

TOWN OF WALLKILL INDUSTRIAL DEVELOPMENT AGENCY
REGULAR MEETING MINUTES
July 13, 2021

Members in Attendance:

Mark Coyne, Chairman
Paul Erickson
Joe Stuart
Kevin Mulqueen

Members Absent:
James Townsend

Also in Attendance:
Rudy Charles, Secretary
William A. Frank, Esq., Counsel

Mark Coyne – We'll get started. Kevin can you get on?

Kevin Mulqueen – I cannot get on but who is there?

Mark Coyne – We have Will Frank, Paul Erickson, myself, Joe Stuart and Rudy Charles.

Kevin Mulqueen – okay, but not the applicant.

Mark Coyne – No and there is actually no application it just to discuss the letter that was sent to our Town Attorney Will Frank.

Will Frank – Agency Attorney in this case.

Mark Coyne – Right, the agency, IDA attorney, and it reads as follows, I'll read it out loud and it's being taped so, Good Morning Will, I spoke with Ryan George from Wallkill Owner, LLC yesterday Ryan indicated although his group plans to seek bond financing elsewhere, they would like to apply to the Orange County IDA for sales tax and mortgage exemption. MRT mortgage recording tax exemption and of the renegotiated PILOT to enable their renovation of the Wallkill Living Center on Shutt Rd. Extension. It is the OC IDA's policy to direct an applicant to first contact a local IDA if one exists to apply for those benefits. If the Town of Wallkill IDA wishes to pass on this opportunity and have the OC IDA consider Wallkills owner's application, I am writing to ask you to please furnish a written letter on their behalf stating that this is the case. If you have any questions or would like to discuss this live please call me at your convenience, thank you very much, Bill Fiorvante. So that is what we've got, they want to go to Orange County to seek this relief and they are looking for a blessing, please do what OC please don't. We've been through this in the past with other projects. I remember we were okay with it or not okay with it. Typically, what happens is if we say we this is different though Will, this is very different because this is a renovation it's not a project this is not a new building it's not creating new jobs, it's just a renovation so I don't even think that OC would.

Will Frank – well that's not really for this agency to decide. Whether OC wants to, the OC IDA wants to do it or not I don't know if their renovation includes an expansion or not, I really don't know, I can ask.

Mark Coyne – I would think that they would say that, that's an important piece.

Will Frank – Basically what they're, I can call Bill right now. Basically what the issue is we have a PILOT with them right now. This is Wallkill Living Center. So we have a PILOT essentially they want to move their PILOT over to the county which is the only effect that it would have on this agency. They were originally thinking about getting bond financing through the OC IDA I don't know, it seems like they are not doing that anymore. They're just going to Orange County because they're going to be doing new financing looking for mortgage tax relief recording tax and all that. I can ask Bill if they are doing any kind of, if this is going to result in any job creation or what have you. But that's really going to be something for Orange County to decide. We would be letting them out of this PILOT agreement the operative thing here is the Town of Wallkill IDA PILOT agreement would get cancelled and they would do a new PILOT agreement if they get one through the county. That's really what this is, what it boils down to. Do you want me to get Fiorvanti on the phone?

Mark Coyne – Why not?

Paul Erickson – Is it incumbent upon us to tell the county that we don't think it should happen in our letter to them, if that is that fact or we are fully in favor and go forward with our blessing?

Mark Coyne – Yes, that's what they are seeking, is a letter.

Paul Erickson – These guys are going to be the third or fourth owners of this since. The original people that came to us, they didn't finish it anyway. If they opened it they never finished it.

Mark Coyne – Is that one of those deals where they flipped it for the tax write off?

Paul Erickson – Originally it was some religious front group of slickers fronting a religious organization out of the Albany area.

Joe Stuart – You remember better than me.

Paul Erickson – I can remember from 20 years ago but ask me what I had for breakfast.

Mark Coyne – Will, do you know how long is left on the PILOT?

Will Frank – A while, that was a long PILOT, it wasn't a standard PILOT, I don't know if it was 20, we can print out a copy but I don't even know it was done a while ago.

Paul Erickson – It was done a long time ago.

Will Frank – It was done around 2001, 2002.

Rudy Charles – It was at least 20.

Mark Coyne – Probably 30.

Will Frank – We can get a copy. Let me try Bill on this other number.

Paul Erickson – Kevin are you still there? Okay.

Kevin Mulqueen – Mark do you want me to say what I said to you before?

Mark Coyne – Sure you can share your feelings absolutely.

Kevin Mulqueen – Okay, here's the thing, I remember when that project let out, I wasn't on the board but I was paying close attention.

Will Frank – Around 01 or 02 right Kevin?

Kevin Mulqueen – Yes and I thought that this would not be good because it wouldn't create any jobs. Any permanent jobs and separately I know that it was a non-profit that had to be on the application for the state findings and basically the only reason for them to apply for IDA financing is for the seller to get a higher price and I think this is a scam and I remember it was really like they tried to get every sort of edge when they got the state financing and the IDA financing I thought it was all put together and they needed to have a non-profit associated with it in order to get the better deals and I was not happy with the IDA financing. I don't think that we should support it.

Mark Coyne – Thank you. If this is a renovation I don't see why you give a tax break to paint the hallways. Putting up another building maybe.

Joe Stuart – the whole point is to create jobs.

Mark Coyne – Right.

Paul Erickson – But permanent jobs not temporary 6 months.

Mark Coyne – The temporary are a bonus, those are great too, there will be union wages and the whole 9 but it is about the permanent jobs. I think that is pretty much where we all stand. Any advice, any way to go about this?

Will Frank – There's no right or wrong answer, I can simply write if this board's direction is to write a letter saying there is an existing PILOT whatever, find out when the expiration date is the Town IDA without more information, is not inclined to support any application because we don't know that jobs are being created or any other benefits to the community. It's a retirement home which is nice but I'm sorry assisted living but it's not a job generator of any kind. It's just renovations to an existing facility unlike something like President Container where they are doing an expansion and creating 50 new jobs. Or even a new IDA's are permitted to give benefits in the hospitality industry if new jobs are being created at a new hotel which this board has done. But here, it does not seem like they're doing anything except renovation existing space.

Paul Erickson – Correct me if I'm wrong but renovation by the stand alone doesn't qualify under the rules that we have to live with right to get money?

Will Frank – Correct. That's their burden if they go to the County, that's their burden to show why they're entitled to benefits. They got the PILOT from this board back when because at the time the jobs were being created at the Living Center and all of that. I don't remember if it's a 20 or a 30.

Rudy Charles – Do you want me to go see if I can find it?

Will Frank – If you can find it.

Mark Coyne – It's probably 30.

Will Frank – The different category of PILOT like we do for Mandelbaum under the public financing those are either 30 or 40. And those come through the Town Board, they do not come through the IDA.

Mark Coyne – Yes that seems to be the way everybody on the board wants to go.

Will Frank – Absent any more information, if they're doing an expansion that may or may not change the thinking but at the present time with the limited information that's been provided, it's not something that the Town IDA supports. If you want me to write such a letter that's not a problem.

Mark Coyne – I make a motion for that letter to be written.

Paul Erickson – Second.

Mark Coyne – All in favor

Paul Erickson – Aye Joe Stuart – Aye
Kevin Mulqueen – Aye Mark Coyne – Aye

Paul Erickson – Will, in the letter can we say something to the effect that based on current information it is outside the scope of what IDA's are allowed to do?

Mark Coyne – Yes I like that. Because what you're saying is that renovations don't even apply.

Paul Erickson – and that also puts the County on notice saying we've got to copy this fellows so if you do something stupid.

Mark Coyne – Alright so there is a couple of other things if we could discuss, we have training that we need to do.

Will Frank – Yes, we can talk about that in executive, we'll save that.

Will Frank – The Dinosaur.

Mark Coyne – Okay. Can you brief us on that?

Will Frank – I received a call from the attorney representing the Dinosaur folks and he said they're planning on submitting the full application which we have been waiting for. I know he was going away maybe this part of July. They are in front of the Planning board, they are moving forward. The indication I got from the attorney was they are going forward with the Planning board but if the IDA benefits for some reasons don't come through. They're probably not going to proceed with the project because I expressed to him listen if it's already an approved project a lot of times granting IDA benefits is not, the timing's off. He understood that and I said that's going to be an issue that's got to be dealt with. His response was if we don't get the IDA benefits we can get this approved and we're not going to be able to do the project. Those were his sentiments. So they are planning on putting in the application. I suspect it's not going to be here for another couple of weeks because he will be away. I think he's quarterbacking the application. What do you have Miss Rudy?

Rudy Charles – Here you go.

Will Frank – Kevin did you see Rudy just brought in the PILOT agreement for the Wallkill Living Center. I'm going to see if I can, the resolution says the IDA in June of 02. Kevin you were right, 02 when this was all happening. Construction period payment, first tax payment.

Paul Erickson – Is that Middletown School?

Rudy Charles – Yes. Eleven and beyond so it's not really defined.

Will Frank – The question is whether this is completely open ended or not.

Mark Coyne – What percent are they paying after 11 years?

Will Frank – Paying minimum base amount of 84,000 dollars plus 7% of gross rents, after 2014. So whatever their gross rents are, I know there is a calculation every year that's done. Lisa and Toni do a calculation every year.

Rudy Charles – They send their financials in.

Will Frank – Right, they send their financials in and we do the calculation it's 84,000 plus 7% of the gross rents.

Paul Erickson – and that's into perpetuity.

Will Frank – It appears that way I don't see a...

Mark Coyne – I'll ask Lisa what it would be if they were just 100% and keep your 7%, do you know what I mean?

Will Frank – I know their payments are, the last payment was something like 118,000 something like that was their total payment. Which is supposed to be divided up, it gets divided up between the county, and the school district and the Town. Given the assessment percentages. Commencing upon the expiration of the construction period and during the balance of the applicable tax the company shall pay a payment in lieu of taxes. Escalation. During each one year period they shall pay adjustments upon termination. If the agreement should be terminated whether at or prior to the scheduled maturity date to the term then with respect to such a period of time the company shall pay an amount equal to 100% of the taxes and assessments that would have been levied. It doesn't quite say the manner at which it is terminated. Or matures. In the event any structural additions shall be made to the building or buildings by the completion date or any additional building or improvements shall be constructed on the real property they will make additional payments in lieu of taxes.

Paul Erickson – So if they spiff it up they've got to pay us more money?

Will Frank – Pursuant to the PILOT calculations. Upon termination of the company sales agreement and re-conveyance of the facility to the company this agreement shall terminate. So we need to look at the company sale agreement. There's got to be some ending to this somewhere along the line. But it's tied to a different agreement. I'm going to have to get the company sale agreement, which we have someplace. We'll have to find what the expiration date is but in the meantime.

Mark Coyne - we'll still move forward with the letter stating we don't know what you want here.

Will Frank – On the other hand, we may not want it because we may, the town may be getting more money based on the percentage of the rent than if they do a PILOT with the county. We may be better off under this agreement than the new one with the county is what I'm saying. Even if this doesn't terminate any time soon. Say there's another ten years on it.

Mark Coyne – Yes but they want to strike a new deal with the county.

Will Frank – So what I'm saying is we, whatever deal they may want to strike with the county this may be more beneficial to the town.

Mark Coyne – I know but there is no way to prevent that. We can't tell the county we don't want you to do it.

Paul Erickson – that's exactly what we would tell the county. Hands off status quo.

Jim - Which is what we do based on the wording you want in the letter.

Will Frank – And quite frankly, the county may or not be inclined to do this at this point, they're looking to make some changes there and those types of things.

Joe Stuart – I would agree with that whole heartedly.

Will Frank – so this part of it, I'll write the letter, I'll draft it up and I will circulate to you guys before I send it this way if anybody has any suggestions we can tweak the letter before it's delivered to them.

Mark Coyne – One last thing,

Will Frank – Rudy there was a motion by Chairman Coyne seconded by Mr. Erickson and voted on for zero authorizing me to draft a letter to the Director of the Orange county IDA expressing this board's opposition to a potential PILOT with the county given the current information regarding their request and the fact that renovations to an existing structure in our opinion does not qualify for new IDA benefits nor do we see that any permanent jobs would be created by renovations absent any type of expansion.

Mark Coyne – how does everyone feel about if we had to do 4:30 instead of 3:30, does 4:30 mess with your schedules.

Paul Erickson – cuts into my nap time.

Kevin Mulqueen – Yes 4:30 doesn't bother me at all.

Mark Coyne – I'm not saying that it is but I just have a feeling the way my work is going that if we do meet next month I may be down in the valley for a little bit so it will take me a little longer to get back to town.

Rudy Charles – so this is just one meeting, we're not changing.

Mark Coyne – It's not set yet Rudy, I'm just throwing it out there to the board to see if, would it be crushing anyone's schedule. I know Joe likes to golf a lot. Paul has nap time.

Paul Erickson – Joe has to have nap time too he's retired.

Joe Stuart – Mine is usually earlier though.

Mark Coyne – we have to think about these things. I make a motion to go into executive session to confirm with counsel.

Joe Stuart – Second

Mark Coyne – All in favor

Paul Erickson – Aye Joe Stuart – Aye

Kevin Mulqueen – Aye Mark Coyne – Aye

Will Frank – If anyone is listening the intent is not to take any action after the executive session but to adjourn the meeting.