

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

March 10, 2016

A regular meeting of the Orange County Industrial Development Agency was convened in public session on March 10, 2016 at 2:06P.M. at the Orange County Business Accelerator in New Windsor, New York.

The meeting was called to order by the Vice Chairman, Mary Ellen Rogulski, and upon roll being called, the following were:

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

ABSENT: Edward Diana

ALSO PRESENT: James Petro – Executive Director
Laurie Villasuso – Chief Operating Officer
Joel Kleiman – Chief Financial Officer
Kevin Dowd – IDA Attorney
Russell Gaenzle – Harris Beach
Bill Fioravanti – Orange County Partnership
Amanda Dana – Orange County Partnership
Whitney Bowlers – Focus Media
Melanie Schouten – Galileo Technology Group
Vinnie Cozzolino – Galileo Technology Group
RJ Martuccio – Judelson, Giordano, & Siegel
Gary Cassiello – Judelson, Giordano, & Siegel
Rob Unger – Judelson, Giordano, & Siegel
Langdon Chapman – County Attorney
Steve Neuhaus - Orange County Executive
Antoinette Reed – Legislative Counsel
Joe Guarneri – TSEC
Ashley Rivera – EY
Chet Patel – Windsor Hospitality, LLC
The Gagliardi Family – Clear Key, LLC
Matt Stoddard – Iron Works 417
Tim Muller – Operating Engineers Local 825
Tom Gandolfini – Local 373 Plumbers & Steam Fitters
Bob Amberosetti - Local 373 Plumbers & Steam Fitters
Bryan Levntses -
Todd Diorio – HVBCTC

Mary Ellen Rogulski calls to order the regular meeting of the Orange County IDA, March 10, 2016 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

2015 Audit Report

RJ Martuccio, Gary Cassiello, and Rob Unger present the 2015 Audit on behalf of Judelson, Giordano and Siegel, CPA, PC. JGS issued an Unqualified or Clean Opinion for the 2015 Audit. There were no significant issues or problem noted during the course of the audit and the organization remains strong both financially and operationally. Revenues were approximately \$8M and expenses were approximately \$2.5M. About \$5.5M found its way into the net assets also known as the fund balance. The fund balance on a cumulative basis is now 13.7M. The organization remains liquid. No issues were encountered that needed to be brought to attention.

A motion is made by Mr. VanLeeuwen, seconded by Mr. Schreiberis, to approve the 2015 Orange County IDA Audit performed by JGS. Affirmative votes of all members present resulted in motion carried.

Minutes

Review of the prior February 11, 2016 meeting minutes. Motion to approve both sets of minutes is made by Mr. VanLeeuwen seconded by Mr. Schreibeis. Motion carries with all in favor.

Financial Reports and/or Requests for Payment

Mr. Kleiman states that the 2015 JGS IDA Audit is a component audit that includes the OCFC. There is a separate OCFC audit that is inclusive of what is in front of the board members. At the OCFC meeting the board will need to approve the acceptance of that particular audit. By virtue of accepting the IDA audit both have been approve, but he recommends voting on OCFC audit again in that meeting.

Mr. Kleiman reviews the income and expense summary, noting that YTD is just \$22,098, which is due to the maturity of a CD resulting from interest, and YTD expenses are \$38,272, with expenses exceeding revenues by \$16,174.

The summary of IDA bank accounts, certificate of deposits, and money market accounts reflects a total of \$10,254,576, as of the end of February.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues are \$27,425.74, expenses are \$134,724. Expenses, as anticipated, exceed revenues by \$107,299.

Lastly, Mr. Kleiman reviews receipts and vouchers for the month. There is a total of \$6,745.08 to be approved by the board.

Vice Chairman Rogulski asks to obtain a motion to approve the vouchers and payments in the amount of \$6,745.08. Motion made by Mr. VanLeeuwen, seconded by Mr. Schreibeis , that the Board accepts the financial reports and authorize IDA payments and vouchers. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Executive Director Report

Mr. Petro mentions that there is a lot he is working on but due to their subject nature he cannot openly discuss these topics. They will be discussed in Executive Session.

Mr. Petro received a call from Chairman Armistead to check out the Milano site as it was believed they were missing the 4'x8' IDA Information Board. The sign was missing and he informed them of their responsibility to have it prominently displayed. Mr. Petro return March 9th to double check if it had been hung properly. The sign is now hung but due to the needs of the situation Milano is not in 100% compliance. As a result, Mr. Petro has created a check list of what is expected on construction sites to make sure needs are met by all applicants. Inside, all paperwork was in order.

Chief Operating Officer Report

Ms. Villasuso states the code of ethics law changed. Everyone should have received a copy in the mail. All packets must be signed and returned to the county, as the IDA has adopted the county's code of ethics. Antoinette from the legislature has reached out to Laurie informing her of training courses being held in the emergency services center, if anyone is interested in taking them.

A lot of research has been done identifying a software program that will assist in all the data retention for both The Accelerator and IDA. After vetting out companies, one was identified that specializes in IDA and economic development. It will help manage all the projects relating to the IDA, The Accelerator, and AWOW. The terms have been negotiated and the expenditure for the first year will be up to \$20,000. The governance committee has considered the request. The on-going expense will be \$10,000 yearly for licensing and software maintenance. The governance committee has recommended approval.

A motion is made by Mr. VanLeeuwen, seconded by Mr. Brescia, to authorize the expenditure of up to \$20,000 for the purchase of software programs and related services for the IDA and Business Accelerator. Affirmative votes of all members present resulted in motion carried.

Chairman Report

Chairman Armistead states, he will speak to the labor policy as it has been brought to the forefront of topics. The IDA is extremely busy and a lot of good things have been happening in the county. A lot of good economic development. Though with all the good things comes challenges. In the past month, the labor policy has been initiated. Mr. Petro has gone to visit sights and perform auditing. A process has been developed to make sure the applicants are complying with the labor policy. It was found that there were issues with some applicants. It is a work in progress and it's being looked into to involve a third party in the assistance with the compliance of these projects. The IDA represents the tax payers of Orange County and these jobs should be done with local labor. The IDA intends to make sure these applicants comply or they will lose their benefits. One of these projects is under consideration of being tabled due to the lack of compliance. It will be discussed further in the meeting. This is a volunteer board and they are not getting paid. They serve at the pleasure of the tax payers. Chairmen Armistead, commends and thanks every one of the board members, the staff, and Mr. Petro, Ms. Villasuso, and the IDA lawyers for their efforts. The Orange County IDA prides itself on being one of the best IDAs of the state. Though it may seem, at times, they are not on top of things, but they are. He acknowledges that some of the building trades are in attendance due to concern over labor policy compliance.

Mr. Petro adds that if an applicant is not in 100% compliancy to the labor law is found, the only repercussion is to take away all of their benefits. Beyond that there isn't much else he, as an IDA representative, can do. There needs to be an additional intermediary party that can offer another solution without being so drastic.

The board discusses modifying the policy to include some fines under some conditions. The policy will be reviewed by the board in hopes of making all expectations clear to eliminate applicant doubt. The board will discuss an amendment to the policy and including a third party to improve the audit process.

The Accelerator Report

Mr. Cozzolino states, The Accelerator website has been launched. It looks good and with the website being live it announces the launching of the AWOW program. There are 7 companies on-site at The Accelerator and they are currently employing 18. AWOW, a program that supports manufacturing companies in Orange County, presently has 22 companies. Of these companies, 11 has sought technical help, 7 for growth, 2 for attraction in support of OCP, and 2 for retention.

Chairman Acknowledgements

Chairman Armistead acknowledges and welcomes Steve Neuhaus (Orange County Executive) and Todd Diorio (HVBCTC) to the meeting.

The Accelerator Continued

Ms. Villasuso states that the IDA works with Galileo Technology Group as the managing director of The Accelerator. The Accelerator works with a lot of companies in various stages of business. A None Disclosure Agreement (NDA) is executed with each client to protect any information they don't want shared. The management contract has been revised to protect GTG and the IDA holding each party harmless.

Mr. Dowd states the change in the contract with GTG was done strictly to include a mutual sharing of information, maintain that confidentiality, and to hold all involved parties harmless in the inadvertent disclosure of the information to the IDA. It is vital to the clients that all things shared is done so in confidence. As well as the information shared between GTG and the IDA must remain confidential.

A motion is made by Mrs. Rogulski, seconded by Mr. Steinberg, approving the amendment of the Galileo Technology Group management contract. Affirmative votes of all members present resulted in motion carried.

Mr. Dowd states there is a building down at the bottom of the hill that The Accelerator is interested in leasing from the town of New Windsor to put in the POD for bottling. 3,600 square foot building that needs work up \$150,000. TSEC will use grant money to pay for renovation expenditures. The lease will be \$1,200 a month. The rent payments won't start till January 2017, due to the amount of renovations that needs to be done.

A motion is made by Mr. Brescia, seconded by Mr. VanLeeuwen, authorizing the Chairman of the IDA to execute a lease agreement with the town of New Windsor for an approximate 3,000 square foot building located at 334 Avenue of the Americas building #2416 for use by The Accelerator. Affirmative votes of all members present resulted in motion carried.

OCP Report

Mrs. Dana states that the new OCP website will be launching within the next few weeks.

Mrs. Halahan went down to the association of town, villages, and cities in NYC. The municipality outreach has been very strong this year. Certain municipalities have applied for CFA grants. The OCP always encourages municipal leaders to apply for them as they due result in funds.

Save the dates:

2016 Spring dinner is coming up April 7th and will be hosted in Goshen at Delancy's.

QPM May 3rd at The Yard in Warwick. The OCP uses the QPM to engage investors on what's going on with projects. Shortly after there will be a tour of The Yard and a broker tour to follow starting at the Warwick Valley Offices of Technology Cooperate park. The IDA board is welcome to come.

Mrs. Dana reviews the business expansions and retention in Orange. There are potentially 20 expansions and 7 retentions with a projected 509 jobs. Highlights: Project Relief, working with The Accelerator to locate an expansion location and hope to create 50 jobs over 5 years. Alto Music, is expanding into manufacturing and distribution. They will be adding on about 20,000 sq ft. and specializing the current building for the expansion. Project Cargo, attraction business from last year looking to expand to 8,000 sq ft located on Stewart property. This is a 22M project resulting in 160 jobs. The Castle Fun Center is expanding 14,000 sq ft to add new attractions and upgrade existing ones. It is a 2M capital investment and will create 10-20 fulltime jobs. Project Pulp, looking to expand 300,000 square ft in proximity of rail. Currently, in competition with New Jersey and Pennsylvania. Project Greece, Aluminum fabrication company moving into a 50,000 sq ft building and creating 25 new jobs. Will be working with SUNY Orange as a Start-Up NY business. Project Blanket, looking to expand production but needs sewer and water to accomplish expansion. If they are able to acquire the water and sewer they will additionally expand 50,000 sq ft in the town of Wallkill and move their distribution. They already have 400 employees and this will create another 50 jobs. Project Big Door, looking to retain their location. They might expand another 30,000 sq ft or take on another building. The expansion will create another 50 jobs. Fed-Ex Ground, Neelytown road project with 250,000 sq ft. and 21M capital investment. Will create 50 new jobs.

Mr. Fioravanti reviews the attraction report. In 2016 there are 18 leads already. Highlights: Amerisource Bergen, incentives have been approved by the town. Kikkerfrosch, trees have been cleared and excavation will begin soon. Production will create over 300,000 barrels a year and 80 fulltime jobs. Amy's Kitchen, momentum has picked up. They have been working to gain municipal water and sewer. Will be ready to clear land in November. Project Houston, a challenge due to a limited number of shovel ready sites. Currently considered a retention project. Lego Land, continues to consider sites in Orange County. Creo Dental, an attraction project that is being worked on by both OCP and The Accelerator. Based in NYC but is working on expanding to property in Newburgh. They manufacture dental implants.

New Leads: A cidery, originally based in Maryland and looking to relocate to Newburgh. Project Artisanal, out of state distillery looking for a farm estate distillery. Packing Plant on Rail, needs to be on rail and a shovel ready property.

Chairman Armistead adds that the IDA is working closely with the county on preparing shovel ready sites to assist in the attraction and expansion of local businesses.

IDA Discussions

Mrs. Villasuso explains that the Women's Enterprise Development Center (WEDC) is assisting The Accelerator with programming. This includes training courses geared towards the resident and AWOW clientele. WEDC representatives met with the governance committee to explain what they do and how they impact The Accelerator. They are looking for \$25,000 for the year. The WEDC would be considered an agent and would provide an outline on the performed projects. Governance heard their requests and recommended approval.

A motion is made by Mr. Brescia, seconded by Mr. Steinberg, approving designation of the Women's Enterprise Development Center, Inc. (WEDC) as IDA Agent Economic Development. Affirmative votes of all members present resulted in motion carried.

Resolutions

The first resolution has been tabled as the applicant has not been compliant with the labor policy.

Clear Key, LLC – Initial Resolution

Ciro Gagliardi presents the Clear Key, LLC project on the behalf of the Gagliardi family. This construction will be a choice hotel, sleep inn and suites. It will be an 81 room hotel. It is about a 40,000 sq ft building with 3 stories. There will be about 80 construction jobs from start to finish. This hotel itself will create 14 full-time positions and 7 part-time positions with a predicted salary range of \$25,000 to \$50,000. Additional jobs will be created for landscaping and shuttle service. The shuttle service will create 2-3 jobs.

The project has received a letter of support from the Mayor of South Blooming Grove. The meeting for the site plan and subdivision with planning board will take place March 17th. They have received their special use permit for the project.

Clear Key, LLC – Initial Resolution. Motion is made by Mr. VanLeeuwen, seconded by Mr. Brescia accepting the application of Clear Key, LLC with respect to a certain project. Affirmative votes of all members present resulted in motion carried.

Windsor Hospitality, LLC – Initial Resolution

Chet Patel presents the Windsor Hospitality, LLC project. In October 2014 they purchased the Days Inn in New Windsor. The property has been updated and they hired more employees. They are looking for assistance to retain those employees. Additionally, they are looking to build a 102 room Marriot Residence Inn, an extended stay upper tier business and family stay hotel and an 85 room hotel, of which the brand has yet to be selected but will also be a top tier brand. The Residence Inn investment will be approximately 14M and the second will be about 9 to 9.5M. Construction will create about 90 full-time equivalent jobs and the salaries will range from \$26,000 to \$125,000. Permanent jobs will be approximately 43-46 jobs with the salaries ranging from \$20,000 to \$90,000. 15 retained jobs for the Days Inn with the salaries ranging from \$20,000 to \$45,000.

They have their zoning variances and are going in front of the planning board in the first week of April. They have a letter of support from Town Supervisor Green.

Windsor Hospitality, LLC – Initial Resolution. Motion is made by Mr. VanLeeuwen, seconded by Mrs. Rogulski, accepting the application of Windsor Hospitality, LLC with respect to a certain project. Affirmative votes of all members present resulted in motion carried.

Leentjes Amusement Corp – Initial Resolution

Brian Leentjes presents The Castle project. The Castle has been growing since 1992. They are looking to expand. Due to the nature of the business it needs to constantly change and grow. The expansion will include outdoor rides, some mid-level rides, a large one, and hopefully in the future a roller coaster. The space they are creating will be 8,000 sq ft. This will create 50 construction jobs and 20 permanent jobs. They are also looking to get a sales tax right off on some billboards as they are there only to support the local businesses and The Castle. They will be retaining 48 jobs. With the growth comes the need for a maintenance facility additionally creating job.

Leentjes Amusement Corp dba The Castle– Initial Resolution. Motion is made by Mr. Steinberg, seconded by Mr. VanLueewen, accepting the application of Leentjes Amusements Corp. (D/B/A The Castle) with respect to a certain project. Affirmative votes of all members present resulted in motion carried.

Such other and further business as may be presented

No such other and further business was presented.

Public Comments

Todd Diorio representing HVBCTC, states that the issue of construction jobs not being given to local contractors is applicants are not following the existing labor policy. He has put a FOIL request into the IDA to further evaluate the situation. It seems as if the labor policy must be reevaluated as currently it's not working. It is strongly felt that a third

party monitor must be involved to assist in enforcing the standards and subsequent penalties must be added into the policy for those applicants that don't comply. He would like to sit down with the IDA and work on the policy in the near future. He understands that Mr. Petro and the board have a lot on their agenda but feels that issues are being overlooked and no real effort is being put into monitoring the labor policy. He appreciates the tabling of the Matrix. That is a large project for the trades and Matrix has not been cooperative. Local labor has not been given the chance to bid for the work. Mr. Diorio wants to know how quickly they can move forward with the policy revisions.

Chairman Armistead thanks him for his comments. The board understands that further clarification of the policy and enforcement must be taken. Board members do stop by and check but they are looking further to getting a third party involved.

Mr. Diorio questions if anyone has ever written for an exemption. The answer is no.

Chairman Armistead states that early on in the Black Hawk project there had been some discussion revolving around specialty installations. He agrees that the local trades should be reached out to involving these projects. He mentions that Counsel spoke with Matrix.

Mr. Gaenzle spoke with Mr. Epstein and members of the Matrix counsel. They stated they have not yet hired their GC and they are fully aware of and intend to comply with the labor policy. They will and want to have conversations with Ms. Villasuso and those thought appropriate before coming back to the board for final approval.

Mr. Diorio questions if Mr. Gaenzle believes what Matrix has told him. Mr. Gaenzle states he has no reason not to. Mr. Diorio states he knows what they said is false and those positions have been filled.

Mr. Petro states that till the policy has been revised that anyone from the trades should feel free to call him up and he will accompany them over to building sites to ensure the policy is being followed.

Mr. Neuhaus states that 95% of the issue could be resolved with communication. He believes that when Mr. Diorio asks for a meeting if someone would sit down with him and discuss the issues at hand it would alleviate some of the angst. When requested info is not shared with the trades it looks like people are ducking them and it adds to the issue.

Mr. Gandolfini states that there is an issue with a Walkkill hotel that is being developed. There is a plumber there from PA as well as the general contractor. That site needs to be inspected by the Mr. Petro.

It is asked if the Piller Project, in which a gentleman fell, hired a new steel company the next day supposedly due to the fact the original company didn't have NY State worker compensation. Did they have NY State compensation?

Mr. Petro states he and Ms. Villasuso visited the sight and took a tour. They did not find anything blatantly wrong and the contract seemed up to standard.

Mr. Dowd states that there was a certificate of insurance that was filed but there is a question whether or not it was disavowed by the insurance agent. The lawyers are currently involved and the issue is being handled.

Mr. Steinberg says the state only gets involved via an audit. The audit doesn't start until towards the middle or end of a project and perhaps once a year. Chairman Armistead states that they are also understaffed. The state also has issues with newer contractors. Even the contractor has to have a certificate of authority to do business in the state of NY and it is on the punch list of things the IDA checks.

Chairman Armistead states with no further comments the board will move into 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 with the County Executive, the County Attorney, and the County Legislative counsel. Motion made by Mr. VanLeeuwen to enter executive session issued. Motion seconded by Mr. Brescia. All in favor.

Executive Session

The members discuss the purchase of real property.

End of Executive Session

A motion is made by Mr. VanLeeuwen, seconded by Mr. Steinberg, authorizing the Chairman of the IDA to execute a memorandum of agreement with the County of Orange and Mountco Construction and Development Corp regarding

the Camp Laguardia property subject to review and approval of counsel. Affirmative votes of all members present resulted in motion carried.

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 and/or lease of real property. Motion made by Mr. Schreibeis to enter executive session issued. Motion seconded by Mr. Steinberg. All in favor.

Executive Session

The members discuss the purchase and/or lease of real property.

End of Executive Session

A motion is made by Mrs. Rogulski, seconded by Mr. VanLeeuwen, authorizing IDA board members Schreibeis and Steinberg to negotiate a sales price with the town of New Windsor for a three acre parcel of land at Stewart Airport for the construction of a new IDA building. Affirmative votes of all members present resulted in motion carried.

With no further business, meeting called for adjournment by Chairman Armistead, motion made by Mr. VanLeeuwen, seconded by Mr. Schreibeis, the time being 5:28 p.m.