

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

October 20, 2016

A regular meeting of the Orange County Industrial Development Agency was convened in public session on October 20, 2016 at 1:03P.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, Robert Schreiber, Edward Diana, Mary Ellen Rogulski, John Steinberg

ABSENT: Henry VanLeeuwen, Stephen Brescia

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer  
Kevin Dowd – IDA Attorney  
Russell Gaenzle – Harris Beach  
Vincent Cozzolino – Managing Director  
Melanie Schouten – Project Manager  
Lisa Sommers – Focus Media  
James Walsh – Time Herald Record  
Rochelle Powell – Prager & Co  
Steven Weiss – Weiss Advisory  
Chana Lewenstein – Ateres Bais Yaakov  
Pia E. Rivero, ESQ – Rivkin Radler, LLP  
Bill Fioravanti – OCP  
Maureen Halahan - OCP

Robert Armistead calls to order the regular meeting of the Orange County IDA, October 20, 2016 (Pledge of Allegiance is recited). Board consists of five members. There is a quorum.

**Attorney-Client Meeting**

Chairman Armistead entertains a motion that the committee enter Attorney-Client closed door session. Motion made by Ms. Rogulski to enter the closed-door session issued. Motion seconded by Mr. Diana. All in favor.

*Enter Attorney Client Session*

The members discuss the legalities on a certain matter.

*End Attorney Client Session*

**Minutes**

Review of the prior September 8, 2016 meeting minutes. Motion to approve the minutes is made by Ms. Rogulski, seconded by Mr. Diana. Motion carries with all in favor.

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

Ms. Villasuso reviews the summary of IDA bank accounts, certificate of deposits, and money market accounts that reflect a total of \$11,899,383, as of September 30, 2016. One CD will mature in December and Mr. Kleiman will work on getting bids for the renewal.

Ms. Villasuso reviews the income and expense summary, noting that YTD is just \$2,593,333, and YTD expenses are \$1,932,700, with revenues exceeding expenses by \$660,633.

Ms. Villasuso reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$111,850, and expenses are \$1,024,350. Expenses, as anticipated, exceed revenues by \$912,500.

Ms. Villasuso informs the board that Ms. Schouten has completed the refund request for the NYSTAR Grant. It is anticipated that \$70,000 should be refunded. Once the funds are obtained it will be reflected in the financials.

As chair of the Audit Committee, Ms. Rogulski, reviews the 2017 IDA budget with the board. She states that the audit committee met multiple times to review the budget with staff and management. The budget presented today is the proposed finalized budget. It is being presented in three different ways. The first is the IDA Budget (alone). Mr. Kleiman did a conservative projection of revenues based upon the last two years, the projected revenues being \$3,300,700. Adjustments were made to the list of organizations that receive funding from the IDA. Some organizations were eliminated or received reduced funding amounts resulting in the agency support cost of \$405,000. The projects and programs section of the budget covering expenditures and shovel ready programs is \$2,500,000.

Ms. Villasuso notes that in project expenditures, \$500,000 is for Amy's Kitchen infrastructure for relocation, and \$1,000,00 is for the Heritage Trail. Reimbursement of the \$1,000,000 in shovel ready is expected.

Ms. Rogulski continues with the budget report stating \$120,000 is projected for Legal and \$49,000 in the Other Expenses category. The total anticipated budget is \$3,300,700, resulting in a surplus of \$34,283.

Mr. Steinberg asks the projected revenues for 2016. Ms. Villasuso states she will look that up and get back to him.

Ms. Rogulski reviews the IDA budget for The Accelerator. She states that this is where changes took place as programs are expanding and with developing projects for the coming year. Anticipated revenues are \$101,850. The increase in expenditures is most notable, as Administrative Staff has increased to accommodate The Accelerator activity. The Accelerator Without Walls \$240,000 is a new line item as a lot of work has been done with that program. \$100,000 has been added for Special Initiatives. Building expenses are listed, which include the basic funds for the facility. PR & Marketing is a line item and is down from last year. Total anticipated expenditures being \$1,352,037, which is a deficit of \$1,250,187.

Mr. Armistead asks how grant money is recognized on the budget.

Ms. Rogulski states that when those funds are received they would come in as revenues. For budget purposes, they are not put in as they are not committed.

Ms. Villasuso informs Mr. Steinberg it was \$2.6 million revenues for the IDA.

Ms. Rogulski reviews the consolidated numbers for the IDA. Total anticipated revenues are \$3,436,833. All expenditures added together total \$4,652,737. The expected deficit is \$1,215,905, resulting from The Accelerator. It is expected that expenses are going to be normalized moving forward. The unpredictable variance would result from projects like the Middletown Initiative, which is why the Special Initiative line item was added.

Ms. Villasuso entertains a motion to approve the 2017 IDA Budget. Motion made by Mr. Diana, seconded by Mr. Schreibeis, that the Board accept the 2017 IDA Budget. Open for discussion. Affirmative votes of all members present results in motion carried.

Chairman Armistead asks for a motion to approve the vouchers and payments in the amount of \$497,996.59. Motion made by Mr. Schreibeis, seconded by Ms. Rogulski, that the Board accept the financial reports and authorize IDA payments and vouchers. Open for discussion. Affirmative votes of all members present results in motion carried.

### **Chairman's Report**

Mr. Armistead informs the board that after discussions with Harris Beach there has been a realignment of the Governance Committee. The new appointments are: Mr. Diana as Chair, Mr. Schreibeis, Mr. Steinberg, and Ms. Rogulski as Alternate.

## **Chief Operating Officer Report**

Ms. Rogulski updates the board on the progress being made with the Legoland cost benefit analysis. The committee meets regularly to evaluate the analysis. KPMG is making good progress and Legoland is cooperating. The information that has been flushed out is leading to a place in which a possible mutual-agreement can be met that the public will be comfortable with.

Ms. Villasuso states that they are waiting on some additional sensitive information that was requested of Legoland. Thus, Non-Disclosure Agreements must be signed by both parties. Legoland is providing everything that is being asked of them, and KPMG is incorporating it into their report which is on track for the deadline.

Mr. Armistead states that they've had some very good meetings with Legoland and Mr. McCarey is included in every one.

Ms. Rogulski states that Legoland is very straight forward. They are who they say they are and the more they work independently with them, it becomes more transparent. This all will hopefully lead to a positive conclusion.

Ms. Villasuso informs the board one of the things they want to make sure they are doing with every project that comes to the board is align them with local vendors. Legoland will be here October 24<sup>th</sup> to meet with local suppliers.

Ms. Rogulski states that this will help the multiplier effect, resulting is more than just workforce development but the additional support of local businesses.

Ms. Villasuso reviews the project audit status. They are working on auditing all the IDA projects that were approved since the Labor Policy was adopted in 2014. Audits are underway. The Piller- Retford Project, Isomedix/ Steris Project, and Crossroads Hotel Project are currently being audited. Alto music is on the list, but they haven't closed yet. The Matrix and Allstate Fabrication audits are underway. Additional projects are in the que to be reviewed. The issue they are running into is some of the contractors aren't willing to work with the auditors. This is something to think about when reviewing the Labor Policy and build in turnaround time limits. Additionally, adding in that the clients are responsible for the auditing fees will help incentivize people to move quicker. In the past, it was stated that the client would be charged if they were noncompliant, but the IDA would cover the charges as clients were not initially made aware of the cost. Once enough information is gathered, Loewke Brill and Fellenzer Engineering will give a full report to the board.

Ms. Villasuso informs the board that Ms. Reilly has been regulating the audit schedule and making sure that they stay on track with the assistance of Mr. Dowd.

The board discusses the scheduling of upcoming meetings.

## **The Accelerator Report**

The board congratulates Mr. Cozzolino and Ms. Villasuso on a successful ribbon cutting of The Accelerator II.

Mr. Cozzolino updates the board on The Accelerator Progress.

Four bottling companies are in the new building. All of those companies are in business and employment services have been sent to assist them in upscaling production.

The Accelerator is at capacity and companies are waiting for space to open.

Unshattered will graduate out of The Accelerator at the end of December and move to their own facility. Their estimated 2016 revenues are \$150,000. Woolridge has adopted their handbag and the first shipment has already sold out. In the new year, two additional companies are looking to occupy that space.

The Middletown Accelerator project will focus on software. The initiative will be call the Middletown Accelerator and Proprietary Programming (MAPP). This will be for Bachelor and Master Degree programmers and they'll do applications programming. There will be a concentration on the medical field. An agreement has been reached with Touro College to locate those companies with direct correlation to the medical field on campus. Research was done to see what programming companies are looking for in order to relocate. Additionally, the IDA marketing specialists,

Focus Media, assisted in reaching out to companies in India to encourage them to have a presence here in Hudson Valley.

Touro College will be a great industry partner for The Accelerator. They will provide staff and possible consultants to the Middletown Incubator facility. Additionally, they want their students involved in the learning process of the incubator.

He and Ms. Villasuso will be meeting with Fei Tian School. In the near future, that school will be offering a degree in Data Analytics and Bio Medical Technology. Both of those fields are what is needed to help this cluster thrive in the Hudson Valley. They are willing to work with The Accelerator and will be a strong Industry partner moving forward.

The Accelerator is looking to place the tech based companies not in the medical field in the Middletown HUB Zone. (Historically Underutilized Business). Federal Government assists in providing work to those businesses located in a HUB Zone.

The Accelerator tech companies will receive free rent and utilities for a year, as this cluster is starting from scratch and those incentives will be used to entice relocation. A major marketing campaign will be launched to advertise the initiative.

They are working on engaging more local colleges to support this initiative to prevent youth flight.

The success of this cluster in the medical field could help the medical corridor of Middletown. Middletown Medical, Orange Regional Hospital, etc.

Mr. Cozzolino presents The Accelerator growth chart to the board and discusses progress.

The FSQ Lab (Food Safety and Quality) grand opening will take place on November 7<sup>th</sup>. This lab came to fruition based on the feedback from the Food Safety Conference in June. The lab will continue to grow and develop based on regional need.

The Accelerator Social Media Workshop will take place on November 21<sup>st</sup>.

The Mid-Hudson Valley Manufacturing Technology Conference will take place on December 2<sup>nd</sup>.

## **OCP Report**

Ms. Halahan informs the board that another group of elected officials will be visiting Legoland Florida to further research the park.

Ms. Halahan informs the board on the expansion possibilities of preexisting industrial parks and further developing shovel ready land. To move forward a fund is needed. Central Hudson Gas and Electric said that they will match the IDA contribution to the shovel ready program up to a \$250,000-\$500,000. This opportunity needs to be further discussed in meetings.

The yearly OCP Annual Event is December 6<sup>th</sup>. Ms. Halahan offers a booth to The Accelerator on the floor to assist in marketing their regional initiatives.

The October 6<sup>th</sup> Investor Breakfast was a success.

Mr. Fioravanti presents OCP Leads to the board. There are 54 leads YTD. OCP had a reconnaissance trip to Legoland Florida 9/28-9/29. The results were positive and they returned with an action plan to educate the public about Merlin and the Legoland parks. OC Legislature approved municipal water for Amy's Kitchen from the Indigot Reservoir. Project Amber, a beverage company is developing plans to construct a large -scale manufacturing center at Stewart Airforce property. Packing Plant on Rail, produce-packing company has agreed to purchase 70-acre Orange County-owned property to build a distribution center. OCP is participating in a statewide search for 250,000 sf (existing building(s) or build to suit for a corporate headquarters. CRD Analytics, this NYC-based data company is seeking space to relocate to the City of Newburgh. This company would create 10-15 jobs. There are now 3 different major companies looking to develop biomass operations in Montgomery, Newburgh, and New Windsor. Nepenthea, is under

consideration for locating a Medical Marijuana dispensary in Orange County. Project Harvest, Mid-Hudson based produce co-packing company is growing and is now exploring Built to Suite options in OC for expansion.

Mr. Fioravanti presents OCP expansions and retentions to the board. There are 23 expansions YTD. There was a business retention site visit to Takasago international Corporation. Project Fashion, village of Montgomery manufacturer of leather goods, is looking to expand operations in Orange County. Bon Secours, \$40 million plan to upgrade the hospital with a pharmacy and primary care services, such as pediatric and dental care. Project Party, Orange County distribution company is negotiating for the 248,000-sf space on the other side of Amerisource Bergen. Preferred Mart, distribution e-commerce center for health and beauty products looking to expand to a 70,000-100,000-sf building. Project 60, manufacturer in the arts industry looking for an existing 100,000 sf building. Project Vanilla, organic scent and flavor manufacturer expanding headquarters. Project Nutra, nutraceutical manufacturer identified 20,000 sf location to locate its new business line of supplements and products. Middletown Medical, looking to expand 20,000 sf on its current location. Project locker, New Windsor based manufacturer is looking to expand 150,000-200,000 sf.

Friday November 18<sup>th</sup>, 3pm OCP Quarterly Project Meeting.

### **Discussions**

Ms. Villasuso informs the board that she and Mr. Cozzolino met with the Concerned Citizens of the Hudson Valley. Some of the member had recently attended IDA meetings and wanted to know more about PILOTs. They met with 4 representatives and explained how the PILOTs work, how the IDA works, how the IDA gets funded, and the decisions the IDA can and cannot make. It was a good meeting.

The IDA has a contract with Focus Media for IDA marketing work that expired last month. Their assistance has been very helpful with the Middletown DRI, IDA website is up to date, the Facebook page is more active, and so on.

Ms. Villasuso asks for a motion to approve a contract extension with Focus Media. Motion made by Mr. Schreiber, seconded by Mr. Diana, that the Board extend its contract with Focus Media till December 31, 2016. Open for discussion. Affirmative votes of all members present results in motion carried.

### **Applications/ Resolutions**

Middletown Medical, PC – Final Resolution

Mr. Dowd reads aloud the Middletown Medical, PC Final Resolution. Motion is made by Mr. Diana, seconded by Ms. Rogulski, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of Middletown Medical, PC. Affirmative votes of all members present results in motion carried.

CRH III and CRH VIII Transfer of Ownership – Resolution

Mr. Dowd reads aloud the CRH III and CRH VIII Transfer of Ownership Resolution. Motion is made by Mr. Schreiber, seconded by Mr. Diana, accepting resolution to approving the transfer of ownership of CRH III and CRH VIII. Affirmative votes of all members present results in motion carried.

Matrix Newburgh I, LLC – Resolution

Mr. Gaenzle asks for a motion to approve the Matrix Newburgh I, LLC Lease Amendments Resolution. Motion is made by Ms. Rogulski, seconded by Mr. Schreiber, authorizing the amendment of the lease and leaseback agreements. Affirmative votes of all members present results in motion carried.

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

No such other and further business was presented.

### **Public Comments**

No public comments were presented.

### **Executive Session**

Chairman Armistead entertains a motion that the committee enter into executive session pursuant to section 105(1)(h) of the open meetings law to discuss the purchase of real property or an interest in real property. Motion made by Ms. Rogulski to enter executive session issued. Motion seconded by Mr. Schreibeis. All in favor.

*Enter Executive Session*

The members discuss the acquisition of real property.

*End Executive Session*

With no further business, meeting called for adjournment by Chairman Armistead, motion made by Mr. Steinberg, seconded by Mr. Schreibeis, the time being 2:48 p.m.