

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

August 13, 2015

A regular meeting of the Orange County Industrial Development Agency was convened in public session on August 13, 2015 at 2:09P.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, Robert Schreibeis, Edward Diana, Stephen Brescia, Henry VanLeeuwen

ABSENT: John Steinberg

ALSO PRESENT: James Petro – Executive Director  
Laurie Villasuso – Associate Executive Director  
Kevin Dowd – IDA Attorney  
Joel Kleiman – CFO  
Russell Gaenzle – Harris Beach  
Harry Porr – Orange County Executive Office  
Bill Fioravanti – Orange County Partnership  
Whitney Bowers – Focus Media  
James Walsh – Times Herald Record  
Vincent Cozzolino – OCBA  
Martin Nowak – Nowak Properties, Inc.  
Sarah Wilson – IDA Summer Intern  
Devika Naik – IDA Summer Intern

Chairman Armistead calls to order the regular meeting of the Orange County IDA, August 13, 2015 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Review of the prior July 9, 2015 meeting minutes. Motion to approve the minutes as presented made by VanLeeuwen, seconded by Schreibeis. Motion carries with all in favor.

Roll Call taken.

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

Mr. Kleiman reviews the income and expense summary, noting that income YTD is just under \$3.3M, and YTD expenses are just over \$896K, with revenues exceeding expenses by nearly \$2.4M. These figures include the 2015 IBM Payment of nearly \$1.5M. Moving on, he reports that the IDA has over \$10.6M between its bank accounts. One CD is maturing at the end of August, and Mr. Kleiman will be collecting rates from the approved financial institutions. Mr. Kleiman then reviews the income and expense summary for the Business Accelerator, noting that revenues are just over \$65K, expenses are just over \$406K. Expenses, as anticipated, exceed revenues by just over \$341K. He adds that these figures are in line with the 2015 budget for the Business Accelerator.

Lastly, he reviews the payments received for the month, which total \$1,700,417.33, and the payments submitted for approval which comes to \$22,678.89. Ms. Villasuso points out that the IBM check received covers the period of June 1, 2014 through May 31, 2015.

Mr. Kleiman notes that the Audit Committee met prior to this meeting to discuss the 2016 budget, and other financial items. The Committee will meet again next month to approve a recommended budget to be reviewed by the entire Board.

Motion made by VanLeeuwen, seconded by Schreibeis, that the Board accept the financial reports and authorize payments and vouchers for August 2015. Open for discussion. Affirmative votes of all members present resulted in motion carried.

## **Chairman's Report**

Chairman Armistead advises he wishes to move directly to the Executive Director report.

## **Executive Director Report**

Mr. Petro begins by explaining that the Matrix public hearing was held yesterday at the Newburgh Town Hall. The hearing itself went well, but members of the Town Board indicated that, while they support the portion of the project that is committed to the AmerisourceBergen project, they are not necessarily in support of the Sales Tax or Mortgage Recording Tax exemption on the remainder of the project, which is being built on spec. He notes that the 485-b would be offered on the balance of the space, and the Town was agreeable to that. He noted that there may be an option to have Matrix pay the mortgage recording tax for the spec portion of the project, and receive the Sales Tax Exemption on the entire project. Mr. Brescia asked if the Town was open to increasing the PILOT to a 10 year enhanced when and if a tenant was identified, and was advised that the Town was not necessarily open to that option.

Ms. Villasuso advises the Board that CGAM had 18 more students begin a program at the Armory on July 30<sup>th</sup>, creating a total of 50 new jobs from the Center for Global Advanced Manufacturing program in the Armory. She then notifies the Board that the IDA was served with a Notice of Foreclosure action for The Hub 1, LLC, also known as the Deerpark Exchange. She reminds the Board that the owner of The Hub 1, LLC was planning to sell the facility earlier in the year, but that sale fell through. Mr. Dowd adds that he has contacted the attorney for the bank, requesting that the IDA be dropped from the suit and advising that if the IDA is not dropped the PILOT will be terminated. Ms. Villasuso adds that the bank, Greater Hudson Bank, made the PILOT payments to the Town, County and School District. She and Mr. Dowd will advise of any new information on the project.

Ms. Villasuso moves on to advise the Board that The Hub's PILOT payments are up to date, but that Centerline Studios/Shamrock Creek still has not paid the school district, though they have paid the Town and the County. In addition, NYTT has paid the County and the School District, but the Town's payment could not be confirmed, and Continental Organics still owes the Town, County and School. She advises that she will continue to ensure that the municipalities receive their payments.

Lastly, Ms. Villasuso introduces Ms. Naik and Ms. Wilson, who, through the Orange County Youth Bureau, have spent their summer interning with the IDA. She advises that Ms. Wilson and Ms. Naik have created updated and bound By-Laws for the Board Members, and goes on to explain the in-depth research and planning the interns have done for the Business Accelerator's new focus. Chairman Armistead explains that the interns will be juniors at local high schools at the end of the summer, and wishes them well as they continue their scholastic career. Ms. Naik thanks the Board for the opportunity.

Mr. Petro explains that he and Ms. Villasuso continue with their bi-weekly check-in calls with Blackhawk, adding that the phone calls keep the IDA up to date on the labor policy compliance as the project moves forward. Mr. Fioravanti commends the IDA for their efforts in making the labor policy work with this first large project required to comply with the policy.

Mr. Gaenzle then reminds the Board that CRH Realty III in Monroe was approved and closed in 2013, but the project hit a number of delays and has been on hold since then. Now ready to move forward again, the project has requested a limited, interim Sales Tax Exemption package. The package would be for site work purposes only, and last for a four-month period. He notes that, typically, when an STE package is delivered prior to financial close, the IDA requests half of the fee; because this is such a short term Sales Tax Exemption package, the project has requested to pay \$30K at delivery of the STE package. Ms. Villasuso reminds the Board that CRH III paid \$20K of its approximately \$170K closing fee in 2013, and after this \$30K payment, \$120K will be due at financial closing. Governance Committee discussed the fee structure and recommends it for approval.

Motion to approve acceptance of a \$30K fee at delivery of the limited Sales Tax Exemption package made by Brescia, seconded by Schreibeis. Motion carries with all in favor.

Mr. Petro adds that Mr. Milano, a hotel developer in the Town of Newburgh, has informally discussed the possibility of building another hotel in the Town of Newburgh, and will seek the 10 Year PILOT, Sales Tax Exemption and Mortgage Recording Tax Exemption for the new project. Mr. Petro notes that Mr. Milano sold two hotels in the Town of Newburgh, one of which received IDA benefits, to a non-profit organization and have come off of the Town's tax rolls. Mr. Petro has discussed the matter with the Town, and the Town has indicated that it would not support any PILOT beyond the 485-b, but there is still a question about the Sales Tax Exemption and Mortgage Recording Tax Exemption. The members discuss the possible application and their concerns surrounding it.

## **OCBA Report**

Chairman Armistead advises the Board that there has been a lot of work in and around the Business Accelerator, and adds that everyone is excited about the new direction and activities of the Accelerator. Mr. Cozzolino adds that the first pilot line of sewing machines for the Fashion Design & Production pod have been set up in a neighboring room, and invites the members to visit. He notes that the \$20K in equipment came through a grant to TSEC, an organization that OCBA will continue to partner with moving forward. The fashion design and production pod, the first of the SMARTT Pods, will be operational in September. There will be another room down the hall that will house the design center, with computer-aided design tools. That equipment is on order, and will begin to be utilized later in the year. He notes that the machinery is being purchased through grant funds. He clarifies that the NYS Incubator Grant is still in process with the state, but once approved, those funds will be utilized in a different manner. He notes that there continues to be a lot of interest surrounding the Smartt Pod, from designers who would like to utilize the space to employers who would like a trained workforce. He shares some of the industry professionals with whom the management team has worked. He notes that the Workforce Development Institute is another one of our key partners, and they are currently working on a study of the creative economy in the Hudson Valley. The study will help the management team find the type of people who would benefit from the Business Accelerator and its new services. He reminds the Board that the IDA/OCBA is not funding the study.

Mr. Cozzolino goes on to detail recent grant applications and marketing efforts to build the right network of people for the Accelerator to thrive. He mentions a partnership with OCP to not only attract new companies, but to help existing companies expand. He adds that, in addition to providing services, OCBA can also offer sewing and pattern making classes. He goes on to explain the efforts to partner with Marist, FIT and Cornell, which are all connections currently being made. He touches upon the possibility of bringing wearable-tech to OCBA through relationships with Cornell.

Mr. Cozzolino then goes on to explain that the first company utilizing the fashion design and production space is a group called Unshattered, out of Garrison, NY. Their company makes pocketbooks and have reached their capacity, and will use our facility to grow their business. Unshattered will be in the Accelerator for at least three months, and then plans to graduate to their own showroom. In addition, Exquis, a skin care company founded by a scientist who spent 20 years at Novartis, will be joining The Accelerator in the near future. With two Accelerator clients having left in the past few months – Mag 3 and Merete – the rooms are free to use on the Accelerator's new direction.

Mr. Petro adds that there are some New Windsor buildings available for the Business Accelerator's expanded programs.

## **OCP Report**

Mr. Fioravanti details some recent events held or attended by the Orange County Partnership. He goes on to explain the URI and CFA process, and how OCP is assisting Orange County projects in their efforts. He notes that one of the URI initiatives is a Hudson Valley Shovel Ready program.

Mr. Fioravanti moves on to detail Attraction leads and closings, and notes that Orange County was selected for one NYS medical marijuana site for PharmaCann. Mr. Petro notes that PharmaCann has not requested IDA benefits, and he does not believe that the IDA would offer or approve incentives for the project. Mr. Fioravanti goes on to explain various Business Retention & Expansion leads, including the Steris and Primo sports projects.

## **Nowak Properties, Inc. – Final Resolution**

Mr. Dowd reads aloud the Nowak Properties, Inc. final resolution. Motion made by Brescia, seconded by Schreibeis. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. Nowak the IDA for all of their help throughout the process.

## **Pharmline, Inc. d/b/a Stauber New York – Supplemental Resolution**

Ms. Villasuso explains that when Pharmline originally applied to the IDA, there was a plan to expand and build more of their Florida facility. However, since that time, they have been focused on the renovation of the existing facility, and their plans to expand the footprint will be put on hold until at least 2018. The PILOT approved in 2013 will begin this year, but with no change to the property and no increased assessment, the PILOT will be modified to begin in 2019.

Mr. Dowd reads aloud the Pharmline Inc., d/b/a Stauber New York resolution. Motion made by VanLeeuwen, seconded by Schreibeis. Open for discussion. Affirmative votes of all members present resulted in motion carried.

**Executive Session**

Motion made by VanLeeuwen to enter executive session relating to the medical, financial, credit or employment history of a particular person employed by the IDA. Motion seconded by Schreibeis. All in favor.

*Executive Session*

The members discuss personnel.

*End of Executive Session*

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

Mr. Petro mentions that the New York Air Show will be held at Stewart on Saturday August 29 and Sunday August 30.

With no further business, meeting called for adjournment by Chairman Armistead, motion made by VanLeeuwen, seconded by Schreibeis, the time being 3:33 p.m.