

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

July 10, 2014

A regular meeting of the Orange County Industrial Development Agency was convened in public session on July 10, 2014 at 2:00 P.M. at the Orange County Executive Office in Goshen, 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, Henry VanLeeuwen, Robert Schreibeis, Russell Vernon

ABSENT: Stephen Brescia, John Steinberg

ALSO PRESENT: James Petro – Executive Director
Laurie Villasuso – Associate Executive Director
Joel Kleiman – Chief Financial Officer
Russell Gaenzle – Harris Beach, PLLC
Harry Porr – Orange County Executive’s Office
Barry Cheney – Orange County Legislature
Brian Gates – HVEDC
Maureen Halahan – Orange County Partnership
Bill Fioravanti – Orange County Partnership
Michael Sweeton – Town of Warwick Supervisor/Warwick Corp. Park
Allan Ross – Warwick Valley Office & Technology Corporate Park
Bill Madden – Focus Media
James Walsh – Times Herald Record
Dave Church – Orange County Planning
Craig Marti – Barton & Loguidice
Mayor Kelly Decker – City of Port Jervis

Chairman Armistead calls to order the regular meeting for the Orange County IDA, July 10, 2014 (Pledge of Allegiance is recited). Board consists of five members. There is a quorum.

Review of the prior June 12, 2014 meeting minutes. Motion made by VanLeeuwen, seconded by Rogulski, to approve the minutes as presented. Motion carries all in favor.

Roll Call taken.

Financial Reports and/or Requests for Payment

Mr. Kleiman asks the members to refer to schedule of Bank Accounts as of June 30 2014. As of 6/30/14, the IDA has just over \$7.8M, and the OCFC has over \$820K. He notes that he is looking into other instruments in which the IDA/OCFC can invest. Mr. VanLeeuwen notes that there are rumors of Provident/Sterling leaving the area. Mr. Kleiman advises that he has been assured there will be no closures in the near future, however, he will stay on top of the situation. Mr. Vernon asks Mr. Kleiman to remove the closed CDs from the report going forward.

Moving on to address the Income and Expense summary, Mr. Kleiman advises that the report shows a negative \$411K in fees, due to a reversal of an accrual. Once the IBM check is received – which is anticipated by the end of the month – the revenue position will be positive, and revenues will exceed expenses. Year to date, expenses are \$303K. Addressing the OCFC Income and Expense summary, the revenues exceed expenses by \$60K.

Mr. Kleiman also notes that JGS will begin the additional audit of 2.5 years of IBM payments. The engagement letter has been signed, and Ms. Villasuso has reached out to IBM to advise them that the process will begin. He also notes that he, Ms. Villasuso and Mr. Petro will prepare a draft budget for 2015 and meet with the Audit Committee before August’s meeting. The state requires that the budget be submitted no later than November 1, 2014, and beginning the process now allows for any revisions the Board may deem necessary.

Lastly, the IDA received \$50K in June, and will process \$81,896.90 in payments.

Motion made by VanLeeuwen, seconded by Schreibeis, that the Board accept the financial reports and authorize IDA payments and vouchers for July 2014. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Chairman's Report

Chairman Armistead asks for the Executive Director report.

Executive Director Report

Mr. Petro advises that he and Ms. Villasuso attended a Start Up NY meeting with Mr. Gates in early July. Mr. Gates notes that SUNY requested a few documents to have the Business Accelerator included in Start Up NY, one of which was a Memorandum of Understanding, to file with their application in August. Mr. Vernon asks if there are fees involved in the Start Up NY application, and is advised that there are no major funding requests tied to the application.

Mr. Petro distributes a copy of the Memorandum of Understanding, as prepared by Mr. Gates, between the Orange County Business Accelerator and SUNY. The MOU simply describes the relationship between OCBA and SUNY, for purposes of being included in the Start Up NY program. Mr. Petro ask that the members review it prior to his signing the document.

Motion made by VanLeeuwen, seconded by Schreibeis, to authorize Mr. Petro to execute the MOU. Motion carries with all in favor.

Mr. Petro goes on to note that he and Ms. Villasuso recently had a meeting with representatives of Danskammer, along with members of the Town of Newburgh and Deputy County Executive Wayne Booth. He describes the basics of the Danskammer request, and advises that the Town is working directly with Danskammer at this time, and will come back to the IDA when they have agreed upon a PILOT that works for both parties.

Ms. Villasuso then advises that she spent a week in Albany at the Basic Economic Development, and goes over some of the highlights of the course. At the end of the course, she earned a certificate for her studies. She goes on to remind the members that next month meeting has been rescheduled to take place on the 6th, and will be held at the Business Accelerator at 2:00.

OCBA Report

Misters Gates and Madden go over the recent marketing efforts of the Accelerator. Mr. Madden begins by noting that a distinguished seminar series will kick off on July 30th. Presenters at the initial function will include Michael Oates of Hudson River Ventures, and Holly Perlowitz of Community Capital New York. He also notes that a White Paper debuted on the website, as well. He goes on to highlight the Pay Per Click campaign, in which OCBA invests \$500 per month. Last month, the campaign drew 85 clicks and over 120K impressions. In addition, there is continued follow up on the interest in the Accelerator from the 5th Anniversary celebration. Mr. Madden fields some questions from the members regarding the Pay Per Click campaign, and advises that he'll provide the members with the industry standard on how many clicks they should expect from the campaign.

Mr. Gates offers a client update, as well as an update on the interest in the Accelerator. Addressing Start Up NY, Mr. Gates notes that MSMC recently applied to Start Up NY to have an incubator in Newburgh. He reminds the Board that the plan still has to be approved, but that the application was made.

Mr. Petro mentions that, at the Start Up NY meeting, the discussion turned to the \$55K that SUNY pays back to the IDA every year. It was noted that the line item in the college's budget is unfunded. Being that the original funds were extended to the college with the thought that the programs they created that would generate income, Mr. Petro notes that it seems counterproductive to ask for the money back; repaying the IDA creates a loss for the college, and that was not the spirit intended in the original transaction. Chairman Armistead asks that Dr. Richards attend the August meeting.

OCP Report

Ms. Halahan begins by thanking the Board for their forward movement on the Shovel Ready Program policy, and adds that the Orange County Partnership will work hard to promote the program.

Addressing Expansion and Retention, Ms. Halahan notes that the potential for new and retained jobs is just under 500, and goes on to summarize the numerous projects looking to expand in Orange County. She also briefs the Board on the CFA process so far. Discussing grand openings on the horizon, she notes that Coach is up and running, and reminds the Board that it was instrumental in the project's success.

Mr. Fioravanti begins the attraction overview by noting that he, and some Goshen Planning Board members, were able to visit the Amy's Kitchen site in California last month, and shares that all of the attendees were impressed by the Amy's operation. Moving on to address some recent attraction highlights, he notes that there has been a lot of activity in the past few months, and that Orange County is on the short list for a number of prospective projects.

Mr. Petro notes that the common thread running through every meeting he and Ms. Villasuso have attended is that the 15 Year PILOT is becoming more and more important to attract businesses. He believes that, to stay competitive, the IDA, and the local municipalities, should be more open to the 15 Year and, eventually, maybe a longer term PILOT.

Port Jervis Whitewater Update

Mayor Decker distributes paper copies of updates of the Whitewater Park to the Board. He reminds the Board that the project promises, not a water park, but a modification of the river to create fishing pools, rapids, and kayaking sections for use by the public. The initial figures – prepared before Mayor Decker took office – stated that the project could create \$10-30M in increased tourism revenue, as well as a total multiplier of 150K jobs. While he doubts the sheer volume of promised jobs, he does agree that the project will ultimately create jobs and revenue for the City of Port Jervis and the County as a whole.

The IDA contributed \$55K, in the form of a project expenditure, to help with permitting and studies. During those studies, a survey revealed a mussel issue in the river. As a result of the mussel survey, the park's area was decreased to avoid the area containing mussels. The upper feature is set to be removed from the scope of the project. The resulting feature will cover approximately one quarter of a mile in the Delaware. Mr. Church adds that a somewhat similar, existing park near New York City is incredibly popular, and packed with visitors.

Chairman Armistead notes that, when the project first came to the Board, it was reported that Idaho and Colorado boast very successful whitewater parks. He reminds the room that the multiplier from the project is an essential part of the benefit to the City and County. Mayor Decker notes that the project is not requesting funds, only updating the Board on the progress of the park.

Mayor Decker then summarizes some of the benefits of Port Jervis, and some plans to promote the City further. Commissioner Church notes, in addition, that the original IDA funds were leveraged for a CFA state grant, which should cover the remaining costs of design and permitting.

Warwick Valley Office & Technology Corporate Park

Supervisor Sweeton offers some background on the site: The site is the former Mid-Orange Correctional Facility, which is 733 acres. The state announced the closure in July of 2011 and closed the facility in November 2011. Supervisor Sweeton took ownership of the property almost 2 years to the day of its closure, and his goal is to have the site fully built and occupied in less time than it took to take ownership of the facility. The site is owned by an LDC, formed with local business people in Warwick and around the County. Fifty acres of the site are preapproved for 10 shovel-ready sites, with a total of 850K square feet of available space. There has been a great deal of interest in the site, which he believes is a result of the aggressive marketing campaign.

Those shovel-ready sites have been approved, but in order to make them especially ready, and attractive, to developers, Supervisor Sweeton would like to construct the road – and along with water, sewer and utilities – that links the space to the main road in Warwick. He details the utilities in and around the site, and advises that his goal is to construct the road and utilities by the end of the year. The estimate for the road, storm water facilities and utility extensions comes to roughly \$1.5M. Supervisor Sweeton believes the costs can be refined further to approximately \$1.2M. Because of the anticipated CFA grant in the amount of \$300K and the \$250K already committed by the LDC, the Supervisor's request is for \$1M. He notes that the request of \$1M is $\frac{2}{3}$ of the original \$1.5M estimate, and adds that, should the cost come in at \$1.2M or lower, his request of the IDA would be $\frac{2}{3}$ of that amount.

The LDC will sell the lots, and due to their structure, any amount over and above its commitments – to repay or reinvest – must remain in the community, to the benefit of the community. In addition, the Town is committed to getting developers and businesses into the sites; they may even be able to offer building permits within a week. But to get that

kind of interest in the site, they need the road. He goes to describe the types of industries that would be well suited for the site. He notes, as well, that the site has never been on the tax roll, and this project would place the site on the roll.

Shovel Ready Program

Mr. Schreiber advises that the Governance committee met to discuss the Shovel Ready Program policy, and recommends its approval with a minor change. He asks Mr. Gaenzle to explain the changes. Mr. Gaenzle advises that the change to the policy is the removal of the "Site Selection Criteria" section. The criteria was determined to be unnecessary, and limiting in its nature. Chairman Armistead notes that the decisions are still in the Board's discretion. In addition, "priority growth area" will be removed from the last page, and he will add verbiage indicating that no ground leases will be permitted.

Motion made by Vernon, seconded by VanLeeuwen, to accept the Shovel Ready Program policy with the suggested revisions. Affirmative votes of all members present resulted in motion carried.

Mr. Petro asks what Supervisor Sweeton's next steps are. Ms. Villasuso notes that she and Mr. Gaenzle will work on preparing an application form, based on the just-adopted policy. The fees for the program will be worked into the application as well, and those fees will be paid upon sale of parcels. The members discuss the structure of the fees – a \$5K application fee and 2.5% of the amount requested – and confirms that they will be paid upon sale of the property.

CRH Realty VIII, LLC – Supplemental Final Resolution

Mr. Gaenzle advises that some recent changes to the CRH Realty VIII project – on Route 300 in Newburgh – have resulted in the adjustment of some of their figures. Ms. Villasuso notes that layout of the building changed from a 3 to a 2 story design, and an MRI unit was added to the facility. The changes resulted in an increase in purchases and project cost.

Mr. Gaenzle reads aloud CRH Realty VIII, LLC supplemental final resolution. Motion made by VanLeeuwen, seconded by Schreiber. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Executive Session

Motion made by Rogulski to enter executive session discuss the credit, financial or employment history of a particular corporation. Motion seconded by Schreiber. All in favor.

Executive Session

The members discussed a particular corporation.

End of Executive Session

Motion to close Executive Session made by Schreiber, seconded by VanLeeuwen. All in favor. No action taken in Executive Session.

Such other and further business as may be presented

With no further business, meeting called for adjournment by Chairman Armistead, motion made by Schreiber, seconded by VanLeeuwen, the time being 4:36 p.m.