

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

January 16, 2013

A regular meeting of the Orange County Industrial Development Agency was convened in public session on January 16, 2013 at 3:07 P.M. at the Orange County Business Accelerator, in New Windsor, New York.

The meeting was called to order by the Chairman, Robert Armistead, and upon roll being called, the following were:

PRESENT: Robert Armistead, Mary Ellen Rogulski, Stephen Brescia, John Steinberg, Russell Vernon, Henry VanLeeuwen

ABSENT: Robert Schreibeis

ALSO PRESENT: James O'Donnell – Executive Director
Russell Gaenzle – Harris Beach, PLLC
Kevin Dowd – Attorney
Laurie Villasuso – Administrative Assistant
Joel Kleiman – CFO
Maureen Halahan – Orange County Partnership
Brian Gates – HVEDC
James Walsh – Times Herald Record
Peter Malone – OCBA

Chairman Armistead calls the meeting for the Orange County IDA, January 16, 2013 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Review of the prior December 5, 2012 meeting minutes. Motion made by Vernon, seconded by Rogulski to approve the minutes as presented. Motion carries with all in favor.

Roll Call taken.

Financial Reports and/or Requests for Payment

Mr. Kleiman distributes the bank account summary, and YTD Income and Expense Summary. He advises that a CD matured December 19th, and bids were solicited from 11 banking institutions. Orange County Trust offered the highest bid, with a one year CD at 0.35%. The year ended with almost \$8.4M in bank accounts and investments, and the Orange County Funding Corp is just under \$400K.

Moving on, he addressws the Income and Expense summary as of December 31st. He notes that the numbers will change once the year-end entries are made, and also notes that the report includes two months' worth of activity, since there was no November meeting. Revenues exceed expenses by just over \$1M.

The only item requiring action is the Voucher and Payment portion of the report. The IDA collected \$165,288.05 in January, and the expenses totaled \$284,606.27. The Board Members have no questions.

Motion made by Steinberg, seconded by Vernon, that the Board accepts the financial report and authorization of payments and vouchers for January 2013. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. Kleiman advises the Board that they will be voting to designate depositories and set limits during this reorganizational meeting, and explains that in addition to updating the listing of the banks, the maximum deposits have been increased due to the fact that the IDA has more monies than it had in the past.

Reorganization Meeting

Chairman Armistead advises that this is an “organizational meeting” and at this time, there must be an election of a chairman. He notes that, in discussions with the Board, it appears that the Members would like the Chairman and Officers to stay the same.

Mr. Steinberg moves that Chairman Armistead is reelected as chairman. Motion seconded by Brescia. Motion carries with all in favor.

The officers of the Board are as follows:

Vice Chairman: Ms. Rogulski

Second Vice Chairman: Vernon

Secretary: Brescia

Assistant Secretary: Steinberg

Motion to elect officers as noted is made by Steinberg, seconded by Brescia. Motion carries with all in favor.

The Chairman appointments for Committees are as follows:

Audit Committee: Rogulski (Chairman); VanLeeuwen; Steinberg
Alternate: Schreibeis

Governance Committee: Brescia (Chairman); Schreibeis; Vernon
Alternate: Rogulski

Motion made by Brescia to accept appointments. Motion seconded by Steinberg. Motion carries with all in favor.

[Mr. VanLeeuwen enters]

Executive Director resolution, appointing Mr. James O'Donnell, is read aloud. Motion made by Brescia, seconded by Rogulski. Affirmative votes of all members present resulted in motion carried.

Chief Financial Officer resolution, appointing Mr. Kleiman, is read aloud. Motion made by Brescia, seconded by Rogulski. Affirmative votes of all members present resulted in motion carried.

Mr. Steinberg asks to clarify that the support services fee is paid to the Orange County.

IDA Attorney resolution, appointing Mr. Dowd, is read aloud. Motion made by Rogulski, seconded by Brescia. Affirmative votes of all members present resulted in motion carried.

IDA Contract Officer resolution, appointing Mr. Dowd, is read aloud. Motion made by VanLeeuwen, seconded by Rogulski. Affirmative votes of all members present resulted in motion carried.

IDA Freedom of Information Law Officials, appointing Mr. O'Donnell as FOIL Officer and Mr. Dowd as FOIL Appeals Officer, is read aloud. Motion made by VanLeeuwen, seconded by Brescia. Affirmative votes of all members present resulted in motion carried.

Resolution approving Contracts for Orange County Business Accelerator Development Director, and appointing Peter Malone as Development Director, is read aloud. Motion made by Brescia, seconded by VanLeeuwen. Affirmative votes of all members present resulted in motion carried.

Mr. Vernon asks to whom Mr. Malone will report. It is clarified that he reports to Mr. O'Donnell.

Resolution to report IDA-Owned Properties as of 12/31/12, reporting that the IDA owns NO real property as of 12/31/12, is read aloud. Motion made by VanLeeuwen, seconded by Rogulski. Affirmative votes of all members present resulted in motion carried.

[Mr. Brescia exits]

Resolution to approve IDA Depositories for 2013 is read aloud. Motion made by VanLeeuwen, seconded by Steinberg. Affirmative votes of all members present resulted in motion carried.

Resolution for Annual Review of IDA Procurement Policies & Practices in 2013 is read aloud. Motion made by VanLeeuwen, seconded by Steinberg. Affirmative votes of all members present resulted in motion carried.

Mr. Dowd and Chairman Armistead review with the Board the final organizational resolutions with regard to monies that are paid out each year:

Orange County Services	\$ 15,000
Foreign Trade Zone	\$ 25,000
Newburgh – Stewart Empire Zone	\$ 5,000

Motion made by Rogulski and seconded by VanLeeuwen to approve the resolutions as presented. Affirmative votes of all members present resulted in motion carried.

Resolution to authorize “Agent Status” for Orange County Partnership, Hudson valley Economic Development Corporation, Pattern for Progress, Hudson Valley Agri-Business, Hudson Valley Film Commission, Hudson Valley Food & Beverage Alliance and Rockland Economic Development Corporation (PTAC), and allowing the Executive Director to sign Agency Agreements, is read aloud. Motion made by VanLeeuwen, seconded by Rogulski. Affirmative votes of all members present resulted in motion carried.

OCBA Report

Misters Gates and Malone give an update of the Accelerator Business Challenge contest. Mr. Malone notes that of the current 8 contestants, 3 are in the food & beverage industry, 2 in automotive, one is an agribusiness company in the process of opening a hops farm, and an educational company.

Thinking beyond the contest, Mr. Malone notes that there seems to be a shortage of commercial kitchens in the area. He has met with local business owners who must travel to large cities for the use of their commercial kitchens, since none exist in the immediate area. He will be compiling a report and will be speaking more to the Board about it. Mr. Steinberg asks Mr. Malone if we would be trying to find someone to set up a commercial kitchen, and Mr. Malone advises him that it might be best for us to contract out and build it ourselves. Mr. Malone will be meeting with the owners of Hot Bread Kitchen in NYC, who have roughly 25 small startup companies using their commercial space to bake their goods; the rate right now that the small companies pay for the kitchens range from \$125-175 per hour, plus drive time and costs. He will also search for the appropriate local venue. He also notes that grant funds may be available for the construction.

Mr. Malone continues to meet with local government officials, and Chamber of Commerce members to advise them of the Accelerator’s business challenge.

Mr. Gates adds that external marketing has brought in challenge participants. The contest closes at the end of the month; there is a 2 week personal interview time period, and then the winners will be announced, with a move-in date of March 1st.

Mr. Gates has also met with the Chamber regarding events and walk ins that may benefit from Chamber membership.

At this time, there are 5 empty rooms in the Accelerator, 3 of which will be filled with contest winners.

Executive Director Report

Mr. O'Donnell begins by advising that he attended a ribbon cutting last month at the NY International University in the Tuxedo area. They have a new alliance with Hanyang University out of South Korea, and it is a center for governance and security. They will have a summit on fracking. South Korea, Japan, China and the US will be part of the summit. With Mr. Oates leaving the Accelerator, Mr. O'Donnell and Mr. Oates' successor will be taking a trip to South Korea in 2013 to visit about 30 businesses.

Mr. O'Donnell notes that Central Hudson is being bought out by a Canadian company, and as part of their public service commission application, there is a sum of \$5M dedicated to Central Hudson's region for Economic Development. Orange County is part of that region, and some of our applicants can be pointed in that direction.

Representatives from Woodbury Commons met with Mr. O'Donnell and the County Executive last month to discuss their expansion. They are planning a 60k square foot parking garage, and going through the planning process. He adds that the IDA may want to write a letter on behalf of Woodbury Commons, to help speed up the process of the Route 17, Exit 131 interchange. The project was pushed back a few years, from 2014 to 2017. The project is critical for not only economic development, but also quality of life in that area.

Mr. O'Donnell spoke with a food manufacturer in the Town of Walkill, and he referred them to Supervisor DePew, to have the Walkill IDA sign off of having the manufacturer work with the OCIDA.

The Governance Committee met to discuss the Orange County Triathlon. The Triathlon is now partnering with the Newburgh Armory, and has requested 4 years at \$25K per year. The committee looked over the budget, and believes that the Armory will be able to absorb some of the costs to offset their budget. Mr. O'Donnell recommends to the Board that the IDA approve a Project Expenditure of \$25k per year for 2 years. Some expenses covered by the expenditure will be safety fencing, safety lights, the PA system, radios and the stage. The expenditure will be paid directly to the vendors, and an agreement will be signed by the Triathlon and the Armory.

Motion made by Steinberg, seconded by Rogulski, to authorize a two year, \$50K (\$25K per year) project expenditure to Newburgh Armory Unity Center, Inc, in conjunction with Wilkinson Enterprises, Inc. to directly support the Orange County Triathlon. Affirmative votes of all members present resulted in motion carried.

Mr. O'Donnell advises the Board that Chairman Pillmeier was reelected to Orange County Legislature. Mr. Brescia is Chair of the Rules Committee, and Dennis Simmons is char of Education and Economic Development Committee.

Mr. O'Donnell will also be meeting with Focus Media regarding five billboards owned by the County, and one or more will be used to advertise the IDA.

Coach USA is under construction, and the ribbon cutting will be later this year.

With regard to the Regional Economic Development Council gave \$97M, and some of the projects in receipt of funds were MSMC (\$1M), Advanced Manufacturing (\$1M), Crystal Run Healthcare (\$1.35M), Purple Heart (\$250K), Port Jervis Whitewater Park (\$49,045) and the Medical College (\$1M). The entire list was distributed to the Members.

Next week, he will attend the NYEDC IDA meeting.

With Michael Oates leaving the Accelerator, Mr. O'Donnell, Jimmy Smith and Steve Lant will be conducting interviews for a replacement. Mr. Oates' last day is February 4th.

OCP Report

Ms. Halahan opens with two projects:

The first, MCT, a tunnel manufacturer, will be bringing 20 jobs and a capital investment of \$1.5M. They've been importing for a number of years, and now want to manufacture domestically. They found a building in the Town of Walkill and are before the planning board.

The second, Chrysler Training Academy, is the direct lead from the WSJ ad. They will bring 10 jobs and a capital investment of \$1M, and will be located in the Town of Harriman. Because it is a training site, bringing people from all over the country for training purposes, there will be hotel stays and shopping/restaurant impact from the project.

Ms. Halahan moves on to note that traditional warehousing and distribution projects are coming less and less, while ecommerce industry continues to rise. This direct-to-consumer industry is looking for reliable workforce, proximity to shipment truck hubs and major markets, inexpensive land, tax incentives, robust FTZ programs and "zone skipping" availability to major markets. Ms. Halahan points out that this region meets all of those criteria.

Moving on to Business Retention and Expansion, she advises that the BR&E efforts will be increased this year. She also addresses the fact that core competency, a requirement for many companies in the area, is severely lacking in the area. She offers an example of some questions on President Container's application, which includes basic math questions that many applicants are unable to answer. The retention program can focus on ensuring the workforce is able to meet the requirements.

Addressing social media and marketing, Ms. Halahan advises that LinkedIn is OCP's target audience. Through the Partnership website, LinkedIn is hit 10 to 1 over their Facebook page. The top pages hit on the website are their News

page, Local Resources, and then the Site pages. She also notes that dialogue with industry peers influences site selectors the most. OCP attends multiple trade shows, and they do fair amount of pre-show advertising, and then a substantial amount of post-show follow up.

Of the \$92M from the Mid-Hudson regional Council, \$21M was awarded to Orange County applicants. Over \$16M went to housing and housing related projects. Education received \$2M, Healthcare received \$1.3M, Solar Consortium received \$1M, while \$200K went to job training and \$200 went to urban development.

Medora Snacks in the Town of Wallkill plans an expansion of their manufacturing operation this year. Pending expansions this year include five manufacturing companies, 2 offices and 2 other service-related operations. Transtech in Warwick would like to expand as well, and are looking at the Correctional Facility. A yogurt manufacturer in the village of Goshen would like to build a 54K square foot warehouse adjacent to their existing facility. A high tech manufacturing consortium is moving along. Lastly, Project Rose, a Brooklyn-based light manufacturing company, is looking at a 60k square foot building in Newburgh. The project will bring about 20 jobs.

Chairman's Report

Chairman Armistead distributes a letter regarding the labor policy and prevailing wage, sent to the County Executive from the Hudson Valley Business and Construction Trades Council. The Building Trades have approached the IDA with concern that some IDA-approved projects have workers coming in from out of state. The last time the IDA met with Hudson Valley Trades, we agreed to work together to stress local labor and good wages when approving projects. Yesterday, Chairman Armistead met with the Building Trades regarding their concerns. They are concerned that local jobs are being given to out of state contractors on the larger projects in the County, and the Trades would like the IDA to press the applicants to stress the hire of local labor. The Trades would like us to adopt the Rockland County labor policy, which was included with the letter the Chairman distributed.

Mr. Vernon notes that, in Louisiana, companies can get tax breaks for the dollars and wages given to local contractors. So if a company uses local labor, then they would get some compensation on their income tax bill. It incentivizes companies to use local labor, but also leaves the decision in the hands of the business to dictate their benefits. Mr. VanLeeuwen advises that he finds it unfair that companies are getting Orange County tax benefits, but giving the jobs to out-of-state workers. Ms. Rogulski notes that the IDA does not give tax incentives based on the construction jobs, they give benefits based on the permanent jobs. Chairman Armistead adds that it's both. Ms. Rogulski adds that the project cost is a factor; if local labor is competitive, this would not be an issue.

Chairman Armistead asks the Members to review Rockland County's policy, and think about possible solutions that will work for all concerned.

Chairman Armistead also met with the City of Newburgh on another project in the past week.

Mr. Gaenzle offers to get examples of other local labor policies.

Such other and further business as may be presented

Mr. O'Donnell asks Mr. Malone to explain his involvement with the Murer/MCT company that Ms. Halahan discussed earlier. Mr. Malone advises that MCT is buying a building that Mr. Malone has listed for sale. He advises that their site plan was approved, and conditioned upon them doing a sound study. He is optimistic about the completion of the sale.

Mr. Dowd confirms with the Board that the Millennium payment in the amount of \$108K for 2013 will be made payable to the OCFC, and not the IDA.

Mr. Steinberg notes that he read an article in the THR that housing sales in Orange County have increase by 9.5% in 2012 compared to 2011, which is good news. And while prices haven't yet increased, he believes that it's good sign for our economy.

With no further business, meeting called for adjournment by Chairman Armistead, motion made by VanLeeuwen, seconded by Rogulski, the time being 4:30p.m.