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**Robert T. Armistead, Chairman • Mary Ellen Rogulski, Vice Chairman • John Steinberg, Jr., Second Vice Chairman
Stephen Brescia, Secretary • Henry VanLeeuwen, Assistant Secretary • Robert J. Schreibeis, Sr. • Edward A. Diana
James R. Petro, Jr, Executive Director • Laurie Villasuso, Associate Executive Director •
Kevin Dowd, Attorney • Joel Kleiman, Chief Financial Officer**

Agenda

PLEASE TAKE NOTICE, The Orange County Industrial Development Agency will hold a regularly scheduled meeting on October 8, 2015 at 2:00 p.m. at the Orange County Business Accelerator, 4 Crotty Lane, Suite 100, New Windsor, New York, to consider and/or act upon the following:

Order of Business

- **Roll Call**
- **Approval of the minutes from September 10, 2015 meeting**
- **Financial Reports and/or Requests for Payments**
- **New and Unfinished Business**
 - Chairman's Report
 - Executive Director's Report
 - OCBA Report
 - Resolution – Name Change
 - OCP Report
 - Discussions
- **Resolutions**
 - None
- **Such other and further business as may be presented**
- **Executive Session**
- **Public Comments**
- **Adjournment**

Dated: October 1, 2015

Stephen Brescia, Secretary

By: James R. Petro, Jr., Executive Director

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

September 10, 2015

A regular meeting of the Orange County Industrial Development Agency was convened in public session on September 10, 2015 at 2:09 P.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, Henry VanLeeuwen, Edward Diana, John Steinberg, Robert Schreibeis

ABSENT: Stephen Brescia

ALSO PRESENT: James Petro – Executive Director
Laurie Villasuso – Associate Executive Director
Kevin Dowd – IDA Attorney
Joel Kleiman – CFO
Russell Gaenzle – Harris Beach
Vincent Cozzolino- OCBA
Kelly Lyndgaard- Unshattered
Martin Milano-Cross Roads Real Estate
Paul Goldman- Attorney
Jack B. Gafford-Old Guard Hotel
Gil Piaquadio-Town of Newburgh Supervisor
Wayne Booth-Orange County Deputy Executive
James Walsh –Times Herald Record
Bill Fioravanti- Orange County Partnership

Chairman Armistead calls to order the regular meeting of the Orange County IDA, September 10, 2015. (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Review of the prior August 13, 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 \$3.5M, and YTD expenses are just over \$919K with revenues exceeding expenses by \$2.5M. Mr. Kleiman updates the Board that last month the Money Market, for \$1,296,949 as of September 1, 2015, was moved into a 1 year CD with an interest rate of 0.55% which is the same rate as the CD that was renewed last month. Mr. Kleiman then reviews the income and expense summary for the Business Accelerator, noting that revenues are \$74K expenses are just over \$461K. Expenses, as anticipated, exceed revenues by just over \$387K. Both the IDA and BA are on budget or doing better than projected budget.

Lastly, he reviews the payments received for the month, which total \$155K, and the payments submitted for approval which comes to \$220,498.23.

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

Mr. Kleiman then states the next action item is the review and approval of the 2016 proposed budget. IDA and BA, when completed, will be merged into one budget. Looking at the proposed 2016 budget individually, on the IDA side the revenue exceeds expenses by \$663,633, and for the BA, the expenses exceed the revenue by \$642,500. For the total budget, taking the positive IDA operation and the negative BA operation, you come up with a positive \$21,133 for the 2016 budget plan. The total revenue exceeds expense projection by \$21,133. This is the first time in several years

that there has been a projected budget with a positive result. Typically it is negative due to the IDA bringing in most of the money, while the BA has more of the expense. When two are merged together we end up the expenses exceeding the revenue. We handle it by having positive operation year to year and positive cash flow for year end and throughout the year, and he notes that we are able to cover even if we have a projection of a negative budget.. The Audit committee met twice, went over a draft budget last month and proposed budget this month, and recommend this budget for 2016. He notes that this budget can be modified. Once approved, the budget will be entered into the PARIS system. He notes that the process is ahead of schedule, with more than enough time to make any changes. Ms. Rogulski notes that there are two additions, as recommended by the Audit Committee: 1) Mr. Cozzolino will make presentation today regarding the Accelerator Without Walls and 2) Training for Ms. Villasuso. Ms. Rogulski wants to incorporate a line item for training and professional development into the budget. Chairman Armistead will address training in the Chairman's Report. Mr. Kleiman advises that modification can be made at this time and then approved, or at any time in the meeting. The Board decides to wait to take action to allow Mr. Cozzolino to make his presentation.

Chairman's Report

Chairman Armistead discusses Ms. Villasuso's training for economic development. Ms. Villasuso took the Basic Economic Development course last year through the NYS EDC. The International Economic Development Council program, which is nationwide, offers a Certified Economic Developer Program. Two upcoming courses fit very well for Ms. Villasuso's professional development: One on Real Estate Development & Reuse in Chapel Hill, NC, and one on Economic Development Credit Analysis in Atlanta, GA. Chairman Armistead recommends adding a line item to the budget in the amount of \$3K for Training and Education, and approving an expenditure for this year for the two upcoming courses. Ms. Villasuso explains the program's requirements: 4 mandatory core courses (1, the Basic Economic Development Course, was already satisfied, 2 being taken this year, 1 next year) and 2 elective courses (to be taken at any time). It is noted that this program is a best practice for NYS EDC. Cost would be approximately \$1,500 per course including travel and lodging. Chairman Armistead recommends the board approve this expense, and to modify the 2016 budget to include a line item for professional training for the IDA and the Business Accelerator.

Motion made by VanLeeuwen, seconded by Schreiber, to authorize \$3K for professional development courses for Ms. Villasuso in year 2015. Motion carries with all in favor.

Executive Director Report

Mr. Petro would like everyone to know that the IDA is doing the right thing. Public not educated as to what we do. He adds that we will continue to get the word out that the IDA is not giving money away. We are creating jobs and job development. He explains that he and Ms. Villasuso review project to ensure it meets all criteria, then has the projects reviewed by counsel, and then holds a public hearing, then takes it under review by council.

Ms. Villasuso advises the Board that she attended MAGIC in Las Vegas to research the maker space that the Business Accelerator is taking on. She wants to thank the board for supporting this and adds that it was good to see how everyone is pushing for domestic manufacturing. On the sourcing side of the trade show, she estimates that 1% was booths that represented the USA, and adds all the people there were so driven and focused on re-shoring manufacturing. It was clear to Ms. Villasuso that, on national level, the focus is bringing production back to America, and that the IDA's work at the Business Accelerator is really at the front end of a good trend. She commends the Board for investing in something that is important to Americans as consumers and also manufactures. Mr. Cozzolino and Ms. Villasuso will be on WGNY to talk about The Accelerator.

Chairman Armistead notes that he has met with Town and County supervisors, and has spoken with many people that can't say enough about the Orange County IDA and its efforts to keep companies here in the County, and its efforts to get new companies in the County.

OCBA Report

Infinite Limit was going to present their product but had to cancel due to being called to jury duty.

Mr. Cozzolino states that The Accelerator is doing really well. The OCBA strategy is to link as many resources as we can so we don't stand alone. One of the things we have is SMARTT Lab located at the Community College, and our cut and sew space is the first SMARTT Pod. The first client that Mr. Cozzolino wanted to highlight is Mediprint. Mediprint just came into The Accelerator. Mediprint was in a SMARTT Lab in Rockland County, and the owner is an Orange

County resident. Mediprint uses X-rays and MRIs of parts of the human body and makes an actual model of the body part so the doctor can practice. The skill is using the processing software to create what comes out of the X-ray and make into a model. Mr. Cozzolino shows a short video of Mediprint. Mr. Cozzolino notes that the model at the Business Accelerator is to take people in at the validation or scale-up phase. As an example, Mediprint graduated through the SMARTT Lab, and has been doing this for a year. Now he has a product, and the Business Accelerator can help him turn his product into a business.

Mr. Cozzolino introduces Kelly Lyndgaard, the executive director of our first client, Unshattered . He notes that Unshattered will be operating at The Accelerator for at least the next three months. Ms. Lyndgaard thanks the board and gives a brief description of her job at IBM. She fell in love with a place in Garrison called the Walter Hoving Home. This is a home for women recovering from drug and alcohol addiction. The Walter Hoving Home does not take government funding to run the home. They have homes in New York, California and Las Vegas. The homes are run solely on donations and fund raising. Ms. Lyndgaard had an idea to make bags with repurposed material to raise money for the home. The bags are made from coats, jackets, and donated fabrics. This year, they made the prizes for the West Point track team by turning their battle dress uniforms into back packs. Ms. Lyndgaard projected making \$10K for first year and the actual amount was \$21K, they are on track to more than double that this year. Unshattered cannot make as many bags as they can sell so they have actually turned down offers to sell them. They have stores that want to carry the bags, but they can't make them fast enough. They have a small manufacturing space and women currently in recovery. Ms. Lyndgaard spoke about the challenges the women in the program face, having come from bad neighborhoods with addictions that sometimes led to crime and prostitution. She shares some of the women's stories, and adds that this program is giving these women hope, work, and gives them something purposeful and meaningful. That is what Unshattered is capturing in the bags. Taking thrown out clothing, material and putting it back together into something meaningful, purposeful and beautiful. That is what drove Ms. Lyndgaard to step out of her great career and focus her full attention on making the business and the women successful. Ms. Lyndgaard thanked everyone for having her at the board meeting and Ms. Lyndgaard and the girls are thrilled to be at The Accelerator. Their goal is to start creating jobs for the women who have completed the program, which has a 87% success rate. Ms. Lyndgaard adds that the model in Nashville TN has grown into a \$1.7B dollar business in a couple of years, and Ms. Lyndgaard believes Unshattered can get there, too. It is a great model and they have great raw materials to make it happen, and to give the girls a real path forward with real jobs. Ms. Lyndgaard notes that a couple of the girls are here today and invites the members to stop by after the meeting. Mr. Cozzolino said that their business is called Unshattered and their business plan is to build this business out and move to Newburgh.

Mr. Cozzolino has had several calls from fashion designers in the area looking for people to build their products, and has asked Ms. Lyndgaard if she can take this on after the pocketbook operation is running smoothly. Mr. Cozzolino said that there is great interest from Marist College and would like to speak to Mr. Diana off line to participate in this project. Marist knows we have been working with Fashion Institute of Technology and they would like us to work with them more carefully and great things can come from that partnership.

Mr. Cozzolino said the computers for the design room are on order and will be arriving in the very near future. This will give us the ability to design clothes or accessories, and will bring us a whole other class of companies. Mr. Cozzolino said that we have Mediprint, Unshattered, and we have an Associate Client Arrosight Consulting. He is a thirty year veteran of Pfizer and understands life science consulting. Mr. Petro asks who makes a decision on approving client applications, and Mr. Cozzolino said it is the Galileo Team (Mr. Cozzolino, Laura Mann, Petra Klein) and Laurie who makes the decision. He reminds that the clients need to be in the validation stage of their business.

Mr. Cozzolino adds that the Regional Council Priority Projects were announced, and TSEC was on the list. TSEC requested another million dollars for funding for equipment. TSEC has promised and continues to find funding from other sources any way they can. One of our partners, WDI, was very generous to Unshattered, and we continue to seek ways to fund tooling and other items. Mr. Armistead notes that, when Mr. Cozzolino came on board, he aimed to find grant money to help subsidize cost of what we are doing.

Mr. Cozzolino speaks about the New York Grant that The Accelerator won. Ms. Mann and Ms. Villasuso worked very close on it and now they think they know everything about it. It has to be used in very prescribed ways, and not consistent with most of what The Accelerator is doing. The funds will be used, but the grant has a lot to do with training and marketing. Ms. Villasuso says that we are finally on track with this grant and recapturing some of the funds.

Mr. Cozzolino notes that there is good news and energy as people talk about The Accelerator. Mr. Cozzolino is getting a lot of calls from existing companies who are not in The Accelerator; they are already a manufacturing business and asking for all kinds of services. Mr. Cozzolino is trying to figure out the best fit for us in helping these existing companies. Mr. Armistead now wants to discuss The Accelerator Without Walls (AWOW). The board thinks there is a lot of merit with this. As they discussed earlier they want to attract and keep businesses here in Orange County, and

the ones that are struggling deserve help too. With the resources at our disposal, we can help companies grow and succeed while also creating jobs. Ms. Villasuso states that The Accelerator is positioned to assist companies who are in their early stages, while the IDA is able assist large companies, often times Fortune 500 companies. Currently, there is nothing to meet the demand in the middle. She believes AWOW would be able to answer the many inquiries she receives for the businesses in between start ups and manufacturing facilities. Mr. Petro notes that there are buildings down by FBI Building that the Town of New Windsor owns, and they are very reasonable. They could be an ideal space for some of the Business Accelerator's new companies. Mr. Petro feels that we can utilize these building and they are very close to The Accelerator. Chairman Armistead states that we have a great network team and there is a lot of synergy between the OC Partnership, The Accelerator, and the towns. Mr. Petro adds that Unshattered, which is a non-profit, is in need a car if anyone would like to donate one for transportation between Beacon / Garrison and The Accelerator.

OCP Report

Mr. Fioravanti offers a few updates. Empire State Development has completed the consolidated funding application process. OCP is also working on the URI initiative, and part of the proposal will emulate the IDA Shovel Ready Program. The URI will aim to expand it and make it region-wide.

OCP has their quarterly project meeting next Friday at UNFI, and will hold their Investor Breakfast at 8:00am, October 1, 2015 at Falkirk. The CEO of PharmaCann will be the guest speaker. OCP will be attending many trade shows and conferences.

Mr. Fioravanti notes the OCP has 47 Leads in Business Attraction and 8 closed attractions.

Mr. Fioravanti speaks about Project Extract which is a food manufacturer interested in the Nelco plant. He goes on to explain various Business Retention & Expansion leads such as a Brewery, Project Aurora, High Tech LCD, Advance Building Solutions, PharmaCann, Steris, Amy's Kitchen to name a few.

He notes that OCP is in the process of redesigning its website, and distributes the quarterly newsletter. He adds that Ms. Dana is working with several prospects. Lastly, he notes that OCP is working with StartUp NY and the new head of Empire State Development, Howard Zensky, on an event at Stewart later in the month.

Church Hill Properties

Mr. Gafford, Development Director of Old Guard Hotel, notes that on June 8, 2015 Church Hill Properties changed ownership. A partner was bought out, and the corporation moved to a new structure. They anticipate receiving their financing in about November, having found three financiers who agreed with them that the hotel will be successful. He reminds the Board that they will have about 50 or 60 employees, and some that are students. The students will work part time while attending a 4 year program at one of the community colleges. Once their courses are completed, the employee will have earned their degree, which is paid for through their benefits allowing them to graduate with no debt. They will also, of course, earn a living wage and have benefits like a 401k and saving account. They will work through many jobs in the restaurant. These are real people helping themselves. Church Hill Properties is a Benefit Corporation. This company will make lots of money and will distribute lots of money. Most of the workers (50%) will come from Highland Falls and Town of Highlands. Using the money saved through the tax abatement, they will make the hotel more sustainable, lower costs and give benefits to Highland Falls. Mr. Gafford goes over some ways he believes the hotel can give back to Highland Falls, including 200K for the storage drainage. At this time, nothing has been done on the site, but they will begin once the financing comes through. Mr. Gafford talks about the construction model and the controls. Mr. Gafford thanks the board for their support. He also notes that there has been a slight redesign of the hotel. Mr. Gafford said they are going to the zoning board for re-approval and the planning board should approve in about a month and half.

Cross Roads Court Real Estate, LLC – Initial Resolution

Mr. Goldman, an attorney representing Cross Roads Court Real Estate, LLC and its owner Martin Milano, speaks on the Cross Roads Court Real Estate, LLC initial resolution. The project consists of a Hampton Inn & Suites hotel with 139 rooms that will employ 30 full time employees with 125 construction jobs. The investment will be approximately \$14.5M. Mr. Goldman says they are looking for Sales Tax Exemption and the state portion of the Mortgage Recording Tax Exemption. The real property tax exemption will be a 485-b. Mr. Goldman has a letter of support from the Town of Newburgh Town Board. They have all approvals in place and ready to go with the shovel ready site. Mr. Petro asks

what the sales tax abatement is and Mr. Goldman estimates the abatement at \$328K. Ms. Villasuso asks what type of hotel, Mr. Goldman responds with Hilton Inn & Suites. Mr. Piaquadio advises that the Town Board approved a resolution supporting the project on Monday, and provides a copy to Ms. Villasuso. Mr. Piaquadio notes that the hotel will benefit the Town in a number of ways, including the fact that Newburgh needs a nice hotel. He also notes that receiving IDA benefits ensures that local labor will be used, and will bring in the Hotel / Motel tax – 5% motel to the county. This will generate \$60M in sales tax. Mr. Piaquadio would like to see it as a go. Mr. Petro asks what the portion of the mortgage tax would be, and is advised that the answer is 1% for a total of 1.05% but 15% of that figure is the town's portion. Mr. Petro asked for the dollar amount and Chairman Armistead said about \$20,000. Chairman Armistead asks if there are any questions from the board. Mr. Petro said they will set up a public hearing and get some feedback.

Mr. Kevin Dowd reads aloud the resolution for the Cross Roads Court Real Estate, LLC. Motion made by Mr. Steinberg, seconded by Ms. Rogulski. Affirmative votes of all members present resulted in motion carried.

Such other and further business as may be presented

Accelerator Without Walls

Ms. Rogulski advises that she would like to discuss AWOW further, and the Governance Committee notes that they would like more information before taking action. Ms. Rogulski advises that the Audit Committee is comfortable with moving forward now, as there are a number of companies looking for additional help. Ms. Rogulski uses the example of Eco Shrimp and how Mr. Cozzolino was able to help the company by bringing in an engineer to solve his oxygen problem. There are many companies that Mr. Cozzolino spoke to which need consulting services, including help with engineering. Mr. Cozzolino's suggestion was that he would use a number of different experts depending on the need of the company. He has proposed \$220K be allocated to the Business Accelerator budget, which would be the equivalent of 2 FTEs for the 2016 budget. These FTEs could be any combination of professionals, but would be engineers, scientists, chemists, etc. Ms. Rogulski indicates that she has complete faith in Mr. Cozzolino, and has seen what he has done in other places. The consensus among Audit Committee was that they would like to recommend that this item be added to The Accelerator budget. If the Board is inclined to approve it, Mr. Kleiman can modify the budget that was presented today to include \$220K, plus the \$3k for education. If the board wants to approve it today, Mr. Kleiman can modify it and upload it to the PARIS system. Ms. Rogulski reminds the members that if we want this expenditure in the 2016 budget, the decision has to be made by the October meeting, as October 31 is PARIS' deadline. Ms. Rogulski notes that Mr. Cozzolino has demonstrated to the Board, and to the public, the integrity, technical expertise, and success in saving, retaining and creating jobs. She believes that The Accelerator would greatly benefit from this partnership, and believes that allocating these funds to AWOW would be well worth it. Ms. Rogulski is highly comfortable supporting this. Chairman Armistead opens up to the board and seconds Ms. Rogulski's statement. Chairman Armistead agrees that it is a lot of money to put forward, but the key thing is that we are increasing the budget but it will be spent as needed. Ms. Rogulski notes that the budget is always prepared conservatively, and that The Accelerator was never designed to be a profit center of the IDA. With that in mind, this is an investment in economic development and job development. The matrix which we are measured by is not strictly financial. Ms. Rogulski adds that Mr. Cozzolino has already shown that The Accelerator revenue will increase, noting that part of what he is doing is bringing in Grant money to supplement the expenses and drive the expense down. This is an initial investment in expanding what we have. There is discussion about being accountable for the moneys, and the need for measurable, tangible results that comply with and insure the Accelerator's mission is met. It is noted that Mr. Cozzolino made a quick presentation in the Governance Committee. Chairman Armistead adds that The Accelerator is changing its vision, and the new mission has brought with it a lot of activity. Mr. Petro asks about the \$3k salary, and Chairman Armistead clarifies that it was not salary, but for education and training. Mr. Diana asks Mr. Kleiman if the budget can be amended at any time during the year, and Mr. Kleiman confirms that it can be amended at any point. Mr. Diana feels that there is no need to rush the decision, and needs to hear more about it. He adds that he would prefer that Mr. Brescia consider the proposal, as Chairman of the Governance Committee. For these reasons, Mr. Diana feels there is no urgency. Ms. Rogulski says that Mr. Cozzolino has to line up these professionals in order to begin in January. Ms. Villasuso adds that between now and the end of year, Mr. Cozzolino and his team are doing this without being compensated, and in order to continue their efforts, they need to know that the funding will be there in January. Mr. Schreibeis asks about the \$220K salary, and Ms. Rogulski explains that it is not \$220K for two employees, but \$220K spread out to pay for multiple professionals. After the some discussion about the \$220K, Chairman Armistead states that he agrees with Ms. Rogulski, and while we can amend the budget at any time, he recommends it be put in the budget. Mr. Schreibeis states that they should wait until next month and review with Mr. Brescia. Mr. Petro states that it should be put into budget and we are one step further to support our winners.

Motion to add \$220K for The Accelerator Without Walls to the Business Accelerator budget for 2016 made by VanLeeuwen, seconded by Steinberg. Open for discussion. Motion carries with 4 ayes and Members Diana and Schreibeis voting nay.

Motion to add \$3K for Education and Training to the IDA Budget for 2016 made by VanLeeuwen, seconded by Schreibeis. Open for discussion. Motion carries with all in favor.

Motion to approve the modified 2016 budget, with the additions of \$220K and \$3K, made by Steinberg, seconded by Schreibeis. Open for discussion. Motion carries with 4 ayes and Members Diana and Schreibeis voting nay.

With no further business, meeting called for adjournment by Chairman Armistead, motion made by VanLeeuwen, seconded by Rogulski, the time being 3:49 p.m.

DRAFT



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TOWN ATTORNEY
MICHAEL D. BLYTHE, ESQ.

September 4, 2015

Kevin Dowd, Esq.
Orange County IDA
4 Crotty Lane, Suite 100
New Windsor, NY 12553

Re: Continental Organics, Non-Payment of PILOT

Dear Mr. Dowd:

I am in receipt of a copy of your letter of June 4, 2015 addressed to Mr. Finnegan directing Continental Organics to pay any amounts due under the Payment In Lieu of Taxes (PILOT) Agreement with the IDA. As you are aware, the payees are each of the taxing jurisdictions, one of which is the Town of New Windsor.

I have been contacted by our Comptroller with regard to the above. The 2015 PILOT payment was due on or before January 31, 2015 in the amount of \$4,391. Despite your demand, payment has not been received. As of June 1, 2015, the total outstanding balance, with interest and penalties, amounts to \$4,797.76.

This letter is to request that the IDA forthwith commence appropriate proceedings pursuant to 6.1 and 6.2 of the PILOT Agreement and General Municipal Law Section 874(6) to require Continental Organics to pay the outstanding balance or that the IDA enforce the appropriate penalties.

If you have any questions or require anything further from the Town to commence the implementation of the default provisions, please advise.

Very truly yours,

Michael D. Blythe
Town Attorney

MDB/jtm

cc: George A. Green, Supervisor
John T. Finnegan, Comptroller