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## Industrial Development Agency City of Middletown

### City of Middletown Industrial Development Agency MEETING MINUTES June 15, 2021; 4:30 p.m. Council Chambers; City Hall

Meeting called to order at 4:30 pm

1. ROLL CALL: Present: David Madden, Wayne Hawkins, Andrew Britto, Joseph Cantoli, Joseph DeStefano,  
Also in attendance: Maria Bruni, Patricia Racine, John Naumchik
  
2. APPROVAL OF MINUTES – 05/18/21  
Motion to approve made by Hawkins seconded by Britto  
Motion carried: 5-0
  
3. TREASURERS REPORT– as of May 31, 2021  
  
Motion to approve made by Cantoli seconded by Britto  
Motion carried: 5-0
  
4. BILLS AND COMMUNICATIONS –  
Communication from Danza Leser Group regarding a request for a sales tax exemption extension.  
Please see attached and discussion under New Business.
  
5. UNFINISHED BUSINESS – none
  
6. NEW BUSINESS –  
Danza Leser Group – Mr. Tony Danza was available by phone to discuss with us and answer questions regarding the Horton Complex project.

Danza: The challenge is we are dealing with the oldest buildings, the Horton Building and the Camillo Building right behind it. The fallback position is to do another 100 units of faculty and student housing. The buildings are in need of repair, they were old when we made the initial investment and we were aware of that. They need windows, roofs, bathrooms, plumbing, hvac – all of those things. If we do the units we expect to spend 5-7 million dollars.

The other thing I am working on is I am working with Governor Patterson. I hired him as a consultant. He has a group that I am working with and we are talking about possibly doing memory care assisted living. If we could meet with the County Executive when he returns from Hawaii, it is possible that we could get some assisted living beds it would only enhance that. This is the option that I want the most, because it

gives the first and second year (Touro) students an opportunity to work with people in a nursing home or an assisted living memory care facility. They are excited about it; the school is excited about it. If you could please extend the sales tax exemption this would certainly help us. We have a long way to go, but I feel good about this one.

Madden: Any questions from the board for Mr. Danza?

DeStefano: Tony, you understand that this exemption would only apply to the uses that are permitted in the original IDA agreement?

Danza: Yes, I do, and I am not asking for anything other than the exemption.

DeStefano: So, you are not asking for any market rate housing or anything?

Danza: I'm not changing anything. The school is expanding. They've added a master's degree program. They're also working on a physician's assistant program. They're expanding. I understand the terms and conditions and I am not asking for any changes.

DeStefano: Okay, thank you.

Madden: Any more questions from the board for Mr. Danza?

Hawkins: I would like to understand what you mean by assisted living.

Danza: Assisted living and memory care deal with people that cannot live at home. That need that extra bit of care. And if I can tie that into a skilled nursing bed and work with the hospital we can take the that are advanced.

The assisted living is all over the place. The operator that I got from Governor Patterson is a good operator. He has his arms around a certificate of need. You need a certificate of need from the state. It's one of permitted uses

Hawkins: With assisted living where does the money come from?

Danza: You get a bond, your raise a bond with an issue.

Hawkins: The people who are entering into assisted living are they paying. Do they pay.

Danza: Yes, they pay, some of them pay, some of it is Medicare or Medicaid. Talking to the people on Governor Patterson's team it seems it would be more of a private pay.

Britto: What would be the split between assisted living and student faculty housing?

Danza: Well, if I do the assisted living, I would like to do the whole 120,000 square feet assisted living. If I don't do the assisted living I would probably add another 100 units of student and faculty housing. That's the crossroads that I am at right now. I would prefer to do the assisted living if I can't get the assisted living than I would do the student and faculty housing.

DeStefano: Student housing is currently authorized under the original agreement.

Danza: Yes. We have about 150 units of student housing. We would build another 100 dorms. We would probably give some away to students who have financial need.

Bruni: They are allowed up to 250 units.

Madden for those who were not here when the original agreement was made... Did the original agreement include student and faculty?

Danza: Yes.

Madden: So the 250 units that were originally allowed can be split any way between faculty and student?

Danza: Yes, as I understand it.

Madden: and who ultimately makes any decision involving assisted living facilities?

Danza: Well, the certificate of need ultimately comes from Albany, the state. That's the first step. If I have a good operator and I do have a good operator. He's Michael Bronstein, I've brought him a few times to the building. He has the certificate of need. If the state approves it then we are going to design it.

Madden: You would use the 120,000 square feet of space you currently have?

Danza: Yes. Right now, that is what I would prefer. (Unintelligible) things always change, maybe there's a highbred. Maybe instead of doing 120,000 we do 60,000 assisted living and another 40 or 50 in student and faculty housing. (Unintelligible) If the assisted living shrinks then I would take the remainder and do the student housing. The student housing is funded by primarily (unintelligible).

Madden: If ultimately you use 120,000 square feet for assisted living, how many beds would that accommodate?

Danza: I think about, what they're saying is 100 the rest is common area.

Madden: Is there any movement for the skilled nursing facility?

Danza: The skilled nursing facility, if I can get the beds from Valley View, I have several operators that are very interested in that and working with that. Again those beds are locked. They are tied into the certificate of need.

DeStefano: Could you just clarify. We're not familiar with what you are talking about. We're not talking about closing or taking anything away from Valley View.

Danza: No, no. These are beds they are not using.

DeStefano: These are beds they are not using that you are trying to get. Valley View is state licensed for 500 beds. They are only using 300 or 250. So what he is trying to do is purchase the license from the County. They are holding on to the licenses but they are not in use. So the beds are paper beds basically. So we're involved from the City's end is trying to get the County execs and the legislature to put those beds up for auction or sale.

Danza: I'd like to keep them in Middletown.

DeStefano: Well that was the intent from the beginning.

Danza: They could anywhere in the county or state but I would like to keep them here and do a class operation.

DeStefano: Well the nursing home is the preferable way to go from my perspective.

Danza: I agree, that is the preferable way to go in my opinion and having the student and faculty being able to work with the people in the nursing home.

Madden: Can you clarify for us, when you say nursing home is that assisted living or skilled nursing?

Danza: No, were talking about those beds we mentioned. Nursing home beds are different from assisted living. Assisted living they're walking around a skilled nursing home bed is a different animal.

DeStefano: A higher level of care.

Madden: are there any more questions from the board?

DeStefano: What is the process?

Bruni: Moving the process forward we would have to prepare the extension, we would also have to extend the sales tax agreement as that has expired so we have to do some homework ourselves preparing the documents. Alex, our attorney would have to prepare those.

DeStefano: Tony, what is your timeline

Danza: I would like to know that I have it so that I can negotiate in earnest. Well, if the board can vote on this, if you're satisfied with what you heard, then when I talk to Bronstein I would like to tell him what I have.

DeStefano: I don't think we can vote on a document that we don't have in our possession.

I think we can move; the board can direct to direct Alex to draft the paperwork. Did Alex discuss how long it would take?

Bruni: No, but we can discuss it with him first thing in the morning.

DeStefano: The board meets at will Tony, so we can meet, well the board has set meetings but

Bruni: We do have set meetings but we can do at will meetings too.

DeStefano: So you'll get the timeline

Bruni: Yes

Cantoli: So, is there a defined time for the extension, is it annually?

Bruni: It's defined in the project agreement, that it can be renewed annually. It expired in May 31 and the sales tax agreement would be for 5 years.

DeStefano: The sales tax agreement only applies to the materials bought for that project it's not a blanket exemption.

Bruni: Right, when he builds out that assisted living or skilled nursing facility or dormitories he has a sales tax exemption on the components.

Cantoli: it's not a postponement.

Bruni: No, it's an exemption. Everything is filed with the state.

Madden: That's what expired and he's looking to renew?

Bruni: Yes, so he can move forward with these projects that he just talked about and exercise the sales tax exemption.

Hawkins: Job creation is tied into that is it not?

Bruni: Job creation is tied into the PILOT. Those are monitored every year. They give us job creation numbers.

DeStefano: I think we all agree that the facility has been positive for us up to this point. There was an alternative project floating that was not attractive to us. That was a market rate residential project. I am amenable to extending within the guidelines. I am not willing to go outside of the guidelines. He's not asking for that though.

Bruni: They are proposing in the original agreement to create 100 jobs with assisted living and another 100 with skilled nursing. Tony, you believe those to be true numbers?

Danza: Yes, I think that's a real number...

Bruni: Touro has reported 126 FTEs.

Danza: Yes, those are full time... It's good anchor

DeStefano: So, Mr. Chairman, do you think we have enough to prepare the paperwork?

Madden: Yes, so do we have a motion to direct Alex to prepare the paperwork?

Motion to direct counsel to prepare paperwork made by Hawkins; seconded by Britto  
Motion carried 5-0

Danza: I would like to thank the board. Thank you for help, I respect and appreciate your help.

## 7. ADJOURNMENT

Motion for adjournment made by Britto; seconded by Cantoli  
Motion carried 5-0