

ORANGE COUNTY IDA Public Hearing Report
CRH Realty II LLC
1-24-08

A Public Hearing took place on this date at 10:00 AM at the Town of Wallkill Town Hall meeting room, Middletown, NY 10940 pursuant to General Municipal Law Section 859-a.

Notice of the public hearing was mailed by Bond Counsel Harris Beach in a timely manner to interested taxing jurisdictions; notice was timely published in the Times-Herald Record newspaper in a timely manner, and pertinent affidavits are on file with bond counsel.

The public hearing was conducted by Philip A. Crotty, Esq., attorney for the IDA, who read the notice of public hearing and opened the hearing.

Persons in attendance were IDA Second Vice Chairman Jim Petro and IDA Executive Director Bill Trimble. Also in attendance were Mr. J. Jerome, a private citizen; and Ms. Elizabeth McKean, Middletown City School District. The applicant was represented by its development company in the person of Mr. Richard Rosen, Columbia Development. There was no one present from the Town of Wallkill.

Mr. Jerome spoke first and he is against the project. He explained that he was a local businessman for 56 years and he and his partner were big contributors to Arden Hill and Horton hospitals. He took exception to a private corporation like the applicant getting IDA financial benefits and said it does not add anything to the hospital infrastructure in the county. He contends the present infrastructure meets the medical needs. He explained that Dr. Teitelbaum conceived the idea of a Mayo Clinic-like place in Orange County where all specialists are in-house, and that has affected the viability of hospital and private doctors in the county. Mr. Jerome has no objection, he said, to the applicant making money, but the problem is that the applicant wants to impact the infrastructure to his benefit and is selling medicine like a supermarket. Mr. Jerome then produced and introduced into the record (which Executive Director Bill Trimble took in his possession) advertisements from local newspaper(s). Mr. Jerome pointed out that the applicant's parent company has a plastic surgeon on staff, while there are eleven in the county trying to practice privately. Same for psychiatrists, of which there are eighteen in the county. As for colonoscopy doctors, there are six on staff and nine practicing outside. He said again that all the doctors on staff take away from the infrastructure and do not add to it. Mr. Jerome said he bets the cost of medical care is greater in Orange County than other places because of the applicant. He pointed out that a patient gets routed from doctor to doctor in the applicant's premises, increasing medical care for the applicant's benefit, and that is contrary to good business and medical practice. Mr. Jerome continues that is like what Loew's did to local hardware stores. He says it is abhorrent to underwrite the applicant's way of doing business with tax breaks, and it is immoral. He said that a businessman can make a presentation to show anything he wants in a good light. He stated that you do not need hospitals anymore, that hospitals lose out, and that you do need insurance at the

applicant's premises, and that they will not take you without insurance, which leaves only the uninsured to go to the hospitals.

Elizabeth McKean spoke next. She is a school administrator for the Middletown School District. She expressed concerns about the effect on the school district. She asked if the applicant is seeking the enhanced PILOT. She asked how many years the PILOT runs for. And she said she had calculated the difference in taxes to be \$800,000.

Jim Petro explained the details of the enhanced PILOT, including that it runs for ten years and is in effect double the regular 485-b exemption, that is from 27.5% regular to 55% for the enhanced. He said the applicant will probably seek the enhanced PILOT. Elizabeth then asked for the size of the building. Bill Trimble stated that the project is 3.4 acres of land; cost is \$49,431,600, broken down to \$32,556,000 for the building; \$3,450,000 for the land; \$12,525,600 for equipment; and \$900,000 for soft costs. Elizabeth then asked how much will the savings be, and Bill Trimble answered \$1,000,000 in sales tax, and \$300,000 in mortgage recording tax. Elizabeth asked what is the assessed value, and that was unknown. Then Jim Petro advised that even if the applicant qualifies for the enhanced PILOT, the tax benefit only runs to the improvements and that the land and special district taxes stay in place. He also pointed out that there is no tax loss to the school district, only a gain, that the new tax is graduated up over ten years, and that ten years passes quickly. He said the school district will be ahead after the first year.

Mr. Jerome then asked who if the applicant had purchased the land yet. Response was that we were not aware of the purchase as yet. Bill Trimble explained the IDA will acquire title. Then Mr. Jerome discussed owning versus renting. Jim Petro said this was not the place to discuss hypothetical situations.

The Hearing Officer closed the public hearing at 10:30 AM.

Respectfully submitted,

Philip A. Crotty
IDA Attorney