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APPLICATION FOR FINANCIAL ASSISTANCE

CLEAR KEY, LLC
(Applicant Name)

Robert T. Armistead
Chairman

Orange County Business Accelerator
4 Crotty Lane, Suite 100
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ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

APPLICATION FOR FINANCIAL ASSISTANCE

I. APPLICANT INFORMATION

Company Name: CLEAR KEY, LLC

Mailing Address: 15 BAILIE LANE, MONROE, NY 10950

Phone No.: (845) 783-8172

Fax No.: (845) 782-0392

Fed Id. No.: 46-4655971

Contact Person: LINDA GAGLIARDI

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

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 3)

Date of organization: January, 2014
State of Organization: New York

☐ Sole Proprietorship

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

APPLICANT'S COUNSEL

Name: DAVID A. DONOVAN

Address: 28 BRUEN PLACE, P.O. BOX 610, GOSHEN, NY 10924

Phone No.: (845) 294-9447

Fax No.: (845) 294-6553

II. PROJECT INFORMATION

A) Describe the proposed acquisitions, construction or reconstruction and a description of the costs and expenditures expected. SEE ATTACHED

B) 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. SEE ATTACHED

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.

GAGLIARDI BUILDERS, LLC & DIRECT RESPONSE OF THE TRI-STATE AREA, LLC

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.

GAGLIARDI BUILDERS, LLC & DIRECT RESPONSE OF THE TRI-STATE AREA, LLC

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

Project Data

1. Project site (land)

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

11.015 + - ACRES

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

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

VACANT LAND

- (d) Indicate relationship to present user of project.

OWNER

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

NO

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

YES - 1 BUILDING 39,563.16 SQ. FT.

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

NO

5. 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. . .

HOTEL - SLEEP INN & SUITES

. . .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.)

1% (SMALL OFFICE FOR DAILY OPERATIONS OF HOTEL)

6. 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.

NONE

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

Furnishings, Finishings & Equipment (FFE)

8. Has construction work on this project begun?

Complete the following

(a) site clearance	<u>✓</u> Yes	<u> </u> No	<u>25</u> % complete
(b) foundation	<u> </u> Yes	<u>✓</u> No	<u> </u> % complete
(c) footings	<u> </u> Yes	<u>✓</u> No	<u> </u> % complete
(d) steel	<u> </u> Yes	<u>✓</u> No	<u> </u> % complete
(e) masonry work	<u> </u> Yes	<u>✓</u> No	<u> </u> % complete
(f) other (describe below)	<u> </u> Yes	<u>✓</u> No	<u> </u> % complete

9. Will any of the funds borrowed through the Agency be used for refinancing?
NO

10. Is a purchaser for the bonds in place? NO

COST BENEFIT ANALYSIS:

	<u>Costs =</u> <u>Financial Assistance</u>	<u>Benefits =</u> <u>Economic Development</u>
Estimated Sales Tax Exemption	\$ <u>243,000</u>	New Jobs Created <u>10 21</u>
		Existing Jobs Retained <u>21</u>
Estimated Mortgage Tax Exemption	\$ <u>73,500</u>	Private Funds invested \$ <u>500,000</u>
Estimated Property Tax Abatement	\$ <u> </u>	Other Benefits <u> </u>
		Expected Yearly Payroll \$ <u> </u>
Estimated Interest Savings IRB Issue	\$ <u> </u>	Expected Gross Receipts \$ <u> </u>

B) Project Address: ROUTE 208, VILLAGE OF SOUTH BLOOMING GROVE

Tax Map Number Entire Lot 219-1-1 (the lot will be subdivided)
(Section/Block/Lot)

Located in City of _____

Located in Town of _____

Located in Village of SOUTH BLOOMING GROVE

School District of MONROE-WOODBURY

C) Are utilities on site?

Water YES Electric YES
Gas YES - CURBSIDE Sanitary/Storm Sewer YES - CURBSIDE

D) Present legal owner of the site GERALD & LINDA GAGLIARDI
If other than from applicant, by what means will the site be acquired for this project? _____

E) Zoning of Project Site: Current: ORI Proposed: ORI

F) Are any variances needed? YES

G) Principal use of project upon completion: HOTEL LODGING

H) 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? 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? NO

Will the project result in the abandonment of one or more plants or facilities located in the State of New York? NO

I) Estimate how many construction/permanent jobs will be created or retained as a result of this project and the estimated annual salary range:

	<u>Number of jobs created</u>		<u>Estimated Annual Salary Range</u>
Construction:	<u>80</u>	\$	to \$
Permanent:	<u>21 (14 FT 7 PT)</u>	\$	<u>25,000</u> to \$ <u>50,000</u>
Retained:	<u>6</u>	\$	to \$

J) Financial Assistance being applied for:

	<u>Estimated Value</u>
<u>✓</u> Real Property Tax Abatement	\$
Please indicate the term of the PILOT: <u>10</u> Years	
<u>✓</u> Mortgage Tax Exemption	\$
Please provide the Mortgage Amount: <u>\$ 73,500</u>	
<u>✓</u> Sales and Use Tax Exemption	\$
Amount of Goods & Services to be purchased: <u>\$ 77,126.56</u>	
<u> </u> Issuance by the Agency of Tax Exempt Bonds	\$

K) Project Costs (Estimates)

Land	own
Building	\$5,272,345
Equipment	\$810,000
Soft costs	\$500,000
Other	
Total	6,582,345

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) ("JTPA") 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 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.
- F. 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.

Ciro Gagliardi
(Applicant Signature)
Ciro Gagliardi
(Name of Officer)
Lead Member
(Title)

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 (page 10)

Bond 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.

Ciro Gagliardi
(Applicant Signature)

By: Clear Key LLC

Name: Ciro Gagliardi

Title: Lead Member

Kelly A. Reilly
(Notary Public)

Sworn to before me this 18th day

of February, 20 16

[stamp]

