

2 THE ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AND  
3 THE ORANGE COUNTY FUNDING CORPORATION  
4 STATE OF NEW YORK

-----x

5 In The Matter of

6 Re: THE SENTINEL REALTY AT PORT JERVIS, LLC

7 -----x

8 Deerpark Town Hall  
9 420 Rt. 209  
10 Huguenot, New York  
11 January 10, 2017  
12 11:00 a.m.

13  
14 B E F O R E: KEVIN DOWD, ESQ.  
15 OCIDA ATTORNEY  
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22 FRANCES ROTH  
23 Court Stenographer  
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25 Newburgh, New York 12550  
Telephone (845) 566-1641

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

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LAW OFFICES OF KEVIN T. DOWD  
Attorney for ORANGE COUNTY IDA  
96 Daisy Lane  
Montgomery, New York 12549

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Kelly Reilly  
Administrator, OCIDA

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1 THE SENTINEL REALTY AT PORT JERVIS, LLC

2 MR. DOWD: Good morning everyone. My name  
3 is Kevin Dowd, I'm local counsel for the Orange  
4 County Industrial Development Agency and for The  
5 Orange County Funding Corporation. With me today  
6 is Kelly Reilly, one of our administrators at The  
7 Accelerator and at the IDA. And next to her is  
8 Fran Roth, our stenographer, so she'll be  
9 recording everything that's being said today.  
10 Let's start with the Pledge of Allegiance.

11 (Whereupon, the Pledge of Allegiance was recited.)

12 MR. DOWD: Thank you. There's a sign-in  
13 sheet up here on the table, we would ask anyone  
14 who wishes to speak to please sign in so we have  
15 the spelling of your name correctly. So  
16 procedurally, I'm going to read the official  
17 Notice of this joint public hearing, at which  
18 point I'm going to ask the representative of the  
19 applicant to maybe make a brief statement as to  
20 the project. And then I'll give you some  
21 information that we wish to share with you about  
22 what kind of benefits this applicant is asking  
23 for from the IDA and from the Funding  
24 Corporation. And then we'll proceed with the  
25 actual public comments. So I'll start with the

1 THE SENTINEL REALTY AT PORT JERVIS, LLC  
2 public hearing Notice. Notice of Public Hearing  
3 on Proposed Issuance of Bonds. Notice is hereby  
4 given that a joint public hearing pursuant to  
5 Article 18-A of the New York General Municipal  
6 Law and Section 147(f) of the Internal Revenue  
7 Code of 1986, as amended, will be held by the  
8 Orange County Industrial Development Agency and  
9 The Orange County Funding Corporation on Tuesday,  
10 January 10, 2017 at 11:00 a.m. in the Meeting  
11 Room at the Deerpark Town Hall, 420 Rt. 209,  
12 Huguenot, New York 12746 in connection with the  
13 following matter: THE SENTINEL REALTY AT PORT  
14 JERVIS, LLC, on behalf of itself or an entity  
15 formed or to be formed has submitted an  
16 application to the Issuer and the Agency, a copy  
17 of which is on file at the offices of the  
18 Agency/Issuer, requesting that the Agency/Issuer  
19 consider undertaking a project for the benefit of  
20 the Company consisting of; (A) the acquisition of  
21 an aggregate approximately 7 plus/minus acre  
22 parcel of land located at 2247 Greenville  
23 Turnpike in the Town of Deerpark, Orange County,  
24 New York and the existing improvements located  
25 thereon consisting principally of an

1 THE SENTINEL REALTY AT PORT JERVIS, LLC  
2 approximately 60,000 square foot hotel building;  
3 (B) the renovation of the Existing Improvements  
4 and the construction of an approximately 5,000  
5 square foot addition thereto; (C) the acquisition  
6 and installation in and around the Improvements  
7 of certain items of equipment, machinery and  
8 other tangible personal property; all to be used  
9 by the Company as an assisted living facility;  
10 (D) the paying of certain costs and expenses  
11 incidental to the issuance of the Bonds; (E) the  
12 financing of all or a portion of the costs of the  
13 foregoing by the issuance of its tax exempt  
14 and/or taxable revenue bonds in one or more  
15 series in a maximum aggregate principal amount  
16 not to exceed \$14,000,000; and (F) the lease or  
17 sale of the Agency's interest in the facility  
18 back to the Company. The Issuer and Agency are  
19 contemplating providing financial assistance to  
20 the Company with respect to the Project in the  
21 form of; (1) the issuance by the Issuer of the  
22 Bonds in a principal amount not to exceed the  
23 lesser of the Project Costs or \$14,000,000; (2)  
24 an exemption from all state and local sales and  
25 use taxes with respect to the qualifying personal

THE SENTINEL REALTY AT PORT JERVIS, LLC

property incorporated into the Facility or used in the acquisition, construction or equipping of the Facility; (3) an exemption from all mortgage recording taxes imposed by the State of New York with respect to any qualifying mortgage on the Facility to secure the Bonds and/or any other indebtedness incurred by or for the benefit of the Company in connection with the Project; and (4) a partial real property tax abatement, consistent with the policies of the Agency. If the issuance of the Bonds is approved by the Issuer, the Issuer will loan the proceeds of the Bonds to the Company pursuant to a loan or other similar agreement and the Company will operate and manage the Facility during the term of the Agreement. If the issuance of the Bonds is approved, (i) it is intended that interest on any tax exempt Bonds will be excluded from gross income for Federal income tax purposes, pursuant to Section 103(a) of the Code, (ii) the Agreement shall require the Company to make payments equal to debt service on the Bonds and make certain other payments, and (iii) the Bonds will be special obligations of the Issuer payable solely

1 THE SENTINEL REALTY AT PORT JERVIS, LLC  
2 from certain of the proceeds of the Agreement and  
3 certain other assets of the Issuer pledged to the  
4 repayment of the Bonds. The Bonds shall not be a  
5 debt of the State of New York or Orange County,  
6 New York, and neither the State of New York nor  
7 Orange County, New York, shall be liable thereon.  
8 The Issuer and the Agency will at said time and  
9 place provide a reasonable opportunity to all  
10 interested persons to present their views, either  
11 orally or in writing, on the location and nature  
12 of the Facility, the proposed plan of financing  
13 for the Facility by the issuance from time to  
14 time of the Bonds, or the proposed tax benefits  
15 to be afforded the Company in connection with the  
16 Project. This public hearing is being conducted  
17 in accordance with Section 147(f) of the Code and  
18 subdivision 2 of Section 859-a of the New York  
19 General Municipal Law. Dated: December 23,  
20 2016. Now, before we actually take public input,  
21 I'm going to ask the representative of the  
22 applicant to say anything, to describe the  
23 project to those in the audience.

24 MR. NEWHOUSE: Good morning, Eric Newhouse  
25 on behalf of the applicant. So briefly

THE SENTINEL REALTY AT PORT JERVIS, LLC

appreciate the opportunity, thank you to the board members, members of the public, briefly wanted to describe the project that we're proposing. We're proposing to acquire the current Days Inn in Port Jervis, New York which is an operating hotel on Greenville Turnpike and convert it to an assisted living facility. This is going to be a licensed facility by the Department of Health and New York State. As such, we need to follow their regulations as far as the architecture, all kinds of other regulations regarding operation of the facility as well. We're proposing a 160 bed facility that basically we're going to be, and I'll put up a board here in a moment to show you the proposed building, but basically we're going to be renovating the building, completely gutting it but leaving the core structure intact and basically footprint of the building is basically going to remain the same size but for two small additions to the building which is approximately 5,000 square feet. And that is to accommodate some of the building's shortcomings with regard to public space for the residents of the



1 THE SENTINEL REALTY AT PORT JERVIS, LLC  
2 building. To qualify to live in this building,  
3 you do need to have a, certain qualifications,  
4 needs-based qualifications that are regulated by  
5 the state and just simply put to help individuals  
6 that can no longer completely care for themselves  
7 or help with ADLs, which is Activities for Daily  
8 Living and we provide those services. So  
9 approximately 100 of those beds will be licensed  
10 as an assisted living program under New York  
11 State's Assisted Living Program and 60 of the  
12 beds will be assisted living residents with an  
13 enhanced assisted living resident component to it  
14 as well. So it's a compliment of a private pay  
15 and a Medicaid funded portion if you so qualify.  
16 So let me, can I put this up here for the  
17 benefit, I'll show it around but basically this  
18 is the current footprint of the building. And  
19 we're obviously going to be redoing the facade of  
20 the building and windows and everything else, if  
21 you're familiar with the building pretty much it  
22 will be upgraded. You can see on the second  
23 slide and you can, hopefully everyone can see  
24 that the shaded dark gray areas are the two areas  
25 that we propose to add. And this larger space

1 THE SENTINEL REALTY AT PORT JERVIS, LLC

2 here is additional dining room space adding onto  
3 the current dining room and removing the swimming  
4 pool that's currently there. And then in the  
5 front of the building we're adding on a small  
6 addition to accommodate a laundry room facility  
7 to accommodate the facility needs for that. So  
8 that's basically it. The room structure stays  
9 the same. And most of the other space internally  
10 in the common area space will change a bit but  
11 for the most part that's, it's staying the same.  
12 And the project is as was mentioned is about \$14  
13 million total project cost, majority of that is,  
14 you know, for the renovation portion of it. And  
15 we anticipate creating between 60 and 80 full  
16 time jobs. And I think it's going to be a pretty  
17 big benefit to the local community. And there  
18 are not currently in the vicinity any assisted  
19 living facilities and we think it's a good area.  
20 We're experienced operators of these facilities  
21 having many of them throughout the state and so  
22 we're looking forward to seeing this project  
23 through. And I will take any questions from the  
24 board or whomever.

25 MR. DOWD: Thank you, Eric. So let me just

1 THE SENTINEL REALTY AT PORT JERVIS, LLC

2 tell you what the applicant is looking for from

3 the IDA. They're basically looking for a sales

4 and use tax exemption for any of the equipment or

5 any of the work that needs to be done to the

6 project. They're also looking for a mortgage

7 recording tax exemption which they believe to be

8 valued about \$120,000 that would be on any

9 financing that has to be filed in the County

10 Clerk's Office. The bonds they're going to ask

11 for are for the actual mortgage they may have on

12 the property. They're looking for 10 year PILOT

13 payments, in other words, deferment of the taxes

14 on the improvements only. So everybody

15 understands the PILOT is really for 10 years,

16 10 percent a year it phases in, they'll be paying

17 moneys to the Town of Deerpark and to the fire

18 district and the like. But it's basically it's

19 on the improvements only. So the basic land tax

20 they must pay, they must pay all special use

21 taxes, such as fire district taxes or water and

22 sewer district charges, if there are any they

23 must pay in addition to the PILOT payment over a

24 period of 10 years. They're proposing to create

25 50 full time jobs, 10 part time jobs, they're

1 THE SENTINEL REALTY AT PORT JERVIS, LLC  
2 supposed to retain two full time jobs and retain  
3 four, I'm sorry, part time jobs exactly. Now  
4 that's for the IDA. They're also looking to The  
5 Funding Corporation which is sort of also a  
6 legislative body created by the local development  
7 corporation that has the same board as the IDA  
8 board and we're going to issue them bonds, tax  
9 exempt bonds for most of the cost of this project  
10 which would be anywhere from 11 to \$14 million,  
11 that's still to be determined. Our bond counsel  
12 will in fact handle that matter and they will do  
13 all the necessary matters. There will be  
14 agreements between them how they have to repay  
15 it. The State of New York and Orange County are  
16 not liable on the bonds and they will make  
17 payments equal to the debt services over the  
18 period of the bonds. With that being said, I  
19 note that there's a sign-in sheet, I see  
20 Mr. Plotsky, you just walked if, if you want to  
21 say anything, that's fine.

22 MR. PLOTSKY: I already did sign in.

23 MR. DOWD: I will now open it up to the  
24 public if you have any comments. Just so you  
25 also know one thing the IDA board and The Orange

1 THE SENTINEL REALTY AT PORT JERVIS, LLC  
2 County Funding Corporation will get these  
3 minutes, they'll read them, they will take no  
4 action until SEQRA is completed. Now I  
5 understand from the applicant that he is going to  
6 apply to your planning board to begin this  
7 process. So there will be no immediate action by  
8 either one of the boards, they cannot take action  
9 until SEQRA is completed. We rely upon the  
10 findings of the planning board and the Town of  
11 Deerpark on SEQRA, we rely upon those and will  
12 not do any resolutions until that's completed.  
13 With that being said, I now open this to the  
14 public for any comments. Please state your name.

15 MR. SPEARS: Gary Spears, Supervisor, Town  
16 of Deerpark. Just going forward after they apply  
17 and SEQRA and you move forward, is the Town of  
18 Deerpark involved in the PILOT or is that  
19 something that the IDA handles on the amount?

20 MR. DOWD: What will happen is the IDA  
21 executes the agreements with the applicant. You  
22 will be put on notice that the PILOT is in place.  
23 The actual collection of the PILOT will be the  
24 obligation of the town on a yearly basis.

25 MR. SPEARS: And the amounts are determined

1 THE SENTINEL REALTY AT PORT JERVIS, LLC  
2 between you and the applicant?

3 MR. DOWD: Based upon the assessed value of  
4 the improvements, yes.

5 MR. SPEARS: Of the improvements?

6 MR. DOWD: Yes.

7 MR. SPEARS: That's all I have.

8 MR. DOWD: Anybody else? Sir?

9 MR. GREENE: My name is Bill Greene. I was  
10 just wondering does the IDA have a way to get out  
11 of the agreement if somebody does something wrong  
12 in the corporation, like bribery allegations or  
13 something like that? In the process, is there a  
14 way if the--

15 MR. DOWD: We have agreements between the  
16 applicant and the IDA and there are certain  
17 obligations that must be fulfilled. If they're  
18 in violation of those agreements then yes, we can  
19 clawback or we capture the benefits and make them  
20 pay whatever they've gotten in the back. That's  
21 really determinative upon the agreement itself.  
22 We look at what the actions relative to the  
23 agreement are by the applicant. Okay, so in  
24 other words, if the applicant is the corporation  
25 and the corporation as a whole is charged and

1 THE SENTINEL REALTY AT PORT JERVIS, LLC  
2 found guilty of misconduct, that would be the  
3 basis for us to clawback any benefits from them.

4 MR. GREENE: How about an individual in the  
5 corporation?

6 MR. DOWD: That would depend, sir, that  
7 would depend. I think I understand where you're  
8 coming from, it's been in the newspapers. If the  
9 individual is acting outside his duties to the  
10 corporation and then the corporation takes  
11 necessary action, cooperates with the authorities  
12 and is indicted or convicted of anything then the  
13 likelihood of there being any reason for us to  
14 continue to cancel out the agreement is not  
15 there.

16 MR. GREENE: What if they're convicted?

17 MR. DOWD: Sir, I'm going to ask you, again,  
18 I have no problem answering these questions, but  
19 I'm, we're really here to hear about this  
20 particular applicant and this particular  
21 application. This applicant has done nothing  
22 wrong, they have no benefits right now.

23 MR. GREENE: I would imagine you have some  
24 routine way of protecting the citizens against  
25 paying for people who are bribing politicians and

1 THE SENTINEL REALTY AT PORT JERVIS, LLC

2 I would just urge you to continue to do that.

3 I'm sure they're lovely people and they're going  
4 to treat people well and we need this facility in  
5 the area undoubtedly but I just--

6 MR. DOWD: We do monitor on a yearly basis  
7 whether or not they're meeting their goals for  
8 creating the jobs they say, we do monitor to make  
9 sure they're paying their payments. We do  
10 monitor that they're in full compliance with all  
11 the agreements that we sign with them.

12 MR. GREENE: And in that agreement there's  
13 something about if somebody gets arrested?

14 MR. DOWD: No, there's not.

15 MR. GREENE: Well, I would urge you to think  
16 about that.

17 MR. DOWD: Very good, thank you.

18 MR. PLOTSKY: When you say that the PILOT is  
19 based on the improvements only, would those  
20 include the improvements that are currently on  
21 the land?

22 MR. DOWD: No, the existing tax base, the  
23 land value is not, they have to pay that  
24 separately, it's not part of the PILOT. They get  
25 no break from the assessed value of the land



1 THE SENTINEL REALTY AT PORT JERVIS, LLC  
2 itself. They get no break on any of the special  
3 use taxes that might be on the property. The  
4 overall value of the improvements that's done by  
5 real property tax, that's what we used as a  
6 schedule from that I think is the entire  
7 improvement of the project, Mr. Plotsky, that's  
8 what we look at.

9 MR. PLOTSKY: Wouldn't just be the new, it  
10 would be all improvements?

11 MR. DOWD: To the extent this is almost  
12 pretty much a complete renovation with the entire  
13 thing, yes, it's a little different from starting  
14 with nothing at all. Any others?

15 MR. PLOTSKY: Now the town assessor just  
16 asked whether or not the land value would be  
17 fixed at what it is currently or whether that is  
18 subject to adjustment?

19 MR. DOWD: Land value is \$105,600 right now,  
20 that will not change.

21 MR. PLOTSKY: Okay.

22 MR. DOWD: The total assessed is projected  
23 to be \$6,045,600, the improvement is \$5,940,000  
24 and I'm very happy to share this with you, I just  
25 got this this morning, this comes from real

1 THE SENTINEL REALTY AT PORT JERVIS, LLC  
2 property taxes, it's a breakdown of how the PILOT  
3 will work over a 10 year period of time. One of  
4 the things we're going to be asking for is the  
5 letter from the town board that they're in  
6 support of the project. Obviously, this, you're  
7 finding out, Mr. Spears, that this is just coming  
8 to your planning board, this is something new to  
9 your town. But we like to know that, the IDA  
10 likes to know that the town board is behind this  
11 project and for the benefits that we wish to  
12 confer upon them.

13 MR. SPEARS: Right.

14 MR. DOWD: Again, we'd ask that before we  
15 take any action we'd like to have that letter so  
16 as it moves through the planning process and your  
17 town board feels comfortable with what we're  
18 willing to give them, we'd like a letter from  
19 you. And we invite that any time during the  
20 process.

21 MR. SPEARS: Okay.

22 MR. DOWD: Any other questions? There being  
23 no further questions, I will declare the public  
24 hearing closed. And I thank you for your  
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1 THE SENTINEL REALTY AT PORT JERVIS, LLC  
2 attendance.

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5 (Proceedings concluded at 11:20 a.m.)  
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## C-E-R-T-I-F-I-C-A-T-I-O-N

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

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That the foregoing is an accurate record of the testimony,

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as given, to the best of my knowledge and belief, the same

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having been stenographically recorded by me and transcribed

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under my supervision.

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That I am not related to any of the parties involved in

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this matter, and that I have no personal interest

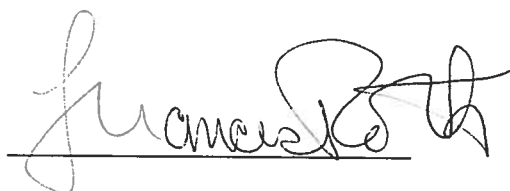
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whatsoever in the outcome thereof.

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

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FRANCES ROTH

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