

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

July 17, 2013

A regular meeting of the Orange County Industrial Development Agency was convened in public session on July 17, 2013 at 3:08 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, Russell Vernon, Stephen Brescia, Robert Schreibeis, and Henry VanLeeuwen

ABSENT: John Steinberg

ALSO PRESENT: Kevin Dowd – Attorney  
Laurie Villasuso – Administrative Assistant  
Russell Gaenzle – Harris Beach  
James O'Donnell  
Maureen Halahan – Orange County Partnership  
Michael Sullivan – Orange County Partnership  
Brian Gates – HVEDC  
Peter Malone – Orange County Business Accelerator  
Laurence Gottlieb – Orange County Business Accelerator  
James Petro – Town of New Windsor  
Vincent Cozzolino – Center for Global Advanced Manufacturing  
Carl Meyer – Center for Global Advanced Manufacturing  
Lucy Joyce – Cornell Cooperative Extension  
Bernadette Reichle – Cornell Cooperative Extension  
John McCarey – Orange County Director of Real Property  
John Villapiano – Simon Property Group  
Louis D'Arminio – Price, Meese, Shulman & D'Arminio  
James Walsh – Times Herald Record  
Joseph Carlucci – Cuddy & Fedder, LLC  
Michael Politopoulos – Kikkerfrosch, LLC  
Anastasia Burlyak – Kikkerfrosch, LLC  
Jill Varricchio – Concept Promotions Etc.  
Joshua Rosenau – Straus News  
Orysia Dmytrenko – Orange County Executive's Office  
Steven Neuhaus – Town of Chester Town Supervisor  
Erica Cartusciello – Orange County Cooperative Extension

Chairman Armistead calls the meeting for the Orange County IDA, July 17, 2013 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Review of the prior June 20, 2013 meeting minutes. Motion made by Brescia, seconded by VanLeeuwen, to approve the minutes as presented. Motion carries with all in favor.

Roll Call taken.

**Financial Reports and/or Requests for Payment**

With Mr. Kleiman absent, Ms. Villasuso asks the members to refer to the income and expense summary and bank account spreadsheet included in their packets, and advises the members of the current bank balances. She notes that she also distributed a spreadsheet of the checks the IDA has received from IBM, and adds that the 2013 IBM check should arrive within the next two weeks. Turning her attention to the Vouchers and Payments, she advises that the IDA received \$34,167.44 for the month, and has payments totaling \$100,790.51.

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

### **Chairman's Report**

Chairman Armistead begins by noting that there are quite a few items in the IDA's pipeline. This week, two public hearings were held: one for the Stewart FBI LLC project in New Windsor, and one for the CPG Partners project in Woodbury. He notes that the CPG hearing was well attended by the applicant and the public. He notes that the IDA will vote on those two projects later in the meeting.

Chairman Armistead met with the OCBA management team in the past few weeks, and Misters Gates and Malone will be giving a presentation about the good things happening in the Accelerator.

The Members were provided copies of proposals from three companies regarding a new IDA website. Chairman Armistead confirms that the members were able to review the documents, as Ms. Villasuso will give an update and ask for action on the website's progress later in the meeting.

Chairman Armistead goes on to note there have been discussions with the Town of Wallkill on two projects. He reminds the room that, before the OCIDA will entertain a project, we defer to the local townships and municipalities. At this time, there are two projects that are still before the Town of Wallkill IDA, before they can come to the OC IDA. One is The Monroe Cable Company, and the other is Project X. Chairman Armistead spoke with Supervisor Depew, and while the projects may come to the County IDA, they still have to go before the Wallkill's Board.

Last month, CGAM came before the Board and, over the past month, Misters Cozzolino and Meyer have met with some Board Members about their request, and will come before the Board today with a revised request.

### **OCBA Report**

Mr. Gates and Mr. Malone distribute information regarding the Accelerator. Within the documents, Mr. Gates has tabbed two important programs that are of great interest to the Business Accelerator, which they believe the Accelerator will be able to take advantage of.

The first is Start Up New York, Governor Cuomo's tax-free initiative for SUNY campuses, land adjacent to SUNY campuses, some private institutions and some other areas. Misters Gates and Malone met with Dr. Richards of SUNY to get his insight as to how Accelerator could be part of Start-Up NY; incubators can be a part of the program, per the legislation. It is Dr. Richard's belief that the Accelerator can be part of the overall strategy – along with the City of Newburgh and CGAM – to help not only Newburgh, but all of Orange County. If the Accelerator is designated as tax free, it is 100% business tax, income tax, sales tax free. New clients – and possibly existing clients – could take advantage of the initiative.

The second program is part of Governor Cuomo's round three of the regional council proposals, and is a new program called New York State Business Incubator and Innovation Hot Spot Program. These are two grants: the first, designated for Business Incubators, is \$125K per year for three years. The Second is the Hot Spot designation, which is \$250K per year for three years. There will be up to 10 grants awarded this year for the Incubator portion this year, and for the Hot Spot program, five grants will be awarded this year, and five will be awarded next year. OCBA is asking for IDA Board approval to allow OCBA to put in a Consolidated Funding Application. The CFA will allow OCBA to seek these two grants, with the intent to be expansion of the Accelerator or any new programs the Accelerator wishes to begin. The IDA must just commit to the continued operation of the Accelerator, and that these new funds will not reduce the amount of monies the IDA currently invests in the Accelerator.

Mr. Gottlieb adds that there is no other Accelerator or Incubator in the entire Hudson Valley region that can go after this grant, as the minimum requirement is that he Accelerator has to have been in place for three years. And while there are Accelerators that use virtual infrastructure, people like *actual* locations, and this Accelerator has already successfully incubated companies.

Chairman Armistead entertains a motion from the Board to allow Mr. Gates to move forward with the grant process, and to apply for the two grants he described today. Motion made by Vernon, seconded by Rogulski. Motion carries with all in favor.

Chairman Armistead thanks the Board and the County Executive, who spearheaded the Business Accelerator.

Mr. Malone distributes a floor plan of the Accelerator, which illustrates that the building is almost at 100% occupancy. There is a new tenant coming in September 1<sup>st</sup>, who is in advanced manufacturing. There is also a new associate member who is creating an ecommerce website to attract tourism from China to the Hudson Valley, principally Orange County.

Mr. Malone asks the members to refer to the Technology Accelerator Quarterly Report, which is a national report indicating that software and internet are the top two industries attracting funding for startup. He reminds the Board that the two newest clients are in those two industries.

Moving on, he notes that as the Accelerator's office space is full, and recommends concentrating on Associate members. Those are members that come to the Business Accelerator and utilize the facility, but do not actually have a suite. This creates a queue of companies who can take over office space as it opens.

He notes that he and Mr. Gates are in the process of interviewing the current clients to assess their needs in the Accelerator. During these interviews, Mr. Malone notes, Sabila informed him that they have been able to add four new employees. And AirChex is completing the highest level of certification for his tire pressure monitoring system.

He adds that in the coming weeks he'll be out, displaying a new Business Accelerator advertisement in libraries, town halls, and supermarkets, which announces that the Accelerator is looking for entrepreneurs. He adds that he attended the UVANY event and inquired what it would cost Accelerator clients to join that association. He believes that it would be a unique opportunity for the clients to find out what venture capitalists are looking for.

Mr. Gates adds that there are lunch and learn events on the horizon, and the redesigned website will launch within the day.

### **OCP Report**

Ms. Halahan begins by noting that a site selector is looking for a 1.3M square foot building, and has looked at the two remaining large sites. The FTE for this project would be 765, with a capital investment, for land and building, of \$83M for Phase I and \$24M for Phase II. The machinery and equipment for Phase I is \$79M and Phase II is \$32M.

Ms. Halahan adds that OCP hasn't been this active in the last three or four years. She reminds the Board that OCP's marketing during the economic downturn has helped them stay ahead of the curve as the market returns to normal. She thanks the IDA Board for their support through these last few years.

She notes that in the Town of Montgomery, UNFI received their final approvals, and will be closing and underway within two weeks. Their groundbreaking ceremony will be in September. She also notes that it is very likely that Orange County will win the CPV project within the next few months.

Mr. Sullivan details some projects in the pipeline at this time. The projects include foreign companies looking to move to the US.

Ms. Halahan then goes on to note that with every success story Orange County earns, we lose a shovel ready site. She has prepared a Shovel Ready site program proposal, and would like the Board and counsel to look into it and see if it is a viable program.

Mr. Brescia notes that Governance Committee discussed the proposal, and supports the idea. While there are still details to discuss, there is a need for the program.

*[Mr. Brescia exits the meeting]*

OCP met a Warwick-based manufacturer very interested in the Mid-Orange correctional facility, and the IDA incentives were introduced, so the project will be IDA-worthy.

Ms. Halahan goes on to note that they are seeing a lot of young business owners coming out of the NYC area and focusing on relocating the Newburgh area. She also distributes a mock up of the WSJ insert for Board review. She asks the Members to review the insert and advises that they will not go to print until the Board gives their approval. She also notes that the insert will be published in September.

Mr. Sullivan adds that he, Ms. Halahan, and Mr. Vernon were at a presentation just before the IDA Board Meeting. The meeting covered some new technology used to treat MS, as well as PTSD. The spokesman for the technology is Montell Williams, and the company is looking to manufacture the product here. Currently in the FDA approval process, OCP will keep the IDA updated on the project.

### **Center for Global Advanced Manufacturing – Project Expenditure**

Chairman Armistead asks Mr. Vernon to discuss CGAM, as he met with Misters Cozzolino and Meyer earlier in the month. Mr. Vernon reminds the Board that the IDA has been interested in getting involved with the Advanced Manufacturing program to create and retain jobs for quite some time. Now, working in conjunction with CGAM, TSEC, SUNY Orange, SUNY IT, the Newburgh Armory Unity Center and now Start Up New York, we have a \$4M project to get under way in Orange County. The program will be headquartered at the NAUC and will entail 2 programs: SUNY IT's portion will be located in the basement. The SUNY Orange program will be a world-class classroom and learning facility on the first floor of the Armory.

Going further into detail, Mr. Vernon adds that SUNY Orange's soft skills program will help create qualified candidates for existing companies in the county, and will provide workforce training for companies being attracted to the county. In coordination with the funding they've asked of the IDA, SUNY Orange will receive \$600K grant, contingent upon the IDA's project expenditure. For SUNY IT's program, local businesses like IBM will donate a significant amount of equipment to help train employees. There will be scheduled general training, in addition to specialized targeted training. Another facet of the plan is to allow smaller companies access to this type of equipment, where they would otherwise be unable to utilize such costly equipment.

Of the \$4M budget for the project, CGAM is now asking the IDA to contribute up to \$750K, for a variety of purposes.

Mr. VanLeeuwen notes that he believes this project fits well within the IDA's mission of getting people to work. Mr. Dowd adds that he's been assured that the project will be fully insured and the project expenditure will be contingent upon that as well. Mr. Gaenzle notes that the project can be structured so that the IDA's investment is protected.

Mr. Dowd advises that there is no resolution prepared at this time, but will prepare one memorializing the Board's actions, if any is taken.

Based on that, Chairman Armistead entertains a motion to approve CGAM's request up to \$750K, subject to further legal review and clarifications. Motion made by VanLeeuwen, seconded by Rogulski. Motion carries with all in favor.

### **OCIDA Website**

Ms. Villasuso advises that, earlier in the year, the IDA started an effort to develop its own website, separate from its current page within the Orange County website. In that vein, the IDA received proposals from three companies – AJ Ross, Focus Media, and ReSolutionary – for development of the new website, which were provided to the Board Members. Ms. Villasuso notes that she asked Jim Burpoe, Commissioner of General Services, to take a look at the proposals to ensure that the services detailed in the three proposals were the same.

She notes that it takes a few months to build the website from the ground up, and asks the Board for action on the proposals today; the sooner the IDA can engage a company, the sooner the new website will be available. She notes that the new website gives the IDA an opportunity to have more information available for not only incoming projects, but also for the public in terms of public hearings and notices.

Asked by Chairman Armistead for her recommendation, Ms. Villasuso advises that she recommends AJ Ross.

Motion made by VanLeeuwen, seconded by Rogulski, to move forward on the IDA website with AJ Ross as website developer. Motion carries with all in favor.

### **Cornell Cooperative Extension – Project Expenditure**

Mr. Dowd advises that the Governance Committee met prior to the meeting and discussed the Cornell Cooperative Extension request. He notes that while the Committee and Board is generally in favor of the project, there are some legal issues that he and Mr. Gaenzle need to address. CCE is looking to apply for a grant through the CFA process, and needs a letter of interest or support from the Board in order to apply.

Chairman Armistead notes that members of the legislature also support the project, and Mr. Schreibeis suggests that the IDA give the project a letter at this time while the attorneys work out the legal issues. Chairman Armistead agrees, and advises CCE that the IDA will move forward with the letter.

### **Kikkerfrosch, LLC – Inducement Resolution**

Kikkerfrosch's attorney, Mr. Carlucci, advises the Members that Kikkerfrosch's application reflects a project of approximately \$29M, which will turn roughly 18 acres of vacant land into a manufacturing facility. This facility will be equipped with about \$18M worth of specialized equipment which will brew a very high quality beer. This beer will not be in competition with local microbreweries, but will be a fresh, high quality beer competing with the likes of Heineken and other imported beers. The project is broken down into \$2M for land, \$6.5M for the building construction and \$15-18M for equipment. Job creation for the county will be up to 85 permanent full time jobs, ranging from \$40K - \$175K per year. They are unsure at this time of how many construction jobs will be created. Their request includes up to \$20M of taxable or tax exempt bonds; the principals of the company will contribute \$9M of their own funds. They also seek Sales and Mortgage Recording tax exemptions, as well as a PILOT.

Mr. Gaenzle adds that the bonds are of non-recourse to the agency; the IDA is a conduit issuer.

Mr. Dowd notes that there is no site listed in the application, and is advised by Mr. Carlucci that there was a site chosen, but an issue presented itself making that site unusable for the project. However, in recent days, they have learned that the issue may be resolvable.

Mr. Gaenzle also notes that there this resolution would be very preliminary, adding that without a specific site indicated, we cannot move forward with a public hearing.

Ms. Rogulski asks if Kikkerfrosch is an existing business, and is advised that while Kikkerfrosch is a new business, the principals have a similar and very successful operation in Greece.

Mr. VanLeeuwen asks how the name "Kikkerfrosch" came up, and is advised by Mr. Politopoulos that, not unlike Haagen-Dazs, *kikker* is Dutch for "frog," and *frosch* is German for "frog." He goes onto note that they would like to brew about 100K barrels, believing that there is a niche for a premium, Hamburg-quality lager but made in NY State.

Mr. Dowd reads the Kikkerfrosch, LLC initial resolution aloud. Motion made by VanLeeuwen, seconded by Schreibeis. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Supervisor Neuhaus notes that Chester will welcome the project.

### **Stewart FBI, LLC – Final Resolution**

Chairman Armistead reminds the Members that the recent Stewart FBI, LLC public hearing went well.

Mr. Dowd reads the Stewart FBI, LLC final resolution aloud. Motion made by VanLeeuwen, seconded by Schreibeis. Open for discussion. Affirmative votes of all members present resulted in motion carried.

### **CPG Partners, LP – Final Resolution**

Chairman Armistead notes that the recent CPG public hearing was well attended, and went quite well.

Mr. Dowd reads the CPG Partners, LP final resolution aloud. Motion made by VanLeeuwen, seconded by Rogulski. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. Dowd adds that there was a request by the applicant to split the IDA fee. The project requested the fee be split one-half at Sales and Use Tax closing, and the other half on July 1, 2015 or sooner if other assistance and needed is granted. Mr. Dowd notes that if the project does apply for further assistance, the IDA agrees to hold another public hearing to discuss it.

After some discussion, the Members agree to split the fee for \$300K at Sales and Use Tax exemption closing, \$150K on the first anniversary on the closing and \$150K on the second anniversary of the closing, or sooner if other assistance is needed or granted.

Motion to approve the fee structure made by Vernon, seconded by Schreibeis. Motion carries with all in favor.

**Such other and further business as may be presented**

Mr. Dowd asks for a motion on the Cornell Cooperative Extension project, approving the preparation of a support letter. Motion made by VanLeeuwen, seconded by Schreibeis to prepare a letter of support for Cornell Cooperative Extension. Motion carries with all in favor.

Mr. Gaenzle reminds the Board that the CPV project was induced back in 2008. That resolution authorized a public hearing, which was not held. He advises that the public hearing is going to be scheduled, and requests that the Board ratify the 2008 resolution. The resolution authorizes the Board to move forward with the public hearing.

Motion made by Vernon, seconded by Rogulski to ratify the 2008 CPV resolution. Motion carries with all in favor.

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