

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

October 9, 2014

A regular meeting of the Orange County Industrial Development Agency was convened in public session on October 9, 2014 at 2:01P.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, Russell Vernon, Stephen Brescia, Robert Schreibeis [Henry VanLeeuwen joining after roll call]

ABSENT: John Steinberg

ALSO PRESENT: James Petro – Executive Director
Laurie Villasuso – Associate Executive Director
Kevin Dowd – IDA Attorney
Joel Kleiman – Chief Financial Officer
Russell Gaenzle – Harris Beach, PLLC
Rachel Baranello Endress – Harris Beach, PLLC
Wayne Booth – Deputy County Executive
Michael Sweeton – Supervisor, Town of Warwick
Bill Fioravanti – Orange County Partnership
Patrick Witherow – Marlboro CSD
William Kaplan – Newburgh Armory Unity Center
Barry Cheney – Orange County Legislature
James DiSalvo – Orange County Legislature
Jack Gafford – Old Guard Hotel
Gil Piaquadio – Acting Supervisor, Town of Newburgh
Roslyn Smith – OCCC
John Bainlardi – Wilder Balter Partners
Tom Wilder – The Wilder Companies
Bob Wilder – Wilder Balter Partners
L. Todd Diorio – HVBCTC
Allan Ross – AJ Ross Creative Media
George Woolsey, Sr. – Town of Newburgh Councilman
Michael Gaydos – Local 417 IW/Hudson Valley Building Trades
Tom Gandolfini – Plumbers/steamfitters Local 373
Larry She – Danskammer Energy, LLC
Allan Gaul – Mid Hudson Times

Chairman Armistead calls to order the regular meeting of the Orange County IDA, October 9, 2014 (Pledge of Allegiance is recited). Board consists of five members. There is a quorum.

Review of the prior September 18, 2014 meeting minutes. Motion made by Rogulski, seconded by Vernon, to approve the minutes. Motion carries with all in favor.

Roll Call taken.

Financial Reports and/or Requests for Payment

Mr. Kleiman distributes the monthly financial reports, and begins by advising that the IDA took in \$164,250.27 and will pay out \$142,167.95 for the month. Addressing the bank account balances, he advises that the IDA has just over \$9M in various accounts, and the OCFC has just over \$790K. Lastly, referring to the monthly income and expense summary, Mr. Kleiman advises that year to date the IDA has taken in \$1.3M, and has expenses of \$588k. Revenues exceed expenses by just over \$760K. Ms. Rogulski asks Mr. Kleiman about the OCBA financials, in particular a line item that indicates an expense of \$83,654.03 titled "Revenue Reimbursement to IDA." Mr. Kleiman is unfamiliar with the line, but advises that he will find the answer for Ms. Rogulski.

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

Appointment of CFO

Chairman Armistead advises that Mr. Kleiman has announced his retirement from Orange County, and the Orange County Industrial Development Agency would like him to remain the Agency's CFO. Chairman Armistead explains that Mr. Kleiman will maintain his current responsibilities, but may also assist the IDA in the auditing of projects to ensure job creation.

Mr. Dowd reads aloud the Resolution Amending the IDA's Resolution of January 15, 2014 Regarding the Appointment of Its Chief Financial Officer for 2014. Motion made by Brescia, seconded by Schreiber. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. Dowd reads aloud the Resolution Terminating the IDA Agreement with Orange County for Support Services 2014. Motion made by Brescia, seconded by Schreiber. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Chairman's Report

Chairman Armistead advises that the Board asked Danskammer's interested parties – the project, the Town and the School Board – to meet over the last month and come to an agreement. He is pleased to report that the parties did meet and have indeed come to an agreement. The Board will vote on the Danskammer Final Resolution later in the meeting.

[Mr. VanLeeuwen enters the meeting]

The IDA has also been busy launching the Shovel Ready program, and will discuss that later in the meeting as well. He appreciates the Board, as well as Mr. Petro and Ms. Villasuso, for their hard work over the busy last month.

Executive Director Report

Mr. Petro begins by advising that the past month has been quite busy for him and Ms. Villasuso. A great deal of time and effort has been put into the Danskammer deal, including a meeting he attended with the School Board over the past week. He also commends everyone involved for their professionalism and efforts to make something real come of this issue.

In addition, he has been speaking with labor over the last few days, and advises that the IDA will be more forceful with the local labor requirements going forward. He also notes that he and Ms. Villasuso have been attending a number of meetings with the Orange County Partnership, with very large prospects, and advises that people and businesses have really been noticing Orange County. He recognizes Orange County's many benefits – excellent location, workforce and infrastructure – but also attributes the interest in the County to the IDA and the Orange County Partnership. Chairman Armistead thanks Mr. Petro and Ms. Villasuso for attending various meetings – including the Alliance for Balanced Growth event – and spreading the word about the IDA.

OCP Report

Mr. Fioravanti seconds Mr. Petro's comments, and confirms that the Partnership has been exceptionally busy. Beginning with expansions, he advises that there are 21 active expansions with the potential of 568 new and retained jobs. He goes over some of the highlights of the expansion projects, including one in Chester and two in Walkill.

He goes on to highlight some recent Orange County events, including SABO's 30th anniversary and Konica Minolta's 25th Anniversary celebrations. He also advises of some upcoming Ground Breakings and Grand Openings, including the Crystal Run Healthcare project in Newburgh.

Addressing Business Attraction, there have been 57 real, solid leads with projects actually visiting sites. Two very important projects on the horizon are Project Black Hawk and Project Black Box. Both of these projects are very serious about their options in Orange County and have held numerous meetings with not only the OCP and IDA, but land owners, ESD, and even local labor representatives.

With regard to upcoming and recent events, Mr. Fioravanti begins by advising that the OCP is assisting Mr. Sweeton with a broker tour of the Warwick Valley Office & Technology Park on October 23rd. Late last month, the Orange County Partnership attended the Gaming Commission public hearing. In addition, the OCP will have a three-part series in the THR, and one part will be focused on explaining the PILOT program. Mr. Petro adds that the 15 year PILOT is keeping Orange County in the game, and asks Mr. Fioravanti to confirm that many projects would not be interested in Orange County without the 15 Year PILOT options. Mr. Fioravanti agrees and notes that while the 15 Year still struggles to level the playing field with other states' incentives, it does keep Orange County at the table. Lastly, he recaps the Orange County Partnership Investor Breakfast, which had one of the best turnouts in the event history. He also notes that the Annual Event is scheduled for December 2nd.

OCBA Report

With Mr. Gates out of the office at an HVEDC event, Ms. Villasuso offers a brief OCBA update. She notes that the fiber in the Accelerator was recently upgraded to meet the needs of a few new clients who require faster upload speeds. Since installation, clients have commented on the increased speed and have been appreciative of it. She adds that, now that the Accelerator is full, there is now a pipeline of interested parties having come to us from referrals from New York State's Start Up NY program, and even from the OCBA sign located on Route 300.

Executive Session

Motion made by Vernon 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 Rogulski. All in favor.

Executive Session

The members discussed particular persons.

End of Executive Session

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

Governance Committee Recommendations

Because Mr. Brescia will have to exit early to attend a meeting with the County Executive, Chairman Armistead asks him to give the Governance Committee's recommendations for the IDA and OCFC. Mr. Brescia advises that the Governance Committee met prior to the meeting today and reviewed the Warwick Valley LDC's Shovel Ready Program IDA application, and three Project Expenditure applications which were presented in full at September's OCFC meeting.

Addressing the OCFC Project Expenditure requests first, he begins with the Newburgh Armory request and advises that Governance recommends the approval of \$200K. The amount is nearly half of the OCFC's reserves, and the Governance will consider additional funds once the accounts are replenished. Moving on, he advises that Governance recommends the approval of the Center for Global Advanced Manufacturing's request of \$30k per year for 2 years. Lastly, the Governance Committee recommends the approval of \$5K for the Daughters of the American Revolution to help finish the work started last year. He notes that this amount is half of the DAR's request. He also states for the record that this will be the final application from the Daughters of the American Revolution that the Governance Committee with consider.

Turning his attention to the IDA's Shovel Ready Program, Mr. Brescia advises that Governance recommends a \$1M Project Expenditure to the Warwick Valley LDC, contingent upon the final contract being worked out with Mistery Dowd and Gaenzle. He adds that the Shovel Ready funds, along with the fee, will be repaid to the IDA over six installments, and that this is a great project for Orange County and the IDA.

OCFC Regranting Discussion

Ms. Smith begins by thanking the IDA, and notes that they have been very helpful to the college in the past. Addressing the funds in question, she advises that the money was given to the college back in 2007, and was just over \$555K. The funds were directed toward the Continuing and Professional Development Education wing of the college, primarily for workforce training focusing on healthcare and technology industries. At the time, the funds were used to upgrade labs, computers, and furniture, and aimed to attract companies or agencies for specialized training. The agreement was that the funds would be repaid over 10 years at \$55K per year. The college has repaid 40% of the funds, totaling just over

\$222K. The idea of paying it back was based on the thought that the investment would result in rapid growth of – and profit from – the program, which would facilitate the repayment. Unfortunately, that has not materialized. The department worked with various Orange County departments in the past, and currently there are two growing programs at this time – alcohol and substance abuse counseling programs and gambling programs – but the CAPE department's business training is diminished. So, at this time, OCCC respectfully requests a waiver of the balance of the funds. She explains that \$55K per year on their budget is a significant amount of money that could be better focused on the academic department.

Chairman Armistead advises that there will be no action taken today, as the Board – and the Governance Committee – should consider the request. He adds that the Board has an obligation to the Orange County taxpayers. Mr. VanLeeuwen expresses his concern regarding a waiver of the funds, and doesn't believe a waiver would be appropriate.

[Mr. Brescia exits the meeting]

Pilgrim Pipeline Permission Discussion

Mr. Dowd explains that the property in question is Greenwood Gardens Hilton property near 17K. The IDA took title to the property in 2005 in anticipation of a PILOT agreement, but none was ever executed or granted. The Pilgrim Pipeline project, which is running a fuel pipeline between Albany and New Jersey, would like to go onto the property to do preliminary environmental and archeological surveys, and would like our permission as titleholder. The attorney for the property owner contacted Mr. Dowd and advised that his client objected to the IDA giving survey approval, as the IDA doesn't not have authority to grant access to a third party under the current agreement. Mr. Dowd confirms that the hotel's attorney is correct, and so he withdraws the item from the Board's consideration.

However, he advises the Board that the hotel is now under contract for sale, and the owners are asking the IDA to transfer title back into the company so that they can complete the sale in November. Since there is no PILOT, and never has been, on the property, he requests approval to do whatever is necessary to transfer title out of the IDA and back to Greenwood Gardens.

Motion made by VanLeeuwen, seconded by Vernon, to authorize Mr. Dowd to authorize the transfer of title back to Greenwood Gardens. Motion carries with all in favor.

Chairman Armistead adds that the pipeline is an important issue, with the transfer of fuel and gas and concern about the use of rail cars. Because of the expanse of the project, the IDA may hear about this pipeline again.

Shovel Ready Program

Mr. Petro reminds the Board that Mr. Brescia advised of the Governance Committee's recommendation. He then goes on to explain that while everyone loves the project, finding a way to make it work has been a long road. He further explains that 80% of the property's equity is tied up by the first mortgagee. The LDC would like to retain 10% for maintenance of the project, which leaves only 10% per sale able to be returned to the IDA. In order to enable the \$1M, the structure needed to be simple. The project will be handled like a Project Expenditure, with the IDA making payments directly to the vendors on the project as needed, not giving the money to the LDC. The date of the first payment starts the clock on the 1 year construction period. One year from that date, the LDC will pay the IDA the first of six payments ($\frac{1}{6}$ of the total of \$1M plus IDA and legal fees). Equal payments will be due every six months thereafter. The IDA will take a second mortgage on the property. He adds that this structure will be easier for Ms. Villasuso to monitor.

Ms. Rogulski asks if the due dates are tied to sale of any lots, and is advised that the dates are not tied to any sale, they are simply due dates for payment. Ms. Rogulski asks Mr. Sweeton if the LDC is comfortable with this scenario, and he advises that they are. Mr. Vernon notes that the LDC has funds coming in from the sale of other lots, as well. Mr. Gaenzle adds that there will be some flexibility in the event that a payment cannot be made, so that there is not a scenario where there would be a default early on.

Motion made by Mr. Schreibeis authorizing a Project Expenditure of \$1M for infrastructure improvements for the Warwick Valley Local Development Corporation under the IDA's Shovel Ready Program, seconded by Mr. VanLeeuwen. Motion carries with all in favor.

Chairman Armistead asks if Governance addressed private developer applications. Mr. Petro advises that they did, and that while those applications will still be considered, it is more ideal to focus on municipalities. He and Chairman Armistead agree that amounts approved for private developers should be much lower.

Mr. Sweeton thanks the IDA Members for the approval, and adds that he believes the project will be great for Orange County. Mr. Diorio asks if the project will fall under the local labor policy and is advised that it does.

Church Hill Properties – Update

Mr. Gafford advises the Board that the project is one week away from final Planning Board approval. SEQRA, Zoning Board and Variance approvals have all been received. He addresses the project's financing, and advises that the initial investor may be back on board. He asks if the Board would grant final incentive approval without financing secured. Mr. Gaenzle advises the Board that it is at their discretion. He adds that approvals on incentives may make the project more attractive to lenders.

Legislator DiSalvo advises that the project is important for the community. He notes that residents and businesses alike are supportive of the project, including West Point officials and the Town Supervisor. The project will provide much needed jobs and an economic boost to the area. He thanks the IDA for their support.

The Loop-Hudson Valley – Supplemental Final Resolution

Mr. Petro advises that this project is formerly known as the Marketplace project, which received final approval in June 2012 for Sales & Use Tax Exemption and the state portion of the Mortgage Recording Tax Exemption. He reiterates that there is no PILOT on this project. Today, the action is simply to re-ratify the original resolution, to comply with updated Sales Tax Exemption regulations. Mr. Gaenzle explains that an IDA is now required to explicitly authorize an amount that they can claim is exempt. While it was not entirely necessary for Marketplace/The Loop-Hudson Valley to come back before the Board, Mr. Gaenzle suggested that they do so for their own protection.

Mr. Petro advises that representatives of the project are here if anyone has questions. He also notes that the original labor policy applies to this project, as it was applied for and approved prior to the adoption of the new labor policy. However, he has been working with the project and Mr. Diorio to ensure that every effort is made to utilize local labor. Mr. Petro then advises that there was a call this morning between the IDA, the Loop-Hudson Valley and Mr. Diorio, and Mr. Petro states that the Loop-Hudson Valley representatives appeared to be very open to talking with and utilizing local labor.

Mr. VanLeeuwen asks how the Town of Newburgh feels about the project. Chairman Armistead advises that, back when the project was originally before the IDA, there was a good deal of concern from the Town, but that concern was centered around the PILOT, not the STE and MTE.

Mr. Petro adds that while the IDA cannot force the project to abide by the new labor policy, he will be actively involved in monitoring the project and the utilization of local labor.

Chairman Armistead asks if there have been any changes to the project scope since application. Bob Wilder advises that the project was originally approved for 785K square feet. The project has run into a number of obstacles that forced the project to wait until now to move forward, including the Newburgh Mall litigation. In the interim, a company out of Boston was brought on board. The Wilder Companies (no relation) has a long history in the shopping center business, and has branded a product called The Loop, which has been successfully built in several locations. The Loop layout combines big box and small retail stores, and encompasses roughly 400-700k square feet. Tom Wilder explains the concept of the Loop, and advises that he has been working with Marketplace for a year and a half, but has been in business for over 25 years and built close to 30M square feet across the country. He believes the Marketplace/Loop-Hudson Valley location to be phenomenal, and believes it is a perfect fit for the Loop concept, as the concept focuses on more pedestrian connections, dining and entertainment. Bob Wilder advises that the job figures from the original application remain the same. The planned use of local labor is discussed by Mr. Diorio, Mr. Bob Wilder and members of the Board.

Mr. Dowd reads aloud the Marketplace at Newburgh, LLC initial resolution. Motion made by Vernon, seconded by Schreibeis. Roll call is taken, and Mr. Dowd announces that the resolution has received only 3 ayes, 1 nay and one abstention. Ms. Rogulski asks to be recognized and is recognized by Chairman Armistead. Ms. Rogulski advises that she wishes to change her vote from nay to aye. Mr. Dowd announces that the resolution is adopted with 4 ayes, and one abstention.

Danskammer Energy, LLC – Final Resolution

Mr. Petro begins by advising that there was a meeting in Milton between the IDA, the School Board, Larry She of Danskammer, and representatives of the Town of Newburgh. Mr. Petro notes that he also communicated the concerns

of Mr. McCarey from Orange County Real Property. There was a second meeting, as well, and as result of the meetings, an agreement has been reached. The PILOT has changed from a 10 year PILOT to a 5 year PILOT, and the 2% per year increase has been adjusted to reflect the annual Town tax levy. The final change is that there will be revenue sharing on any production over 25% at \$1.22/megawatt hour. The host community agreement is still in place with the Town, and the \$1.5M assessment is still in place.

Chairman Armistead asks Acting Supervisor Piaquadio to speak, and he states that he is happy that the school has been involved, and informs the room that the meetings were very productive. Mr. Witherow adds that the length of the PILOT was the school's most pressing concern, and the school board does not oppose the deal with the revised terms. Mr. She advises that he has spoken with local labor, and also reiterates that Danskammer intends to adhere to the local labor policy of the IDA.

Misters Gandolfini and Dioro from the audience expresses concerns about maintenance at the plant and terms of the PILOT and how local labor will be included. Members of the IDA and Mr. She address these concerns.

Mr. Petro notes that all parties have put in a great deal of work on the project. Chairman Armistead commends all parties for coming together and making a great compromise to enable this deal for Orange County.

Mr. Dowd reads aloud Danskammer Energy, LLC final resolution. Motion made by Vernon, seconded by Schreiber. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Such other and further business as may be presented

With no further business, meeting called for adjournment by Chairman Armistead, motion made by VanLeeuwen, seconded by Rogulski, the time being 4:07 p.m.