



*Empowering Businesses. Inspiring Growth.*

**Robert T. Armistead, Chairman • Mary Ellen Rogulski, Vice Chairman • John Steinberg, Jr., Second Vice Chairman  
Stephen Brescia, Secretary • Henry VanLeeuwen, Assistant Secretary • Robert J. Schreibeis, Sr. • Edward A. Diana  
Laurie Villasuso, Chief Operating Officer & Executive Vice President • Kevin Dowd, Attorney •  
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 11, 2016 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 July 6, 2016 meeting**
- **Financial Reports and/or Requests for Payments**
- **New and Unfinished Business**
  - Chairman's Report
  - IDA Staff Report
  - The Accelerator Report
  - OCP Report
  - Discussions
- **Applications/Resolutions**
  - Clear Key LLC
    - Final Resolution
  - Alto Music
    - Final Resolution
- **Such other and further business as may be presented**
- **Public Comments**
- **Executive Session**
- **Adjournment**

Dated: August 4, 2016

Stephen Brescia, Secretary

By: Laurie Villasuso, Chief Operating Officer

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

July 06, 2016

A regular meeting of the Orange County Industrial Development Agency was convened in public session on July 06, 2016 at 2:05P.M. at the Orange County Business Accelerator in New Windsor, New York.

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

PRESENT: Robert Armistead, Stephen Brescia, Robert Schreibeis, Edward Diana, Mary Ellen Rogulski, Henry VanLeeuwen

ABSENT: John Steinberg

ALSO PRESENT: James Petro – Executive Director  
Laurie Villasuso – Chief Operating Officer  
Joel Kleiman – Chief Financial Officer  
Kevin Dowd – IDA Attorney  
Russell Gaenzle – Harris Beach  
Bill Fioravanti – Orange County Partnership  
Melanie Schouten – Galileo Technology Group  
Vincent Cozzolino – Galileo Technology Group  
Steve Neuhaus – Orange County Executive  
Lisa Sommers – Focus Media  
James Walsh – Time Herald Record  
Devika Naik - TSEC  
Tina Michels – Alto Music  
Jon Haber – Alto Music  
Todd Diorio – HVBCTC  
Tim Muller – Operating Engineers Local 825  
Rynell C. Andrews – Pd Bd T.O. Goshen  
Robert D. Smith – Citizen  
Douglas K. Bloomfield – Town of Goshen Supervisor  
Ellen Guerrera – Citizen  
Debra Corr – Citizen  
Jim Loewke – Loewke Brill  
Chris Miele – Citizen  
Joseph Minuta, R. A. – Minuta Architecture  
Daniel Ortega – Elec 825 – Local 825  
John McCarey – Director Real Property O.C.  
Langdon Chapman – County Attorney  
John Jakobsen – Merlin Enertainments Group  
Brain Shaw – Legoland Development  
Ian Sarjeant – Legoland Development

Robert Armistead calls to order the regular meeting of the Orange County IDA, July 06, 2016 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Minutes

Review of the prior June 9, 2016 meeting minutes. Motion to approve the minutes is made by Mr. VanLeeuwen, seconded by Mr. Brescia. Motion carries with all in favor.

Mr. Armistead states some corrections are needed. Noted by the minute taker.

## **Financial Reports and/or Requests for Payment**

Mr. Kleiman reviews the summary of IDA bank accounts, certificate of deposits, and money market accounts that reflect a total of \$10,602,511, as of June 30, 2016.

Mr. Kleiman reviews the income and expense summary, noting that YTD balance is \$665,704, and YTD expenses are \$178,246, with revenues exceeding expenses by \$487,458.

Two additional payments are anticipated later in July, a payment from Warwick Valley LDC for approximately \$173,000 and one from Matrix, once they close.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenue balance YTD is \$87,800, expenses are \$478,674. Expenses, as anticipated, exceed revenues by \$390,874.

Lastly, Mr. Kleiman reviews funds received and vouchers for the month. There is a total of \$15,610.50 to be approved by the board.

Chairman Armistead asks for a motion to approve the vouchers and payments in the amount of \$15,610.50. Motion made by Mr. Brescia, seconded by Mr. VanLeeuwen, that the Board accepts the financial reports and authorize IDA payments and vouchers. Open for discussion. Affirmative votes of all members present resulted in motion carried.

## **Executive Session**

Chairman Armistead entertains a motion that the committee enter into executive session pursuant to section 105(1)(h) of the open meetings law to discuss the purchase of real property and the employment history of persons employed by the IDA. Motion made by Mr. VanLeeuwen to enter executive session issued. Motion seconded by Mrs. Rogulski. All in favor.

### *Executive Session*

The members discuss the purchase of real property and the employment history of persons employed by the IDA.

### *End of Executive Session*

## **Legoland Application Presentation and Review**

Merlin Entertainments Group US Holdings Inc. presents to the board. In attendance is John Jakobsen, Chief New Openings Officer, Ian Sarjeant, Senior Project Director, and Brian Shaw, Director of Finance.

Merlin Entertainments Group is headquartered in the UK. The philosophy is about making memorable experiences for visitors. They have 3 types of businesses: midway attractions, theme parks, and Legoland parks. Merlin Entertainments is the second largest visitor attraction business in the world. They are the largest attraction holder in the world at 114 and these attractions are located in 23 different countries. Presently, they have about 30,000 employees. The company originated in Europe, where a primary of Merlin Entertainments attractions are still located.

The Lego company opened its first park in 1968, but the company originated as a toy company in 1932. It was a wooden toy manufacturer concentrated on quality. The mission of the company is to develop and inspire the builders of tomorrow.

Lego is identified as one of the top ten consumer brands in the world. Due to mission and quality, consumers have confidence in the brand. Lego has a strong history of consumer strength going back decades and does not show any signs of decreasing in quality ranking.

The first park was opened in Denmark. It was originally designed to be a showcase of what you can do with Lego bricks and to give insight to the manufacturing process. The first park outside of Denmark was opened in 1996 in England, the first park in America in 1999, Germany following in 2002, and the numbers continue to grow. By next year there will be a total of 8 Legoland Parks.

Legoland Parks have a dimension of fun-learning. It is about having fun, but there is a level of learning and values associated with the Lego brand, and therefore its parks. It is an interactive experience. There is a focus on families

with young children. Lego doesn't try to passively entertain, but gives these families attractions and experiences in which they are engaged. This results in a new experience each time, and a high return rate to the parks.

The corporation has started referring to the Legoland Park as a resort. People will travel a great distance to visit these parks, with an interest in staying for a few days. Families are given more opportunities to visit longer by the provision of lodgings for the visitors.

There are approximately 1.5 -2 million visitors every year to the Legoland parks. Typically, around 100,000 residents local to the parks acquire seasonal passes contributing to the high return rate, and 30% of visitors come with the intention of staying overnight.

Legolands have an intense reinvestment cycle. Once the park is open, it is a living entity in which each year millions of dollars are invested into maintenance, new programs, and at least one new attraction. These new attractions are either an add-on or replacement to the existing park.

In the outline draft for Goshen, New York there are 8 themed areas with over 50 attractions. There will be over 10,000 Lego models, and over 50,000,000 Lego bricks in the Legoland park. There is a mixture of indoor and outdoor attractions giving visitors an opportunity to handle the weather as seen fit. The themed areas are Factory Tour, Bricktopia, Pirate Shores, Knight Kingdom, Ninjago, Lego Friends, Lego City, and Mini Land.

There is a proposed 250 room Legoland hotel for guests.

There are a number of community programs run by Merlin Entertainments Group. Merlin's Magic Wand is a global support program that gives disadvantaged children a unique day out in the parks, free admission, and any special care that might be needed during their trip. There are many environmental programs, as well food programs. Food is prepared from the ground up in an effort to supply better quality food than typically found at theme parks.

Legoland is about fun and education. For example, in the California Legoland park, about 100,000 school children visit each year on field trips. The parks work with the schools so that these trips are woven into the curriculum and the teachers receive credit. There is Lego League, in which older children come to the park and participate in solving science based challenges. Community days benefit local schools, as they can keep the ticket proceeds and use them toward education needs.

Legoland Goshen will consist of 523 acres, and of this 153 acres will initially be developed. A 2,000-foot buffer will exist between the park and the nearest residence on Arcadia Hills. A 1,000-foot buffer will exist between the parking lot and the nearest residence, that will remain due to wetlands. There is expected to be 1.5-2 million visitors a year, which gives an average of 10,000 visitors per day. On busy days 20,000 visitors can be expected. There are 5,000 spaces in the parking lot, and 3,000 spots are occupied on an average day. The parks hours will be 10am-8pm in the high season and 10am-6pm in the shorter season. There is not much additional lighting in the park to be seen by the surrounding areas, as the park hours revolve around seasonal light.

There are an expected 800 construction jobs on and off site. A variety of positions such as marketing, finance, maintenance, engineers, apprenticeships, food and beverage, and retail will make up 500 fulltime jobs. In high season 300 part-time jobs and 500 seasonal jobs are expected.

Currently, the property tax is under \$100,000 a year, and Merlin Entertainments will be investing \$350,000,000 into the property. They will be reinvesting into the park every year to update attractions and maintain the facility. Within the first five years, \$500,000,000 will be invested into the park.

Merlin Entertainments is proposing a yearly 1.4 million base payment. This starts the first year for the park, sea life center, and hotel. An estimated million dollars would go to the school district, Town of Goshen would get about \$210,000, and Orange County would get about \$168,000 annually. They propose a 1.5% tax increase annually for the 30-year pilot. Over 30 years this increase will generate \$52.6 million, with the local school district receiving \$38 million total. Merlin Entertainment is proposing to pay a voluntary host community fee of 65 cents per ticket up to 2 million visitors per year, and for every visitor on top of that a 20 cent fee per visitor. This community fee would generate 1.3 million a year, and combined with the PILOT, the Town of Goshen would receive an estimated 1.5 million in revenues. Merlin Entertainments will pay the full share of all needed assessments.

Mr. Petro asks how Merlin Entertainments will reach the par value by the end of the 30 years with only an 1.5% increase. This proposed amount does not reach 100% of tax value at the end of 30 years.

Mr. Jakobsen states that this is the proposed amount for the PILOT by Merlin Entertainment Group.

Mr. Diana asks what happens on year 31?

Mr. Shaw states they haven't modeled year 31, yet. They have only concentrated on the 30-year PILOT.

Mr. Armistead states that typically with any PILOT program the applicant reaches full tax amount by the end of the term.

Mr. Jakobsen states that this current presentation is based on the 30 years, and toward the end of the PILOT they would have to negotiate in good faith on the next steps, the worst case scenario being they pay full assessed value in year 31.

Mrs. Rogulski asks if there is any proposal for an increase in fees for the host community. With the current proposal that is a stagnant price for over 30 years, and doesn't appear to be beneficial.

Mr. Shaw states the CPI hasn't been built into that fee. The fee might stay the same, but there is an anticipated volume growth over time that would increase the revenue.

Mr. Jakobsen states some of the struggle for Merlin Entertainments is that there is a very high level of taxes. The property tax at the other two locations in the United States is significantly lower than in the proposed New York location. That's why they are trying to give a proposal with an alternative increase.

Merlin Entertainments will pay for any needed police use. They will also pay for bed tax, which is just under an estimated 1 million dollars a year. They will also pay sales tax that results in \$5 million a year, along with any additional fees and taxes.

Mr. Petro restates his concern on Merlin Entertainments only reaching half the assessed value of taxes by year 30 and how it will be a disservice to the community.

Mrs. Rogulski states that that concern might be a little premature as Merlin Entertainments is still working with Mr. McCarey to negotiate terms, and settlement has not been reached on final revenue and tax amounts.

Mr. Brescia states he's not sure that the concern is premature as a 30-year PILOT is unprecedented. He likes the benefits going to the county, village, and surrounding areas, but this concern should be put out there as it is a factor.

Mr. Diana states that it is important to let Legoland know that there is some concern upfront.

Mr. Jakobsen states they do understand where the board is coming from, but they have pushed their numbers to accommodate as much as possible because they do want to be a good citizen and pay fair taxes. If these fee are not enough, they will have a hard time convincing their board to endorse the project. They understand there are a number of concerns and issues to be resolved and are as concerned as the community about traffic. They are working to resolve that issue. They are here to find out if this project works for everybody involved.

Merlin Entertainments shows slides of other U.S based property to demonstrate visibility of Legoland parks from the road and the proposed road alterations to accommodate the needs of the park and community.

They have already started the SEQR and re-zoning process. They'll be working with the village for solutions to water and sewer, the county on the road issues, and with the State on incentive programs.

Open houses will be held and an informative store front will be open in Goshen. Project transparency is of great importance as the Merlin Entertainments Group wants to work with the community to make Legoland a rewarding project.

## **Chairman's Report**

Mr. Armistead thanks Mr. Cozzolino and Ms. Villasuso for their Accelerator efforts. They are doing a great job and are making progressive efforts for the clients. He took a tour of the bottling building down the hill and rehabilitation of the building is moving along.

Mr. Armistead states that Legoland is bringing a lot of attention to the county and IDA, and asks that everyone keep in mind this only the initial resolution. A good deal of meeting and negotiation will take place before the IDA board votes on the final resolution.

### **Executive Director's Report**

Mr. Petro states that he and the Clear Key applicants met with the South Blooming Grove Town Board. They spent some time going over the benefits of the project and the end results were positive. The public hearing for that applicant is July 11, 2016.

Mr. Armistead states that Mr. Petro's duties include public outreach to inform the public about IDA PILOT benefits. People generally think that IDAs give money away and that's not the case. They have been going around and speaking with rotaries, schools, and chambers to inform them on IDA policies. With the new staff program, he feels that they can really re-energize that effort to spread the word.

### **Chief Operating Officer's Report**

Mrs. Villasuso informs the board that 2 high school interns have returned for the summer to assist The Accelerator. They'll be shadowing Ms. Schouten and helping plan events, research, and format some new initiatives.

She, Mr. Cozzolino, and Ms. Schouten attended the annual WEDC Luncheon in June as a supporting partner, and The Accelerator was given a good deal of recognition for its support. The WEDC helps facilitate workshops and programs for The Accelerator clientele.

Mrs. Villasuso states that she and Mr. Cozzolino have been meeting with Mayor DeStefano, of Middletown, and Maria Bruni and have been discussing the revitalization of Middletown and how they can work together.

### **The Accelerator Report**

Mr. Cozzolino states that the incubator is full, and with that there was a need for more space and the bottling POD building is being worked on down the hill to accommodate this need. The Accelerator has partnered with TSEC who is helping acquire the funding and manage the rehabilitation of the building. The building will hold 5 bottling PODS and all the PODS have expected tenants.

The Accelerator hosted a Mid-Hudson Food Processing Conference: From Farm to Factory in June. The theme was food safety and quality. It was well attended with 175 companies present and received positive feedback. Part of the mission of The Accelerator is to help those companies grow.

As a result of the Food Conference, The Accelerator gained the initiative to create a food safety and quality testing POD. This currently doesn't exist in the Hudson Valley and it is causing strife in regional companies.

One of the AWOW companies supported by The Accelerator, Six Fold, was highlighted by American Express essentials. It is top recommended beach gear for men this summer.

Mayor DeStefano has been requesting that The Accelerator work with Middletown on their initiative. Middletown might be a good location for the development of the Computer and Technology POD. Management has been looking into ideal locations. A campaign will need to be launched to create and support this regional sector.

The Accelerator is partnering with the Newburgh Armory to host a 2<sup>nd</sup> grade engineering class starting in September. The class will use Lego robots and programming accessories to teach children computer science at an early age.

The Manufacturing Sewing Series ended on June 27<sup>th</sup>. Nick Valentine instructed the class and management is working on finding employment for the graduates.

## **OCP Report**

Mr. Fioravanti announces that Governor Coumo is currently at the Paramount Theatre in Middletown. Middletown was awarded \$10,000,000 for the downtown revitalization initiative.

Mr. Fioravanti reviews business retention and expansion. As of July 6, 2016, there are 20 pending expansions and 8 retention projects. Project Blanket, a food manufacturer looking to expand 35,000 sf and add 57 jobs. Project Vanilla, organic scent and flavor manufacturer looking to expand 25,000 sf and create 6-12 jobs. Project Nutra, a nutraceutical manufacturer found 20,000 sf space to locate its new business line of nutritional supplements and products. Project 60, a town of Newburgh manufacturer with 90 employees is looking for a 100,000 sf facility. Project M&M, a town of Wallkill medical provider is expanding their practice and wants to expand 20,000 sf and add 50 jobs. Project Mack N' Cheese, a village of Goshen Manufacturer has their 57,000 sf expansion plan on hold. Talking to Amy's to provide 5MM pounds of mozzarella cheese, may be an opportunity. Project Big Door, OCP is working with PANYNJ and an aeronautics company on a retention and expansion project. The company currently employs 75, and if they stay in Orange County they will hire approximately 50 additional employees. Project Cargo, a cargo airline expanding 80,000 sf at SWF and looking to create 160 jobs. RAD Distribution/ Avantone, town of Wallkill sales center looking to expand 20,000 sf and add 10 jobs.

Mr. Fioravanti reviews leads year to date. As of July 6, 2016, there are 35 leads. Legoland, Merlin Entertainments held a series of meetings to lay out their plans for the Town of Goshen site. There are 1,300 jobs, \$500 million capital investment, and 2 million visitors per year anticipated for this project. Amy's Kitchen has secured water and sewer from Middletown. 691+ jobs and \$95+ million capital investments are anticipated. Construction will begin in November. Project Rosewater, manufacturer of syrups, extracts, and candies, has agreed, in principal, to build a 50,000 sf production facility at Warwick Tech Park and 40+ jobs are anticipated from this project. Packing Plant on Rails, a major produce-packaging company is interested in 70 acre OC-owned property in Hamptonburgh to build a distribution center. Project Semolina, a Brooklyn based pasta manufacturer seeking for a 20,000 sf facility to move operations upstate. Project Lift, a large crane company is looking to set up operations on two Orange County sites. This project would create 25 jobs. Project Heat, a manufacturer of commercial heaters and other electrical devices is looking to relocate from Tarrytown. Project Carton aka Project Houston, a NY-based corrugated box manufacturer seeking land for BTS of 300,000 sf. 100 plus jobs are anticipated with this project.

## **Discussions**

No discussions were presented.

## **Resolutions**

### **Alto Music Presentation and Review**

Jon Haber speaks on behalf of Alto Music. Alto Music is a musical equipment retail store and is one of the top five, in terms of sales in the United State. As the market has changed, some of the business has been put online. This requires additional staff such as code writers, photographers, etc. Within the same building, two additional businesses are being run, a distribution company that helps young companies come to market, and the manufacturing of microphones and speakers. Additional space is needed to assist all three sister businesses run out of the Alto Music site. With the added space, the business can grow and additional staff can be added possibly making this the largest store of this type in the country.

Mr. Dowd reads aloud the Alto Music Initial Resolution. Motion is made by Mr. Brescia, seconded by Mrs. Rogulski, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of Alto Music. Affirmative votes of all members present resulted in motion carried.

Mr. Dowd reads aloud the Merlin Entertainments Group US Holdings Inc. Initial Resolution. Motion is made by Mr. VanLeeuwen, seconded by Mr. Schreibeis, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of Merlin Entertainments Group US Holdings Inc. Affirmative votes of all members present resulted in motion carried.

Mr. Dowd reads aloud the resolution for the purchase of real property. Motion is made by Mr. VanLeeuwen, seconded by Mr. Schreiber, accepting resolution authorizing the Chairman to execute a contract of sale with the Town of New Windsor for a three-acre parcel of land at Stewart Airport for the construction of a new IDA building and to appropriate funds to effectuate such purchase.

Roll Call is taken.

Mrs. Rogulski votes no

Mr. Brescia votes yes

Mr. Diana votes yes

Mr. Schreiber votes yes

Mr. VanLeeuwen votes yes

Mr. Armistead votes yes

Mr. Steinberg is absent

The motion carries with 5 ayes and 1 nay.

Mr. Dowd reads aloud the resolution to revise the agency bylaws. Motion is made by Mr. VanLeeuwen, seconded by Mrs. Rogulski, accepting resolution to revise the agency bylaws of the Orange County Industrial Development Agency. Affirmative votes of all members present results in motion carried.

Mr. Armistead thanks the committee and board on their efforts in the revision of the agency bylaws.

Mr. Dowd reads aloud the resolution to establish the position of Chief Operating Officer and Executive Vice President. Motion is made by Mrs. Rogulski, seconded by Mr. VanLeeuwen, accepting resolution authorizing the establishment of the position of Chief Operating Officer and Executive Vice President of Economic Development for the IDA, setting the salary therefor and appointing Laurie Villasuso to said position. Affirmative votes of all members present results in motion carried.

Mr. Dowd reads aloud the resolution to establish the position of Director of Property Management and Outreach. Motion is made by Mr. VanLeeuwen, seconded by Mrs. Rogulski, accepting resolution authorizing the establishment of the position of Director of Property Management and Outreach for the IDA, setting the salary therefor and appointing James Petro to said position. Affirmative votes of all members present results in motion carried.

Mr. Dowd reads aloud the resolution to establish the position of Managing Director. Motion is made by Mrs. Rogulski, seconded by Mr. Brescia, accepting resolution authorizing the establishment of the position of Managing Director for the IDA, setting the compensation therefor and appointing Vincent Cozzolino of the Galileo Technology Group to said position. Affirmative votes of all members present results in motion carried.

The board discusses establishing a proper date for the Merlin Entertainments Group public hearing date.

#### **Such other and further business as may be presented**

No such other and further business was presented.

#### **Public Comments**

No public comments were presented.

With no further business, meeting called for adjournment by Chairman Armistead, motion made by Mr. VanLeeuwen, seconded by Mrs. Rogulski, the time being 4:50 p.m.



# Orange County IDA

**August 2016**

## Funds Received

Merlin Entertainment (Application Fee)	5,000.00
Alto Music (Application Fee)	5,000.00
Warwick Valley LDC (Shovel Ready 2 of 6)	173,750.00
IBM (2016 Fee)	1,226,831.77
<b>Total</b>	<b>1,410,581.77</b>

## Vouchers & Payments

The Accelerator (2Q2016 Payment) *PAID*	215,625.00
Kevin T. Dowd, Esq (Legal 06-28-16 through 07-31-16)	8,537.75
Orange County Partnership (2Q2016)	54,250.00
Hudson Valley Food And Beverage Alliance (2016)	20,000.00
Laurie Villasuso (Workfoce Development Training-IEDC) (0	2,033.34
Laurie Villasuso (Marketing Training-IEDC) (11-16)	1,540.02
Rockland Economic Development Corp (PTAC-2Q16)	7,000.00
Rosemarie Rogowski (Basic Accounting Services - 2016)	333.32
Rosemarie Rogowski (Full Accounting Services - March-Ju	1,000.00
Frances Roth (Clear Key Public Hearing Transcript)	250.00
Focus Media (PR Services - July)	3,750.00

**Total** **314,319.43**

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ORANGE COUNTY INDUSTRIAL AGENCY  
STATE OF NEW YORK

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IN THE MATTER OF  
  
CLEAR KEY, LLC

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Village of South Blooming Grove  
Village Hall  
811 State Route 208  
Monroe, New York  
July 11, 2016  
11:00 a.m.

B E F O R E: James Petro, Executive Director  
Orange County IDA

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

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

5

6 LAW OFFICES OF KEVIN T. DOWD  
7 Attorneys for ORANGE COUNTY IDA  
8 96 Daisy Lane  
9 Montgomery, New York 12549

10 Kelly Reilly, Client Services Specialist, OCIDA

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1 CLEAR KEY, LLC

2 MR. PETRO: We're going to call the public  
3 hearing to order for Clear Key, LLC. Please  
4 stand for the Pledge of Allegiance.

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

7 MR. PETRO: So today we have the public  
8 hearing for Clear Key. I'm Jim Peter, agent of  
9 the Orange County IDA, Kevin Dowd, IDA attorney,  
10 Franny's our stenographer and Kelly's the  
11 all-around boss of everything pretty much. So  
12 with that, Mr. Dowd, could we have the Notice of  
13 Public Hearing?

14 MR. DOWD: Sure. Notice is hereby given  
15 that a public hearing pursuant to Article 18-A of  
16 the New York General Municipal Law will be held  
17 by the Orange County Industrial Development  
18 Agency on Monday, July 11, 2016 at 11:00 a.m.  
19 local time, at the Village Offices at 811 State  
20 Route 208 at the intersection of Route 208 and  
21 Sgt. Matt Kelly Square next to the South Blooming  
22 Grove Fire Department in the Village of South  
23 Blooming Grove, New York, in connection with the  
24 following matter: Clear Key, LLC for itself or  
25 on behalf of an entity formed or to be formed has

## CLEAR KEY, LLC

1  
2 submitted an application to the Agency requesting  
3 the Agency's assistance with respect to a certain  
4 project consisting of (i) the acquisition by the  
5 Agency of a leasehold or other interest in an  
6 approximately 11 plus/minus acre parcel of land  
7 located on State Route 208 in the Village of  
8 South Blooming Grove, Orange County, New York,  
9 (ii) the construction on the Land of an  
10 approximately 40,000 square foot Sleep Inn &  
11 Suites hotel and (iii) the acquisition and  
12 installation in, on and around the Improvements  
13 of certain items of equipment and other tangible  
14 personal property, including, but not limited to,  
15 beds, dressers, carpeting, tables, chairs, HVAC  
16 systems plumbing and electrical fixtures and  
17 elevators. The Agency will acquire a leasehold  
18 interest in the Facility and lease the Facility  
19 back to the Company. The Company will operate  
20 the Facility during the term of the lease. At  
21 the end of the lease term, the Agency's leasehold  
22 interest will be terminated. The Agency  
23 contemplates that it will provide financial  
24 assistance to the Company in the form of sales  
25 and use tax exemptions, a mortgage recording tax

## 1 CLEAR KEY, LLC

2 exemption and a real property tax abatement, all  
3 consistent with the policies of the Agency unless  
4 procedures for deviation are complied with. A  
5 representative of the Agency will be at the  
6 above-stated time and place to present a copy of  
7 the Company's Project Application and hear and  
8 accept written and oral comments from all persons  
9 with views in favor of or opposed to or otherwise  
10 relevant to the proposed Financial Assistance.  
11 Dated June 29, 2016 by Orange County Industrial  
12 Development Agency.

13 MR. PETRO: Thank you, Mr. Dowd. Real  
14 property tax abatement of a 10 year PILOT,  
15 mortgage tax exemption of approximately 73,5,  
16 sales and use tax exemptions is 77,126. This  
17 application is from the applicant. I know that  
18 we've met prior, we being myself, Kelly, with the  
19 town board here and we've gone over specifically  
20 this project, perfect timing, and they seem to be  
21 pretty happy with the whole project. I do have a  
22 letter here from Robert Jeroloman and he's the  
23 mayor in support of the project, he just wanted  
24 to understand the project a little bit better  
25 which he does. So with that, we do have

## CLEAR KEY, LLC

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2 representatives here from the application, would  
3 you like to say anything? I mean, pretty much  
4 have gone over the whole thing, nobody is here to  
5 talk to other than us.

6 MS. HALLAHAN: We're in favor of it.

7 MR. PETRO: This row's in favor, pretty  
8 good. So we've gone over it, everything seems to  
9 be pretty clear. There's obviously nobody here  
10 that would be in opposition because this is the  
11 period where I open it up to the public but that  
12 seems to be a little not necessary I guess at  
13 this time. Well, it's open to the public. The  
14 original letter from the mayor said he was  
15 unclear about the PILOT, at this point, we've met  
16 and it was well explained to them and they seem  
17 to have agreed that this is a good project.

18 MR. FIORAVANTI: I was at that meeting and  
19 it was very well received, it was very well  
20 received. They were appreciative and we were  
21 appreciative of them reaching out. They first  
22 mentioned it to Ciro that they'd like to know  
23 about it, so we appreciate it, it's a chance to  
24 really educate them on what PILOTS are about,  
25 what incentives are and dispel some of the myths

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2 along the way. I thought it was productive, I'd  
3 love to do more like that.

4 MR. PETRO: It is open to the public right  
5 now, you can sign in though, we have a letter  
6 from the mayor, pretty clear case here, just  
7 moving forward. Anybody else want to say  
8 anything? This is your chance.

9 MR. FIORAVANTI: Well, I'll make a statement  
10 just to have it on record. Thank you for the  
11 opportunity of course. Maureen and I have been  
12 working with the Gagliardis for God a year now I  
13 want to say, he was introduced by one of our  
14 local officials who suggested that they contact  
15 us. We love getting to know them, they're a  
16 wonderful family, well known developer family  
17 here locally in the area. It's not the typical  
18 kind of project we work on but we like the  
19 project so much, wanted to support them so much.  
20 There's a need for hotels like what they're  
21 developing so we wanted to give them all the  
22 support we could. Just to tick off the reasons,  
23 this is exactly the kind of project we want here,  
24 homegrown developers, people who live here, who  
25 work here and want to invest here. So it's



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1  
2 exactly the kind of project we wanted in this  
3 regard. There are, I hate to play this card, but  
4 I know it's an issue in this area, you have to  
5 think about the alternate kind of options for  
6 land like that and the ways it could be  
7 developed, how it's developed. I think that's  
8 something everyone especially in this area is  
9 sensitive to, that's something that does matter.  
10 They're creating jobs here, they're investing in  
11 their local community, that's what it's all  
12 about, that's why we do what we do trying to  
13 create jobs in this area and keep the investment  
14 right here. And the spinoff as we educated the  
15 village board about the spinoff from money  
16 invested with the multiplier, it's a huge impact.

17 MR. PETRO: How many jobs?

18 MR. FIORAVANTI: Now you have 21?

19 MR. GAGLIARDI: Twenty-one permanent and 80  
20 construction jobs.

21 MR. FIORAVANTI: Right, so that's nice and  
22 something that can continue to grow. And the  
23 last thing, I mentioned this at some other public  
24 forums for this again we don't typically work on  
25 hotels but there's been a great need lately,

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2 we've had a few hotels that have gone off the  
3 rolls, have been sold to non-profits. Tourism,  
4 the demand for rooms is enormous and will only  
5 grow between West Point, Woodbury Commons and it  
6 continues to grow with Legoland, that was pretty  
7 fortuitous timing with you guys, that worked out  
8 pretty well. They're going to be full and the  
9 county executive is dedicated and committed to  
10 spending more of the bed tax dollars, spending  
11 them in tourism where it was limited before  
12 tourism. With projects we have coming up I think  
13 we're getting catapulted in a whole new  
14 stratosphere of tourism, we need the hotels to  
15 support it otherwise those dollars are going to  
16 go outside the counties. For those reasons and  
17 more we couldn't support this more and we  
18 certainly urge you to approve it.

19 MR. PETRO: Thank you. There's a sign-in  
20 sheet, would you like to say something? We're in  
21 the public hearing.

22 MS. RODRIGUEZ: I'm here to listen, I'm just  
23 here to listen. I'm the Superintendent of Monroe  
24 Woodbury School District.

25 MR. PETRO: We've met before, I think

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2 explaining PILOTS, we never go backwards, we go  
3 forwards. Well, obviously, there's no one else  
4 to speak, I'll close that portion of the public  
5 hearing. We don't take any action here today,  
6 obviously, we report back to the board where  
7 they're going to read the transcript. You're  
8 aware cause we've spoken about it before there's  
9 a labor policy that's involved with the IDA,  
10 benefits that you have to adhere to and you can  
11 get a copy of that, it's pretty self-explanatory.

12 MR. FIORAVANTI: If I can just say that's  
13 been in the news, there's a lot of controversy so  
14 whatever, and a lot of times it's the actual  
15 project folks like yourselves don't necessarily  
16 know how to inform. So that's something we all  
17 can work together, let's communicate, make sure  
18 we have full communication back and forth to let  
19 you know if everything is up to snuff, but let's  
20 make sure we do that. Again, we all understand  
21 that if you're getting these incentives we want  
22 to make sure you're complying with all the rules.

23 MR. PETRO: The area's quite large, seven  
24 county area and there are exceptions, it's  
25 85 percent, it's not prevailing wage. I don't

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think you'll have a problem. Kevin, do you have anything else?

MR. DOWD: No.

MR. PETRO: I thank everybody for coming, it's a short public hearing but there's no one else to speak, no issues at this time. So I'm going to close the public hearing. Thank you.

(Proceedings concluded at 11:10 a.m.)

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## C-E-R-T-I-F-I-C-A-T-I-O-N

4

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

7

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

12

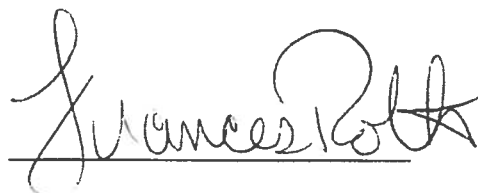
13 That I am not related to any of the parties involved in  
14 this matter, and that I have no personal interest  
15 whatsoever in the outcome thereof.

16

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19

A handwritten signature in cursive script, reading "Frances Roth", written over a horizontal line.

FRANCES ROTH

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By James Walsh

August 01, 2016 10:01PM

Print Page

## New construction projects in the region usually lured with tax breaks

The plethora of multi-million dollar construction projects underway in the Hudson Valley come with a caveat. Municipalities and school districts often need to wait a decade or more to collect the full tax revenue from projects that receive tax incentives from local industrial development agencies.

That doesn't mean companies get a free ride in exchange for bringing their buildings and jobs to communities. Whatever taxes were already paid on the underlying site continue to be paid from day one, with additional taxes phased in, usually based on the value of the construction.

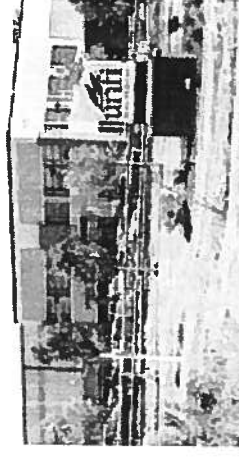
The schools and municipalities never realize, though, the revenue that would have been generated if projects were fully taxed from the outset.

The Empire Center for Public Policy, a nonpartisan think tank in Albany, criticizes the breaks in property, mortgage and sales taxes as unfair to existing businesses that have not benefited from the largess of governmental bodies like industrial development agencies.

"Handing out incentives to specific companies does nothing to help established businesses that are struggling to make it, and, in fact, often hurts them by giving an advantage to their competitors," Empire Center spokesman Ken Girardin said in an email.

### Taxes trickle in

The \$900 million Competitive Power Ventures power plant under construction in Wawayanda will pay nearly \$1 million to the Minisink Valley schools this year. The plant enjoys a 22-year payment-in-lieu-of-taxes agreement with Orange County's Industrial Development Agency.



UNFI, the natural-food distributor, received a 15-year payment-in-lieu-of-taxes agreement to build on Neeleytown Road in the Town of Montgomery. The company still paid \$124,000 in school taxes last year. TIMES HERALD-RECORD FILE PHOTO

From the perspective of Wawayanda Supervisor John Razzano, the PILOT was a good deal for his town, the school district and Orange County. They stand to gain about \$46 million in revenue over the 22-year term.

“More than \$40 million over 22 years is a lot of money,” Razzano said. Revenue from the power plant, he said, has already brought about small tax reductions, and more are anticipated.

Even a gradual rise in tax revenue benefits school programs and helps contain taxes for the community, said Brian Monahan, the superintendent of Minisink Valley schools.

Montgomery Supervisor Michael Hayes is also the CEO of his town’s IDA. He supported giving UNFI, the natural-food distributor, a 15-year payment-in-lieu-of-taxes agreement. While the total taxes on the vacant property were only about \$31,000, the company paid about \$124,000 in just school taxes last year, he said.

“The way I look at it is, what was the property before, what is it now, and you balance it out with the jobs you get,” Hayes said. “You are not taking the money away from someone. PILOTS are all new revenue.”

Encouraging commercial-industrial development has other advantages. “There are no school children,” he said. “These projects don’t burden the schools.”

Orange County Partnership CEO Maureen Halahan said public opposition she’s faced to IDA-driven tax incentives was based on misinformation.

“They think the county or the municipality or the state is writing big, fat checks,” Halahan said. “They think they’re handing over money. That’s not true. The incentives are based only on what’s being built. No one’s handing over any money.”

Real money does come into play at times. The IDA, for example, approved giving Amy’s Kitchen \$500,000 for infrastructure work at its 200-acre site in Goshen. That cash piggybacked \$800,000 that the state approved for other infrastructure work, including the modification of Route 17M where Amy’s plans its driveway. The company plans to build a \$95 million frozen-meal manufacturing plant that promises to create 680 jobs. In return, it seeks \$11.4 million worth of tax breaks from the IDA.

### **A competitive carrot**

Tax incentives are vital when competing with other states also working to lure companies, Halahan said.

“New York state is the highest-tax state in the country,” she said. “That puts us behind the eight ball in attracting companies.”

And Legoland, she said, never would have picked a Goshen site for its proposed \$500 million amusement park without the strong possibility of tax breaks.

“They could land anywhere and people would come to see them,” Halahan said. “They know they’re making an enormous capital investment ... so they look to offset the investment. What they will pay over time far exceeds the incentives they’re initially given.”

Legoland is virtually guaranteed breaks in property, sales and mortgage taxes given the size of its investment, its planned 1,200 full- and part-time employees, and its being a tourist destination, a category fitting into the IDA’s mission to promote the local economy.

The IDA has a history of granting tax breaks to all applicants whose projects are big enough to justify the agency's fees, and who promise to create jobs and otherwise stimulate the area's economy. In her five years with the agency, Chief Operating Officer Laurie Villasuso doesn't recall any company being turned away once its application was accepted.

On a few occasions, the IDA's incentive package included the state version of a payment-in-lieu-of-taxes agreement, which starts payments at 50 percent of full taxation instead of zero. But the use of more lucrative packages that ramp up from zero has become more prevalent in recent years, something Villasuso attributes to competition to land projects.

"Nearly every company that has an application before the IDA has been offered incentives from other states," she said. "Without the enhanced or super-enhanced PILOT they'd go elsewhere."

There have been a few instances when political or economic forces have vanquished companies seeking tax incentives from Orange County's IDA.

Last year, the IDA gave surprisingly designated Barton Birks Chevrolet Cadillac as a "tourism destination" so its expansion plans could qualify for property and other tax breaks. Opposition rose soon afterward from County Executive Steve Neuhaus, who noted, in part, that other car dealerships were already built or being planned without such assistance. The car dealer subsequently notified the IDA that it was withdrawing its application. Several months later Barton Birks embarked on an expansion project without the IDA's help.

Loop Hudson Valley, a mega retail and entertainment project in the Town of Newburgh, sought a payment-in-lieu-of-taxes agreement from the IDA, but was turned down. It was approved in 2014, though, for sales and mortgage tax exemptions for its proposed \$100 million project opposite the Newburgh Mall. The builder backed off after failing to obtain financing, and the property is now for sale.

Another company, Kikkerfrosch LLC, has apparently decided to build its 90,000-square-foot brewery in Goshen without the IDA's help. It hasn't followed through on a 2013 application for property, mortgage and sales tax breaks after the Times Herald-Record reported that a Kikkerfrosch principal was also an owner of a for-profit New Jersey hospital that was under state scrutiny for filing late financial reports and faced federal tax liens for unpaid payroll taxes. The owners, meanwhile, withdrew about \$14 million from the hospital between 2011 and 2013, according to state records, while at one point leaving as little as \$71,000 in hospital accounts.

### **More than taxes**

Multiple issues come into play when companies seek to relocate or expand into another region. They look at the ability of the local labor force to meet the company's needs. They consider whether a construction site can be developed quickly enough to meet corporate deadlines.

The Empire Center's Girardin said the experience of Start-UP NY, a state program offering new and expanding businesses a tax-free decade in exchange for building at or near college campuses, illustrates that taxes aren't the only obstacle in attracting businesses. The state-sponsored program spent tens of millions of dollars on a national advertising campaign, yet only about 400 jobs have been created.

"Albany has constructed one of the toughest regulatory environments, and our Workers Compensation costs are among the highest," Girardin said. "The solution isn't to let IDAs do favors for a few businesses. It's to shrink or eliminate the obstacles for everyone."



Then again, not every company seeks tax incentives. Old Dominion Freight Line, for example, opened a \$14 million state-of-the-art terminal in May in the Town of Wallkill. At a formal ribbon-cutting ceremony in June, Wallkill Supervisor Dan Depew presented the company with a \$100,000 check, its refund from an escrow account intended to ensure that Old Dominion met building-code requirements. The company, he said, performed in an exemplary fashion.

Even more exciting for Depew was that the company had not only brought jobs – 39 now and about 20 more in six months – but it was also paying its full property tax bill topping \$200,000 annually.

Asked why the company hadn't sought tax breaks from the Orange County IDA, Old Dominion President Greg Gantt was at a loss.

"I don't know why," he said.

Maybe no one suggested it.

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