-to-day operations of the facilities being financed.)

3% office, 0%

8. If any space in the project is to be leased to third parties, indicate total square footage of the project amount to be leased to each tenant and proposed use by each tenant.

N/A

9. List principal items or categories of equipment to be acquired as part of the project.

Brewing Equipment

Furnishings

10. Has construction work on this project begun?

Complete the following

(a) site clearance	_____ Yes	<u>X</u> No	_____ % complete
(b) foundation	_____ Yes	<u>X</u> No	_____ % complete
(c) footings	_____ Yes	<u>X</u> No	_____ % complete
(d) steel	_____ Yes	<u>X</u> No	_____ % complete
(e) masonry work	_____ Yes	<u>X</u> No	_____ % complete
(f) other (describe below)	_____ Yes	<u>X</u> No	_____ % complete

III. FINANCIAL ASSISTANCE REQUESTED

A) Benefits Requested:

Sales Tax Exemption     IRB     MRT Exemption     Real Property Agreement

B.) Value of Incentives:

IDA PILOT Benefit: Agency staff will indicate the amount of PILOT Benefit based on estimated Project Costs as contained herein and anticipated tax rates and assessed valuation, including the annual PILOT Benefit abatement amount for each year of the PILOT benefit year and the sum total of PILOT Benefit abatement amount for the term of the PILOT as depicted under the heading "Real Property Tax Benefit (Detailed)" of the Application.

Estimated duration of Property Tax exemption: 10 yr

Sales and Use Tax:

Estimated value of Sales Tax exemption for facility construction: \$ 35-50K

Estimated Sales Tax exemption for fixtures and equipment \$ 35-60K

Estimated duration of Sales Tax exemption: 5 yr

Mortgage Recording Tax Exemption Benefit:

Estimated value of Mortgage Recording Tax exemption: \$ 18K

IRB Benefit:

IRB inducement amount, if requested: \$ —

Is a purchaser for the Bonds in place?

Yes or  No

Percentage of Project Costs financed from Public Sector sources:

Agency staff will calculate the percentage of Project Costs financed from Public Sector sources based upon Sources of Funds for Project Costs as depicted above under the heading "Estimated Project Costs" (Section II(I)) of the Application.

C.) Likelihood of Undertaking Project without Receiving Financial Assistance

Please confirm by checking the box, below, if there is likelihood that the Project would not be undertaken but for the Financial Assistance provided by the Agency?

Yes or  No

If the Project could be undertaken without Financial Assistance provided by the Agency, then provide a statement in the space provided below indicating why the Project should be undertaken by the Agency:

It is possible the project could be undertaken but not to the same degree. These incentives will increase the projects ability to create jobs, promote tourism, and sustain a lasting economic impact on orange county.



IV. EMPLOYMENT PLAN

	Current # of jobs at proposed project location or to be relocated to project location	IF FINANCIAL ASSISTANCE IS GRANTED – project the number of FTE and PTE jobs to be RETAINED	IF FINANCIAL ASSISTANCE IS GRANTED – project the number of FTE and PTE jobs to be CREATED upon THREE Years after Project completion	Estimate number of residents of the Labor Market Area in which the Project is located that will fill the FTE and PTE jobs to be created upon THREE Years after Project Completion **
Full time (FTE)	0	7	10	7
Part Time (PTE)	0	0	3	3
Total	0	7	13	10

\*\* For purposes of this question, please estimate the number of FTE and PTE jobs that will be filled, as indicated in the third column, by residents of the Labor Market Area, in the fourth column. The Labor Market Area includes Orange County and the surrounding region (or six other contiguous counties, including Orange County, chosen at the Agency's discretion).

Salary and Fringe Benefits for Jobs to be Retained and/or Created:

Category of Jobs to be Retained and Created	Estimated Number of Jobs Per Category	Average Salary or Range of Salary	Average Fringe Benefits or Range of Fringe Benefits
Management	2	40K - 65K	4K - 7K
Professional			
Administrative			
Production	2	50K - 60K	5K - 6.5K
Independent Contractor			
Other	9	30K - 40K	2K - 5K

### III. REPRESENTATIONS BY THE APPLICANT

The Applicant understands and agrees with the Agency as follows:

- A. Job Listings In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the proposed project must be listed with the New York State Department of Labor Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entitle") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JPTA") in which the project is located.
- B. First Consideration for Employment In accordance with Section 858-b(2) of the General Municipal Law, the applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant must first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the proposed project.
- C. A liability and contract liability policy for a minimum of three million dollars will be furnished by the Applicant insuring the Agency.
- D. Annual Sales Tax Filings In accordance with Section 874(8) of the General Municipal Law, the Applicant understands and agrees that, if the proposed project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the Applicant.
- E. Annual Employment Reports: The applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site. The applicant will receive a request for information in the fourth quarter of each year that Financial Assistance is utilized, and agrees to return the information by the end of January the following year.
- F. Compliance with N.Y. GML Sec. 862(1): Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if Financial Assistance is provided for the proposed Project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

- G. Compliance with Applicable Laws: The Applicant confirms and acknowledges that the owner, occupant, or operator receiving Financial Assistance for the proposed Project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.
- H. False and Misleading Information: The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any Financial Assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.
- I. Recapture: Should the Applicant not expend or hire as presented, the Agency may view such information/status as failing to meet the established standards of economic performance. In such events, some or all of the benefits taken by the Applicant will be subject to recapture.
- J. Absence of Conflicts of Interest The applicant has received from the Agency a list of the members, officers, and employees of the Agency. No member, officers or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:

The Applicant and the individual executing this Application on behalf of applicant acknowledge that the Agency and its counsel will rely on the representations made in this Application when acting hereon and hereby represents that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

STATE OF NEW YORK )  
 COUNTY OF ORANGE ) ss.:

Michael Kraus, being first duly sworn, deposes and says:

1. That I am the President (Corporate Office) of Kraus LLC (Applicant) and that I am duly authorized on behalf of the Applicant to bind the Applicant.
2. That I have read the attached Application, I know the contents thereof, and that to the best of my knowledge and belief, this Application and the contents of this Application are true, accurate and complete.

[Signature] MK  
 (Signature of Officer)

Subscribed and affirmed to me under penalties of perjury  
 this 29 day of June, 2018

[Signature]  
 (Notary Public)

MARITZA BALCAZAR  
 Notary Public  
 State of New Jersey  
 My Commission Expires Oct. 8, 2020  
 I.D.# 2178175

This Application should be submitted to the Orange County Industrial Development Agency, c/o Robert T. Armistead, Chairman, Orange County Business Accelerator, 4 Crotty Lane, Suite 100, New Windsor, NY 12553.

The Agency will collect an administrative fee at the time of closing.  
**SEE ATTACHED FEE SCHEDULE**

Transaction Counsel  
CHARLES SCHACHTER, ESQ./  
RUSSELL GAENZLE, ESQ.  
Harris Beach PLLC  
99 Garnsey Road  
Pittsford, New York 14534  
Tel: (585) 419-8633  
Fax: (585) 419-8817

Attach copies of preliminary plans or sketches of proposed construction or rehabilitation or both.

Attach the following Financial Information of the Company

1. Financial statements for last two fiscal years (unless included in company's Annual Reports).
2. Company's annual reports (or Form 10-K's) for the two most recent fiscal years. *N/A*
3. Quarterly reports (Form 10Q's) and current reports (Form 8-K's) since the most recent Annual Report, if any. *N/A*
4. In addition, please attach the financial information described above in items 1, 2 and 3 of any expected Guarantor of the proposed bond issue, if different from the company. *N/A*

**HOLD HARMLESS AGREEMENT**

Applicant hereby releases the ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY and the members, officers, servants, agents and employees thereof (the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to reach final agreement with respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in processing of the Application, including attorneys' fees, if any.

*M.K.* MK  
(Applicant Signature)

By: Kraftify LLC

Name: Michael Kraai

Title: President

*Maritza Balcazar*  
(Notary Public)

Sworn to before me this 25 day  
of June, 2018

MARITZA BALCAZAR  
Notary Public  
State of New Jersey  
My Commission Expires Oct. 8, 2020  
I.D.# 2178175

Real Property Tax Benefits (Detailed):

\*\* This section of this Application will be: (i) completed by IDA Staff based upon information contained within the Application, and (ii) provided to the Applicant for ultimate inclusion as part of this completed Application.

PILOT Estimate Table Worksheet

Dollar Value of New Construction and Renovation Costs	Estimated New Assessed Value of Property Subject to IDA*	County Tax Rate/1000	Local Tax Rate (Town/City/Village)/1000	School Tax Rate/1000

\*Apply equalization rate to value

PILOT Year	% Payment	County PILOT Amount	Local PILOT Amount	School PILOT Amount	Total PILOT	Full Tax Payment w/o PILOT	Net Exemption
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
TOTAL							

\*Estimates provided are based on current property tax rates and assessment values

**Cost Benefit Analysis:**



**To be completed/calculated by AGENCY**

	<u>Costs =</u> <u>Financial Assistance</u>	<u>Benefits =</u> <u>Economic Development</u>
*Estimated Sales Tax Exemption	\$ _____	New Jobs Created Permanent ____ Temporary ____
		Existing Jobs Retained Permanent ____ Temporary ____
Estimated Mortgage Tax Exemption	\$ _____	Expected Yearly Payroll \$ _____
Estimated Property Tax Abatement	\$ _____	Expected Gross Receipts \$ _____
		Additional Revenues to School Districts _____ _____ _____
		Additional Revenues to Municipalities _____ _____ _____
		Other Benefits _____
Estimated Interest Savings IRB Issue	\$ _____	Private Funds invested \$ _____
		Likelihood of accomplishing proposed project within three (3) years  <input type="checkbox"/> Likely or <input type="checkbox"/> Unlikely

\* Estimated Value of Goods and Services to be exempt from sales and use tax as a result of the Agency's involvement in the Project. PLEASE NOTE: These amounts will be verified and there is a potential for a recapture of sales tax exemptions (see "Recapture" on page 10).

\$ \_\_\_\_\_ (to be used on the NYS ST-60)

**FEE SCHEDULE FOR THE  
ORANGE COUNTY IDA IS AS FOLLOWS:**

**Application Fee:**

**\$5,000 non-refundable, due at application, broken down as follows:**

*IDA Administrative Fee:* \$2,500

*IDA Transaction Counsel Fee:* \$2,500

**Labor Policy Monitoring Fee, based on project cost, due at application.**

This fee will be deposited into a non-interest bearing escrow account, and will fund the ongoing audit of Labor Policy compliance throughout construction. Any unused funds on deposit with the IDA will be returned to the company upon project completion.

<b>Projects less than \$5M:</b>	<b>\$5,000.00</b>
<b>Projects greater than \$5M but less than \$15M:</b>	<b>\$10,000.00</b>
<b>Projects greater than \$15M but less than \$25M:</b>	<b>\$20,000.00</b>
<b>Projects greater than \$25M:</b>	<b>To be determined</b>

**Closing Fee:**

***IDA Fee***

One-percent of the first \$2,000,000 of the project cost (as identified on page 5 of this application), plus one-half percent of amount above that, due at closing (total project cost includes land acquisition costs).\*

***IDA Transaction Counsel Fee***

One-third (1/3) of IDA fee (minimum of \$30,000 – to be reduced for smaller projects on case by case basis - plus out of pocket expenditures).

***Local Labor Policy Monitoring***

The IDA will use a third party firm or firms to monitor compliance with the Local Labor Policy (attached hereto). All costs incurred by the IDA in connection with such monitoring, should they exceed the amount collected at application, shall be the responsibility of the Company.

**NOTE:** IDA reserves the right to seek additional IDA and Transaction Counsel fees for exceptionally complex/large transactions.

**Please make all Checks payable to:**

*Orange County Industrial Development Agency*

**Mail to:**

*4 Crotty Lane  
New Windsor, NY 12553*

\*In the event that an applicant does not seek or does not qualify for the IDA's enhanced PILOT or the equivalent of the State's 485-b program, the fee will be a straight one-half percent (0.5%) of the project cost (as identified on page 4 of this application).

**LABOR POLICY  
ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

Adopted 01-12-17

The Orange County Industrial Development Agency (IDA) was established for the purpose of *creating employment opportunities for, and to promote the general prosperity and economic welfare of the residents of Orange County.* The IDA offers economic incentives and benefits to qualified applicants who wish to locate or expand their businesses or facilities in Orange County. When the IDA approves a project, it enters into agreements to extend these incentives and benefits to the applicant.

Construction jobs, though limited in time duration, are vital to the overall employment opportunities and economic growth in Orange County. The IDA believes that companies benefiting from its incentive programs should employ local laborers, mechanics, craft persons, journey workers, equipment operators, truck drivers and apprentices (hereinafter "construction workers"), including those who have returned from military service, during the construction phase of projects. In this way, the IDA can generate significant benefits to advance the County's general prosperity. It is, therefore, the policy of the IDA that firms benefiting from its programs shall employ workers from Orange County and the "local labor" market during all project phases, including the construction phase.

For the purpose of this policy, the "local labor" market for construction workers shall be defined as those individuals living in Orange, Ulster, Sullivan, Dutchess, Putnam, Rockland and Westchester Counties. Applicants receiving IDA benefits shall ensure the contractor/developer hire at least 85% from the "local labor" market for their approved projects. The 85% shall be by contractor and in total at the time of completion of the project. The contractor/developer is mandated to keep daily log sheets of all field workers, commencing on the date of application. Any work performed after application shall be included in the determination of overall compliance with the 85% hiring requirements of this policy. A third-party auditing firm will be engaged to monitor construction work commencing on the date benefits are granted by resolution of the IDA Board.

However, the IDA recognizes that the use of local labor may not be possible for the following reasons and the applicant may request an exemption on a particular contract or trade scope for the following reasons:

1. Warranty issues related to installation of specialized equipment whereby the manufacturer requires installation by only approved installers;
2. Specialized construction is required and no local contractors or local construction workers have the required skills, certifications or training to perform the work;
3. Cost Differentials:
  - a. For projects whose project cost exceeds \$15M, significant cost differentials in bid prices whereby the use of local labor and materials significantly increases the sub contract or contract of a particular trade or work scope by at least 20%. Every reasonable effort should be made by the applicant and or the applicant's contractor to get below the 20% cost differential including, but not limited to, communicating and meeting with local construction trade organizations, such as the Hudson Valley Building and Construction Trades Council and other local Contractor Associations;
  - b. For projects whose project cost is less than \$15M, significant cost differentials in bid prices whereby the use of local labor and materials significantly increases the sub contract or contract of a particular trade or work scope by 10% or more. Every reasonable effort should be made by the applicant and or the applicant's contractor to get below the 10% cost

differential including, but not limited to, communicating and meeting with local construction trade organizations, such as the Hudson Valley Building and Construction Trades Council and other local Contractor Associations;

4. No labor is available for the project; and
5. The contractor requires key or core persons such as supervisors, foreman or "construction workers" having special skills that are not available in the "local labor" market.

The request to secure an exemption for the use of non-local labor must be received from the applicant on the exemption form provided by the IDA or the 3<sup>rd</sup> party monitor and received in advance of work commencing. The request will be reviewed by the 3<sup>rd</sup> party monitor and forwarded to the IDA, at which time the IDA's Audit Committee shall have the authority to approve or disapprove the exemption. The 3<sup>rd</sup> party monitor shall report each authorized exemption to the Board of Directors at its monthly meeting.

In addition, applicants receiving IDA benefits and Contractors on the project shall make every reasonable effort to utilize vendors, material suppliers, subcontractors and professional services from Orange County and the surrounding counties. Applicants and contractors shall be required to keep records of those local vendors, material suppliers, contractors and professional services whom they have solicited and with whom they have contracted with or awarded. This shall be stored in a binder on site and shall be easily available for review by an authorized representative of the IDA, such as the IDA's 3<sup>rd</sup> party monitor. It shall include any documents for solicitation and contracts. It is the goal of the County of Orange and the IDA to promote the use of local veterans on projects receiving IDA benefits. By partnering with local contractors, local contractor groups, local trade unions and contractors awarded work on IDA projects, there are opportunities for veterans to gain both short term and long term careers in the construction industry.

Once approved for IDA benefits, all applicants will be required to provide to IDA staff the following information:

1. Contact information for the applicant's representative who will be responsible and accountable for providing information about the bidding and awarding of construction contracts relative to the applicant's project;
2. Description of the nature of construction jobs created by the project, including in as much detail as possible, the number, type and duration of construction positions;
3. The names, contact information, certificate of authorization to do business in the State of New York and copies of current Certificates of NYS Workers' Compensation Insurance, NYS Disability Insurance, General Liability Insurance and proof of current OSHA training certification from all contractors' employees performing work on the site; and
4. A Construction Completion Report listing the names and business locations of prime contractors, subcontractors and vendors who have been engaged in the construction phase of the project.

All Orange County IDA projects are subject to local monitoring by the IDA and any 3<sup>rd</sup> party monitor. The applicant and/or the Construction Manager or General Contractor acting as agent for the applicant on the project, shall keep a log book on site detailing the number of workers, hours worked and counties and states in which they reside. Proof of residency or copy of drivers' license shall be included in the log book, along with evidence of necessary OSHA

certifications. Reports will be on forms provided by the IDA or weekly payroll reports which contain the same information as required on the IDA issued form. The applicant and contractors are subject to periodic inspection or monitoring by the IDA or 3<sup>rd</sup> party monitor.

The 3<sup>rd</sup> party monitor shall issue a report to the IDA staff immediately when an applicant or applicant's contractor is not in compliance with this labor policy. IDA staff shall advise the Audit Committee and/or IDA Board of non-compliance by email or at the next scheduled meeting. If a violation of policy has occurred, IDA staff shall notify the applicant and contractor in writing of non-compliance and give applicant a warning of violation and 72 hours in which to correct such violation. Upon evidence of continued non-compliance or additional violations, the IDA and/or its 3<sup>rd</sup> party monitor shall notify the applicant that the project is in violation of the Orange County IDA Labor Policy and is subject to IDA Board action which may result in the revocation, termination and/or recapture of any or all benefits conferred by the IDA.


**The IDA will use a third party firm or firms to monitor and audit compliance with this local labor policy, the cost of which shall be paid for by the Company in advance of the audits and held in a non-interest bearing escrow account until audits are complete.**

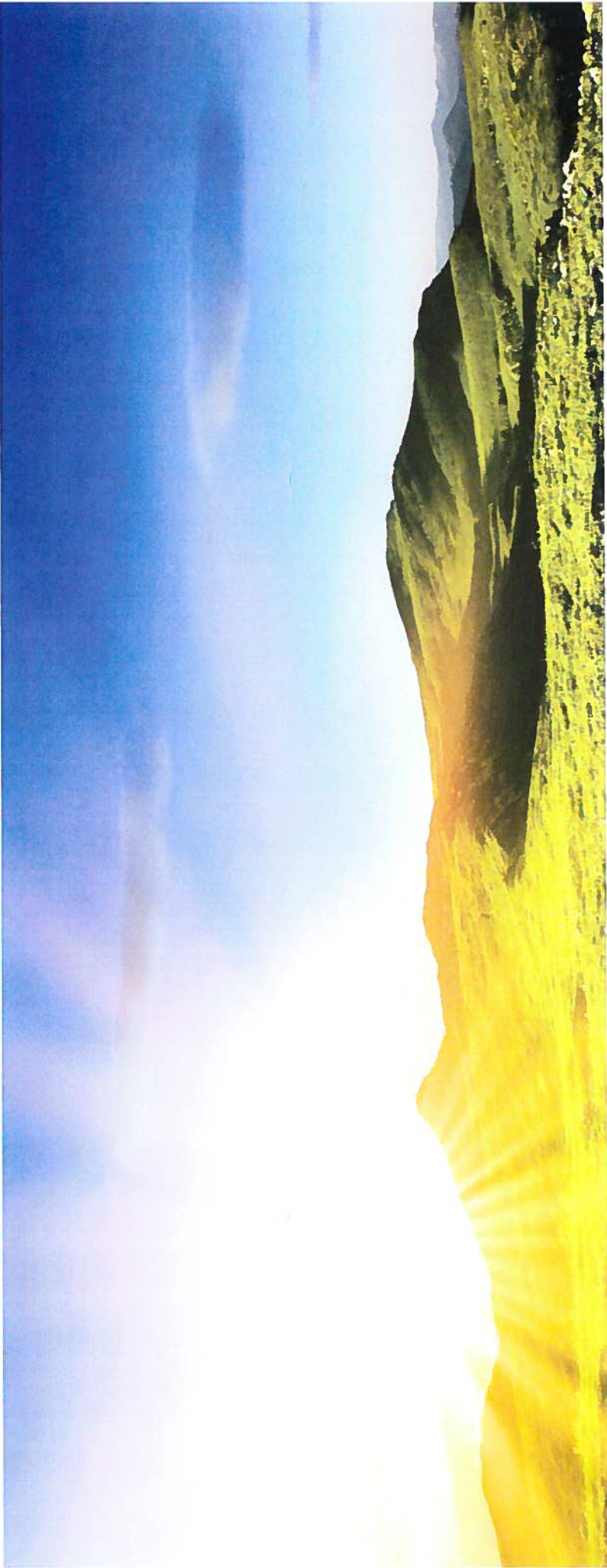
The applicant of an IDA approved project shall be required to maintain a 4' X 8' bulletin board on the project site containing the following information:

1. Contact information of the applicant;
2. Summary of the IDA benefits received;
3. Contractors names and contact information on IDA provided form;
4. Copies of proof of exemption from labor policy;
5. Copies of any warnings or violations of policy;
6. Copy of the Executed Labor Policy.

The bulletin board shall be located in an area that is accessible to onsite workers and visitors, which should be clear and legible at least 10 feet from said board.

The applicant has read the OCIDA Labor Policy and agrees to adhere to it without changes and shall require its construction manager, general contractor and sub-contractors who are not exempt to acknowledge the same. The Applicant understands and agrees that it is responsible for all third-party auditing and monitoring costs.

<u>Kraftify LLC</u> Applicant Signature	<u></u> Signature of CM, GC or SC
<u>Triple R Development LLC</u> Company Name	<u>Triple R Development LLC</u> Company Name
<u>Michael Kraai</u> Print Name of above signer	<u>Ramon B Gonzalez</u> Print Name of above signer
<u>973-396-7217</u> Email/phone of Applicant	<u>Ramon@triplerd.com (845) 866-4091</u> Email/phone of CM/GC/SC
<u>6/18/18</u> Date	<u>06/18/18</u> Date



# Warwick Terroir

*The premiere destination to experience beer*



## Renovation Plan Detail

Our building has two floors and a large basement which totals over 14,350 square feet of usable space. The building will be renovated to include 5 main areas;

- Tasting Room & Pizza Oven
- Wedding & Event Space
- 15 BBL Brewhouse & Production
- Cellar Room & Barrel Aging
- Outdoor Beer Garden & Festival Area
- Warehousing and Distribution Center



Our tasting room, outdoor beer garden, catering hall, and artisanal brick oven pizza will all be designed and built in an effort to build community by providing a comfortable and inviting destination where you will want to spend an entire afternoon. Tourism and job creation from our project will be significant to the local economy.

## Tasting Room Design (1<sup>st</sup> floor)

Design: Open, rustic, refined, yet very comfortable and inviting. Highlight the brewing equipment and visible, producing great aromas throughout the tasting room.

### Features:

- 60 ft long bar with 15 tap tower
- Bright Tanks/Serving Tanks behind bar
- Viewing window into brew system
- Large French Doors that open to outdoor space
- Merchandise and packaged beer area
- Brick oven pizza area
- Men & Woman Bathrooms

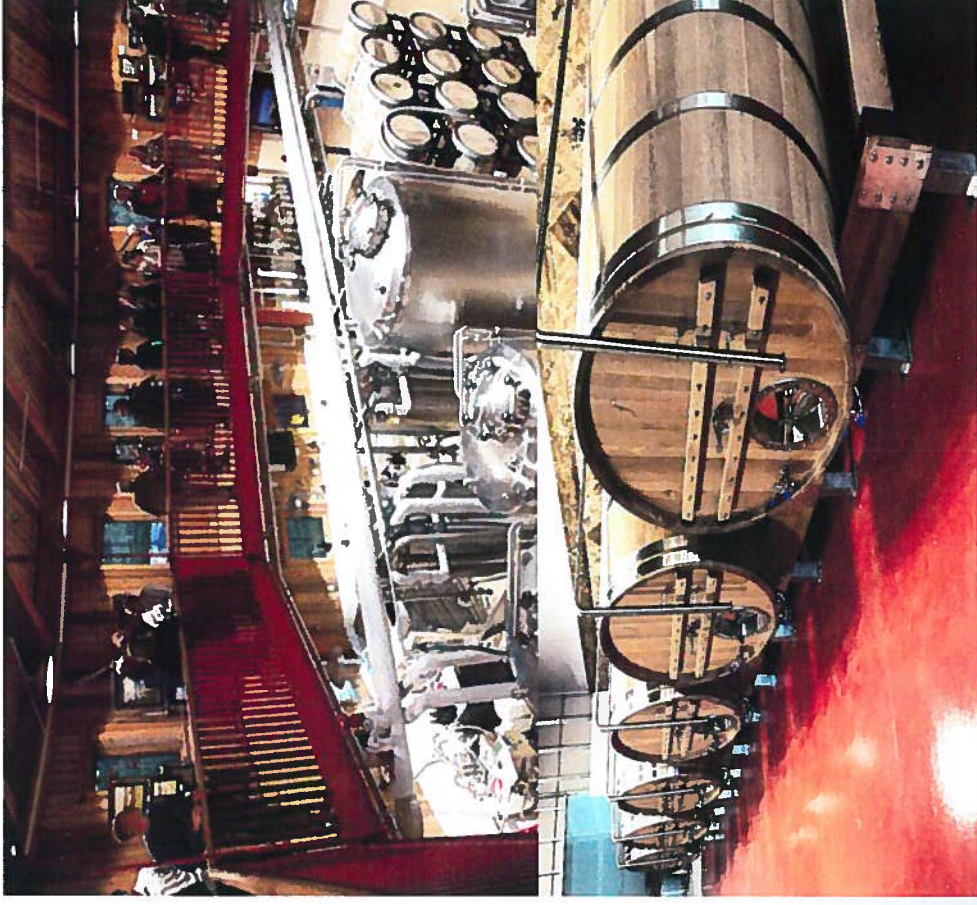




## Brewhouse/Production area (1<sup>st</sup> floor)

### Design & Features;

- Cat-walk above brew system for self-guided tours (pictured top right)
- 15 BBL Brewhouse with capacity to produce over 5,000 BBL per year
- 30 BBL Oak Feeders (pictured bottom right) - This will be a unique and main feature of our brewing process. These large oak vessels are quite majestic and beautiful in person, and they produce amazing beer! We will be one of four breweries in the US with this system. The Original brewery to install this system, Side Project Brewery, is now the highest rated brewery on Untappd
- 35 Can per Minute Canning Line
- Other raw materials, cleaning, and packaging equipment



# Weddings & Large Event Space (2<sup>nd</sup> floor)

## Design & Features;

- Open space capable of hosting weddings or corporate events of approx. 100-175 people
- 20 foot high ceilings with exposed trellis beams
- Multiple windows with impressive views of Mt Peter, and Whickham Lake
- Second floor bar area with additional 8 taps
- Large window/viewing area into the brew system
- Sliding barn doors to convert the space into a smaller rental venue if necessary
- Second floor men & women bathrooms
- Approx. 800 square feet of office space, prep area, storage, and employee only space

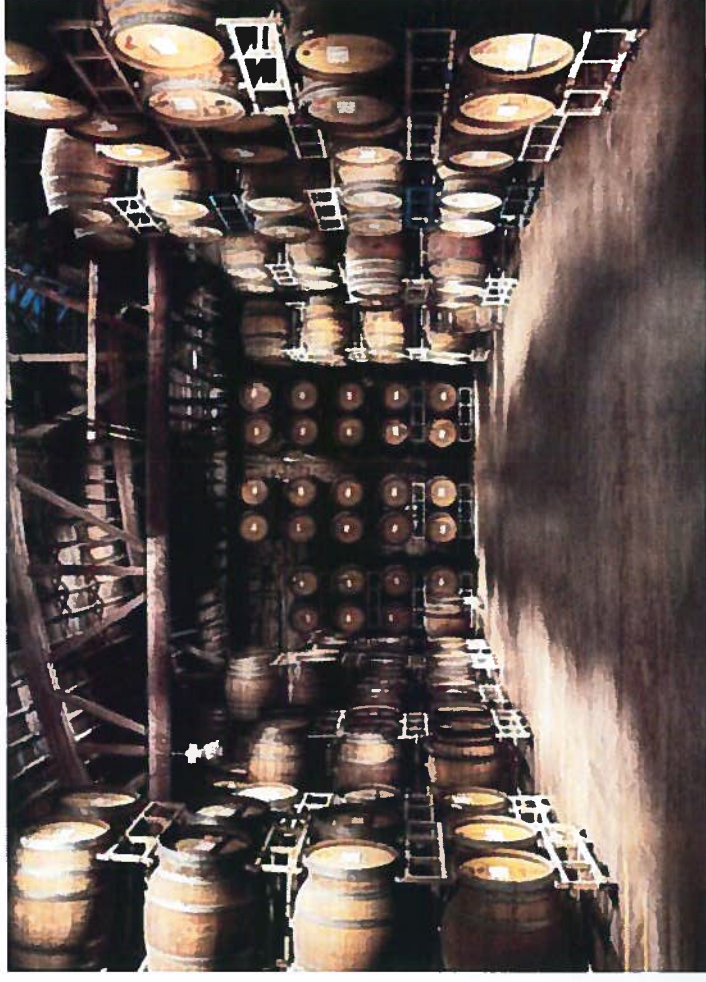




# The Cellar (Ground floor)

## Design & Features;

- 18 foot high ceilings, capable of housing approximately 250 barrels
- Very consistent temperature and humidity which makes the space perfect for barrel aging/cellaring.
- Practical space for storing and aging barrels up to 2 years, but also capable of hosting smaller groups of 20-40; birthday parties, engagement parties, bachelor parties, etc.
- The décor will have a speak easy feel, dimmed lighting, and the natural beauty of the oak barrels speak for themselves.
- Space can also be utilized for special barrel release parties, and other limited/special events



# Outdoor Beer Garden & Festival Space

## Design & Features;

- 1,200 square ft patio space with outdoor table and seating for approx. 100 guests
- Large French doors with easy access to indoor tasting room for self service food & drink
- Approx. 2 acres of lawn space and picnic table seating for large outdoor concerts, craft beer festivals, and other outdoor event space
- Gas powered fire pits for ambiance and heat in colder seasons
- Incredible views of nearby stream, lake, and mountains. Adjacent to Warwick town park with over 400 acres of walking trails.





**Motion By:** \_\_\_\_\_  
**Seconded By:** \_\_\_\_\_

**INITIAL RESOLUTION**  
*(Kraftify LLC Project)*

A regular meeting of the Orange County Industrial Development Agency held on August 9, 2018 at 2:00 p.m. (local time) at The Accelerator, 4 Crotty Lane, Suite 100, New Windsor, New York 12553.

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to a proposed project for the benefit of the below-defined Company.

RESOLUTION (i) ACCEPTING THE APPLICATION OF KRAFTIFY LLC WITH RESPECT TO A CERTAIN PROJECT (AS MORE FULLY DESCRIBED BELOW), (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.

WHEREAS, by Title I of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 390 of the Laws of 1972 of the State of New York, (hereinafter collectively called the "Act"), the **ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (hereinafter called the "Agency") was created with the authority and power and for the purpose of, among other things, acquiring, constructing, reconstructing and equipping manufacturing, warehousing, research, commercial, or industrial facilities as authorized by the Act; and

WHEREAS, **KRAFTIFY LLC**, New York limited liability company for itself or on behalf of an entity to be formed (collectively, the "Company"), has submitted an application (the "Application") to the Agency requesting the Agency's assistance with a certain project (the "Project") consisting of: (A) the acquisition by the Agency, of a leasehold interest in an approximately 1.3±-acre parcel of land located on State School Road in the Town of Warwick, Orange County, New York (the "Land") together with the existing approximately 14,000 square-foot building thereon (the "Existing Improvements"); (B)(i) the complete renovation of the Existing Improvements and (ii) the construction of an approximately 1,500 square foot addition thereto (collectively, the "Improvements"); and (C) the acquisition and installation in, on and around the Improvements of certain items of equipment and other tangible personal property including, but not limited to, mechanicals, plumbing, lighting, brewing equipment and furnishings (collectively, the "Equipment" and, together with the Land, the Existing Improvements and the Improvements, the "Facility"); all for use by the Company as a brewery with a barrel aging area, canning line and tasting room; and

WHEREAS, pursuant to Article 18-A of the General Municipal Law, the Agency desires to adopt a resolution describing the Project and the financial assistance that the Agency is contemplating with respect to the Project; and

WHEREAS, it is contemplated that the Agency will hold a public hearing and (i) negotiate an agent agreement (the "Agent Agreement"), pursuant to which the Agency will appoint the Company as its agent for the purpose of acquiring, constructing, renovating and equipping the Facility, (ii) negotiate and enter into a lease agreement (the "Lease Agreement"), a leaseback agreement (the "Leaseback Agreement") and a payment-in-lieu-of-tax agreement (the "Tax Agreement"), (iii) take title to, or a leasehold interest in, the Land, the Existing Improvements, the Improvements, the Equipment and personal property constituting the Facility (once the Lease Agreement, Leaseback Agreement and Tax Agreement have been negotiated), and (iv) provide financial assistance to the Company in the form of (a) a sales and use tax exemption for purchases and rentals related to the acquisition, construction, renovation and equipping of the Facility, (b) a partial real property tax abatement structured within the Tax Agreement, and (c) if necessary, a mortgage recording tax exemption for financing or re-financing related to the Project (collectively the "Financial Assistance"); and

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. The Company has presented an Application in a form acceptable to the Agency. Based upon the representations made by the Company to the Agency in the Company's Application, the Agency hereby finds and determines that:

(A) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(B) The Agency has the authority to take the actions contemplated herein under the Act; and

(C) The action to be taken by the Agency will induce the Company to develop the Project, thereby increasing employment opportunities in Orange County, New York, and otherwise furthering the purposes of the Agency as set forth in the Act; and

(D) The Project will not result in the removal of a civic, commercial, industrial, or manufacturing plant of the Company or any other proposed occupant of the Project from one area of the State of New York (the "State") to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project located within the State; and the Agency hereby finds that, based on the Company's Application, to the extent occupants are relocating from one plant or facility to another, the Project is reasonably necessary to discourage the Project occupants from removing such other plant or facility to a location outside the State and/or is reasonably necessary to preserve the competitive position of the Project occupants in their respective industries.

Section 2. The Chairman, Vice Chairman and/or the Chief Operating Officer of the Agency are hereby authorized, on behalf of the Agency, to hold a public hearing in compliance with the Act and negotiate the terms of (A) the Agent Agreement, pursuant to which the Agency appoints the Company as its agent to undertake the Project, (B) the Lease Agreement, pursuant to which the Company leases the Facility to the Agency, (C) the related Leaseback Agreement, pursuant to which the Agency conveys its interest in the Facility back to the Company, (D) the Tax Agreement and (E) related documents; *provided*, the provisions of the Agent Agreement and the rental payments under the Leaseback Agreement include payments of all costs incurred by the Agency arising out of or related to the Project and indemnification of the Agency by the Company for actions taken by the Company and/or claims arising out of or related to the Project.

Section 3. The Agency is hereby authorized to conduct a public hearing in compliance with the Act.

Section 4. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required and to execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 5. In the event that (a) the Company does not proceed to final Agency approval within six (6) months of the date hereof and/or (b) close with the Agency on the proposed financial assistance within twelve (12) months of the date hereof, the Agency reserves the right to rescind and cancel this resolution and all approvals made hereunder or under any other Agency resolution or action.

Section 6. These Resolutions shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to vote on roll call, which resulted as follows:

	<i><u>Yea</u></i>	<i><u>Nay</u></i>	<i><u>Absent</u></i>	<i><u>Abstain</u></i>
Robert T. Armistead				
Mary Ellen Rogulski				
Stephen Brescia				
John Steinberg, Jr.				
Robert J. Schreiber, Sr.				
Edward A. Diana				
James DiSalvo				

The Resolutions were thereupon duly adopted.

STATE OF NEW YORK )  
COUNTY OF ORANGE ) ss:

I, the undersigned Secretary of the Orange County Industrial Development Agency, DO  
HEREBY CERTIFY:

That I have compared the foregoing extract of the minutes of the meeting of the Orange County Industrial Development Agency (the "Agency") including the resolution contained therein, held on the 9<sup>th</sup> day of August, 2018, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolution set forth therein and of the whole of said original insofar as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that all members of said Agency had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with Article 7.

I FURTHER CERTIFY that there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY that as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of said Agency this 9<sup>th</sup> day of August, 2018.

---

Stephen Brescia, Secretary

June 19, 2018

Ms. Laurie Villasuso  
Chief Operating Officer & Executive Vice President  
Industrial Development Agency - Orange County NY  
4 Crotty Lane, Suite 100  
New Windsor, NY 12553

Dear Ms. Villasuso:

On July 13, 2017, the New York State Department of Health (DOH) notified St. Luke's Cornwall Hospital (SLCH) that it had been awarded \$8,049,686 under the Statewide Health Care Facility Transformation Program. A copy of the DOH's letter is attached. In summary, the award is meant to fund the expansion of our Emergency Department Triage and Fast Track areas, develop a Centralized Observation Unit, and build-out a new MRI Suite (the "Project") ...all on our Newburgh campus. See the enclosed "Capital Budget Narrative" for a more detailed breakout of Project costs.

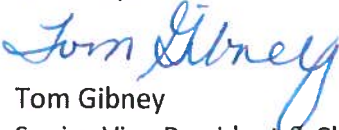
The space to be utilized in connection with the Project was, in part, previously improved with the proceeds of tax-exempt bonds issued by the Orange County Industrial Development Agency (OCIDA), specifically the **Series 2001A Bonds**. As such, before the State will release any Project funds, SLCH must 1) fully and accurately describe the Project to the issuer of the Series 2001A Bonds; 2) if further required by the Series 2001A Bond documents, deliver to the OCIDA an opinion of bond counsel that the Project will not adversely affect the tax-exempt status of the Series 2001A Bonds; and 3) obtain the OCIDA's consent for SLCH to move forward with the Project, including a determination by the OCIDA that the Project will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, tax certificate, or other instrument to which SLCH is a party, or by which it is or any of its properties are bound.

Regarding #1 in the previous paragraph, please consider this letter as fulfilling such notification requirement. Regarding #2, we have determined that an opinion of bond counsel will be required for the 2001A Bonds and have been in contact with Harris Beach, OCIDA's bond counsel, to provide both us and the OCIDA with such opinion. Regarding #3, we have also requested Harris Beach to provide the OCIDA with all appropriate information, including the bond counsel opinion, so that the OCIDA can provide us with the required consents/determinations.

We look forward to working with the OCIDA and Harris Beach to address the above requirements. We at SLCH are very excited about the opportunity this Project affords us to continue our quest to provide the best care possible to our community.

If you have any questions, please don't hesitate to call me at (845)568-2881 or email me at [tomgibney@slchospital.org](mailto:tomgibney@slchospital.org).

Sincerely,



Tom Gibney  
Senior Vice-President & Chief Financial Officer

cc: Charles Schachter, Harris Beach  
Russell Gaenzle, Harris Beach

June 19, 2018

Ms. Laurie Villasuso  
Chief Operating Officer & Executive Vice President  
Industrial Development Agency - Orange County NY  
4 Crotty Lane, Suite 100  
New Windsor, NY 12553

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On July 13, 2017, the New York State Department of Health (DOH) notified St. Luke's Cornwall Hospital (SLCH) that it had been awarded \$8,049,686 under the Statewide Health Care Facility Transformation Program. A copy of the DOH's letter is attached. In summary, the award is meant to fund the expansion of our Emergency Department Triage and Fast Track areas, develop a Centralized Observation Unit, and build-out a new MRI Suite (the "Project") ...all on our Newburgh campus. See the enclosed "Capital Budget Narrative" for a more detailed breakout of Project costs.

The space to be utilized in connection with the Project was, in part, previously improved with the proceeds of tax-exempt bonds issued by the Orange County Industrial Development Agency (OCIDA), specifically the **Series 2006 Bonds**. As such, before the State will release any Project funds, SLCH must 1) fully and accurately describe the Project to the issuer of the Series 2006 Bonds; 2) if further required by the Series 2006 Bond documents, deliver to the OCIDA an opinion of bond counsel that the Project will not adversely affect the tax-exempt status of the Series 2006 Bonds; and 3) obtain the OCIDA's consent for SLCH to move forward with the Project, including a determination by the OCIDA that the Project will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, tax certificate, or other instrument to which SLCH is a party, or by which it is or any of its properties are bound.

Regarding #1 in the previous paragraph, please consider this letter as fulfilling such notification requirement. Regarding #2, we have determined that an opinion of bond counsel will not be required for the 2006 Bonds. Regarding #3, we have been in contact with Harris Beach, OCIDA's bond counsel, to request it to provide the OCIDA with all appropriate information, so that the OCIDA can provide us with the required consents/determinations.

A Member of the  
**Montefiore**  
HEALTH SYSTEM, INC.

Newburgh Campus  
70 Dubois Street  
Newburgh, NY 12550

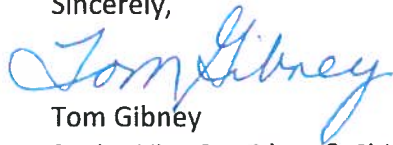
Cornwall Campus  
19 Laurel Avenue  
Cornwall, NY 12518



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If you have any questions, please don't hesitate to call me at (845)568-2881 or email me at [tomgibney@slchospital.org](mailto:tomgibney@slchospital.org).

Sincerely,



Tom Gibney  
Senior Vice-President & Chief Financial Officer

cc: Charles Schachter, Harris Beach  
Russell Gaenzle, Harris Beach



Ernst & Young LLP  
5 Times Square  
New York, NY 10036 6530

Tel: +1 212 773 3000  
Fax: +1 212 773 6350  
ey.com

## Report of Independent Auditors

The Board of Trustees  
St. Luke's Cornwall Hospital

We have audited the accompanying schedules showing Saint Luke's Cornwall Hospital ("SLCH") Debt Service Coverage Ratio ("DSCR") for the year ended December 31, 2017, and Days Cash on Hand ("DCOH") at December 31, 2017 (the "Schedules"), based on the consolidated financial statements referred to in the Report on Financial Statements as of December 31, 2017 paragraph below.

### Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of the Schedules in conformity with the definitions of DSCR and DCOH as outlined in the Master Trust Indenture between the St. Luke's Hospital Obligated Group and Manufacturers and Traders Trust Company, as Master Trustee, dated November 1, 2001 (the "MTI"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free of material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **Opinion**

In our opinion, the Schedules referred to above present fairly, in all material respects, SLCH's DSCR for the year ended December 31, 2017, and DCOH at December 31, 2017, in conformity with the MTI.

## **Contractual Basis of Accounting**

The method of calculating DSCR and DCOH is prescribed as outlined in the MTI. Our opinion is not modified with respect to this matter.

## **Report on Financial Statements as of December 31, 2017**

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of SLCH as of and for the year ended December 31, 2017 and have issued our report, with an unmodified opinion thereon, dated May 15, 2018.

## **Restrictions on Use**

This report is intended solely for the information and use of management and the Board of Trustees of SLCH and its lenders and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst + Young LLP*

May 15, 2018

**Motion By:** \_\_\_\_\_  
**Seconded By:** \_\_\_\_\_

## **RESOLUTION**

*(St. Luke's Hospital Project & St. Luke's Cornwall Hospital Project)*

A regular meeting of the Orange County Industrial Development Agency was held on August 9, 2018 at 2:00 p.m. (local time) at the Orange County Business Accelerator, 4 Crotty Lane, Suite 100, New Windsor, New York 12553.

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to existing projects for the benefit of the below-defined Company.

RESOLUTION (i) AUTHORIZING CONSENT WITH RESPECT TO THE ADDITIONS, MODIFICATIONS, OR IMPROVEMENTS OF CERTAIN EXISTING PROJECT FACILITIES (AS MORE FULLY DESCRIBED BELOW) AND (ii) AUTHORIZING AND DELEGATING AUTHORITY TO CHAIRMAN, VICE CHAIRMAN AND THE CHIEF OPERATING OFFICER TO EXECUTE AND DELIVER SUCH CONSENTS AND ANY RELATED DOCUMENTS.

WHEREAS, by Title I of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 390 of the Laws of 1972 of the State of New York, (hereinafter collectively called the "Act"), the **ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (hereinafter called the "Agency" or "Issuer") was created with the authority and power and for the purpose of, among other things, acquiring, constructing, reconstructing and equipping manufacturing, warehousing, research, commercial, or industrial facilities as authorized by the Act; and

WHEREAS, the St. Luke's Cornwall Hospital (the "Company") previously received the Issuer's assistance with certain projects in 2001 and 2006 (as described herein); and

WHEREAS, by letter dated June 19, 2018, the Company provided notice to the Issuer that the New York State Department of Health has awarded the Company \$8,049,686 to fund an expansion of certain spaces at the Company's Newburgh, New York facility (the "Grant"), as more fully detailed by letter dated July 13, 2017 from DOH to the Company. The Grant was awarded to fund certain additions, modifications or improvements to the Facility (as defined below) previously improved by utilizing proceeds from the Issuer's Series 2001A Bonds (as defined below) and the Issuer's Series 2006 Bonds (as defined below); and

WHEREAS, pursuant to a certain Indenture of Trust, dated as of November 1, 2001 (the "2001A Indenture"), by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the "2001A Trustee"), the Issuer issued its \$19,905,000 Civic Facility Revenue Bonds (St. Luke's Hospital Project), Series 2001A (the "Series 2001A Bonds"), which Series 2001A

Bonds were issued for the benefit of the Company, successor by merger to St. Luke's Hospital of Newburgh, N.Y.; and

WHEREAS, contemporaneously with the execution of the 2001A Indenture, the Issuer and the Company entered into a certain Lease to Issuer, dated as of November 1, 2001, as amended by a certain Amendment No. 1 to Lease to Issuer, dated as of September 21, 2005 (the "2001A Company Lease"), pursuant to which the Company leased the Facility (as defined in the 2001A Indenture, and hereinafter referred to herein as the "2001A Facility") to the Issuer and a Lease Agreement, dated as of November 1, 2001, as amended by a certain Amendment No. 1 to the Lease Agreement, dated as of September 21, 2005 (the "2001A Lease Agreement"). The Issuer assigned to the 2001A Trustee all of its rights under the 2001A Lease Agreement (except the Unassigned Rights, as defined in the 2001A Lease Agreement) pursuant to the terms of a certain Pledge and Assignment, dated as of November 1, 2001 from the Issuer to the 2001A Trustee; and

WHEREAS, the Issuer issued its \$15,965,000 original principal amount Variable Rate Demand Civic Facility Revenue Bonds (St. Luke's Cornwall Hospital Project), Series 2006 (the "Series 2006 Bonds") for the benefit of the Company pursuant to a certain Indenture of Trust, dated as of June 1, 2006, as supplemented and amended by that certain First Supplemental Indenture of Trust, dated as of November 1, 2010 and as further supplemented and amended by that certain Second Supplemental Indenture of Trust, dated as of November 1, 2010, by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the "2006 Trustee") (the "2006 Indenture"); and

WHEREAS, contemporaneously with the execution of the 2006 Indenture, the Company leased the Facility (as defined in the 2006 Indenture, and hereinafter referred to herein as the "2006 Facility") to the Issuer pursuant to a certain Company Lease Agreement, dated as of June 1, 2006 (the "2006 Company Lease Agreement") and the Issuer leased its interest in the 2006 Facility back to the Company pursuant to a certain Lease Agreement, dated as of June 1, 2006, as amended and supplemented by that certain First Supplemental Lease Agreement dated as of November 1, 2010, by and between the Issuer and the Company (the "2006 Lease Agreement"). The Issuer assigned to the 2006 Trustee and KeyBank, National Association (the "LOC Bank") all of its rights (except Unassigned Rights, as defined in the 2006 Indenture) under the 2006 Lease Agreement, pursuant to the terms of a certain Pledge and Assignment, dated as of June 1, 2006, as amended and supplemented by that certain First Supplemental Pledge and Assignment dated as of November 1, 2010, from the Issuer to the 2006 Trustee and the LOC Bank; and

WHEREAS, pursuant to Article 18-A of the General Municipal Law, the Agency desires to (i) adopt a resolution authorizing the execution and delivery of the consents required under the 2001A Lease Agreement and the 2006 Lease Agreement to allow for the use of the Grant proceeds in connection with the 2001A Facility and the 2006 Facility, respectively and (ii) delegate authority to the Chairman, Vice Chair and Chief Operating Officer to execute and delivery the necessary documents to effectuate such consent; and

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. Based upon the representations made by the Company to the Agency in correspondence submitted by the Company to the Agency, the Agency hereby finds and determines that:

(A) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(B) It is desirable and in the public interest for the Agency to grant the contemplated consent to the Company for purposes of the projects described herein; and

(C) The Agency has the authority to take the actions contemplated herein under the Act.

Section 2. The Issuer hereby consents to the use of the Grant proceeds to perform additions, modifications, and improvements to the 2001A Facility in accordance with Section 6.1(b) of the 2001A Lease Agreement.

Section 3. The Issuer hereby consents to the use of the Grant proceeds to perform additions, modifications, and improvements to the 2006 Facility in accordance with Section 6.1(b) of the 2006 Lease Agreement.

Section 4. The Chairman, Vice Chairman and/or the Chief Operating Officer of the Issuer are hereby authorized, on behalf of the Issuer, to do all acts and things required and to execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Issuer with all of the terms, covenants and provisions of the documents executed for and on behalf of the Issuer.

Section 5. The form and substance of the Issuer consent documents (in substantially the forms presented to this meeting or in such forms as are approved by Counsel to the Issuer and Bond Counsel) are hereby approved, and the Secretary is hereby directed to include a copy of the Agency consent forms submitted to this meeting with the records of the Issuer.

Section 6. These Resolutions shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to vote on roll call, which resulted as follows:

	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstain</u>
Robert T. Armistead				
Mary Ellen Rogulski				
Stephen Brescia				
John Steinberg, Jr.				
Robert J. Schreibeis, Sr.				
Edward A. Diana				
James DiSalvo				

The Resolutions were thereupon duly adopted.



STATE OF NEW YORK )  
COUNTY OF ORANGE ) ss:

I, the undersigned Secretary of the Orange County Industrial Development Agency, DO  
HEREBY CERTIFY:

That I have compared the foregoing extract of the minutes of the meeting of the Orange  
County Industrial Development Agency (the "Agency") including the resolution contained  
therein, held on the 9<sup>th</sup> day of August, 2018, with the original thereof on file in my office, and  
that the same is a true and correct copy of the proceedings of the Agency and of such resolution  
set forth therein and of the whole of said original insofar as the same relates to the subject  
matters therein referred to.

I FURTHER CERTIFY that all members of said Agency had due notice of said meeting,  
that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public  
Officers Law (Open Meetings Law), said meeting was open to the general public, and that public  
notice of the time and place of said meeting was duly given in accordance with Article 7.

I FURTHER CERTIFY that there was a quorum of the members of the Agency present  
throughout said meeting.

I FURTHER CERTIFY that as of the date hereof, the attached resolution is in full force  
and effect and has not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of said Agency this 9<sup>th</sup>  
day of August, 2018.

---

Stephen Brescia, Secretary

James R. Loeb  
Richard J. Drake, *retired*  
Glen L. Heller\*  
Marianna R. Kennedy  
Gary J. Gogerty  
Stephen J. Gaba  
Adam L. Rodd  
Dominic Cordisco  
Timothy P. McElduff, Jr.  
Ralph L. Puglielle, Jr.  
Nicholas A. Pascale

Lisa M. Card  
Alana R. Bartley  
Aaron C. Fitch  
Emily R. Worden  
Judith A. Wayne

Jennifer L. Schneider  
Managing Attorney

\*LL.M. in Taxation

July 27, 2018

**Via E-mail and First Class Mail**

Ms. Laurie Villasuso  
Chief Operating Officer  
and Executive Vice President  
Orange County Industrial Development Agency  
4 Crotty Lane, Suite 100  
New Windsor, New York 12553

Re: CRH Realty III, LLC with Orange County Industrial Development  
Agency  
Our File No.: 13792-68666

Dear Ms. Villasuso:

We represent CRH Realty III, LLC ("CRH III") in connection with the pending financing transactions with respect to the property located at 855 Route 17M, Monroe, New York ("Monroe Property"), which transactions were previously approved in relevant part by the Orange County Industrial Development Agency ("OCIDA") on October 20, 2016 and December 14, 2017.

Currently, the key elements of the transactions are as follows:

- The current loan from Bank of America, N.A., secured by a mortgage on the Monroe Property, will be taken by assignment by Siemens Financial Services, Inc. ("Siemens"). Siemens will take a security interest in all assets of CRH III in addition to the mortgage, and will provide additional financing up to an aggregate principal amount of twenty seven million (\$27,000,000.00) dollars.
- As previously contemplated, an affiliate of Hammes Partners II, L.P. ("Subordinate Lender") will provide a subordinate loan to CRH III in the approximate amount of eight million one hundred forty two thousand (\$8,142,000.00) dollars, to be secured by a security interest in all of the membership interests of CRH III, which are currently held by CRH Holdings II, LLC to facilitate the taking of such security interest ("CRH Holdings II").

- The Sublease between CRH III and Crystal Run Transformation Services, LLC (“CRTS”) (as assignee of Crystal Run Healthcare LLP) will be terminated and replaced with a new sublease between CRH III and CRTS. CRTS will continue to further sublease the property to Crystal Run Healthcare Physicians LLP.
- The Subordinate Loan will be convertible at the option of Subordinate Lender into all of the issued and outstanding membership interests in CRH III (“Conversion”).
- Following the Conversion, CRH Holdings II shall have the right to purchase all of the membership interests in CRH III (“CRH Holdings Repurchase”).
- Subordinate Lender (before Conversion) and CRH Holdings II (after Conversion and prior to CRH Holdings Repurchase) shall have a right of first refusal in the event CRH III attempts to sell the Monroe Property.

Although we do not expect that any of the above transactions will require modifications to the agreements between CRH III and the OCIDA, CRH III hereby requests the OCIDA’s consent and cooperation in the consummation of these transactions. Therefore, we respectfully request the following:

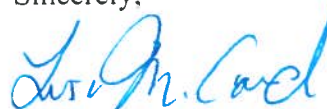
1. Approval of the OCIDA in connection with the assignment of the current mortgage loan secured by the Monroe Property to Siemens, the taking of a security interest in all assets of CRH III and the increase in the mortgage of up to an aggregate principal amount of \$27,000,000.00 from the original \$21,000,000.00 and the agreement of the OCIDA to execute loan documents reasonably required for such increased mortgage. We request an exemption from the mortgage tax for any principal not already so exempted, and the participation of the Orange County Funding Corporation (“OCFC”) if necessary to effectuate the foregoing.
2. Consent to the termination of the Sublease and the consummation of a new sublease between CRH III and CRTS, which will be further subleased to Crystal Run Healthcare Physicians LLP.
3. Consent to the change of control and the deemed assignment of the Amended and Restated Leaseback Agreement dated as of October 1, 2015 between CRH III and the OCIDA as a result of the Conversion, effective upon Conversion, and as a result of the CRH Holdings Repurchase, effective upon the CRH Holdings Repurchase.
4. Consent to the sale of the Monroe Property in the event the right of first refusal is exercised by Subordinate Lender or CRH Holdings II.

Ms. Laurie Villasuso  
July 27, 2018  
Page 3

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Thank you for your time. Please reach out if you have any questions or concerns.

Sincerely,



Lisa M. Card

LMC/675419

cc: Russell E. Gaenzle

# BAVOSO & PLOTSKY

ATTORNEYS AT LAW

GLEN A. PLOTSKY NY & CT  
DAVID W. BAVOSO, NY & PA

19 East Main Street  
P.O. Box 3139  
Port Jervis, New York 12771  
Ph: (845) 856-4444 / Fx: (845) 858-8002

WILLIAM D. BAVOSO NY, PA & FL Of Counsel  
MICHAEL B. MELTZER NJ, Of Counsel  
WILLIAM J. GREGG (1915-1993)

-----  
*Serving the Community Since 1953*

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E-Mail: [bavosoandplotsky@portjervislawyers.com](mailto:bavosoandplotsky@portjervislawyers.com)

-----  
Website: [www.portjervislawyers.com](http://www.portjervislawyers.com)

July 31, 2018

Kevin T. Dowd, Esq.  
46 Daisy Lane  
Montgomery, New York 12549  
Forwarded by email to: [kdcommish@aol.com](mailto:kdcommish@aol.com)

Re: Port Jervis Holdings, LLC with Town of Deerpark - PILOT

Dear Kevin:

This letter is written to reiterate that the Town of Deerpark vehemently opposes an IDA PILOT for the property referenced above.

When the original IDA PILOT Agreement was made, the Town of Deerpark was a party thereto. Thereafter, subsequent to a foreclosure and transfer of the property, a revised PILOT Agreement was proposed to be entered into with a subsidiary of the lender, without notice to the Town.

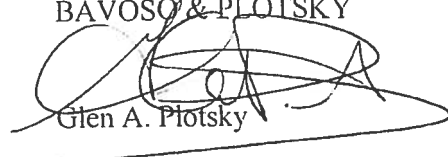
While the Town of Deerpark was willing to enter such an Agreement, reluctantly, the property was resold before any such Agreement could be entered.

At this juncture, we are Two (2) property owners later, both without any PILOT Agreement. There is no rational basis by which the Town of Deerpark will agree to a PILOT Program for this property. The Town opposes any consideration of this property for a PILOT Program.

Please be guided accordingly.

Very truly yours,

BAVOSO & PLOTSKY



Glen A. Plotsky

GAP:tf

cc: Town of Deerpark (Forwarded by email)  
Attention: Gary I. Spears, Town Supervisor  
Attention: Deborah Natalizio, Assessor

ORIGINAL

ORANGE COUNTY INDUSTRIAL AGENCY  
STATE OF NEW YORK

-----X

IN THE MATTER OF  
CHURCH HILL PROPERTIES

-----X

11:00 a.m.  
Tuesday, July 10, 2018

Senior Center  
15 Drew Avenue  
Highland Falls, New York

B E F O R E : KEVIN T. DOWD, ESQ.  
46 Daisy Lane  
Montgomery, New York 12549

KELLY REILLY, PROJECT MANAGER OCIDA

A L S O P R E S E N T:

JAMES DISALVO, BOARD MEMBER

REPORTED BY: ROBERTA O'ROURKE

---

FRANCES ROTH  
COURT STENOGRAPHER  
168 North Drury Lane, Newburgh, New York 12550  
(845) 566-1641

1 Church Hill Properties

2

2 MR. DOWD: Ladies and gentlemen, I  
3 would ask you to stand for the pledge of  
4 allegiance, please.

5 (Whereupon, the pledge of allegiance  
6 was said.)

7 MR. DOWD: My name is Kevin Dowd, I am  
8 local counsel to the Orange County Industrial  
9 Development Agency.

10 To my left is Kelly Reilly, one of the  
11 administrative staff members.

12 In our audience is James DiSalvo, one  
13 of our board members.

14 Roberta is going to record everything  
15 that's said today and prepare a transcript  
16 that will be read by all the board members of  
17 the IDA.

18 I'm going to begin right now by  
19 reading the Notice of Public Hearing and  
20 we'll follow from there.

21 Notice is hereby given that a public  
22 hearing pursuant to Article 18-A of the New  
23 York General Municipal Law will be held by  
24 the Orange County Industrial Agency on  
25 Tuesday July 10th, 2018 at 11:00 a.m. local



*Church Hill Properties*

3

1  
2 time, at the Senior Center, 15 Drew Avenue,  
3 Highland Falls, New York 10928, in connection  
4 with the following matter:

5 Churchill Properties of Highland  
6 Falls, New York, LLC, for itself or on behalf  
7 of an entity formed or to be formed, has  
8 submitted an application to the Agency  
9 requesting the Agency's assistance with a  
10 certain project consisting of (i) the  
11 acquisition by the Agency of a leasehold or  
12 other interest in approximately 5.4-acre  
13 parcel of land located at 1610 Highway 9W in  
14 the Village of Highland Falls, Town of  
15 Highlands, Orange County, New York, (ii) the  
16 construction on the land by the Company, as  
17 agent of the Agency, of an approximately  
18 99,000 square-foot 122-room full service  
19 hotel offering two adjoining banquet rooms,  
20 four large meeting rooms, a 135 seat  
21 three-meal fine dining restaurant and lounges  
22 in the lobby and atrium, together with  
23 landscaping and various site improvements;  
24 and (iii) the acquisition in and around the  
25 Improvements of certain items of machinery,

*Church Hill Properties*

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equipment and other tangible personal property.

The Agency will acquire a leasehold interest in the Facility and lease the Facility back to the Company. The Company will operate the Facility during the terms of the lease. At the end of the lease term, the Agency's leasehold interest will be terminated. The Agency contemplates that it will provide financial assistance to the Company in the form of sales and use tax exemptions, a mortgage recording tax exemption and a real property tax abatement, all consistent with the policies of the Agency.

A representative of the Agency will be at the above-stated time and place to present a copy of the Company's Project Application and hear and accept written and oral comments from all persons with views in favor of or opposed to or otherwise relevant to the proposed Financial Assistance.

Dated June 22nd, 2018 by the Orange County Industrial Development Agency.

1  
2 For the record, I've been handed a set  
3 of documents by the applicants which we are  
4 going to make part of the record, I'm going  
5 to give to the stenographer just so you have  
6 it.

7 I'm going to ask the applicant to come  
8 forward and make a very brief presentation  
9 after which I will open it up to any public  
10 comments by anyone in the audience and we'll  
11 go from there.

12 MR. FRANKEL: Good morning, everyone.  
13 My name is Charles Frankel, I am an attorney  
14 with Rider, Weiner & Frankel in New Windsor  
15 and I represent the applicant as Mr. Dowd  
16 pointed out.

17 The project has been under  
18 consideration for some time and now my client  
19 is prepared to go forward. I'll introduce  
20 him, this is Kenneth Fleisher, he is a  
21 principal with the company that wants to  
22 build the hotel and he's going to give you a  
23 little bit more information and detail.

24 So, Ken.

25 MR. FLEISHER: Thanks, Charles. Good

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morning, thanks for coming out today.

I'm going to tell you a little bit about the hotel that we are contemplating. I apologize that I'm not able to project but perhaps we can just circulate this among you.

What we want to do is build a premium full service hotel and what that means is we are going to build a structure into the hill at 9W over Mearns Avenue.

The first level will be built into the side of the hill. You'll enter at the second level from the parking lot or from 9W and then there will be three levels above that. The ground level will be where we have all of the entertainment space, the banquet rooms, the wine cellar and the kitchen.

At the entry level or first level is where you would come in to the typical lobby reception, there we'll have the restaurant, two private dining rooms, two meeting rooms and a lounge.

We'll have a double height of 24-foot atrium as you enter. The entrance will be facing east so you'll get the Hudson Valley

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view.

At the second level we'll have an atrium lounge that overlooks the double height space and we'll begin to have our rooms which will predominantly be located on the third and a fourth floor.

The final element of programming for the hotel will be a rooftop lounge and solarium that will allow us to maximize the experience of the Hudson River Valley.

Our timeline is to finalize financing in the fall so that we can be shovels in the dirt in the spring, right? The spring of '19 with a grand opening in the summer of 2020.

The project not only brings employment during the construction period roughly two to 300 full time equivalents for a 14 to 16 month build, but it also brings about 110 to 120 full time positions with the hotel operations.

Those are split roughly 25 professional and management positions and right around 90 of the staff that moves all the way from the room staff, restaurant staff

1  
2 and bellhops associated with the premium  
3 hotel.

4           What we are attempting to accomplish  
5 with this approach is to address what we  
6 believe are three underserved needs. One is  
7 there is no premium level hotel lodging in  
8 the Mid-Hudson Valley east of the Hudson or  
9 west of the Hudson. So there's a significant  
10 segment of the traveling community that is  
11 not being served. Despite the fact that this  
12 region is the third most visited destination  
13 in upstate New York.

14           The second opportunity is the fact  
15 that there is limited bed space to support  
16 the demand generated by the academy as well  
17 as today's brides who travel to this area,  
18 and we'd like to address that.

19           Finally, there's limited fine dining  
20 on the west side of the Hudson and we believe  
21 that the restaurant at the hotel will address  
22 that.

23           As such in addition to jobs we believe  
24 that the hotel will attract visitors to the  
25 area and it's our intention to present the

1  
2 area with farm to table restaurant offerings  
3 with support from local breweries and  
4 wineries. And then we will also intend to  
5 organize a farmers market during the season.

6 So the reason that we have applied,  
7 the reason that we think you'd want to  
8 support this request is the amount of jobs  
9 that are being created, as well as the  
10 ability to draw visitors into the area.

11 Thanks for the opportunity to share  
12 our program. As the presentation circulates,  
13 if it generates some questions we're here to  
14 answer them.

15 THE AUDIENCE: Can we ask questions?

16 MR. DOWD: I will be very happy to  
17 hear your questions.

18 As Ken said the application calls for  
19 115 to 120 full time employees within three  
20 years of project completion and three  
21 part-time employees.

22 Their total capital costs are about 39  
23 and a half million dollars. The IDA is  
24 considering giving them a sales tax exemption  
25 equivalent of about \$1.38 million, that's for



1  
2 the construction and the equipment and  
3 fixtures. Mortgage recording tax of  
4 \$325,500, and a 10 year pilot which would  
5 have savings to the applicant of about  
6 approximately \$3.986 million.

7 And with that information I will  
8 gladly open to questions.

9 MS. MURPHY: My real name is Barbara  
10 Murphy, Charlie.

11 Well, my first question was what is  
12 the cost and you answered that with 39 and a  
13 half million.

14 MR. FLEISHER: That's our current, our  
15 current budget.

16 MS. MURPHY: When you were -- well,  
17 and you don't have the financing in place at  
18 this time?

19 MR. FLEISHER: We have two committed  
20 lenders and we're closing the equity gap.

21 MS. MURPHY: Isn't the equity usually  
22 easier than closing the other gap?

23 MR. FLEISHER: No, it really depends  
24 on the project itself. In this case we've  
25 got two lenders who are very interested in

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the project because of its nature and they are looking to us to close the gap.

MS. MURPHY: But they won't sign until you close that gap?

MR. FLEISHER: Yes. You're pushing the string up the hill from both sides.

MS. MURPHY: This may be putting the cart a little bit before the horse, but you talked about all of the various needs and I would agree with those. But within your business plan what kind of money are you dedicating to publicity and marketing?

MR. FLEISHER: Well over a million five a year in the operating budget, as well as an equivalent budget during the pre-opening period.

MS. MURPHY: I'll let other people ask questions.

MR. DOWD: I'm going to ask again all members of the public at least address the chair.

Really this public hearing is on the IDA benefits. If you have some peripheral questions I'm sure Ken will be happy to

1  
2 answer them. But if you have any questions  
3 about what we are here for, which is the  
4 benefit of the package that the IDA is  
5 contemplating, that's really what we are here  
6 for today.

7 So Mr. D'Onofrio.

8 MR. D'ONOFRIO: Joe D'Onofrio.

9 Charlie touched on something I was going to  
10 bring up, so I guess I don't understand why  
11 the IDA is entertaining this when they don't  
12 have the financing. I, for a couple of  
13 years, literally maybe more than a couple of  
14 years, have been hearing about the financing  
15 not being available. It was said down in my  
16 office by them not long ago. There were  
17 other people in the room. So if they don't  
18 have the financing I'm not sure why we're  
19 contemplating this at the moment.

20 Number two, forgiving the sales tax  
21 you said it was over 1 million --

22 MR. DOWD: \$1.38 million.

23 MR. D'ONOFRIO: I would like, I don't  
24 know who these folks know, but I'm not sure  
25 if anyone else knows our situation here, and

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I'm not going to go into the situation, when I say situation here these folks know what I'm talking about, okay, we're strapped, okay? Other communities can make that claim but you have to know us to know that that really fits us.

I would like to see the sales tax money, our portion that would go to the county -- instead of it going to the county, whatever our portion is, I would like that to come here. I'm not asking for the million, I'm asking for whatever share is ours IE through the County's calculation that we receive that sales tax.

MR. DOWD: Okay.

MR. D'ONOFRIO: Please consider that.

MR. DOWD: Okay.

MR. D'ONOFRIO: I'm just hearing for the first time, maybe my fault, I'll address this to you but that the bottom floor, first floor is going to be built into the side of the mountain, that's the first I'm hearing that. So that raises questions that I'll have to take care of after this meeting.

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MR. DOWD: Okay.

MR. D'ONOFRIO: I would like you to explain to the folks because I had to have it explained to me --

MR. DOWD: Sure.

MR. D'ONOFRIO: -- forgiving the taxes or whatever you call it.

MR. DOWD: Tax abatement.

MR. D'ONOFRIO: Tax abatement. What it means -- not what it means, but we will receive year one? It's a 10 year program?

MR. DOWD: Yes, 10 year program.

MR. D'ONOFRIO: So we will receive year one what we are getting right now?

MR. DOWD: Right.

MR. D'ONOFRIO: Each year it goes up a little?

MR. DOWD: Right, there's no reduction. The land values are not taxed. I mean whatever they're taxed at now they are going to be taxed at going forward.

You're not going to lose any tax that you presently get. It's only the abatement is on the improvements to the property. So

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that's over a 10 year period that 10 percent a year the taxes will rise till you get to that final assessment number and that final tax number.

So that's the incentive that we are trying to, that we are offering, and we have offered to other hotels in Orange County and that they are asking us to consider as well.

MR. D'ONOFRIO: Just let me finish up. And what is the projected savings to them through the taxes?

MR. DOWD: For the pilot, 10 year pilot, would be \$3.986 million.

MR. D'ONOFRIO: Almost \$4 million?

MR. DOWD: Right.

MR. D'ONOFRIO: So I relate that to the sales tax, we should get our share of the sales tax please.

MR. DOWD: Okay.

MR. D'ONOFRIO: Please consider that.

MR. DOWD: Okay.

Mr. DiSalvo?

MR. DiSALVO: I wanted to add to the comment that that excludes sewer and water



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and fire district. No, they're not in the fire district. And ambulance district.

MR. DOWD: Right, any special district taxes are not involved with the pilot at all. You get whatever your tax requirement is for those districts.

Yes, sir.

MR. CALACICCO: Michael Calacicco. This project still has to go through the planning board, zoning board and other things before it gets through that, I think, so that addresses your issue.

MR. DOWD: I don't believe that's correct, sir, I think they have all of their land use approvals.

MR. FLEISHER: Yes.

MR. CALACICCO: Never mind.

MR. DOWD: Yes, sir.

MR. McCARTHY: Yes, Jack McCarthy, 55 Mearns Avenue. What will happen in two years from now or three years from now and this hotel doesn't make it with this tax, do they still got to give it to us for the next 10 years?

1  
2 MR. DOWD: No. If the project fails  
3 or they in any way default on our agreement  
4 with them the pilot is canceled and it goes  
5 on full assessment from that time on.

6 So, in other words, and we've had this  
7 happen on other projects throughout the  
8 county especially when bad economic times  
9 hit, if we have to cancel because they aren't  
10 paying the pilot on time or they're not  
11 paying them at all, they fall behind in  
12 taxes, they get into foreclosure proceedings  
13 with their banks, we have the right to cancel  
14 the agreements and put it back on the tax  
15 roles.

16 MR. DiSALVO: Full.

17 MR. DOWD: Full assessed value.

18 MR. McCARTHY: Okay, thank you.

19 MR. D'ONOFRIO: I'm sorry, so two  
20 years in it's still being built, whatever,  
21 but it folds, you as you're the lease  
22 owner --

23 MR. DOWD: Yes, they lease the  
24 property to us and we lease it back to them  
25 as our agent.

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MR. D'ONOFRIO: Whose responsibility is this empty shell up there if it happens?

MR. DOWD: The developer has all responsibilities, the IDA does not have the responsibility. And those agreements indemnify and hold harmless the IDA and they have full responsibility to do whatever has to be done with that site.

MR. D'ONOFRIO: So I still think, it's a repeat, I still think we are putting the cart before the horse when we are entertaining this with no financing.

MR. DOWD: Well, the IDA will not close necessarily on the benefits until we are told and they show us they have the financing.

MR. DiSALVO: They will show it.

MR. DOWD: Yes.

MR. D'ONOFRIO: Will you share that?

MR. DOWD: We have no problem doing that, no. Once they give it to us it's a public document under FOIL, we have no problem with doing that.

Yes, ma'am.

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2 MS. MURPHY: Charlie Murphy again. We  
3 did have a previous owner of this project go  
4 to the IDA for an agreement, that agreement  
5 ended up being extended to 11 years I  
6 believe, nothing ever happened. There were a  
7 couple what I would call disingenuous  
8 representations by the previous owners to the  
9 village board.

10 Is it possible within the new  
11 agreement going forward to make it date  
12 specific? If they are going to be open in  
13 2020 can the tax abatement start in 1919 when  
14 they are under development and irrespective  
15 of where they are in five years, if they're  
16 not completed, the clock is still ticking? I  
17 don't want to see another six year hiatus.

18 MR. DOWD: Right, okay, so first of  
19 all let's talk about the previous  
20 application. The IDA after about I think it  
21 was about four or five years where there was  
22 back and forth and everything was sort of  
23 changing about the project and about the  
24 financing, about everything, we canceled and  
25 annulled that, any approvals of that first

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agreement. This is now a reapplication, its new partners, some new partners involved, so we are looking at this fresh again.

Almost every project is going to have a construction period and in that construction period you still abate the taxes because you don't want them to basically start the process of almost overtaxing before the project is even up and running, it would be defeating the purpose of it.

But the agreement does not get extended unless the IDA extends the agreement.

So, for instance, again you are talking about they get two years into the construction and they have problems with the bank and everything stops, then everything is going to stop from the IDA's point of view as well.

We have an obligation to protect the coffers of our ultimate beneficiaries, the town and county tax papers. We also have our own guidance by the authority budget office and state comptroller and we've been very

1  
2 diligent now in trying to make sure that we  
3 do not let projects extend unnecessarily  
4 long, that we make sure and we are trying to  
5 make even better care that all of the taxes,  
6 all of the pilot payments are made on time.  
7 We have canceled several projects and the  
8 pilots because of the untimeliness and other  
9 things like that. So we do monitor this  
10 project all through the process.

11 MS. MURPHY: So to clarify if, for  
12 instance, in 2021 the project is three  
13 quarters built but doesn't go forward the  
14 value of the project in the fourth year will  
15 be assessed at full value?

16 MR. DOWD: If the IDA decides that the  
17 project is not doing what it was intended to  
18 do and the benefits are not going to be  
19 reaped by the project failing we will cancel  
20 everything. And whatever improvements are on  
21 that land will be the subject to full  
22 taxation by the assessors of Highland Falls  
23 and Town of Highland.

24 MR. LOUCKS: I am Greg Loucks, may I  
25 address Charlie's question?

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MR. DOWD: Sure.

MR. LOUCKS: This will be a fully bonded project. So in the event of any kind of a default there will be a bond in place which will enable it to be finished, all right? And, in fact, we won't probably even use a surety bond, we will use something called subguard which enables us to more quickly not wait on a surety.

MS. MURPHY: What about the letter of credit? We did have that little dicey question.

MR. LOUCKS: For all of those who may not be aware there is a developer's agreement signed with the village which requires these guys, there's two components to it, one is the off-site improvements. So if you're not aware not only are they building a hotel but they are also putting in, they are improving all that storm water that comes off that hill and goes down to Mearns, we are going to correct that. So it's been fully engineered by a civil engineer.

We are coming down the hill, we are



1  
2 diverting storm water running them into new  
3 catch basins, going all the way down towards  
4 Roe Park essentially with a new storm water  
5 management system. So that will be in  
6 addition to a bond there will be a cash  
7 value, letter of credit that establishes and  
8 protects the village's interests for the cost  
9 of that off-site work.

10 So in the event -- in fact the  
11 developers' agreement only allows -- does not  
12 allow us rather to start any on-site work  
13 until the off-site improvements have been  
14 completed, inspected and accepted by the  
15 village.

16 The other part of the letter of credit  
17 is for on-site improvements. Because there's  
18 so much water that comes off that ridge in  
19 the mountain up on the side it's coming onto  
20 that site, so we essentially have a very  
21 expensive retention system. There's no  
22 retention ponds.

23 If you would go to a typical  
24 construction site you'll see big ponds  
25 everywhere, as all the storm water off of

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impervious surfaces will be bringing directly into there.

In this case we are doing subterranean underneath the parking lot for the most part, baffled systems of reservoirs that slow the water down, retain the water in accordance with 100 year storm data, so on and so forth, and eventually moves it down to Roe Park where it's distributed.

Does that help answer the question?

To the bond it is a fully bonded job and our project budget entertains and provides for the cost of the bond.

MR. McCARTHY: Those filters --

MR. DOWD: Sir, excuse me, please, she takes everything down. Can I have your name again please?

MR. McCARTHY: John McCarthy on Mearns Avenue, I live right below that.

They have to be maintained. What she's saying is what happens if this falls through, I mean how is it going to be maintained if there's nobody up there?

MR. LOUCKS: I mean I think that's a

1  
2 good question frankly. In the event that the  
3 hotel will get built, get your financing, the  
4 hotel is going to get built. We've done an  
5 analysis, a market analysis, to make sure the  
6 market will support this, right? If not you  
7 wouldn't have entertained building this  
8 building in the first place.

9 Sir, it's a good question what happens  
10 if everything just falls apart. You got this  
11 big building, you have a system that's being  
12 retained, how long will it take for it to  
13 fall apart? I don't know the answer to that.  
14 I can talk to our civil engineer. Mike  
15 Cartolsi (phonetic spelling), he could  
16 probably tell you as much as anything else.  
17 It's a very simple baffled system. The only  
18 problem you will probably hear about will be  
19 sediment getting in there and maybe blocking  
20 one of your outlets. I don't think that  
21 would happen, you could probably run it for  
22 15 years before anything like that would  
23 happen.

24 MR. McCARTHY: It's something that has  
25 to be maintained, I know about them, you

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know.

MR. LOUCKS: I agree, sir.

MR. FLEISHER: Can I make a comment?

MR. DOWD: Sure.

MR. FLEISHER: In the event that the project halts we have put up a million dollars standby letter of credit that the town can call on immediately upon that default to do whatever work needs to be done to mitigate whatever situation they have.

MR. D'ONOFRIO: I want to correct that, the village.

MR. DOWD: Wait, Mr. Mayor, please wait a minute.

MR. D'ONOFRIO: That's inaccurate.

MR. DOWD: She's typing.

MR. FLEISHER: It is inaccurate, I said the wrong thing, the letter of credit is to the benefit of the Village of Highland Falls.

MR. DOWD: Yes, sir?

MR. SMITH: My name is Frank Smith. My question has to do with the manpower. I'm excited by the idea of having 115 to 120 jobs

1  
2 in this little village, it will have a huge  
3 impact. How do you assure over that 10 year  
4 period that we get the jobs that are being  
5 promised now?

6 MR. DOWD: Well, again every year we  
7 send out an audit letter, because we have to  
8 do it for the state, asking every project  
9 that we have to give us the information and  
10 to verify the employment numbers.

11 So, in other words, if they get sales  
12 tax exemption they have to report to the  
13 state how many employees they have, how many  
14 employees they pay workers' comp for and  
15 disability for and payroll stuff. We get  
16 copies or verification so we can verify  
17 whether or not they are producing the numbers  
18 that they promised us for the benefits we  
19 gave them.

20 If they are not, we have the right to  
21 callback or to recapture any and all of the  
22 benefits if we feel that the project is not  
23 proving to be what they said it's going to  
24 be.

25 MR. SMITH: So there will be fallback

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if they do not maintain the manpower on a timeline?

MR. DOWD: It's at the discretion of the IDA board.

MR. SMITH: We'd like to recommend that.

MR. DOWD: Okay, your comments are received.

Mr. DiSalvo?

MR. DiSALVO: Quick question, do we have an idea of what the figure of the bond would be?

MR. DOWD: Which?

MR. DiSALVO: The surety bond.

MR. DOWD: To us, to the IDA?

MR. DiSALVO: The amount? It's not an IDA question. I can ask that question at a later time, I figured I would just get it out of the way now.

MR. LOUCKS: I can answer that question.

So the project budget, when Ken used the term or the figure 39.5 million, that's a total project budget. It includes what we

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call hard and soft costs.

Soft costs being marketing, being taxes, being interest payments to the bank. And, by the way, any lender is going to require us to fully bond this because they also want to protect their asset, the ones who have loaned the money. It's a very important point.

So the hard cost is the cost of construction itself. That cost is about, right now, about 28 to \$30 million to build the building itself, construction cost. Therefore, the bond that we will put up will be to cover that cost of construction.

MR. DiSALVO: Okay.

MR. LOUCKS: So about a 28 to 30 million-dollar bond.

MR. DiSALVO: And just because it's based on the figures and the taxation at one point the project was a 20 million-dollar project to build the hotel up there, going back several years from the initial application, so we are at 30 for hard cost to build the hotel now?



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MR. LOUCKS: About that.

MR. DiSALVO: About that?

MR. LOUCKS: Yes.

MR. DiSALVO: Okay.

MR. DOWD: Yes, ma'am.

MS. MENNITE: Hi, I'm Barbara Mennite,  
11 Locust Street, a resident in the village  
and I'm also the secretary to the Chamber of  
Commerce. I'm speaking as a resident right  
now. I have comments and some questions.

First of all I'm speaking as a  
resident, I don't want any extra tax burden  
put on me as a result of the project.

As the mayor mentioned without details  
about 94 percent of the land of the Town of  
Highlands is under federal use for West  
Point, that straps the people of this  
community.

So you had mentioned that they will be  
paying property tax including going into  
school taxes because as a resident it's hard  
for me when I get a notice that it says oh,  
well your property taxes are only going up  
\$108 this year, your school taxes are only

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going up \$169.

Now, if you can clarify what I thought I heard you say is that the project will be paying property tax but not an increased value over this period of time. So in the meantime those of us who live here will be picking up the tab of whatever increase costs and value.

MR. DOWD: Let's get this straight, they will not pay any less taxes than they are presently paying now today. It will not change any of that tax structure.

So if they are paying \$50,000 in land taxes right now they are going to pay \$50,000 a year in land taxes as the project is built. That's not going to change.

MS. MENNITE: Mine can increase.

MR. DOWD: Why would yours increase if they are paying the same amount?

MS. MENNITE: Ours will increase, their's won't increase.

MR. DOWD: They will continue to pay whatever special district taxes, they will still pay the full tax that they have to pay

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2 that they are paying now. They will pay  
3 under the fire district taxes or water  
4 district, sewer district taxes, they have to  
5 pay all of those.

6 MS. MENNITE: On a yearly basis?

7 MR. DOWD: Every year, just like they  
8 are doing. It's not affected at all by the  
9 tax abatement.

10 MS. MENNITE: Okay. Then also -- well  
11 that's good.

12 Well just the point I was concerned  
13 about is that we have to be very judicious on  
14 what comes off the tax roll or what reduces  
15 tax income here. We need waterfront property  
16 for development of waterfront access here.  
17 We need places for recreation to encourage  
18 families to come here and live. So we can't  
19 just, you know, oh this gets a tax, you know,  
20 this gets benefits, this gets benefits.

21 And also I understand that you were  
22 doing a study regarding how West Point and  
23 the community can have better relationships  
24 through --

25 MR. DOWD: The IDA was doing a study?

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No, I don't think that's correct.

MS. MENNITE: Patterns For Progress.

MR. DOWD: We are not Patterns For Progress, ma'am.

MS. MENNITE: Well, that I do know. But I thought there was a study. I was interviewed for a study.

MR. DOWD: Well, I believe that members of the IDA staff, who were doing what they call a SWOT analysis with the village to find out what perhaps the IDA's Accelerator Program can do to try to bring businesses in.

I think they were talking about maybe using an old school up here. That analysis was being done with the cooperation of the IDA and the village and I think the town.

MS. MENNITE: Yes, I was interviewed actually and my point with this is this, that if the old guard is asking for special consideration I think there should be guarantees for the community.

In other words, it's going to bring these jobs, how many of them are going to be hired from the village and from Fort

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Montgomery? Could money be specifically required for marketing and advertising in the village and Fort Montgomery?

The material I've seen, I've gone to some of the planning board meetings and the government meetings where this has been discussed, and the literature really presents it as a straight shot from 9W to Stoney Lonesome Gate and how wonderful it makes West Point. It's going to be in our community and as a resident I really don't want it to just be a private adjunct of West Point.

I think it's very fair that local dollars be committed to the community. That as a member of the Chamber of Commerce, you know, I don't know how much of that can actually go into your consideration but I think as far as any resident of Orange County goes they should have some guaranty that it's going to contribute to the sustainability to our local communities and that includes helping people live here.

For example, we had a business open a couple of years ago, they bought the building

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2 and they had to spend, I don't know the exact  
3 number, but probably twice the amount they  
4 had budgeted to get that building under code  
5 and up and running and they're still  
6 struggling. They didn't get any benefits.

7           There was another business that wanted  
8 to open and they had similar problems, they  
9 didn't get any of these types of benefits.  
10 So I think the overall impact in the  
11 community needs to be looked at.

12           MR. DOWD: Let me see if I can try to  
13 address some of your issues. The IDA does  
14 have a local labor policy as far as  
15 construction jobs are concerned. We require  
16 that all projects have 85 percent local  
17 labor. Local labor is really a six or seven  
18 county area because obviously sometimes we  
19 can't get all the labor we want from our  
20 specific local economy. We do enforce that.  
21 We do have monitors of that. And so that's  
22 something we have been doing since 2014 on  
23 every project that came in after 2014.

24           My understanding from the application,  
25 and we can have Ken clarify this, that of the

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115 to 120 full time employees that other than about two or three I think it is I think in your application they all will be local.

Now, you define local, I can ask Ken to probably address that, we do not in our individual agreements with developers and our tax agreement and the like, tie them to tell them how they have to hire, that would be beyond our authority to do. Obviously, we encourage local labor every step of the way.

That's one reason why the IDA through its Accelerator Program reached out and worked with Highland Falls and tried to work with Highland Falls to help existing businesses get a helping hand trying to use vacant space in the village to find out what a good use for it would be.

I think we were talking about the school that was basically empty, trying to find maybe using a commercial kitchen operation there or some other thing where we could help the community, all of our communities.

We now have our third Accelerator



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Program, we just opened one in the City of Newburgh, we're going to be opening one in the City of Newburgh next week, one in Middletown in the old Horton Hospital and we have one in New Windsor.

We are trying to take empty space, bring in small start-up companies and help them develop, hire people, move out of the Accelerator, rent space in Orange County that's vacant and continue that process. So we are looking at other SWOTs in Warwick and other places around the county that are all looking for help from our Accelerator Program.

So highland Falls is certainly on that list. I know they were working and obviously you were interviewed by our staff members, our managing director and chief operating officer, they sat down with you folks. So we have a lot of components.

We understand why give the new guy the breaks, the old guy doesn't get any breaks, that's what the Accelerator Program is partially trying to do, it's trying to get

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breaks and help out the existing businesses.

We have an Accelerator Without Walls Project, it's perfect for all of the existing businesses. If they have some problems with engineering, we get them engineering advice free of charge to try to help them develop and get passed their problems.

So we're very cognizant of that. And the IDA board has been working really to change the whole direction of the Accelerator probably three years ago. We hear you and the IDA board hears you.

MS. MENNITE: I want to follow-up again on the special nature. My concerns with the economics of this type of agreement in our special case is that people could go to that place, the old guard and then buy things there and then go to West Point which has its own economy. You can shop there, you can visit there without paying any sales tax, without contributing anything to the Orange County or local government and then leave.

So my concern is constructing this in some way where financially, I mean benefiting

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West Point I guess in a bigger picture benefits Orange County. But due to the special nature of the way you can just visit there, leave and just be a very insularly thing unto itself needs to be considered.

MR. DOWD: Ken, do you want to say something quickly and then I will take this gentleman -- why don't I take this gentleman's question first.

MR. KOPALD: Ned Kopald. I'm speaking as a representative of the Highland Falls School Board and myself personally.

Do you have the current assessed value on the property?

MR. FLEISHER: About \$700,000.

MR. KOPALD: Pardon me?

MR. FLEISHER: About \$700,000.

MR. KOPALD: What was it before it was purchased by the entity that purchased it?

MR. FLEISHER: I don't know.

MR. KOPALD: I would like to see it documented because I think the 700,000 is not what it was at the time it was owned as a previous motel.

*Church Hill Properties*

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If in fact it has been increased that is good to recognize the value paid for it and not the value as the Pointer's Echo Motel.

MR. DOWD: I believe the current land value, based upon the information we got from the county, is \$279,000.

MR. KOPALD: I'm sorry?

MR. DOWD: 279,000 is the current land assessment.

MR. FRANKEL: Assessed value or full market?

MR. DOWD: It says land assessment, so it's not full.

MR. FRANKEL: I don't know, are they 100 percent?

MR. DiSALVO: 106.

MR. KOPALD: I think that is the total assessment.

MR. DiSALVO: Is it two properties?

MR. FLEISHER: Yes.

MR. DiSALVO: Two separate parcels?

MR. LOUCKS: Yes.

MR. KOPALD: That I believe would

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represent the original Pointer's Echo Motel.

MR. FLEISHER: And Lilos parcel as well.

MR. KOPALD: Is the proposed abatement plan different in any way from the accepted abatement plan that was previously granted by the IDA?

MR. DOWD: No, it's still a 10 year pilot. It's still recording tax and still sales tax exemption. The sales tax went up because the project cost went up.

MR. KOPALD: Understandable.

MR. DOWD: But not on the pilot. The pilot is still considered 10 year assessment, 10 year pilot.

MR. KOPALD: I would re-echo what the mayor of the village, Mr. D'Onofrio indicated, that it would seem fair and I would request the developers to support the concept that the village's share that they would have gotten if the project paid sales tax to the county be considered so that the village, who is dependent upon sales tax to a significant extent, would gain to benefit.

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2 I would ask the IDA to consider that  
3 the abatement plan not be over a 10 year  
4 period, that's in my opinion too beneficial  
5 to the project. Certainly the project if  
6 it's going to be successful would be  
7 successful before nine or 10 years.

8 The amount of school tax that would be  
9 abated is tremendous. I believe the figures  
10 you gave which would include county, town and  
11 school, approximately 3.896 million in real  
12 property tax, that's independent of the  
13 mortgage tax abatement and the sales tax.

14 The school and the community, as the  
15 other speakers have mentioned, is in a unique  
16 situation, unique not only to the County of  
17 Orange but probably to the United States in  
18 that approximately 96 percent of the land is  
19 not taxable either as a result of the federal  
20 government taking or New York State. We are  
21 on a fringe of losing properties, people  
22 moving out.

23 And as Barbara had mentioned to a  
24 homeowner who has already reached the pivotal  
25 point of too much taxes when we increase it

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2 by only \$150 it's already gone passed the  
3 place of no return for many people. We have  
4 a very substantial number unfortunately of  
5 homes in foreclosure. And I would ask that  
6 both the IDA and the project will consider  
7 that the abatement period be less than the  
8 full 10 years.

9 I will ask the town to check on its  
10 current assessed value. If the assessed  
11 value for the original piece of property of  
12 the Pointer's Echo Hotel remains at the same  
13 amount as it was when it was owned by the  
14 previous owner it seems to me that there has  
15 been a failure to address the issue that this  
16 property has substantially increased in  
17 value, confirmed by the amount of money that  
18 the new owners purchased it for.

19 So I would ask that before the IDA  
20 were to grant the abatement that they  
21 ascertain those factual pieces of information  
22 because it would impact the formula for the  
23 abatement over the 10 year period.

24 I would ask also, gentlemen, who is  
25 going to own the storm water infrastructure



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that comes down from the site down Berry's Hill into the Roe Park area and onto Fickens Field and across Fickens Field which Fickens Field is owned by the school district?

MR. LOUCKS: I can answer that question.

MR. DOWD: Sure.

MR. LOUCKS: The village of course will own it, however during installation it's an engineered system, of course by a civil engineer with a license to practice. It has been accepted by the village. In fact, the design is in collaboration with the village. We must install it properly. We will have a third-party licensed inspector to ensure that, for example, that the right materials are used, the right sized pipes are used, the right boxes are installed, the elevations are proper, that compaction is proper.

The village itself will also have its own inspector to ensure that everything is being done right so it works properly. Then we will be responsible because we will warrant it, the product. And I think the

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warranty is probably only four years, sir.  
But if it's working after a year chances are  
the system has been installed properly, it's  
going to continue to work properly. After  
that though once it's turned over to the  
village, even though we have a warranty issue  
for workmanship or anything else at our cost,  
we would have to correct if there are any  
problems. But after that it's dedicated to  
the village and the village then takes over  
the ownership of the system.

MR. KOPALD: Thank you. I'm sorry if  
I did not hear. What was your name, sir?

MR. LOUCKS: My first name is Greg, my  
last name is Loucks L-O-U-C-K-S. And I am  
Iron Sword Enterprises, I'm engaged as their  
owner representative for the purpose of  
budgeting the project and overseeing design  
and construction, closeout, etc.

MR. KOPALD: Thank you.

MR. LOUCKS: You're welcome, sir.

MR. KOPALD: Excuse me one moment.

MR. DOWD: I just want to make sure  
everybody understand even if the IDA did not

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2 consider a 10 year pilot they are entitled  
3 under New York State law under 45B to  
4 actually get a 10 year, if you want it call  
5 pilot, it would be about half the amount of  
6 the abatement on new construction under New  
7 York State law.

8 So basically instead of 10 percent a  
9 year it would be 5 percent a year for 10  
10 years. This is our enhanced pilot agreement  
11 which is 10 percent after 10 years. So they  
12 are entitled to a break under New York State  
13 law, so.

14 MR. KOPALD: I would just indicate  
15 that I believe if properly instructed that  
16 this would be a benefit to the community and  
17 I'm supportive in that respect, but the  
18 project I don't expect that they would do it,  
19 but the project owners could agree to take  
20 less of the 10 year than they may be entitled  
21 to in recognition of being a good partner and  
22 steward for the community. Thank you.

23 MS. LAWLESS: My name is Ann Lawless  
24 from the school board. So years ago when  
25 this first came up, when we talked about

1  
2 this, we saw many different options were  
3 given to us when we were sitting in the  
4 library for hours at a time trying to work  
5 out some sort of agreement. I think you guys  
6 were involved in that. There was a sliding  
7 scale and there were adjustments that the  
8 previous applicant agreed to.

9 It kind of goes to what Ned is saying  
10 about they were willing from a school tax and  
11 I believe from the village tax as well to  
12 make some adjustments in the percentages  
13 based on the year.

14 Is there a sliding scale or are there  
15 actual numbers determined now that would show  
16 what's been agreed upon, what the application  
17 is?

18 MR. DOWD: Nothing has been agreed  
19 upon yet. The IDA is going to take the  
20 minutes of this hearing, as well as their  
21 application, and ultimately make a decision  
22 on what kind of benefits they want to award  
23 to this project.

24 MS. LAWLESS: By the year. Because I  
25 know that the way it was explained to us the

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last time, and I know it was many years ago and things have changed, but how it was explained to us is whatever the normal scale was over the years, one year, you know, year one it's your regular taxes, year two you pay this percent, three, four, up to year 10.

There was at that point a negotiation that was allowed to say, you know, bump it up a little bit in year two, bump it up more in three. So I don't know if that's still an option but it's something that I would like. I need to be able to go back to my board and say no that's off the table.

MR. DOWD: I don't recall what you're speaking about right now, ma'am.

MS. LAWLESS: I was sitting there in the library for many hours at different --

MR. DOWD: I'm not saying it can't be done, but right now we have the application before us which is asking for a specific 10 year enhanced pilot.

MS. LAWLESS: My question is when will we have those numbers to take forward to our constituents to say year one? I need to know

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what it's going to be for the school.

MR. DOWD: Well, the school district as a taxing entity becomes not a party to our agreement but they get notice of everything. In other words, they are going to get, if you have to administer a pilot agreement you need to see the pilot agreement and the agreement because you want to send out the payment in lieu of taxes every year.

MS. LAWLESS: I am not passing judgment but what happened with this is we just got the notice of this meeting last week, people are on vacation, people -- so it's very difficult, we can't have this thrown at us, we need to get it.

MR. DOWD: So the process would be now the hearing will be done today, the board gets it, the board could take this up at its August board meeting at which point they would award whatever benefits they want to award. And then we need to close with the applicant, the IDA, our bond counsel, our transactional counsel and their counsel to close which might take us into September.

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And I know you folks want to start building I think sometime in the fall, so that's probably the timeline right now.

MS. LAWLESS: Then we go back to --

MR. DOWD: Once that agreement is signed between the parties all of the taxing entities have to have a copy of it because they are going to have to administer it.

MR. KOPALD: It's after the fact.

MS. LAWLESS: It's after the fact.

MR. KOPALD: We need to have input --

MR. DOWD: This is your input.

MR. KOPALD: -- before the final decision.

MR. DOWD: This is your input.

MS. LAWLESS: Okay, let me go back to what these guys are saying early on, how could you even consider this at an August meeting when their funding hasn't been --

MR. DOWD: Again, it could be done in August, it could be done in September, we don't know exactly when they are getting the financing. We are told it's going to be in place, but if it's not in place we won't do



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the final resolution.

One of the things we can do is we go to the County Real Property Office and they give us basically a model for the 10 year pilot and all the taxes are going to be paid to the different entities, we can probably get that to you.

MS. LAWLESS: That's what we worked off the last time.

MR. DOWD: The village, the school district.

MS. LAWLESS: That would be great, that would be a huge help. That's what we worked off of the last time.

MR. DOWD: If you leave your name with Kelly we'll see that you get that.

MS. LAWLESS: Thank you.

MR. KOPALD: That was given -- I'm sorry, that was given to us last time in advance.

MR. DOWD: Ned, we have no problem giving it to you. As I said if you leave your information I'll have Kelly get that information to you by e-mail and you'll have

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it and we'll send it to the mayor and to the town, the supervisor. If they want it, we can give it to you.

MS. LAWLESS: Thank you.

MR. KOPALD: I would ask that the IDA not close the hearing until the municipalities receive that. The municipalities should have the opportunity to at least submit something in writing for the consideration of the IDA. This shouldn't be blind man's bluff.

MR. DOWD: Comment noted, Mr. Kopald. And we'll decide -- I'll decide whether we are going to close this or not after I hear the rest of the comments, okay?

There's someone else that wants to speak. We'll get you in a second, I will get right back to you.

MR. KOPALD: As I asked, which was obviously given no consideration, the setting up of the meeting at 11 o'clock on a Tuesday is significantly unfair to the communities and the people that we serve. Most of the people in this community work. If it was in

1  
2 the evening, as we had requested previously,  
3 you would have significantly more persons of  
4 interest, I believe, present. And I think  
5 it's extremely unfair and of course how many  
6 members are there in the IDA?

7 MR. DOWD: Seven, seven board members.

8 MR. KOPALD: And we have two or three  
9 here.

10 MR. DOWD: We have one, Mr. DiSalvo.

11 MR. DiSALVO: I'm on the school board.

12 MR. DOWD: I'm counsel, she's staff  
13 but that's why we record this so every board  
14 member will read, and they do read the  
15 minutes of this hearing, before they decide  
16 on anything.

17 MR. KOPALD: I don't know how the IDA  
18 can continue to function with the power that  
19 it has when the persons who are going to be  
20 making a decision, absent Mr. DiSalvo, are  
21 not interested enough to even be physically  
22 present.

23 You say they will have the opportunity  
24 to read the minutes, but the IDA in my  
25 opinion while having some positive effects

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and it has been helpful in the school's interest in the Accelerator, etc, is an agency with tremendous power to the negative of communities and local control.

We're charged, the town, the village, the school, with coming up with a tax burden. Yet our tax ability is significantly affected by IDA abatements that negate home rule essentially in totality. I feel it's important to put that on the record.

MR. DOWD: You are on the record, Mr. Kopald.

Yes, ma'am.

MS. MURPHY: By necessity -- Trustee Murphy. By necessity we're getting deep into the weeds in order to protect the interests of our taxpayers. I do think that virtually everyone in this room is supportive of the project, we want to see that hotel built. But you had mentioned a couple things that the abatements do not address. And I wanted to check, will they still pay the hotel tax or is that included --

MR. DOWD: No. You mean the room tax

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that the county levies? Yes.

MS. MURPHY: They are not going to pay --

MR. DiSALVO: They will pay it.

MS. MURPHY: They will pay it?

MR. DOWD: Yes, it will not be affected by our agreement. In other words, we can abate real property taxes, not any other kind of tax. Sales tax, yes, but not hotel taxes, no.

MS. MURPHY: And you also mentioned taxes, well fire district taxes. We currently have in the village an all volunteer fire department. The previous managing person had accused me of trying to extort a fire truck out of this project. And I believe someone in the group said we don't need a ladder truck we'll use West Point's.

Now, recently there has been talk that West Point is not going to have their ladder truck. If you're building a structure that's in excess of 35 feet tall can it be written into the agreement that in exchange for this tax abatement they will provide firematic

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equipment?

MR. DOWD: We do not do that, ma'am.

MS. MURPHY: So we would have to form a fire district in order to try to recoup some of it?

MR. DOWD: Well, again, I'm not going to try to explain to the village or the town how they can handle the issue. But, no, we do not abate fire district taxes, special district taxes. If this tax is part of the village tax with the village fire department, that's part of the abatement process.

But we do not and we cannot negotiate a deal where we're basically saying to the applicant you can have the tax abatement but you have to buy the village a fire truck, that is not in our jurisdiction.

MS. MURPHY: It would be needed only for their property.

MR. DOWD: Again, I have to say I'm sure that it's part of the site plan approval process and the SEQR process they had to look at firematics and how a fire at that location would be handled. That would have been part,

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I believe, of the whole review process, the site plan and the environmental, so.

MS. MURPHY: Was it dependent on West Point?

MR. LOUCKS: It was addressed very specifically with the chief obviously who looked at it and required the fire path around. We looked at the front of the building.

Charlie, I don't recall specifically but it may have been that, so I don't want to speak out of turn, I do think he said something about West Point's fire truck could respond as a ladder truck.

MS. MURPHY: As long as they continue to have them.

MR. LOUCKS: There's a separate point that I can address later, probably outside this meeting, in terms of what is built into the mountainside, it's not per se, so I want to explain that. But it also provides, it's kind of like the hotel is right now, you can drive around to the back and the back is below grade. We're doing essentially the



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same thing to reduce mass per the village's request. It also enables us to be below that point in the front so we can access.

When the chairman allows I will also address the point of timing why now. Would you like me to?

The question about timing, which are good questions, why are you addressing this now? Because there is a project budget obviously. He has to go out and get financing. And any entitlements that may be granted, may not be, from the IDA are a component of the project budget, which has a pretty big bearing on how much he has to get from either investors or lenders, the bank in this case here. And so this is going to inform our project budget, inform their financing strategy.

So knowing right now what they may or may not get from the IDA, how it affects our actual construction cost, is really critical to us to go out and finalize financing in the street.

MR. DOWD: Are there any other

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questions on the IDA benefits?

Mr. Mayor.

MR. D'ONOFRIO: Here is a, so the county gets its hotel tax?

MR. DOWD: Yes.

MR. D'ONOFRIO: We would like to have our sales tax. I mean that's fair. The county is going to get their hotel tax, God bless them. You know our, you know, our issues here.

MR. LOUCKS: Yes, sir.

MR. D'ONOFRIO: Please consider, I would ask the IDA and you guys to consider our portion of what the sales tax would be, please.

MR. DOWD: Okay.

MR. LOUCKS: Is there a way to understand that?

MR. DOWD: We'll talk about that.

Yes, ma'am.

MS. MENNITE: Barbara Mennite again. I would like to make an amendment of information. First of all I appreciate Attorney Kopald's words.

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2 I would like for whatever agreement is  
3 made to be made with them acting as a steward  
4 coming into this community and to cooperate,  
5 to benefit the community and not be another  
6 stress as if they're just taking more land  
7 and strapping our hands behind our back more.

8 Actually what I want to add is the  
9 point that there are only 10 communities in  
10 the country, the entire country, that are  
11 distressed in the manner we are by federal  
12 and state occupancy of land. We are  
13 isolated, surrounded and we are crammed.

14 So we're not just another place in  
15 Orange County or New York State in terms of  
16 considering how to apply these laws, just it  
17 needs to be for the community, not just the  
18 businesses.

19 And I want to give three examples if  
20 they are going to consider, there are  
21 families here that have two or three jobs,  
22 one family people working two to three jobs  
23 to try to, to exist here.

24 One family left in the middle of the  
25 school year last year, two children in our

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schools. It was in the spring, they couldn't even afford to finish out the school year and left here.

And then the data on our income is somewhat skewed because you have, there are a lot of retired military people who have earned every penny of retirement pay and now they are successfully doing second jobs which puts them at a higher income bracket.

So if you just look at data and look at oh, okay these guys are doing okay, those are extra considerations.

MR. DOWD: Thank you, ma'am.

Mr. DiSalvo.

MR. DiSALVO: Just a comment on the whole thing because some of the things I'm hearing in this room kind of perplex me a little bit.

You know, 96 percent of our land, we got it. We're a unique community, one of 10 maybe in the country, got it, which is all the more reason why you have a tool like the IDA that tries to attract a 40 million, 30 million-dollar project to build here.

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Now, what do they provide for that? They provide jobs, potentially 120, they provide tax payment. And in this case because of the project they are not adding any costs or as much cost to a school system or to the village.

You'll probably have an additional cost maybe for fire, if West Point gets rid of their ladder truck, which I highly doubt. And maybe cost to an ambulance call, God forbid. But let's try not, don't lose, I think Chairman Brescia from the Legislature, always says don't miss the forest through the trees.

Like it's a project that we don't, we don't normally see here and I have concerns, I have concerns, I've mentioned them to my other IDA members. And by the way, you guys are lucky in the fact that I'm on the IDA. I'm not going to let anything in my power happen to this community. I live here. You live around the corner, my father lives right around the corner from -- up the hill from Mr. McCarthy. We are not going to vote on

1  
2 something that's not going to be a long term  
3 benefit to this community. I'll never vote,  
4 I'll scream at the top of my head, I'll  
5 resign from the board. These people know me.  
6 So don't, it can't be looked at as a cash  
7 grab. And for lack of a better term we are  
8 going to hold these folks accountable, if  
9 they don't know it, I hope they know it  
10 today, but you know like don't, it's not a  
11 cash grab. They are going to pay taxes.  
12 They are going to add little cost to the  
13 community up front.

14 Those areas where they are going to  
15 add cost, water and sewer, they are going to  
16 pay full freight. They are going to pay full  
17 freight for the ambulance corps, that doesn't  
18 go away. They're not in the fire district,  
19 they are in the Village of Highland Falls, so  
20 we are going to get tax money for that.

21 And, by the way, they are taking a  
22 piece of property and after year 10 when they  
23 pay full amount they are going to be sending  
24 us a check three times a year, one to the  
25 school, one to the town and one to the

1  
2 village. That's how they alleviate the  
3 homeowners from paying, by not adding an  
4 additional cost.

5 If it was 150 homes up there you have  
6 a cost to the community. There's a huge  
7 expense because I have to monitor that with  
8 police, and I have an expense to plow it and  
9 I have expense to maintain the roads and  
10 pave.

11 And I don't mean -- I'm not yelling,  
12 I'm not scolding, just it's a process and I  
13 guaranty you, it was already mentioned by the  
14 IDA once from another member, financing is a  
15 huge deal for this. And I don't know how far  
16 it moves if they don't have something in  
17 place and we're going to scrutinize, I'm  
18 going to scrutinize that at least on my end,  
19 so you guys know that in the open.

20 So please, you know, don't think of it  
21 as a cash grab. We are going to hold them  
22 accountable, we have to. So please keep that  
23 in mind.

24 MR. DOWD: Are there any other  
25 questions?



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Mr. Kopald.

MR. KOPALD: Could you identify the actual owners and the principals involved in this project?

MR. FRANKEL: That's all disclosed in the application.

MR. DOWD: It's part of our application, Mr. Kopald. If you need to see that again we would be happy to present it to you. It's also available online.

MR. KOPALD: Okay, thank you.

MR. DOWD: Any other questions?

There being no further questions I'm going to declare the public hearing closed.

But for the benefit of Mr. Kopald we will entertain written comments to the IDA no later than close of business Monday July 16th. So if you have anyone who wants to send us a letter we would be very happy to accept them until 5 o'clock on July 16th. Thank you very much.

MR. DiSALVO: I can extend that further, if you have any concerns you can

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*Church Hill Properties*

e-mail me, I will give you my e-mail.

(The hearing was closed at 12:14 p.m.)

\* \* \*

THE FOREGOING IS CERTIFIED

to be a true and correct transcription of the  
original stenographic minutes to the best of my  
ability.

*Roberta O'Rourke*

Roberta O'Rourke, Court Stenographer

ORIGINAL

ORANGE COUNTY INDUSTRIAL AGENCY  
STATE OF NEW YORK

-----X

IN THE MATTER OF  
MEDLINE INDUSTRIES

-----X

2:00 p.m.  
Tuesday, July 10, 2018

99 Tower Drive  
Middletown, New York

B E F O R E : KEVIN T. DOWD, ESQ.  
46 Daisy Lane  
Montgomery, New York 12549

KELLY REILLY, PROJECT MANAGER OCIDA

REPORTED BY: ROBERTA O'ROURKE

---

FRANCES ROTH  
COURT STENOGRAPHER  
168 North Drury Lane, Newburgh, New York 12550  
(845) 566-1641

1  
2 MR. DOWD: Ladies and gentlemen, I  
3 would ask you to stand for the pledge of  
4 allegiance, please.

5 (Whereupon, the pledge of allegiance  
6 was said.)

7 MR. DOWD: My name is Kevin Dowd, I am  
8 local counsel to the Orange County IDA.

9 To my immediate right is Kelly  
10 Reilly, she's our administrative staff member  
11 of the IDA. And to her right is our  
12 stenographer, Roberta. And Roberta will be  
13 taking everything you say today and the  
14 minutes will be transcribed and given to all  
15 the IDA board members so they can read the  
16 transcript.

17 So when you stand up to say anything I  
18 ask you to stand up, say your name so Roberta  
19 can get it and we'll go from there.

20 So I'm going to start by my reading  
21 the Notice of Public hearing.

22 Notice is hereby given that a public  
23 hearing pursuant Article 18-A of the New York  
24 General Municipal Law will be held by the  
25 Orange County Industrial Development Agency

1  
2 on Tuesday July 10th, 2018, at 2:00 p.m.  
3 local time, in the Conference Room at the  
4 Wallkill Town Hall, 99 Tower Drive, Building  
5 A, Middletown, New York 10941, in connection  
6 with the following matter:

7           Medline Industries, Inc., for itself  
8 or on behalf of an entity formed or to be  
9 formed, has submitted an application to the  
10 Agency requesting the Agency's assistance  
11 with a certain project consisting of: (i) The  
12 acquisition by the Agency of a leasehold  
13 interest in four parcels of vacant land  
14 containing in the aggregate approximately  
15 105 acres and located on the west side of  
16 Route 17, just south of Bahrenberg Road in  
17 the Town of Wallkill, Orange County, New  
18 York; (ii) the construction thereon of an  
19 approximately 1,300,000 square-foot  
20 distribution center and warehouse, to be used  
21 by the Company for the warehousing and  
22 distribution of medical supplies to local  
23 customers within approximately three hours'  
24 drive of the improvements; and (iii) the  
25 acquisition and installation in, on and

1  
2 around the improvements of certain items of  
3 equipment and other tangible property.

4 The Agency will acquire a leasehold  
5 interest in the Facility and lease the  
6 Facility back to the Company. The Company  
7 will operate the Facility during the terms of  
8 the lease. At the end of the lease term, the  
9 Agency's leasehold interest will be  
10 terminated. The Agency contemplates that it  
11 will provide financial assistance to the  
12 Company in the form of sales and use tax  
13 exemptions, a mortgage recording tax  
14 exemption and a real property tax abatement,  
15 all consistent with the policies of the  
16 Agency.

17 A representative of the Agency will be  
18 at the above-stated time and place to present  
19 a copy of the Company's Project Application  
20 and hear and accept written and oral comments  
21 from all persons with views in favor of or  
22 opposed to or otherwise relevant to the  
23 proposed Financial Assistance.

24 Dated June 23rd, 2018 by the Orange  
25 County Industrial Development Agency.

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2 The Medline's application to the IDA  
3 states that if they get the benefits, as this  
4 project is done, it will retain 340 full time  
5 jobs, and within three years of the project  
6 completion they will probably create another  
7 100 jobs.

8 The proposed sales tax exemptions for  
9 both construction and fit-up are  
10 approximately \$8 million. And we are now  
11 looking at both a 10 year and a 15 year pilot  
12 that's being requested. On the 10 year pilot  
13 Medline will save approximately  
14 \$12.446 million. On the 15 year pilot they  
15 will save approximately \$18.896 million.

16 And with that said I would ask the  
17 representative of the company Medline if they  
18 wish to say anything, and briefly outline the  
19 project. If you want to add anything, that's  
20 fine.

21 MR. GERSTEIN: I'm Eric Gerstein from  
22 Medline Industries.

23 As you described the project is for a  
24 1.3 million square foot distribution center  
25 to serve the local area within about three



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hours drive.

We're actually projecting to retain around 340 jobs, we are hoping to create closer to 160 jobs within the first three years.

The project I think represents our commitment and our success so far in the area. We have outgrown our facility so this facility would be double the size of our existing facility while allowing us to retain hopefully all of our workforce by selecting a location that's quite close to the existing facility.

And it actually would be a bit of a homecoming because we were in Wallkill before our current facility, so we would be coming back to the town.

One thing I did want to correct, we are actually not requesting the mortgage --

MR. DOWD: Right.

MR. GERSTEIN: -- incentive, we will be self-funding the project. So it's just the sales tax and property tax abatement.

We've been working closely with the

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IDA and with the Town of Wallkill and Mr. Diana has expressed his support. So it's been a good start so far and we hope to make it a long term partnership.

MR. DOWD: Eric, where are you in the planning process?

MR. GERSTEIN: We're still working out site selection to make sure that we can get all the requirements needed for the site. There's been some road access issues we've been working through, as well as making sure that the plan can address some minor wetland issues that we are facing.

MR. DOWD: Just keep us apprised of the progress and we will need the final SEQR determination, as well as the final site plan approval you get before we actually take the action that we take.

MR. GERSTEIN: Perfect.

MR. DOWD: Anyone from the public wish to say anything?

Yes, ma'am, can you please state your name please?

MS. MIELE: I'm Chris Miele. What are

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the new figures if they're not having the mortgage tax, what are the adjusted figures?

MR. DOWD: I'm sorry, say that again?

MS. MIELE: You said that they're not taking advantage --

MR. DOWD: The mortgage recording tax.

MS. MIELE: It's just the recording tax.

MR. DOWD: Right, not the sales tax or the pilot agreement.

MS. MIELE: Is there any concern that the IDA has that they were in Wallkill for eight years and then they moved to their current location and they are there now nine years?

MR. DOWD: No, I think our concern is to keep them here and not to lose 340 plus jobs that are presently existing in Orange County and lose them to New Jersey or Pennsylvania or wherever they may go.

MS. MIELE: No, I understand that, but keeping them beyond the nine years, if this is what they have as an average is there a way that the IDA can incentivize that?

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That's my question.

MR. DOWD: Well, if perhaps at the end of 10 years they may come back and they may build a bigger warehouse, I don't know.

In any event, if they wanted to add on they can certainly come back to us and ask us for additional benefits in new construction.

MR. GERSTEIN: If I may, I think we're trying to show our commitment to Orange County and that all of our facilities as we've outgrown them and enjoy great success in the county we continue to try to come back to Orange County first.

We have to do our due diligence on options in Pennsylvania and New Jersey, but our preference is certainly to stay in New York and in Orange County to retain that work force and retain the relationships that we've built.

MS. MIELE: It makes economic sense for you to stay in Orange County.

MR. GERSTEIN: It does with these incentives. Without them unfortunately it might make more sense to be in New Jersey,

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but we'd much rather be here.

MS. MIELE: Their taxes are much higher.

MR. GERSTEIN: But this is by far our preference to stay in Orange County, so we are trying to make that happen.

MR. DOWD: Any other comments? Yes, sir.

MR. DIANA: Yes, I'm the Town Supervisor Edward Diana, and I would like the Orange County IDA to hear from the town and our town's opinion on this project. We think it's a great project. We certainly want Medline to come back home and come back to the Town of Wallkill. They've been in the county now about nine years, 10 years. They do have about 350 jobs presently. They are telling us that they are going to probably produce another 200 jobs in the next two to three years. And hopefully get to 800 within the next five or six years. So I think the job creation and also keeping the jobs here is something that we should do.

So the town board has discussed this

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project numerous times already. We are encouraging them to come here. We are doing everything in our power to make a good home for them to be here and we're trying to, if we have to incentivize it we feel we should support that.

We certainly will send you a letter in support of the incentives. We believe they are that important to not only Orange County but to the Town of Wallkill now coming back home.

So we think they are a great neighbor. We would hope that they are here. I'm on the phone pretty much every other day with Dmitri and Eric and I have spoken as well, so the town certainly wants them here.

MR. DOWD: Thank you, Mr. Diana.

Any other comments? Anyone else?

Seeing there will be no further comments I will close the public hearing, it is 2:09 p.m. Thank you.

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THE FOREGOING IS CERTIFIED

to be a true and correct transcription of the  
original stenographic minutes to the best of my  
ability.

*Roberta O'Rourke*

Roberta O'Rourke, Court Stenographer





John Svec  
Largo Real Estate Advisors, Inc.  
2420 North Forest Road  
Getzville, New York 14068

Phone: 716.204.2221  
Cell: 716.906-4583  
Facsimile: 716.204.2201  
JSvec@largocapital.com

To: Ken Fleischer, Don Devine  
Re: Construction Financing for West Point Hotel  
Date: April 20, 2018

Largo has reviewed your request for financing secured by the Project and presented it to its lender, which after preliminary review is eager for Largo to formally submit the Project for underwriting. THESE TERMS ARE FOR DISCUSSION PURPOSES ONLY. These terms are neither a binding enforceable agreement nor a commitment to lend. The Lender retains sole and absolute authority to accept or reject such financing. Largo makes no promise or guarantee that it can secure these terms, or that the lender will approve or commit to these or any terms to finance the project.

**Project:** West Point Hotel

**Borrower:** Church Hill Properties of Highland Falls New York, LLC

**Guarantor:** Non-Recourse except for standard carve-outs for bad acts.

**Project Cost:** Forty Million Eight Hundred Thousand (\$40,800,000 USD) (approximate amount), which amount includes up to \$3,000,000 which Borrower anticipates will have been spent on the Project (land purchased and pre-construction work) prior to the loan closing.

**Cash Collateral Amount:** Borrower will provide Cash Collateral of Six Million Four Hundred Thousand (\$6,400,000 USD) (approximate amount). The Cash Collateral will remain with Lender's Custodial Escrow Agent and serve as collateral for the Lender until the draw tranches have been completed. After the completion of the tranche draws, the Cash Collateral will be released by Custodian and returned to the Lender.

**Loan Amount:** Thirty Two Million six Hundred Thousand Dollars (\$32,600,000.00 SD) (approximate amount), or the final Project Funding Amount less the final Cash Collateral Amount.

<b>Interest Rate:</b>	Fixed Interest Rate: Five Percent (5.0 %) per annum. The fixed per annum Interest Rate shall be locked and will not change. Interest will be calculated on the basis of a Three Hundred and Sixty (360) day year and actual days elapsed. Interest shall be payable monthly in arrears.
<b>Prepayment:</b>	Borrower has the right to Prepay this loan at any time without any Prepayment charges. Borrower has the right to make payments of principal at any time before they are due.
<b>Tranche Schedule:</b>	Estimated Tranche Draw Schedule amounts and dates as provided by Borrower. Actual and final Tranche amounts and dates are TBD.
<b>Zero-Interest Funds:</b>	The amount of the Cash Collateral is as indicated above and such amount is also referred to as the "Zero-Interest Funds". Advances by Lender up to the amount of the Zero-Interest Funds will not bear interest at any time during the term of the Loan.
<b>Interest-Only Payments:</b>	From and after the time the Lender advances exceed the amount of the Zero-Interest Funds and during the remaining months up to Project completion, the monthly payments will be interest-only payments. Interest-Only Payments will be provided through the Loan proceeds from Lender unless otherwise paid by Borrower. Each payment will be based on the total dollar amount of the Tranches that have been released to Borrower in excess of the amount of the Zero-Interest Funds.
<b>Permanent Loan Term:</b>	Twenty (20) Years. The term of the loan will start at closing and will extend Twenty (20) Years after the end of the end of the Interest-Only schedule.
<b>Monthly Payments:</b>	Beginning with the month after the Interest-Only Period, monthly payment of Interest and loan principal will start. The payments will be based on a per annum basis. The payments will be fixed based on the Twenty (20) Year term
<b>Amortization:</b>	The loan shall be interest-only for the Tranche phase or the first TBD (TBD) Months of the Twenty (20) Year Term. After the first xxx (TBD) Months Borrower shall pay fixed monthly installments of principal, together with interest, based on the Twenty (20) year Amortization schedule.

<b>Origination Fee:</b>	One Percent (1.0%) Will be paid at closing by Borrower from Project funding proceeds.
<b>Underwriting, Documentation, Risk, and Broker Fee:</b>	Three Percent (3.0%) These are Lender Fees and are not shared with or paid to Borrowers' Brokers. Largo Capital and The Radnor Group have been retained by Borrower and shall be paid separately through project funding proceeds.
<b>Recourse:</b>	The loan will be non-recourse to Borrower and to the Guarantor, subject to Lenders standard Recourse Carve-Out provisions including misapplication or misappropriation of funds, unintentional misrepresentations, gross negligence or willful misconduct, intentional waste to the Property, wrongful removal of personal property, failure to pay taxes or insurance, breach of environmental representations, warranties, covenants or indemnities in the loan documents, Borrower's monetary default determined by a court to be without merit or brought in bad faith, voluntary bankruptcy, Borrower incurs indebtedness or causes or permits a sale, breach of any representation, warranty or covenant regarding Borrower's status as a bankruptcy-remote special purpose entity, etc.
<b>Transfers:</b>	Transfers of any direct or indirect interest in the Project or Borrower will not be permitted without Lender's prior express written consent.
<b>Collateral:</b>	The loan will be secured by, among other things, a first priority security interest, as applicable, on the Borrower's fee interest in the Property, all improvements, personal property, and all leases, security deposits, rents, issues, profits, revenues and other income, deposit and cash management accounts, and reserve funds together with a pledge of 100% of the membership interests in Borrower.
<b>Events of Default:</b>	Lender's standard events of default for transactions of this type, including without limitation: (1) breach of representation or warranty; (2) nonpayment of principal, interest, fees or other amounts; (3) failure to perform or observe financial covenants, negative covenants or certain affirmative covenants contained in the loan documents; (4) failure to pay material indebtedness when due or the occurrence of any event in respect of material indebtedness that causes or otherwise permits the acceleration of such material indebtedness; (5) bankruptcy and insolvency events of default, including the appointment of a receiver, trustee, examiner, liquidator or similar official without the Borrower's or the applicable subsidiary's consent; (6) any court, government or governmental agency condemning, seizing or taking control of, all or any

material portion of the Property of Borrower and its subsidiaries; (7) monetary judgment defaults; (8) customary ERISA defaults; (9) change in control; (10) the occurrence of any “default” under any loan document; (11) invalidity or unenforceability of any loan document (including any guaranty or collateral document); and (12) failure to create and maintain a valid and perfected priority perfected security interest in the collateral, subject to customary and reasonable cure periods as set forth in the loan documents.

**Representations and  
Warranties:**

Lender's standard representations and warranties for transactions of this type, including, without limitation: (1) existence and standing; (2) authorization and validity; (3) no event of default or un-matured event of default; (4) environmental matters; (5) material adverse change; (6) taxes; (7) litigation and contingent obligations; (8) subsidiaries; (9) ERISA; (10) accuracy of information; (11) Investment Company Act; material agreements; (13) compliance with laws; (14) ownership of properties; (15) plan assets; prohibited transactions.

**General Closing  
Requirements:**

Final Approval of the loan, in Lender's sole and absolute discretion, will be subject to satisfactory completion of the Lender's final underwriting and due diligence, including review and approval of all information that Lender deems pertinent in its sole and absolute discretion. The underwriting and closing requirements which must be satisfied prior to closing may include, among other things, the following:

- (a) Receipt of (i) copy of the deed(s) of the property(s); (ii) engineering report(s) (if applicable).
- (b) Property to be free and clear of all liens and encumbrances, unless approved in writing by Lender in its sole and absolute discretion.
- (c) The Borrower will provide to Lender copies of all insurance policy's on the Borrower's behalf.
- (d) Evidence of proper zoning and permitting, acceptable to Lender.

- (e) Proof of (i) "special form" insurance (including flood, fire, and other casualty insurance) for the full replacement value (except for customary sub-limits reasonably acceptable to Lender) of the buildings, structures, and other improvements located on the Property, naming Lender as lender loss payee and (ii) commercial general liability insurance with respect to the Property, naming Lender as an additional insured, in such amounts as may be required by Lender, in its sole and absolute discretion.
- (f) Unpaid taxes and assessments which are due and owing at the time of closing of the Loan are to be paid within three (3) months after closing of the Loan.
- (g) All inspection(s) of the Project by Lender and its representatives and with their approval thereof will be required.
- (h) Borrower's articles of incorporation and agreements between Owners or Members.
- (i) All of Borrower's contracts with any customers, clients contractors, financial institutions, insurance providers or governments.

**Securitization/**

**Sale/Transfer:**

Lender shall have the right to sell all or a portion of the loan and/or certificates, participations, securities, notes or other instruments evidencing whole or component interests therein through one or more public or private offerings or sales (each a "Secondary Market Transaction").

## Melanie Schouten

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**From:** Melanie Schouten  
**Sent:** Wednesday, June 20, 2018 12:50 PM  
**To:** Melanie Schouten  
**Subject:** FW: New Freedom of Information Law - Orange County Industrial Development Agency submitted on 06/13/2018

**From:** [NewYork@OpenTheBooks.com](mailto:NewYork@OpenTheBooks.com)  
**Date:** June 13, 2018 at 7:36:45 PM EDT  
**To:** <[villasuso@ocnyida.com](mailto:villasuso@ocnyida.com)>  
**Subject:** New Freedom of Information Law - Orange County Industrial Development Agency submitted on 06/13/2018

06/13/2018

Laurie Villasuso

Pursuant to the Freedom of Information Law, this is a request for a copy of the following records: An electronic copy of 'any' and 'all' vendor payee payments for the fiscal year 2017. Production shall include the vendor name; vendor address; vendor city; vendor state name; vendor zip code; check date/ ACH date; check number/ACH code; check amount/ ACH amount; department; agency; type of payment (i.e. contract, grant, etc.), and description of products or services/purpose of payment.

Four common reports which are acceptable and may already be in your accounting system include, Vendor Activity Report, Voucher Detail Report, Voucher Summary Report and AP Check Listing Parameters. The preferred method for sending this is by electronic mail with an attached document formatted in CSV or XLS to [NewYork@OpenTheBooks.com](mailto:NewYork@OpenTheBooks.com). If these specific reports do not exist, an export including the fields mentioned above is acceptable.

As you know, the Freedom of Information Law requires that an agency respond to a request within five business days of a request. I have attached a link to the law <http://www.dos.ny.gov/coog/foil2.html> for your convenience.

If any records or portions of records are withheld, please state the exemption on which you rely, the basis on which the exemption is invoked, and the name of the individual responsible for the decision.

Thank you for your prompt consideration of my request. If you have any questions, or if I can be of any assistance, please e-mail me at [NewYork@OpenTheBooks.com](mailto:NewYork@OpenTheBooks.com).

Sincerely,

Denise Cattoni  
American Transparency  
P.O. Box 970999  
Boca Raton, FL 33497-0999

## Report: Local IDAs prove strong performers

By Daniel Axelrod

Times Herald-Record

Posted Jun 9, 2018 at 5:22 PM

Updated Jun 9, 2018 at 5:22 PM

The mid-Hudson's industrial development agencies are the most aggressive in the state in offering tax breaks and other perks to lure companies and help create jobs, according to a new state report.

State Comptroller Thomas DiNapoli recently released his annual scorecard for IDAs, entities formed by counties and municipalities to entice businesses and encourage economic activity. All told, the mid-Hudson region's 19 IDAs had the highest net tax exemptions at \$134 million in 2016, ahead of Long Island's \$125 million.

The comptroller considers the mid-Hudson to include Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster and Westchester counties.

Of the state's 109 IDAs, the three county IDAs in Orange, Sullivan and Ulster counties were especially active in 2016. The findings:

- Of Orange County's IDA: 51 projects (26th), total project values of nearly \$2 billion (10th), net tax exemptions of \$15.2 million (15th), a cost per job of \$1,180 (27th) and 12,650 jobs created and retained (10th).
- Of Sullivan County's IDA: 61 projects (20th), total project values of nearly \$1.35 billion (18th), net tax exemptions of \$7.1 million (25th), a cost per job of \$238 (60th) and 5,557 jobs created and retained (20th).
- Of Ulster County's IDA: 35 projects (35th), total project values of more than \$358.5 million (45th), net tax exemptions of \$3.6 million (42nd), a cost per job of \$90 (87th) and 3,071 jobs created and retained (35th).



DiNapoli's efforts, including creating his annual report and successfully lobbying for a mid-2016 state law, help ensure IDAs accurately report data and taxpayer dollars are policed. But some researchers point out that businesses can overstate their economic and job-creating benefits, and there are projects that would be built, and businesses that would move, without tax breaks and perks.

Last fall, Tim Bartik, an economist at the nonpartisan W.E. Upjohn Institute for Employment Research in Michigan, told the Times Herald-Record that governments offering incentives often ignore several key decision factors. Among them are whether a company would've moved to a site without incentives, the quality of the jobs created, the company's economic multiplier effect – a formula he said is easily manipulated – and whether locals are being hired.

"If states had the ability to read the minds of business leaders, in 85 percent of cases the company would have moved there anyway" without incentives, Bartik said.

Laurie Villasuso, the Orange County IDA's chief operating officer and executive vice president, said her agency has carefully refined its project vetting process.

"We're in the business of making sure the incentives received are for good cause," Villasuso said.

Without IDAs, New York would be at huge disadvantage compared with the rest of America, said Jennifer Flad, executive director of Sullivan County's IDA.

"It's a competitive environment," Flad said. "When the state allowed for the creation of IDAs in 1969, it knew we needed a way to incentivize businesses to locate and expand in different parts of New York."

[daxelrod@th-record.com](mailto:daxelrod@th-record.com)

### Opinion

## **Editorial: Cheers for community renewal, creative space and safe water**

Posted Jul 9, 2018 at 2:40 AM

**CHEERS:** To Alvin Moonesar and his partners who are investing cash and time into the William Street corridor in the City of Newburgh, where blocks filled with vacant buildings stretch south from Broadway to Overlook Place. His nonprofit, the Center for People Development Inc., has joined with Best Resource Centers Inc. to renovate a long-neglected city-owned park on Hasbrouck, just west of the intersection with William Street. “We don’t just want to buy the properties and rent them out,” Moonesar said. “We want to be part of the fabric of the city.” While the park is small, cleaning and repairing the park’s fencing and playground equipment is expected to have a large impact in an area where the breakup of gangs has cleared the way for turning vacant properties into new residences for adults and children.

**CHEERS:** To the City of Newburgh for taking advantage of a state program and investing in public health. Property owners in Newburgh can have lead water pipes replaced for free under a state-funded program created to reduce poisoning from corroded service lines, which carry water from the city’s mains into properties. The city will replace lead service lines for free, unless contractor quotes exceed \$10,000. Services lines installed before 1940 will most likely be lead, according to the city. Priority areas will be those with high concentrations of lead lines and children. Owners of properties where children under 6 years old have tested positive for an elevated lead level are encouraged to apply. The dangers of lead exposure are well-documented, especially for children who can suffer lifelong consequences from an avoidable hazard.

**CHEERS:** To Luke Pontifell of Thonwillow Press in the City of Newburgh for his work teaching book-making, paper-making and printing skills to a new generation of craftspeople and for his latest vision, a “maker’s village” with spaces for artisans and craftspeople to design and create and collaborate; workshops in

the arts, cooking, videography and other disciplines; and a gallery, café and bookshop. Pontifell has been buying properties around the company's Spring Street offices for the project being developed under the umbrella of Thornwillow Institute, a nonprofit founded in 2015 with the belief that crafts could be a catalyst in Newburgh's revitalization. "When we moved to Newburgh I wanted a big place where I could run all my machines and do what I loved to do," Pontifell said.

**CHEERS:** To the Orange County Industrial Development Agency for investing to help activewear maker Ziel occupy the incubator's new City of Newburgh location. The Newburgh branch at 605 Broadway would be the incubator's third location, along with offices in New Windsor and Middletown.

The 14,000-square-foot Newburgh building will be provided rent-free for a year. It's long been held by the Giordano/Bloomer family. The 78-year-old building was once home to the former Royal Hair Pin Corporation, and it housed Angelina Bloomer's former Angie's Clothing company and the Cloak Room store from 1970 to 1989. The incubators are run by the Orange County IDA. The IDA provides certain tax breaks to development projects to help the county's economy.

Thursday, June 14, 2018

Weather for Newburgh  
 Partly Sunny  
 Time: 9:30 am  
 Temp: 75  
 RealFeel Temp: 83  
 Humidity: 68  
 Winds: WSVV at 7 mph

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## Orange County IDA COO elected vice chairwoman of statewide organization

**NEW WINDSOR** – The chief operating officer and executive vice president of the Orange County Industrial Development Agency and The Accelerator, Laurie Villasuso, has been elected to serve a two-year term as vice chairwoman of the New York State Economic Development Council.

The council represents economic development professionals, colleges and universities, and public-sector enterprises.

"Laurie's background, experience and innovative approach to economic development are exactly the type of leadership skills we need to help the NYSEDC move forward," said Executive Director Ryan Silva.

"Orange County is experiencing tremendous economic growth. Laurie is a great and important part of our success," said County Executive Steven Neuhaus. "I look forward to her expanding Orange County's leadership role around the state and I know she will be a great asset for the NYSEDC."



Villasuso

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## Medline plans massive warehouse in Town of Wallkill

By **Daniel Axelrod**

**Times Herald-Record**

Posted Jun 14, 2018 at 8:51 PM

Updated Jun 14, 2018 at 9:47 PM

TOWN OF WALLKILL – Executives at America’s largest privately held medical supply maker want to build Orange County’s largest warehouse in the Town of Wallkill.

Medline Industries is proposing a \$115 million, 1.3 million-square-foot distribution center on 105 acres of the former Golden Triangle project property, according to the company’s application for tax breaks.

The Orange County Industrial Development Agency’s board, which considers tax benefits to spur development, voted unanimously to consider Medline’s application on Thursday. It calls for a 15-year payment-in-lieu-of-taxes agreement and sales-tax exemptions of more than \$8 million. A public hearing on the potential tax benefits will likely to be set for July, said IDA chief Laurie Villasuso.

Medline’s leaders can’t estimate the proposed PILOT’s worth until an assessor rates the land and their project’s value. They hope to construct an \$84 million building just south of Bahrenburg Road, west of Route 17, between Silver Lake-Scotchtown Road and Route 211. But they still need to acquire the site’s four wooded parcels, which they value at \$14 million, and receive various municipal approvals from Wallkill’s boards.

In 2005, Orange County developer Michael Jeremias failed to develop the Golden Triangle project into a massive retail and housing complex.

Medline’s management, meanwhile, recently sold their Wawayanda distribution center, which they plan to lease until 2020, when they hope to move to a larger location.

The company and Zvi Segal's Green Acres Development Group, of Wappingers Falls, had been trying to build a 1.2 million-square-foot distribution center on 90 acres along Route 416 and Eager Road in the Town of Hamptonburgh. But the town's board members chose not to vote on rezoning the property for commercial uses, when locals complained industry was creeping too close to homes.

A move to the Town of Wallkill would be Medline's second in 10 years and a return to a town where the firm once had a warehouse. In 2009, Medline doubled its space to 500,000 square feet by moving from Wallkill to a location off Route 6 in Wawayanda.

Company leaders, who employ 340 locally, want to add between 150 and 200 new jobs within five years of opening in Wallkill, according to their IDA application. They say they'll move their distribution center to New Jersey or Pennsylvania if the IDA doesn't approve tax breaks.

Keeping Medline in Orange County would be a win for the Orange County Partnership, a Goshen nonprofit that attracts and retains companies locally. The Partnership originally lured Medline.

"I think they have a real desire to stay here," said Partnership President and CEO Maureen Halahan, who is confident Medline will secure tax benefits and municipal approvals.

Wallkill Supervisor Ed Diana, an IDA board member who abstained from Thursday's vote, also has been trying to keep Medline in the county. Medline spokeswoman Stacy Rubenstein confirmed the firm is looking elsewhere, while crediting Diana for being "instrumental" and "inspirational" in helping Medline try to stay.

"I've been on the phone literally every day with the Medline people doing everything in my power" to retain them, Diana said. "These are the types of jobs we're trying to attract. They pay a minimum of \$15 an hour, with incentives that increase the hourly wage to \$2 to \$4 and more."

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## **Accelerator: Activewear biz a good fit for new site in Newburgh**

By **Daniel Axelrod**

**Times Herald-Record**

Posted Jun 30, 2018 at 3:31 PM

Updated Jun 30, 2018 at 6:17 PM

NEWBURGH — Orange County's Accelerator is betting big on on-demand sports clothing manufacturing.

The incubator's parent entity, the Orange County Industrial Development Agency, recently approved an investment its leaders say could reach \$300,000 to help activewear maker Ziel occupy the incubator's new City of Newburgh location.

The Newburgh branch at 605 Broadway, which Ziel founder and CEO Marleen Vogelaar anticipates will open within three months, will be the incubator's third location, along with offices in New Windsor and Middletown.

The 14,000-square-foot Newburgh building will be provided rent-free for a year. It's long been held by the Giordano/Bloomer family. The 78-year-old building was once home to the former Royal Hair Pin Corporation, and it housed Angelina Bloomer's former Angie's Clothing company and the Cloak Room store from 1970 to 1989.

The incubators are run by the Orange County IDA, a state-created public benefit corporation, with a county Legislature-appointed board. The IDA provides certain tax breaks to development projects to help the county's economy.

Ziel is a private-label maker of activewear for sports apparel brands and retailers. The company doesn't manufacture anything until it receives orders from other businesses, shooting for a 10-day turnaround.



Companies like a small sportswear brand or a yoga studio looking for branded apparel often lack the scale for their own supply and manufacturing chains, and have no access to cheap Asian manufacturing, said Vogelaar, 44.

A sports clothes-loving former track athlete, Vogelaar saw an opportunity in the fragmented \$48 billion activewear market, which bucked industry trends to grow 2 percent last year, encompassing 22 percent of total U.S. apparel sales, according to the NPD Group.

“The apparel market is moving toward a long tail of brands, so ... the big brands aren’t growing like smaller brands,” said Vogelaar, an industrial engineer and a founder of Shapeways, the world’s largest online 3D printing service. “Lots of small places are taking over a specific niche (of apparel), yoga moms in their child-rearing years and cross-fitters.”

### **Speedy manufacturing**

Currently, Ziel, which hopes to shrink its turnaround to three days, uses U.S. manufacturers to make its clothes, but Ziel will start directly making part of its orders when it moves into Newburgh. Longstanding boxing brand Everlast recently asked Ziel to handle online apparel orders for its Everlast Classics line.

“Having the ability to be nimble with design and on-demand manufacturing helps us stay focused on delivering what our customers want when they want it,” said Chris Zoller, director of marketing and product development for Everlast Worldwide. “The on-demand nature of what Ziel does also lets us free up some inventory dollars to invest in future designs and cuts down on unnecessary waste.”

Asked why an apparel company couldn’t build its own factory and tap non-incubator public and private funding, Vincent Cozzolino, managing director of the Accelerator, said that Ziel is still young.

Others agree. The 3-year-old company has already attracted support from XRC Labs, a venture capital firm and incubator in Manhattan, and interest from others looking to build it a micro factory, Cozzolino said.

“If they had millions of dollars to expand, that works” for them not to be in an incubator, Cozzolino said. “But there’s still risk with this company. And in our other incubator sites, (the businesses are) not looking to hire 50 people in two years.”

Cozzolino thinks Ziel has a novel model and can create decent-paying jobs, including \$15-per-hour sewing opportunities and positions in areas like software. Plus, he said it fits with the Accelerator’s other apparel companies.

He thinks Ziel will avoid manufacturing inefficiency, compared to traditional apparel manufacturing based on mass-produced hit-and-miss collections that are made six to 18 months in advance.

### **On-demand production potential**

Retailer H&M, for example, has reported 25 percent excess stock, even after big markdowns and a fast-fashion production initiative.

But Ziel will sell all 100,000 of the sweat-wicking nylon and polyester-blend activewear garments it plans to make in 2018, because they’re made-to-order, Vogelaar said.

She thinks part of Ziel’s appeal also comes from it being a public benefit corporation with a socially responsible mission. She hopes to manufacture most of its clothes from sustainable sources like recycled materials by 2020.

It may be too early to say whether on-demand manufacturing will be the next big retail disrupter, but Amazon is betting on it. The e-commerce giant recently won an on-demand manufacturing system patent for clothing and other products.

It includes a computerized system with textile printers, cutters and cameras designed to take pictures images of garments, according to the tech news site Recode.

Alibaba Group, a Google-like Chinese multinational, also inked a major on-demand production deal in late 2016.

As in overseas markets, America’s on-demand apparel manufacturing is poised to take off given consumer demand and the apparel industry’s inefficiency and archaic structure, said Pete Santora, chief commercial officer for Softwear

## Automation.

The company, the Atlanta robotics maker of the SEWBOT, spun off of Georgia Tech in 2012, beginning partly as an on-demand manufacturing experiment. In the coming years, Santora estimates on-demand production could come to make up at least 10 percent of U.S. apparel sales.

Ziel “is incredibly important and deserving of county taxpayer money” to foster apparel-making innovation and jobs, Santora said. “You’re going to see on-demand apparel distribution hubs develop. So, outside of New York City ... is perfect for (Ziel). The potential dividends are enormous.”

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## Port Jervis could be next stop for Accelerator

PORT JERVIS – The Accelerator program developed by the Orange County Industrial Development Agency, has successfully created business incubators in New Windsor and Middletown and is in the process of creating another in the City of Newburgh.

IDA Chief Operator Officer Laurie Villasuso said Port Jervis could be the next location for a business Accelerator.

"We are working with Tom Faggione, the legislator, and we have worked in the past with Mayor Kelly Decker. It's still on deck but we still haven't closed on it yet," Villasuso said. "We really want to be in every city if we could, but all of these Accelerators being developed take a lot of time and attention."

The Accelerator program in the Mid-Hudson has also been used as a model for similar programs in other areas of the state.

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