

**City of Newburgh Industrial Development Agency**  
**2013 Performance Measurements and Accomplishments**  
and  
**Operations Report**

**2013 Goal #1: Promote private investment for development, job creation and retention.**

Measures

- Market City of Newburgh Industrial Development Agency (NIDA) owned properties. In 2013, the City of Newburgh advised the NIDA that the Orchard Street parcel was erroneously placed under IDA ownership; it was transferred back to the City of Newburgh. The NIDA proposed leasing a West Street parcel to the City of Newburgh for use as a neighborhood parking area as means to eliminating its use as an illegal parking area. The proposal will go before the City Council in 2014.

- Enter into Property Disposition Agreement with a developer for an Agency 15+acre industrial site. NIDA and Hudson Valley Lighting, Inc. executed a disposition agreement for NIDA's Scobie Drive site. Public and state notifications were completed. Hudson Valley Lighting, a manufacturer of state of the art lighting, is a company that has grown in Orange County. To remain competitive and meet market demands, the company must expand. It proposes to build a 125,000+ state of the art warehouse at cost of \$8 to \$10 million. The project will retain 180 jobs and create a minimum of 25 jobs. The company employs many City of Newburgh residents. Development of the site will generate over \$200,000 a year in property taxes.

- Submit an application with Hudson Valley Lighting for entrance into New York State's Brownfield Cleanup Program. Upon approval execute agreement with DEC and undertake planning for remediation. The NIDA and Hudson Valley Lighting submitted a joint application to the NYS Department of Environmental Conservation in January 2013; it was subsequently approved. The initial investigation indicated that the cost of remediation would not be offset sufficiently by tax credits. A funding gap in excess of \$2,000,000 was identified.

As a result, Hudson Valley Lighting submitted a request under the New York State Consolidated Funding Assistance. The NIDA assisted in the preparation of the application. In addition, the City of Newburgh submitted an application to fund the cost of the public works infrastructure required to support the Hudson Valley Project. The Hudson Valley Lighting request was not funded; the City of Newburgh's request was approved but reduced to \$250,000.

The potential loss of Hudson Valley Lighting to a greenfield site in the County or out-of-state resulted in a meeting with local, state, and federal officials to determine other avenues of 'gap' assistance. Hudson Valley Lighting is working Empire State Development to secure other avenues

**of assistance in order to close the development gap. The City of Newburgh is pursuing assistance for public works infrastructure construction on the site from the U.S. Economic Development Administration. It is anticipated that a pre-application will be submitted the first quarter of 2014.**

- Continue coordination with other economic development organizations -- intake with leads and existing businesses to determine eligibility for IDA financing and other business assistance, make referrals, and support/ facilitate local and regional economic development initiatives.

**When prospects request meeting or leads are received, the City and NIDA will review the needs of the proposed development, determine availability of real estate, and provide the lead/prospect with information on available benefits from the city, NIDA or other sources.**

- Marketing and Outreach

Prepare collateral materials/ mailing promoting economic benefits for business expansion and job creation. **Orange County allocated a portion of a US Economic Development grant to the City for marketing Newburgh's real estate opportunities to small manufacturers. Agency staff serves on a working committee responsible for joint objectives as follows:**

- Finalize cataloging listings of available real estate (electronic).
  - a. **Letters were sent to owners of commercial/industrial-zoned buildings and sites in the City of Newburgh asking if their properties, in whole or in part, were available for sale or lease and asking if they wanted to list their properties on a database and website.**
  - b. **"Newburgh—A River of Opportunities" campaign was launched to promote the city. It announced in July 2013 that a video and brochure were produced.**
  - c. **www.newburghny.org was initiated and is being expanded.**
- Induce and execute eligible projects that generate private investment and create or retain jobs.
  - a. **The NIDA induced 2 projects under its small business program which is designed to facilitate straight-lease projects requesting less than \$100,000 in benefits. One tourism/recreation project was approved for the Newburgh Yacht Club, Inc. It will invest \$579,000 to replace hurricane damaged docks, floating work barge, pilings. The restoration will provide access to boaters seeking fuel and access to an on-site restaurant and other waterfront amenities. The sale of fuel and access to the restaurant will generate sales tax revenues to the state and will continue to attract visitors from the region to the City.**
  - b. **The NIDA induced a retail operation/service station property owner that will invest \$575,000 to rehabilitate a long-time vacant service station and convenience store. The facility is in a highly distressed census tract. The owner has an existing mortgage that includes brownfield remediation per NYS Dept. of Environmental Conservation requirements. The facility will be leased to an operator that will create a number of jobs. A mortgage of \$1 million dollars will receive tax abatement. The City of Newburgh will approve 485b tax abatement on the improvements. The project will rehabilitate a blighted entrance to the city's central business district.**

## **Goal #2 Undertake Compliance requirements**

- Hold monthly meetings (**Consistent with Open meeting Law, posting on website**)
- Hold at least two Governance and Audit Committee Meetings a year. (**Completed**)
- Review policies and operations. (**By-laws, UTEP, and policies were reviewed, re-affirmed and re-adopted for 2013 and 2014.**)
- Monitor economic data.
  - a. **Review monthly Workforce Data on the NYS Dept. of Labor Statistics site.**
  - b. **Researched the 2010 U.S. Census for poverty and workforce data for funding applications for Hudson Valley Lighting and confirmation of highly distressed census tracts.**
  - c. **Reviewed En-Zone data for the city to determine eligibility for additional Brownfield Tax Credits for the Hudson Valley Lighting Project**
  - d. **Highly Distressed Census Tract: 4 tracts in the City of Newburgh are highly distressed; the remaining 2 census tracts are adjacent to the highly distressed tracts.**
- Complete an annual Audit (**yes**)
- Complete PARIS reporting (**yes**)
- Maintain and Update Website (**yes**)
- Monitor projects: (**ongoing**)

### **Gemma Development Group-Bond Issuance**

Letters to the Project Managers requesting information required in NIDA's Annual PARIS report remain unanswered. Bond payments are made by the Orange County government as leasee of the facility. In 2010 Orange County forwarded several bond payments to the Project owner, not to the project Trustee, in the amount of \$181,944. The NIDA has offered its full cooperation to the bondholders but no actions are currently underway to recoup the re-directed payments.

In May of 2013 the NIDA received notice from Wells Fargo Bank, Trustee for the Gemma Bondholders, advising that they were contacted by M&T Bank with a proposal by which M&T would purchase the Armory and reconvey or lease it to Orange County. To date no action has been taken.

### **The Foundry Development Group Litigation**

On October 1, 2011, a reverter clause in a deed from the NIDA to a predecessor of Foundry Development Group, LLC ("FDG"), ripened. The affected property is 59 unfinished condominium units located on Edward Street in the City of Newburgh. At its February 9, 2012 meeting, the NIDA authorized this firm to commence legal action in accordance with the NIDA's rights of reverter to regain title to the 50 units. The NIDA thereupon petitioned to intervene in a foreclosure action brought by City National Bank against FDG. Intervention was granted on July 26, 2012. On February 20, 2013, a Stipulated Settlement agreement was entered into between the NIDA and City National Bank, pursuant to which City National Bank has terminated all claims it has against the property, including the mortgage liens. In July of 2013, the NIDA and FDG entered into a Stipulation of Settlement pursuant to which the NIDA agreed to forbear from exercising its right to seek a reverter of title to the 59 unfinished condominium units for a period of approximately five years, contingent on FDG's compliance with a construction schedule leading to the securing of Certificates of Occupancy for the units in accordance with a schedule set forth in the Stipulation. Other terms of the stipulation included quarterly reporting by FDG of its

progress in securing building permits and certificates of occupancy. The first quarterly report is due in January 2014. The stipulation was so ordered by Supreme Court, Orange County on August 28, 2013. The Court retained jurisdiction over the matter. The inception of this project pre-dates the seating of NIDA's first independent Board of Directors.

### **Newburgh Landfill Superfund Site**

On August 11, 2011 the NIDA received a Notice of Potential Liability from the U.S. Environmental Protection Agency, in which the EPA reported that a small portion of the Newburgh Landfill Superfund Site encroached onto a parcel of land owned by the NIDA. The EPA had not learned of this until May of 2011, and had previously believed that the affected parcel was owned by the City of Newburgh. In early 2012 the NIDA entered into an Access Agreement to permit superfund clean-up activities to be carried out on the NIDA parcel. As owner of the area of encroachment, the NIDA is potentially responsible under federal law for payment of a portion of the clean-up costs. During spring and summer of 2012 the EPA clean-up work was carried out; no hazardous wastes were identified on the IDA property. **On September 30, 2013, the EPA issued a Notice of Completion, stating that the Removal Action had been fully carried out in compliance with the work plan.**

### **PILOTs issued by the IDA as part the U.S. Housing and Urban Development UDAG program.**

1. Hudson Heritage Credit Union is current. This project was initiated with a lease/PILOT agreement in 1983-83. The IDA approved a 60 year PILOT for the new construction.
2. Corwin Management PILOT is currently in arrears. As background:  
At its February 9, 2012 meeting, the NIDA authorized an action in Orange County Supreme Court to enforce the Forbearance Agreement. That action was filed on April 12, 2012 and, by Order entered July 9, 2012, the Court awarded the NIDA the full amount of the claim plus costs, interest and attorney's fees. At the time of this writing the transfer has not yet been completed, due in part to a disagreement between the parties as to the balance of taxes due.

## **Operations**

**The City of Newburgh Industrial Development Agency (NIDA) is a public authority of the State of New York organized under Article 18-A of the New York State General Municipal Law to serve the City of Newburgh.**

The mission of the Agency is to encourage economic development throughout the city, to assist in the retention of existing jobs, and the creation and attraction of new jobs. The NIDA programs are discretionary and provide companies with access to tax-exempt bond financing and/or tax benefits to acquire or create capital assets, such as purchasing real estate, constructing or renovating facilities, and acquiring new equipment. All applicants must satisfy eligibility requirements and demonstrate a need for assistance. NIDA administers its programs within the requirements of regulations enacted by New York State.

NIDA programs provide incentives on a discretionary basis that may include:

- Tax-exempt bond financing – Providing lower-cost capital for acquisition and/or construction of facilities and equipment.
- Sales and use tax exemptions – Providing exemptions on sales taxes on purchases and/or leases of machinery, equipment, and construction materials for renovations at approved locations.
- Mortgage recording tax (MRT) – Deferring mortgage recording taxes over the term of the financing.
- Real estate tax reductions through Payment in Lieu of Taxes (PILOTs) or in cooperation with the City of Newburgh’s 485b program.

The NIDA places emphasis on projects which facilitate renovation of the city’s aging and often vacant commercial real estate, redevelop remediated brownfields, and comply with historic district requirements.

NIDA operates on a part-time basis. Its office is located in Newburgh’s City Hall. Its staff provides services under employment contracts. The Internet allows staff the ability to monitor and respond to communications to the office on a full time basis.

The 2013 audit included a review of NIDA’s internal financial controls.

The activities of the NIDA and its Board members are performed consistent with the Open Meetings Law, NYS Department of Taxation and Finance reporting requirements, Authorities Budget Office requirements, and the Office of the State Comptroller.