

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

September 18, 2014

A regular meeting of the Orange County Industrial Development Agency was convened in public session on September 18, 2014 at 1:12 P.M. at the Orange County Executive Office in Goshen, 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 Schreiber, John Steinberg, Henry VanLeeuwen

ABSENT: None

ALSO PRESENT: James Petro – Executive Director
Laurie Villasuso – Associate Executive Director
Kevin Dowd – IDA Attorney
Joel Kleiman – Chief Financial Officer
Brian Gates – HVEDC
Maureen Halahan – Orange County Partnership
Amanda Dana – Orange County Partnership
Bill Madden – Focus Media
James Walsh – Times Herald Record
Patrick Witherow – Marlboro CSD
Daniel Petigrow – Marlboro BOE Attorney
Ray Castellani – Marlboro CSD
Brant Neuneker – Marlboro Taxpayer
William Kaplan – Newburgh Armory Unity Center
Jim Titolo – Old Guard Hotel
John Venezia – Town of Newburgh Assessor
Gil Piaquadio – Acting Supervisor, Town of Newburgh
Vincent Cozzolino – Center for Global Advanced Manufacturing
John McCarey – Director, Orange County Office of Real Property
Virginia Moore – Daughters of the American Revolution

Chairman Armistead calls to order the regular meeting of the Orange County IDA, September 18, 2014 (Pledge of Allegiance is recited). Board consists of seven members. There is a quorum.

Executive Session

Motion made by VanLeeuwen to enter executive session discuss the credit, financial or employment history of particular persons either employed by the IDA or prospective clients of the IDA. Motion seconded by Schreiber. All in favor.

Executive Session

The members discussed particular persons.

End of Executive Session

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

Review of the prior August 6, 2014 meeting minutes. Motion made by VanLeeuwen, seconded by Rogulski, to approve the minutes. Motion carries with six ayes and one abstention.

Roll Call taken.

Financial Reports and/or Requests for Payment

Mr. Kleiman asks the Members to refer to the schedule of vouchers and payments for the month. The IDA brought in \$93,670.92 during September, and the monthly vouchers total \$105,273.50. He reminds the Board that copies of invoices were not distributed, but that Ms. Villasuso can answer any questions the Board has regarding the payments.

With no questions on the vouchers and payments, Mr. Kleiman distributes the monthly bank balance and income and expense summary schedules. With regard to the Bank Balance reports, he advises that as of earlier today, the balance of \$1.3M in the Chase checking was reduced by \$900K: The funds were moved to a Sterling Money Market account which provides a greater return. The OCFC, as of the end of August, has just over \$790K. Moving on, Mr. Kleiman refers to the income and expense summary as of August 31 2014. YTD, the IDA has brought in just under \$1.2M, with expenses totaling approximately \$483K. Revenues exceed expenses by \$682K. The OCFC has brought in \$110K YTD, and expenses total \$78K, with revenues exceeding expenses by just under \$31K.

Motion made by Schreiber, seconded by VanLeeuwen, that the Board accept the financial reports and authorize IDA payments and vouchers for September 2014. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. Kleiman then distributes the 2015 IDA budget. He explains that, once approved, the budget will be submitted via the PARIS system to NYS. He gives an overview of the figures, explaining that the IDA revenues are approximately \$2.6M, expenses are approximately \$3.5M, with expenses exceeding revenues by \$821.5K. This figure comes as a result of the inclusion of the new Shovel Ready program funds, and Mr. Kleiman points out that those funds - \$2M – are recoverable. If the \$2M were not included in the budget, the IDA budget would be \$1.2M to the good. Moving on, Mr. Kleiman explains the Orange County Business Accelerator's budget, which is subsidized by the IDA. Revenues are approximately \$112K, expenses of \$700K, with the difference being offset by the IDA revenues. Chairman Armistead points out that some of the wording will be changed, revising "Projects" on page 4 to read "Projects/Programs." Mr. Steinberg points out, as well, that the IDA salaries are paid through the Business Accelerator, but they are actually IDA expenses.

Motion made by VanLeeuwen, seconded by Schreiber, to approve the 2015 Budget. Motion carries with all in favor.

Mr. Kleiman adds that the approved budget will be submitted via PARIS, and the IDA will be in compliance for 2015.

Chairman's Report

Chairman Armistead begins by advising that the Danskammer public hearing was held on September 3rd, the transcript of which has been included for the Members' review. He adds that he, Ms. Villasuso, Ms. Rogulski, and Mr. Petro were able to visit and tour the Danskammer site earlier in the week. He goes on to advise that, at the public hearing, there were many opinions regarding the PILOT. Based on what took place at the public hearing, Chairman Armistead asked the three interested parties – Danskammer, the Town of Newburgh and the Marlboro School District – to meet and try to come to an agreement. Chairman Armistead goes on to advise that the assessment of the plant has come into question. The plant, he notes, was built in the 1950s and severely damaged during Hurricane Sandy. Extensive repairs were necessary to bring the plant back to life as a peak facility. There have been suggestions that the IDA should look at the revenue produced by the plant in its day, and its value at that time, in order to determine the present value of the plant. He reminds that there are number of factors that go into this, and asks the Board not to take any action this month to allow the Town, School District and Danskammer to discuss it further.

Mr. Petro reminds those present that the PILOT terms were created as a result of a meeting between the Town of Newburgh and Danskammer; it was not designed by the Orange County IDA.

Moving on, Chairman Armistead advises that he, Mr. Petro, Ms. Villasuso, and Mr. Dowd met with representatives of the Goshen Central School District yesterday. The meeting, which came as a result of a letter sent to the IDA by the Goshen Central School District, was attended by The Superintendent, Board President and Assistant Superintendent for Business. The meeting went very well, and the representatives were provided with some materials to explain the IDA and its mission, and the GSD was very appreciative of not only the meeting, but of the IDA's success in general.

Chairman Armistead also advises that Mr. Kleiman is retiring from Orange County. He also notes that the Business Accelerator is at 100% capacity. Lastly, Chairman Armistead advises that he, along with Ms. Villasuso and Mr. Petro, will attend the ABG dinner on September 25th to speak about the Shovel Ready program.

Executive Director Report

Ms. Villasuso points out that the Members have each received a copy of the new IDA incentive brochure, which details the IDA's incentive package and process. The brochure will be provided to prospective IDA companies. In addition, she

advises that she worked with Orange County Partnership and AJ Ross on the WSJ ad campaign, and completed the 4-page IDA portion of the insert.

Mr. Petro advises that the IDA has a table at the October 2nd OCP Investor breakfast, and invites the Board Members to attend.

OCBA Report

Mr. Gates updates the Board on the Business Accelerator, beginning with the fact that Business Accelerator is 100% occupied. There are 11 companies now in the Accelerator, with 21 jobs; Mr. Gates gives an overview of the companies and mentions that there are a few companies now on a waiting list for the Accelerator. Mr. Gates then describes the leads and contacts for the month, adding that the Business Accelerator had a table at the New Windsor community day, which was attended by 23K people, and distributed informational materials to attendees. The Business Accelerator is also highlighted the Town of New Windsor sign located at Route 300, which is tremendous exposure for the Accelerator. Lastly, Mr. Gates manned an OCBA table at the Orange County Chamber's Business Expo earlier in the month.

Mr. Madden addresses the Board, noting that website traffic has improved with a 31% increase in visits and 20% increase in new visitors. He also displays an example of the Start Up NY digital ad campaign, which is ready to launch as soon as OCBA receives its Start Up NY approval. He then mentions that two events will take place beginning in October as part of the Distinguished Seminar series, and a new White Paper will be released in late September.

Mr. Vernon asks for more details on the website traffic numbers, adding that because of the low figures presented in last month's meeting, the percentage of increases presented this month by not be substantial.

Mr. Gates then updates the Board on the Start Up NY and grant processes. He then distributes an example of Add On Advertising's products, which was one of the summer sandbox students at the Business Accelerator this month. On September 24th, the SUNY Orange Business Club will conduct a class and a tour of the Accelerator for about 10 students. Lastly, he advises the Board that the Business Accelerator has updated its fiber system, offering the kind of internet speed and capacity required by some of the new – and future – clients who develop software. The update fulfills the Business Accelerator's promise of state-of-the-art technology, and the cost of the update will be offset by some increased rents. Mr. Petro adds that, because the Business Accelerator is at full occupancy, the Board should be aware that there is available space across the street should the IDA/Business Accelerator need to rent it.

OCP Report

Ms. Halahan advises that the CFA process is in full swing, and advises that Orange County had eight of the priority projects. This figure means that Orange County is doing as well as Westchester County in the process, and is faring better than all of the other counties. This is excellent news for Orange County. The awards will be announced in the fall.

She then goes on to brief the Board on a number of exciting prospects on the horizon, including medical marijuana and casinos. With regard to the Warwick Valley Office & Technology facility, Frozen Ropes is planning to build a new facility on a portion of the old correctional facility, and another company is in the process of purchasing one of the sites as well. Ms. Halahan advises the Board of a recent Millennium Pipeline tour, and some of the Partnership's upcoming events. She also advises that the Partnership is organizing an event for the 9 commissioners on the Port Authority Board of Directors to visit Stewart Airport. Because none of them have ever visited Stewart, the Partnership is being aggressive in not only organizing the event, but gathering as much attention as possible. The event will be in November, and the IDA members will be advised of the details as it draws near.

Ms. Halahan gives an overview of the WSJ ad campaign, and advises that the inserts will be available at the investor breakfast, before giving some details on the active Business Retention and Expansions. She notes that this is the most active BR&E has ever been, and also includes the #1 Priority project for the Mid-Hudson Regional Council CFA Process. She and Ms. Dana give some details about the remaining BR&E projects. Ms. Halahan also touches on the misconceptions out there regarding the IDA, and advises that the Partnership is working on explaining the IDA's benefits, and commends Chairman Armistead for the IDA's recent efforts to clear up the public misunderstanding as well.

Regarding Business Attractions, Ms. Halahan advises that there are currently 54 leads, 28 of which are in manufacturing. She goes on to give an overview of current attraction projects, including 2 very important leads with important meetings scheduled for the coming week. She goes on to address the number of food and beverage projects interested in the area.

Church Hill Properties - Discussion

Mr. Titolo offers a quick update about the Old Guard Hotel project in Highland Falls, which will bring a \$20M investment and 70 FTEs to the area. SEQRA is now closed, and Zoning has approved their variances, and as of the end of the week, the site will be ready to go. Mr. Vernon asks what portion of their financing is secure, and Mr. Titolo is confident that all of the financing will be secured in the near future.

Danskammer Energy, LLC – Discussion

Chairman Armistead notes that representatives of the Town and School District are in attendance, as well as Mr. McCarey of the Orange County Office of Real Property. He advises that he will hear from one speaker from the Town and one from the School District, and calls on Mr. Piaquadio to begin.

Acting Supervisor Piaquadio confirms that the Town put together the terms of the PILOT. He notes that the Town is happy with the numbers, but does not want the School District to be disappointed. He does not, though, want to see this project go to “the conventional method,” which, he explains, would involve assessing the plant and then going to court. He adds that this plant is old, and that he would be happy to help keep them up and running.

Superintendent Castellani thanks the Board for the extra time to meet with Danskammer. He explains that the School District does not want the plant to close, but they do want fair payment. There is a meeting set up with Mr. She tentatively for October 1st, and they will discuss some of their thoughts on the PILOT. He adds, though, that it is very clear that the figures Danskammer has presented are “very low” compared to what Danskammer will be able to make in revenue, and what the School District believes is fair payment. He notes that the School District would like to work with the Town and Assessor to ensure that they do avoid the litigation previously mentioned, but reiterates that the \$1.1M the School District will receive is so far under what they believe Danskammer should be paying, because they believe Danskammer will be very lucrative and will bring in enough revenue to pay more. Chairman Armistead encourages Mr. Castellani to invite someone from the IDA and the County Real Property office to attend the October 1st meeting.

Chairman Armistead adds, then, that the IDA has received numerous letters regarding the Danskammer matter, many in support of and many opposed to the PILOT. He notes that at the public hearing, it was decided that the public comment period would be open for ten days after the hearing. He reminds the room that members of the IDA toured the facility, and during the tour met some of the people whose jobs were reinstated because of the plant. He notes that all of these factors are being considered by the IDA. He and Mr. Castellani agree that no one wants to lose the plant, but Mr. Castellani adds that the \$1.1M over 10 years is not enough and will have a significant impact on the School District, stripping the district even more than it has been.

Mr. McCarey comments that he would be happy to meet with Danskammer and the School District, and adds that he does have an issue with the 2% increase. He believes that the percentage increase should be tied to the annual increase in levy, possibly with a cap on the increase. He explains that the area needs that growth, because otherwise, the area will slip further and further behind as the years pass. He also notes that the Marlboro SD is one of the few school districts that serves Orange County which does not offer the 485-b, business exemption. He advises that Marlboro should take a look at offering that exemption in order to encourage new ratables in the area.

Mr. Petro addresses Mr. Castellani, noting that during his statement he made number references to the revenue and money made by Danskammer. He asks what Danskammer’s revenue has to do with the assessed value of the facility, and notes that the revenue is irrelevant to the assessed value. Mr. Castellani advises that the School District has asked for financials so that they can have a consultant base a model of what the assessment should be, and Danskammer refused. Mr. Petro notes that he was aware of the School District’s request, and doesn’t believe that the financials have anything to do with the property assessment.

Mr. McCarey notes that there has been a lot of activity around power plants lately, and references the recent work the IDA did with the CPV plant in Wawayanda and explains that its assessment was based on kilowatts. He notes that there must be standards when dealing with all power plants, and says that there must be a fair and equitable assessment of these facilities. Mr. Petigrow asks the IDA if it would be open to hiring a consultant as they did for CPV, and Chairman Armistead advises that the Board will take it under consideration.

Mr. Venezia, Town of Newburgh Assessor, adds that there is a misconception here. He clarifies that if a warehouse is rented out, you cannot look at the income stream of the owners or tenants. The value should be based on the structure, not the stockholders’ income.

Chairman Armistead reminds the room that the Board is giving the parties the extra month to discuss the matter, and urges them to come to some sort of agreement that does not force the company to leave.

Mr. Steinberg advises that the IDA is most responsive to the political entity that resides in Orange County. He notes that this is an anomaly, because normally the school board is in the same locale as the municipality and that does not apply in this situation. He states that the IDA will listen to closely to Newburgh, and encourages the School District to involved them and negotiate with them, because the IDA is more attuned to an entity that represents a larger constituency than a school board.

Shovel Ready Program

Mr. Brescia updates the Board on the Governance Committee meeting, in which the Committee discussed both the Ryan Enterprises and Warwick Shovel Ready applications. He advises that some of the final issues – including legal - will be ironed out, and they hope to have a recommendation for the Board at the October meeting.

Chairman Armistead reminds the room that the Board is excited about the program, but notes that all of the details are being tended to before the full Board acts on any application.

Such other and further business as may be presented

Ms. Villasuso reminds the Board that October's meeting will be held on the 9th at 2:00 at the Orange County Business Accelerator. Mr. Petro advises that he believes that the Board should revisit the location of the meetings, and advises that most meetings should be held at the Business Accelerator. Many Board Members offer their support of holding more meetings at the Accelerator.

With no further business, meeting called for adjournment by Chairman Armistead, motion made by VanLeeuwen, seconded by Rogulski, the time being 3:00 p.m.