

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

May 15, 2013

A regular meeting of the Orange County Industrial Development Agency was convened in public session on May 15, 2013 at 3:00 P.M. at the Newburgh Armory Unity Center in Newburgh, 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, Stephen Brescia, Russell Vernon, Robert Schreibeis, Henry VanLeeuwen, John Steinberg

ABSENT: None

ALSO PRESENT: James O'Donnell – Executive Director  
Kevin Dowd – Attorney  
Joel Kleiman – CFO  
Laurie Villasuso – Administrative Assistant  
Maureen Halahan – Orange County Partnership  
Larry Gottlieb - HVEDC  
Brian Gates – HVEDC  
Peter Malone – Orange County Business Accelerator  
Deirdre Glenn – Newburgh Armory Unity Center  
Bill Kaplan – Newburgh Armory Unity Center  
Vincent Cozzolino – Center for Global Advanced Manufacturing  
Carl Meyer – Center for Global Advanced Manufacturing  
Bill Richards – SUNY Orange  
David Kohn – SUNY Orange  
John MacEnroe – HVTDC/Pharmline  
Jim Kehoe – HVTDC/Pharmline  
Michael Turturro – Vanacore, DeBenedictus CPA  
Steve Graham - Pharmline  
Ron Kossar – Attorney for Fairbanks Manufacturing, LLC  
Barry Renow – Fairbanks Manufacturing, LLC  
Jonathan Drapkin – Hudson Valley Pattern for Progress  
Joseph Czajka – Hudson Valley Pattern for Progress  
Virginia Moore – Daughters of the American Revolution  
James Walsh – Times Herald Record

Chairman Armistead calls the meeting for the Orange County IDA, May 15, 2013 (Pledge of Allegiance is recited). Board consists of seven members. There is a quorum.

Review of the prior April 3 and May 13, 2013 meeting minutes. Motion made by VanLeeuwen, seconded by Schreibeis to approve the minutes as presented. Motion carries with all in favor.

Roll Call taken.

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

Mr. Kleiman asks the members to refer to the Income and Expense summary dated April 2013. Year to Date, January through the end of April, the IDA has received \$129K and expended \$304K; expenses exceed revenues by \$175K. He reminds the Board that it's early in the year, and that additional funds expected this year will bring revenues in line with the expenses. He moves on to address the schedule of Bank Accounts. The IDA at this time has over \$7.8M, and the OCFC has just over \$690K. He advises the Board that some OCFC funds were moved out of the checking account and into a Money Market. The highest rate of return offered was 0.30%, through Orange County Trust. The final schedule

Mr. Kleiman asks the Board to review is the Revised Voucher report for the month of April. The IDA received \$5K, and is requesting approval to pay out \$103,890.

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

### **Chairman's Report**

Chairman Armistead begins mentioning that the agenda is full today, and in the interest of moving the meeting along, has only two items to discuss. First and foremost, he thanks Mr. Kaplan for hosting the IDA meeting at the Armory. He compliments Mr. Kaplan and Ms. Glenn and the volunteers on their continued progress at the Armory.

Chairman Armistead also advises that last week the Orange County Partnership Brokers' Tour was held at the Newburgh Brewery. He notes that there was a huge turnout, and Mike Mullis gave an impressive presentation at the event. In his address, Mr. Mullis reminded the attendees that the environment is extremely competitive; Pennsylvania and New Jersey are working very hard to lure projects to their states, and Chairman Armistead commends the Board for doing an incredible job for bringing and keeping projects in Orange County.

### **Executive Director Report**

Mr. O'Donnell begins by advising that he met with Steve Remillard of CPV to discuss their \$900M project, hoping to come closer to an agreement. Mr. O'Donnell will also sit with Mr. McCarey of Real Property to work out some figures, and will report back to the Board.

Moving on, Mr. O'Donnell advises that he received a phone call from Cornwall School District that Shamrock Creek has missed their payment, and he will engage the IDA's auditing firm to audit Shamrock Creek as a result.

He received a few calls from news agencies in Albany with regard to Breonics. He will follow up on the issue and get the Board copies of the articles. He reminds the Board that Breonics owes \$15K in cash and over \$233K in commercial debt.

He notes that he has met with Pharmline a few times, and they will be presenting their application later in the meeting. He adds that the project is a good retention and expansion in Florida.

Mediacom will soon open, and there will be a ribbon cutting in June to which the Board will be invited. Coach, a project that has been in the works since 2006, will also be opening in the summer and the Board will be invited to that ribbon cutting as well.

The County Executive and Mr. O'Donnell have also been working on the FAA project. They have been in touch with Congressmen and Senators, trying to get a meeting with the head of the FAA in Washington DC.

Mr. O'Donnell adds that Vincent Cozzolino and Dr. Richards are both in attendance to discuss the ongoing Advanced Manufacturing initiative.

He met with Pat Manning and John MacEnroe about the City of Newburgh development which aims to develop a business district in Newburgh, and will include the Waterfront.

He advises that he has met with Dawn Ansbro of the Orange County Arts Council, and that she and Senator Larkin had a meeting with Mr. Diamond regarding a large project with thousands of jobs. The project, he notes, will be a game-changer for Orange County.

Addressing the State Police Lab, Mr. O'Donnell advises that he has visited 3 superintendents over the last five years to keep the project on track, and discussed the project at every opportunity for the last three years. He is happy and proud to report that the ribbon cutting for the lab was a few weeks ago, and the State Police lab is staying local, saving jobs and countless hours of police protection by saving the police from driving to Albany to pick up or drop off evidence.

He also met with AJ Ross, with regard to using Tourism dollars for advertising at Stewart. He will have a conversation with Stewart airport about the cost of advertising; he believes Stewart is an excellent opportunity to advertise Orange County's business-friendly environment to people moving through Orange County. He also addresses the County's

contract with an agency who rents billboards. The County has access to five billboards for one month a year; one will be used for Orange County Office of Economic Development and one for the IDA.

Mr. O'Donnell attended the Chamber breakfast, Congressman Maloney spoke and Mr. O'Donnell approached him about the FAA project. Mr. O'Donnell also attended the Congressman's grand opening in Newburgh and discussed the FAA with him there, as well.

He also met with Central Hudson with regard with to the commercial kitchen project, and they have offered to put up money to help finance the project. In addition, he met with Dynergy in the Town of Newburgh. At the meeting, he and the County Executive helped to ensure the project's back taxes and penalties with Orange County were resolved. The IDA portion of the meeting was postponed, however, and will be addressed at a later date.

Lastly, he notes that Pattern for Progress is in attendance. They supplied Mr. O'Donnell with a report on the aging population and employment opportunities, which shows where the aging population will be in the next 30-40 years, and suggests where the IDA should look for attracting business. The report was aided by funds received from the IDA last year. This year, Pattern for Progress is looking to use their annual funds from the IDA in the amount of \$17K for a project concerning Newburgh. He explains that the City of Pittsburg suffered a drop in residents – 900K to 300K – and then came up with a 20 year program to revitalize their city. On a smaller scale, Pattern for Progress aims to find out exactly how they were successful and how the program worked, and then come up with a blueprint for the City of Newburgh to get the City back on the right track. Because the entire county's reputation is impacted by the reputation of the City of Newburgh, he notes that it is important to ensure the success of Newburgh.

Chairman Armistead mentions that Ms. Villasuso forwarded Comptroller DiNapoli's annual performance report, and suggests the members review it.

### **OCBA Report**

Mr. Gates distributes a Business Accelerator Update packet to the Members as Mr. Gottlieb notes that the Business Accelerator Challenge was a huge success for the Accelerator. A win for the IDA, a win for the challenge winners, and a win for the Hudson Valley, the Business Challenge highlighted the fact that Orange County is the only local county with such a strong focus on business. He compliments the Board on their continued support of growing businesses.

With regard to the Challenge, HVEDC developed, planned and executed the challenge. Fourteen business plans were submitted, and Gold, Silver and Bronze winners were announced. The companies have moved into the Accelerator, and have brought a new energy with them. He adds that one Challenge Winner was Free Thought Design, a company who specializes in 3D Printing. Free Thought will also be featured at HVEDC's 3D printing event on May 30<sup>th</sup>.

Mr. Gottlieb moves onto address items he would recommend to the board. He believes that the Accelerator website could use a redesign. He and Mr. Somers of Focus Media would like to engage the public in what's happening behind the scenes of the Incubator. He would like more information updated on a regular basis, adding feeds and email blasts. In addition, they would like to add more video with current OCBA clients.

In terms of client attraction, Mr. Gottlieb believes that the next generation of OCBA clients will come directly from home-based businesses. In that vein, he proposes a marketing campaign into home-based businesses using direct mail and social media platforms. With that, there would be a potential for another business challenge, and the possibility of some seed money as a prize.

Mr. Malone advises that he visited the sites of two food incubators in Queens last Friday. The first stop was a self-sustaining, non-profit, 12K square foot facility, with over 170 clients serviced. Their model is to charge a small fee to utilize the space in the kitchen for startup food companies. The second location was a for-profit location, with flex space where a client would come in with their own equipment and set up their kitchens. Those companies are beyond the startup phase.

The operator of the non-profit location is from Newburgh and would be available to consult on the commercial kitchen process. She can help determine equipment and staffing, design layout, and projected revenue and expense for the first year. He adds that Orange County's commercial kitchen would only require about 2500 square feet of space.

Mr. Gates adds that the first joint Chamber event was a success: Four clients met with the Orange County Chamber and completed a needs assessment. Going forward, there will be another event about determining target audiences.

## **OCP Report**

Ms. Halahan begins by complimenting Mr. Kaplan on the progress of the Newburgh Armory. She moves on to address the Broker Tour event, and notes that there were over 200 in attendance. She notes that some of the attendees were not members of the Orange County network, but through this most recent Broker Tour, relationships have been built with new companies. In addition, there were meetings set up throughout the day with Town Supervisors who would like to get their sites shovel ready.

Ms. Halahan moves on note that the project now known as UNFI is moving forward. She adds that she has met with the company, and they have advised that they want local people to get the construction jobs. The market is competitive, but local work is important.

In the interest of keeping her report brief, Ms. Halahan highlights her meeting with a broker who deals exclusively with Chinese relationships, investors and international business and has an incredible list of leads. Her meeting with him came as a result of the Broker Tour.

There are 4 brand new preliminary leads, and she will go into more detail at next month's meeting.

VanLeeuwen makes a motion to enter executive session pursuant to section 105(1)(f) of the open meetings law to discuss the employment history of a particular person, namely, the Executive Director of the IDA. Motion seconded by Schreibeis. All in favor.

### *Executive Session*

The members discuss employment matters.

### *End of Executive Session*

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

## **Daughters of the American Revolution – Project Expenditure**

Having reviewed the Daughters of the American Revolution's request, the Governance Committee agreed to make an addendum to the original Project Expenditure as it did not include complete concrete and wood components of the floor, and recommends increasing the original project expenditure by \$4,000. The total project expenditure comes to \$6,000.

Motion made by Brescia, seconded by VanLeeuwen, to amend a previous authorization for a project expenditure to the Minisink Chapter of the National Society of the Daughters of the American Revolution to directly support the restoration of the Old Stone Schoolhouse in Goshen, NY, to include an additional \$4K expenditure for the same purpose. Motion carries with all in favor.

## **Center for Global Advanced Manufacturing**

Mr. Cozzolino begins by noting that the Board will hear a presentation later in the meeting from Dr. Richards and the SUNY team; he wishes to advise the Board that the SUNY project is synergistic with the CGAM project. The SUNY project is geared more toward the soft skills of manufacturing, while Mr. Cozzolino's project deals with the harder manufacturing skills.

The process was started well over a year ago when the Orange County Industrial Development Agency initiated an Advanced Manufacturing effort, bringing in multiple resources to facilitate the project. On the Governor's Regional Economic Development Council, one of the initiatives is to help manufacturing grow in the Hudson Valley region. To that end, he and a team have created the Center for Global Advanced Manufacturing, a Not-for-Profit that enables the group to continue pushing this process forward. Today he will explain the Center, the unique role the Armory can play, and seeking funding for that role.

The Center for Global Advanced Manufacturing has put together a million dollars of equipment already located in a rented center near New Paltz. Any manufacturer in the Hudson Valley can come and borrow the equipment at no charge, like a library for manufacturing equipment. The other center in Rockland County is geared toward 3D printing.

The goal in the Armory is to have a machining and automation training program. While the SUNY Orange system teaches the classroom portion of manufacturing, the Armory would host the site where the students would learn to build. Automated equipment would be located in the center, and people of various stages of training will be learning how to use multiple machines. Partnering with the State University of New York Institute of Technology, they would also provide a classroom – virtually and live – with programs for the third and fourth years of a Bachelor's Degree program for Mechanical Engineering Technology and Electrical Engineering Technology.

In order to see the initiative come to life, CGAM would need to ready the machinist training center, install an elevator and rest room for handicapped access and repurpose one existing classroom. The total for these changes would come to roughly \$750K.

Ms. Halahan adds that she has experience with companies who have mentioned that they cannot find this type of specialized training locally, and have to send their employees to other states for this high-end training.

Ms. Rogulski asks if the target audience of the program is students pursuing a 2 year degree, and is advised that it may even be available to high school students.

Mr. Vernon asks Mr. Cozzolino to confirm that he is requesting \$750K from the IDA. He then asks Mr. Cozzolino to explain how much other money is going into the project, and the sources of the funds. Mr. Cozzolino advises that \$1M is coming from the state, and IBM has contributed machines and equipment that is hard to value, but extremely significant. The apps into NYS, the in-kind amount is about \$4M. Chairman Armistead asks whether or not local industry will support the employers being trained through the program. Mr. Cozzolino offers a number of examples of how badly these trained employees are needed.

*[Mr. Brescia exits the meeting]*

At the request of Mr. Vernon, Mr. Cozzolino explains how many classes they plan to offer.

The funding request is a one-time request; the program will be self-sustaining once off the ground.

Chairman Armistead requests more information, with more details about the construction costs, budget, plans and renderings. Mr. Cozzolino advises that he will provide the Board with further information.

### **SUNY Orange**

Dr. Richards begins by following up on Mr. Cozzolino's comment about Advanced Manufacturing and Advanced Technology, and notes that we are approaching these challenges as a region. Six colleges form the Hudson Valley Education Consortium, and their goal is to be more efficient and effective in circumstances like this one. In this region, it is estimated that 600 technology and manufacturing jobs will go unfilled because the pool of qualified individuals is too shallow. The colleges were just awarded \$14.6M, which will have to go toward Advanced Manufacturing and Technology. While it is still unclear how the funds will be divided between the colleges, there is a pool of money already in line to fund the project. He believes that, as a consortium, they are well prepared to meet the challenges. He introduces David Kahn.

Mr. Kahn reviews the Mid-Hudson valley Manufacturing Sector Report with the Board. He begins by advising that the top three greatest challenges reported by Manufacturing companies were lack of available skilled employees, limited pool of qualified entry-level employees and employee's lack of personal responsibility and workplace behavior issues. The top three occupational areas facing the most severe employee shortages are machinists, manufacturing engineers and design engineers. SUNY collaborated with a number of organizations throughout the region on the report.

Based upon the report, it has been decided that the college will focus on the non-technical skills, such as work readiness education, math for manufacturing, and soft skills like leadership and communication. While the initial goal was to have a college program, through the research and follow up, it was decided that a credential program will best suit the needs of the region.

The total of their request of the IDA is \$12,500. Chairman Armistead advises that the Board should review the information provided and discuss it at the next Board meeting.

*[Mr. Vernon exits the meeting]*

### **Fairbanks Manufacturing, LLC – Initial Resolution**

Mr. Kossar introduces Mr. Renow and Mr. Turturro, and goes on to advise the Board that, since January, Fairbanks has created 15 jobs, bringing their job total to 99, and upon completion of the buildout, Fairbanks will add another fifteen jobs. The expected payroll upon project completion is over \$3.7M. Because there was question about the average wage at the last meeting, he explains that both companies – Fairbanks and Medora – had split fiscal years. He provides the Board with the updated information and advises that the project's 3<sup>rd</sup> addition is under way, and once the IDA process is completed, they will close on their title.

Chairman Armistead confirms that Fairbanks is requesting a 10 year PILOT, Mortgage Tax Exemption and Sales Tax Exemption, and confirms that the Town of Walkkill and Walkkill IDA in support of the project.

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

### **Pharmline, Inc. – Initial Resolution**

Mr. Kehoe of HVTDC begins by advising the board that, while he is here to represent Pharmline, he'd like the board to know that his organization serves a seven-county area, and notes if he had "busload of machinists, [he] could place them tomorrow." He reiterates that trained manufacturing employees are in constant demand.

Moving on, he explains to the Board that, about a year ago, the local company Pharmline was acquired by Stauber, a California-based company. Over the years, the FDA regulations for nutraceutical manufacturing have grown tighter. Since the acquisition, there has been an effort to make the Pharmline site CGMP (Current Good Manufacturing Practice) compliant. Engineering and architectural firms have been engaged to bring every aspect of the building up to date.

Mr. Graham explains that Stauber is a distributor of nutraceuticals and food ingredient raw materials, but does not have manufacturing facilities. If raw materials need to be processed, Stauber would outsource that process. Pharmline was one of the companies to which Stauber outsourced. Pre-acquisition, Stauber's demographics were 65% east coast, 35% west coast; Pharmline's demographics were 35% west coast, 65% east coast. In addition to manufacturing benefit, the acquisition was a good geographical fit for Stauber. Currently, however, the Pharmline facility is not CGMP compliant. They own the 65k square foot manufacturing site in Florida, and rent a 28k square foot building for warehousing. They have considered refurbishing another building, or building new, but decided to renovate the current facility, due to cost and time. Plans should be finalized by the end of May, with the hope of construction beginning in mid-July or August. The process will take about 9 months. The cost to upgrade will be approximately \$3M. There is a potential in the future to erect a 23k square foot warehouse on an additional parcel. He adds that Pharmline is seeking Sales Tax Exemption and PILOT.

Their existing employee base is 75, from PhDs to machinists to sanitation workers. With the renovation, they expect to increase their annual sales by 10% per year, and look to add 5-10 additional manufacturing jobs. Chairman Armistead asks him to comment on the average salary of those jobs, and is advised that the range could be from 25-40K. They would also bring roughly 10 construction jobs. Chairman Armistead reminds Mr. Graham that the IDA encourages local labor.

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

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

Mr. Kaplan thanks the Orange County Industrial Development Agency Board Members for their continued support, and reminds the Members that the NAUC would not be here without the help of the IDA. He distributes the NAUC's Mission Statement and asks the Members to review it. He and Ms. Glenn give the Members an overview of the activities and program offered at the Armory.

Ms. Moore of the Daughters of the American Revolution takes a moment to thank the Members for their approval of the DAR project expenditure. She advises that the project is moving forward and thanks the members again.

With no further business, meeting called for adjournment by Chairman Armistead, motion made by VanLeeuwen, seconded by Schreibeis, the time being 5:29 p.m.