



Empowering Businesses. Inspiring Growth.

**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
Laurie Villasuso, Chief Operating Officer & Executive Vice President • Vincent Cozzolino, Managing Director
Kevin Dowd, Attorney • Russell E. Gaenzle, Harris Beach • Joel Kleiman, Chief Financial Officer**

Agenda

PLEASE TAKE NOTICE, The Orange County Industrial Development Agency will hold a regularly scheduled meeting on December 6, 2016 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 November 17, 2016 meeting**
- **Financial Reports and/or Requests for Payments**
- **New and Unfinished Business**
 - Chairman's Report
 - Chief Operating Officer Report
 - The Accelerator Report
 - Discussions
 - Labor Policy
- **Applications/Resolutions**
 - The Sentinel Realty at Port Jervis, LLC
 - Presentation
 - Initial Resolution
 - IBM
 - Request for Increase of Sales Tax Exemption - Resolution
- **Such other and further business as may be presented**
- **Executive Session**
- **Adjournment**

Dated: December 1, 2016

Stephen Brescia, Secretary

By: Laurie Villasuso, Chief Operating Officer

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

November 17, 2016

A regular meeting of the Orange County Industrial Development Agency was convened in public session on November 17, 2016 at 1:10P.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, Edward Diana, Mary Ellen Rogulski, John Steinberg, Henry VanLeeuwen, Stephen Brescia

ABSENT: Robert Schreibeis

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer
Kevin Dowd – IDA Attorney
Russell Gaenzle – Harris Beach
Vincent Cozzolino – Managing Director
Melanie Schouten – Project Manager
Lisa Sommers – Focus Media
James Walsh – Time Herald Record
Maureen Halahan – OCP
Harry Porr – O.C. Executives Office
Mike Coleman – Tuxedo Hudson Company
Catherine Morris – Tuxedo Hudson Company
Roger Moss – Sustainable Warwick

Robert Armistead calls to order the regular meeting of the Orange County IDA, November 17, 2016 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Mr. Armistead asks that the board take a moment of silence to commemorate the passing of Dan Coleman, a previous IDA Board Member.

Minutes

Review of the prior October 20, 2016 meeting minutes. Motion to approve the minutes is made by Ms. Rogulski, seconded by Mr. Brescia. Motion carries with all in favor.

Financial Reports and/or Requests for Payment

Mr. Kleiman reviews the summary of IDA bank accounts, certificate of deposits, and money market accounts that reflect a total of \$11,403,950, as of October 31, 2016. One CD will mature in December and Mr. Kleiman will work on getting bids for the renewal.

Mr. Kleiman reviews the income and expense summary, noting that YTD is just \$2,505,580, and YTD expenses are \$471,023, with revenues exceeding expenses by \$2,034,557. The budget is currently reflecting an operating surplus.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$116,227, and expenses are \$907,314. Expenses, as anticipated, exceed revenues by \$719,087.

Ms. Villasuso informs the board that Ms. Schouten has completed the refund request for the NYSTAR Grant. It is anticipated that \$70,000 should be refunded. Once the funds are obtained it will be reflected in the financials.

Chairman Armistead asks for a motion to approve the vouchers and payments in the amount of \$47,436.78. Motion made by Mr. VanLeeuwen, seconded by Ms. Rogulski, that the Board accept the financial reports and authorize IDA payments and vouchers. Open for discussion. Affirmative votes of all members present results in motion carried.

Chairman's Report

Mr. Armistead states there has been discussion on the buildings the IDA Board has shown interest in. They are currently at a pause regarding the real estate. He has met with the Town Supervisor, Mr. Green, and they've had some productive meetings. There are some good opportunities that the board will further investigate in the following months.

Working on the cost benefit analysis with Legoland continues. Nothing has been finalized but progress is being made. Ms. Rogulski, Mr. Cozzolino, and Mr. McCarey continue to work with KPMG to assess the situation.

Chief Operating Officer Report

Ms. Villasuso informs the board that the labor audits continue. Loewke Brill and Fellenzer Engineering are reviewing the audits. The audit committee met earlier in the month to review some retroactive exemption requests from one of the projects that is being audited. The Audit committee approved those requests. As soon as the report is finished it will be shared with the full board.

This process has been eye opening and has created opportunities for them to assist local contractors. More opportunities will come forth as audits are done in real time going forward.

Mr. Armistead commends the board for moving this process forward. It has been very educational. A lot has been learned and the board wants to handle the audits appropriately. With what has been discovered the board might consider having a meeting with the local contractors' association and building trades to share some of the information that has come forth from the audits.

Ms. Villasuso states that the board has reviewed the labor policy. The feedback from the auditors is the last information needing board review to finalize the policy.

Alto Music is company that applied for benefits from the IDA. Ms. Villasuso informs the board that they felt that the numbers were not going to work out in their favor, and therefore have decided to withdraw their application. This is acceptable as it is felt that a client should not move forward with an abatement that would not be beneficial. The one issue is that staff was mobilized on the project. There were meetings, public hearings, and once the applicant was ready to close Harris Beach was engaged to move forward with the documents. Thus, there is currently an outstanding bill for Alto Music. The bill has not been sent yet. They wanted to review the subject with the board first on whether to pursue collection of the legal fees, or to have Harris Beach negotiate down or away what is owed.

Mr. VanLeeuwen asks the sum of the owed legal fees.

Mr. Gaenzle states that it is about \$12,000. As Laurie stated, for a small transaction the process was very difficult from the start. When all is settled, Alto Music would still have received benefits. He is willing to waive the fees and move forward.

Mr. Diana believes that the applicants may have not understood the entire process. The board needs to discuss how to handle similar situations with future applicants.

Ms. Villasuso states that she clearly illustrates everything that is involved in the PILOT process when first meeting with possible applicants.

Mr. Gaenzle recommends waiving the fees.

The board supports his decision.

Ms. Villasuso reminds the board that The Accelerator is hosting a conference on December 2nd for Advanced Manufacturing, it will be held in Newburgh. She encourages the board to attend.

The next IDA Board meeting has been re-scheduled for December 6th. This is the same evening as the Annual OCP event.

Mr. Armistead informs the board there have been meetings with Ms. Halahan, discussing the topic of shovel ready land. They are exploring how to expand on the shovel ready program.

The Accelerator Report

Mr. Cozzolino updates the board on The Accelerator Progress.

On November 7th, The Accelerator opened the Food and Beverage Quality Safety Testing Lab. The event was well attended. Local beverage and food manufacturers were featured at the event. Following the event many companies have approached The Accelerator with their quality testing needs.

Currently, local manufacturers send their samples out of state or to Cornell University. This new lab will give them the opportunity to have their testing done locally. This will be transformative for the whole Hudson Valley in the Food and Beverage Industry.

The Middletown Accelerator project will focus on software. The initiative will be call the Middletown Accelerator and Proprietary Programming (MAPP). This will be for Bachelor and Master Degree programmers who will do applications programming. There will be a concentration on the medical field. An agreement has been reached with Touro College to locate those companies with direct correlation to the medical field on campus. The Accelerator is looking to place the tech based companies that are not in the medical field in the Middletown HUB Zone. (Historically Underutilized Business). Federal Government assists in providing work to those businesses located in a HUB Zone.

The Accelerator tech companies will receive free rent and utilities for a year, as this cluster is starting from scratch and those incentives will be used to entice relocation. A major marketing campaign will be launched to advertise the initiative.

The Mid-Hudson Valley Advanced Manufacturing Technology Conference will take place on December 2nd. The Keynote Speaker is Dr. Robert Amler, New York Medical College. His talk will be on Bio-Tech Innovation and how that effects the transformation of health care. There will be a panel of local industry experts run by Mr. Fioravanti and a recognition ceremony for those who have contributed to the Mid-Hudson Valley in Advanced Manufacturing.

All PODS are full at the in-house Incubator. The expansion to Middletown will help gain more PODS but only for those in the Technology Field. The AWOW program is extremely popular.

Goats in the Coat will be manufacturing private labeling products for Angry Orchard.

Aspi Rub will be partnering with Exquis for product manufacturing.

Unshattered is graduating at the end of the year and relocating to Dutchess County. Two new sewing companies will be joining The Accelerator filling the Sewing POD.

Multiple higher education institutions are interested in partnering with The Accelerator regarding Research and Development for the Food and Beverage Quality Safety Lab.

The Accelerator is working on reshoring partial production of product in Newburgh due to corporate demand of Made in America goods.

Supply chain imitative meetings have been held with both Amy's Kitchen and Legoland with local manufacturers.

The Accelerator and BOCES are partnering to help build a trained workforce for local demand and locate a POD in Newburgh.

Mr. Brescia asks what The Accelerator does directly for the City of Newburgh. Recently, a negative article was written by a local publication. He doesn't believe that The Accelerator must be directly located in Newburgh to help them.

Mr. Cozzolino states that the reason expansion is taking place in Middletown is the Mayor called and asked to work with The Accelerator. The Accelerator has never received a call from any Newburgh executive. The Accelerator partnered with TSEC to invest \$1.4M in advertising to bring manufacturing back to the city. That started with filling studio space in the Atlas building. About a dozen Virtual Incubator companies have been placed in Newburgh with the goal of workforce development. Machining PODS and sewing PODS were initially located in the Armory. The Armory decided to take another direction and The Accelerator is currently working on relocating it other Newburgh facilities. All The Accelerator conferences have been held in Newburgh. The support is constant and ongoing. The lack of a physical building doesn't negate all the past and future support of The Accelerator.

Discussions

The board reviews and discusses the draft version of the Labor Policy. The draft version of the Labor Policy will be given to counsel for final review and editing. The board hopes to vote on the final version at the December IDA board meeting.

Applications/ Resolutions

Tuxedo Hudson Management, LLC – Presentation

Mr. Coleman and Ms. Morris present on behalf of Tuxedo Hudson Management.

Tuxedo Park was founded in the 1890s. Michael Bruno moved up to the area and realized it needed revamping. Thus, Mr. Bruno created the Tuxedo Hudson Management Company. A lot of tourists come to the Hudson Valley and there is an opportunity to harness that traffic so some of it benefits Tuxedo. The enticement would come through hotels, eateries with local foods, and shops. Mr. Bruno has invested a great of his own money into purchasing the local property, black dirt farms, and invested in cleaning up the local trails. The project has the support of the town. The idea is to restore the old beauty of the town and not to bring new modern construction. They hope the rehabilitation of the old IDA building will eventually encourage corporations to have their team building events at this site.

Tuxedo Hudson Management, LLC – Initial Resolution

Mr. Dowd reads aloud the Tuxedo Hudson Management, LLC Initial Resolution. Motion is made by Mr. Brescia, seconded by Mr. VanLeeuwen, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of Tuxedo Hudson Management, LLC. Affirmative votes of all members present results in motion carried.

Such other and further business as may be presented

Ms. Halahan presents the year end totals. In 2016, 12 projects were lost due to the lack of shovel ready lands. Of those 12, 6 were lost because the project need rail access. This year there were 57 attractions leads, of that number 50% or 30 were manufacturing based. Total closed projects 13 were in manufacturing, 11 distribution, 2 health care, 3 agribusiness, 5 food and beverage, and 1 aviation. The number of new jobs were 684. The capital investment is \$176M.

Public Comments

No public comments were presented.

Executive Session

No Executive Session is taken.

With no further business, meeting called for adjournment by Chairman Armistead, motion made by Mr. VanLeeuwen seconded by Ms. Rogulski, the time being 2:30 p.m.



Empowering Businesses. Inspiring Growth.

APPLICATION FOR FINANCIAL ASSISTANCE

The Sentinel Realty at Port Jervis, LLC
(Applicant Name)

Robert T. Armistead
Chairman

Orange County Business Accelerator
4 Crotty Lane, Suite 100
New Windsor, NY 12553

Phone: 845-234-4192 Fax: 845-220-2228

www.ocnyida.com

business@ocnyida.com

Updated April 2016

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

APPLICATION FOR FINANCIAL ASSISTANCE

I. APPLICANT INFORMATION

Company Name: The Sentinel Realty at Port Jervis, LLC

Mailing Address: 167 Route 304 – Suite 101, Bardonia, NY 10954

Phone No.: (845) 558-5390

Fax No.: (845) 624-8055

Fed Id. No.: 81-4125543

Contact Person: Eric Newhouse

Principal Owners/Officers/Directors (list owners with 15% or more in equity holdings with percentage ownership):

- | | |
|------------------|--------|
| 1. Eric Newhouse | 33.33% |
| 2. Neil Zelman | 33.33% |
| 3. Israel Orzel | 33.33% |

Corporate Structure (*attach schematic if applicant is a subsidiary or otherwise affiliated with another entity*)

Form of Entity

Corporation

Date of Incorporation: _____

State of Incorporation: _____

Partnership

General _____ or Limited _____

Number of general partners _____

If applicable, number of limited partners _____

Date of formation _____

Jurisdiction of Formation _____

Limited Liability Company/Partnership (number of members 3)

Date of organization: 10/13/16

State of Organization: New York

Sole Proprietorship

If a foreign organization, is the applicant authorized to do business in the State of New York?

If any of the above persons, or a group of them, owns more than a 50% interest in the company, list all other organizations which are related to the company by virtue of such persons having more than a 50% interest in such organizations.

N/A

Is the company related to any other organization by reason of more than 50% common ownership? If so, indicate name of related organization and relationship.

N/A

Has the company (or any related corporation or person) made a public offering or private placement of its stock within the last year? If so, please provide offering statement used.

NO

APPLICANT'S COUNSEL

Name: Nancy Scicchetti, Esq., O'Connel and Aronowitz, P.C.

Address: 54 State Street, Albany, NY 12207

Phone No.: (518) 462-5601

Fax No.: (518) 462-6486

II. PROJECT INFORMATION

A) Project Address: 2247 Greenville Turnpike, Port Jervis, NY 12771

Tax Map Number Block 2, Lot: 19, 20
(Section/Block/Lot)

Located in City of _____

Located in Town of Deerpark

Located in Village of _____

School District of _____

B) Are utilities on site?

Water Y Electric Y
Gas Y Sanitary/Storm Sewer Y

C) Present legal owner of the site Ranglaxmi, LLC
If other than from applicant, by what means will the site be acquired for this project? Contract to purchase

D) Zoning of Project Site: Current: IB Proposed: _____

E) Are any variances needed? NO

F) Furnish a copy of any environmental application presently in process of completion concerning this project, providing name and address of the agency, and copy all pending or completed documentation and determinations. N/A

G) Statement describing project (i.e. land acquisition, construction of manufacturing facility, etc.):

The Sentinel intends to purchase the existing Days Inn hotel and completely renovate and convert the building into an assisted living facility. The facility will be a NYS DOH licensed Assisted Living Residence and Program with 160 beds. We intend to use the existing building and add additional space as needed for the use.

H) Principal use of project upon completion:

| | | | |
|--|---------------------------------------|-----------------------------------|----------------------------------|
| <input type="checkbox"/> manufacturing | <input type="checkbox"/> warehousing | <input type="checkbox"/> research | <input type="checkbox"/> offices |
| <input type="checkbox"/> industrial | <input type="checkbox"/> recreation | <input type="checkbox"/> retail | X residential |
| <input type="checkbox"/> training | <input type="checkbox"/> data process | <input type="checkbox"/> other | |

If other, explain: _____

I) Estimated Project Costs, including:

Value of property to be acquired: \$3,000,000.00

Value of improvements: \$8,000,000.00

Value of equipment to be purchased: \$2,000,000.00

Estimated cost of engineering/architectural services: \$300,000.00

Other: \$1,000,000.00

Total Capital Costs: \$14,300,000.00

Project refinancing; estimated amount
(for refinancing of existing debt only) \$ _____

Sources of Funds for Project Costs:

Bank Financing: \$11,300,000.00

Equity (excluding equity that is attributed to grants/tax credits) \$ 3,000,000.00

Tax Exempt Bond Issuance (if applicable) \$ 11,000,000.00 (?)

Taxable Bond Issuance (if applicable) \$ _____

Public Sources (Include sum total of all state and federal grants and tax credits) \$ _____

Identify each state and federal grant/credit:

| | |
|-------|----------|
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |

Total Sources of Funds for Project Costs: \$ 14,300,000.00

J) Inter-Municipal Move Determination

Will the project result in the removal of a plant or facility of the applicant from one area of the State of New York to another?

Yes or No

Will the project result in the removal of a plant or facility of another proposed occupant of the project from one area of the State of New York to another area of the State of New York?

Yes or No

Will the project result in the abandonment of one or more plants or facilities located in the State of New York?

Yes or No

If Yes to any of the questions above, explain how, notwithstanding the aforementioned closing or activity reduction, the Agency's Financial Assistance is required to prevent the Project from relocating out of the State, or is reasonably necessary to preserve the Project occupant's competitive position in its respective industry:

Project Data

1. Project site (land)

(a) Indicate approximate size (in acres or square feet) of project site.

7 Acres _____

(b) Are there buildings now on the project site? Yes _____ No

(c) Indicate the present use of the project site.

Hotel

(d) Indicate relationship to present user of project.

None

2. Does the project involve acquisition of an existing building or buildings? If yes, indicate number, size and approximate age of buildings:

1 Building – approx. 60,000 sq. ft. – built in 1970's

3. Does the project consist of the construction of a new building or buildings? If yes, indicate number and size of new buildings:

No

4. Does the project consist of additions and/or renovations to existing buildings? If yes, indicate nature of expansion and/or renovation:

The existing building will be completely renovated and an addition of approx. 5,000 sq. ft. will be added to accommodate more common area for residents.

5. What will the building or buildings to be acquired, constructed or expanded be used for by the company? (Include description of products to be manufactured, assembled or processed, and services to be rendered. . .

Site to be used solely as an assisted living facility.

. . .including the percentage of building(s) to be used for office space and an estimate of the percentage of the functions to be performed at such office not related to the day-to-day operations of the facilities being financed.)

N/A

6. If any space in the project is to be leased to third parties, indicate total square footage of the project amount to be leased to each tenant and proposed use by each tenant.

N/A

7. List principal items or categories of equipment to be acquired as part of the project.

Mechanical equipment, HVAC, kitchen appliances, laundry facilities and transportation vehicles.

8. Has construction work on this project begun?

Complete the following

- | | | | |
|----------------------------|-----------|-------------------|------------------|
| (a) site clearance | _____ Yes | <u>X</u> _____ No | _____ % complete |
| (b) foundation | _____ Yes | <u>X</u> _____ No | _____ % complete |
| (c) footings | _____ Yes | <u>X</u> _____ No | _____ % complete |
| (d) steel | _____ Yes | <u>X</u> _____ No | _____ % complete |
| (e) masonry work | _____ Yes | <u>X</u> _____ No | _____ % complete |
| (f) other (describe below) | _____ Yes | <u>X</u> _____ No | _____ % complete |

III. FINANCIAL ASSISTANCE REQUESTED

A) Benefits Requested:

Sales Tax Exemption IRB MRT Exemption Real Property Agreement

B.) Value of Incentives:

IDA PILOT Benefit: Agency staff will indicate the amount of PILOT Benefit based on estimated Project Costs as contained herein and anticipated tax rates and assessed valuation, including the annual PILOT Benefit abatement amount for each year of the PILOT benefit year and the sum total of PILOT Benefit abatement amount for the term of the PILOT as depicted under the heading "Real Property Tax Benefit (Detailed)" of the Application.

Estimated duration of Property Tax exemption: 10 years

Sales and Use Tax:

Estimated value of Sales Tax exemption for facility construction: \$3,000,000.00

Estimated Sales Tax exemption for fixtures and equipment: \$2,000,000.00

Estimated duration of Sales Tax exemption: 18-24 months

Mortgage Recording Tax Exemption Benefit:

Estimated value of Mortgage Recording Tax exemption: \$120,000.00

IRB Benefit: N/A

IRB inducement amount, if requested: \$ _____

Is a purchaser for the Bonds in place?

Yes or No

Percentage of Project Costs financed from Public Sector sources:

Agency staff will calculate the percentage of Project Costs financed from Public Sector sources based upon Sources of Funds for Project Costs as depicted above under the heading "Estimated Project Costs" (Section II(I)) of the Application.

C.) Likelihood of Undertaking Project without Receiving Financial Assistance

Please confirm by checking the box, below, if there is likelihood that the Project would not be undertaken but for the Financial Assistance provided by the Agency?

X Yes or No

If the Project could be undertaken without Financial Assistance provided by the Agency, then provide a statement in the space provided below indicating why the Project should be undertaken by the Agency:

IV. EMPLOYMENT PLAN

| | Current # of jobs at proposed project location or to be relocated to project location | IF FINANCIAL ASSISTANCE IS GRANTED – project the number of FTE and PTE jobs to be RETAINED | IF FINANCIAL ASSISTANCE IS GRANTED – project the number of FTE and PTE jobs to be CREATED upon THREE Years after Project completion | Estimate number of residents of the Labor Market Area in which the Project is located that will fill the FTE and PTE jobs to be created upon THREE Years after Project Completion ** |
|-----------------|---|--|---|--|
| Full time (FTE) | 4 | 2 | 50 | 52 |
| Part Time (PTE) | 4 | 4 | 10 | 14 |
| Total | 8 | 6 | 60 | 66 |

** For purposes of this question, please estimate the number of FTE and PTE jobs that will be filled, as indicated in the third column, by residents of the Labor Market Area, in the fourth column. The Labor Market Area includes Orange County and the surrounding region (or six other contiguous counties, including Orange County, chosen at the Agency's discretion).

Salary and Fringe Benefits for Jobs to be Retained and/or Created:

| Category of Jobs to be Retained and Created | Average Salary or Range of Salary | Average Fringe Benefits or Range of Fringe Benefits |
|---|-----------------------------------|---|
| Management | 45,000 – 65,000 | 15,000 |
| Professional | | |
| Administrative | 75,000 – 95,000 | 15,000 |
| Production | | |
| Independent Contractor | | |
| Other | 25,000 – 35,000 | 7,000 |

III. REPRESENTATIONS BY THE APPLICANT

The Applicant understands and agrees with the Agency as follows:

- A. Job Listings In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the proposed project must be listed with the New York State Department of Labor Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entitle") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JTPA") in which the project is located.
- B. First Consideration for Employment In accordance with Section 858-b(2) of the General Municipal Law, the applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant must first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the proposed project.
- C. A liability and contract liability policy for a minimum of three million dollars will be furnished by the Applicant insuring the Agency.
- D. Annual Sales Tax Fillings In accordance with Section 874(8) of the General Municipal Law, the Applicant understands and agrees that, if the proposed project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the Applicant.

- E. **Annual Employment Reports:** The applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site.
- F. **Compliance with N.Y. GML Sec. 862(1):** Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if Financial Assistance is provided for the proposed Project:
- § 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.
- G. **Compliance with Applicable Laws:** The Applicant confirms and acknowledges that the owner, occupant, or operator receiving Financial Assistance for the proposed Project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.
- H. **False and Misleading Information:** The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any Financial Assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.
- I. **Recapture:** Should the Applicant not expend or hire as presented, the Agency may view such information/status as failing to meet the established standards of economic performance. In such events, some or all of the benefits taken by the Applicant will be subject to recapture.
- J. **Absence of Conflicts of Interest** The applicant has received from the Agency a list of the members, officers, and employees of the Agency. No member, officers or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:

The Applicant and the individual executing this Application on behalf of applicant acknowledge that the Agency and its counsel will rely on the representations made in this Application when acting hereon and hereby represents that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

STATE OF NEW YORK)
COUNTY OF ORANGE) ss.:

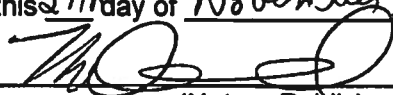
Eric Newhouse, being first duly sworn, deposes and says:

1. That I am the Managing Member (Corporate Office) of The Sentinel Realty at Fort Jervis (Applicant) and that I am duly authorized on behalf of the Applicant to bind the Applicant.
2. That I have read the attached Application, I know the contents thereof, and that to the best of my knowledge and belief, this Application and the contents of this Application are true, accurate and complete.



(Signature of Officer)

Subscribed and affirmed to me under penalties of perjury
this 27th day of November 2016



(Notary Public)

KEVIN J. DRUMMOND
Notary Public, State of New York
No. 01 DR008488
Qualified in Rockland County
Commission Expires Feb. 4, 2018

This Application should be submitted to the Orange County Industrial Development Agency, c/o Robert T. Armistead, Chairman, Orange County Business Accelerator, 4 Crotty Lane, Suite 100, New Windsor, NY 12553.

The Agency will collect an administrative fee at the time of closing.
SEE ATTACHED FEE SCHEDULE

Transaction Counsel
CHARLES SCHACHTER, ESQ./
RUSSELL GAENZLE, ESQ.
Harris Beach PLLC
99 Garnsey Road
Pittsford, New York 14534
Tel: (585) 419-8633
Fax: (585) 419-8817

Attach copies of preliminary plans or sketches of proposed construction or rehabilitation or both.

Attach the following Financial Information of the Company

1. Financial statements for last two fiscal years (unless included in company's Annual Reports).
2. Company's annual reports (or Form 10-K's) for the two most recent fiscal years.
3. Quarterly reports (Form 10Q's) and current reports (Form 8-K's) since the most recent Annual Report, if any.

4. In addition, please attach the financial information described above in items 1, 2 and 3 of any expected Guarantor of the proposed bond issue, if different from the company.

HOLD HARMLESS AGREEMENT

Applicant hereby releases the ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY and the members, officers, servants, agents and employees thereof (the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to reach final agreement with respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in processing of the Application, including attorneys' fees, if any.




(Applicant Signature)

By: Eric Newhouse

Name: The Sentinel Realty of Port Jervis, LLC

Title: Managing Member



(Notary Public)

Sworn to before me this 29th day
of November, 2016

KEVIN J. DRUMMOND
Notary Public, State of New York
No. 0105009466
Qualified in Rockland County
Commission Expires Feb. 4, 2018

Real Property Tax Benefits (Detailed):

** This section of this Application will be: (i) completed by IDA Staff based upon information contained within the Application, and (ii) provided to the Applicant for ultimate inclusion as part of this completed Application.

PILOT Estimate Table Worksheet

| Dollar Value of New Construction and Renovation Costs | Estimated New Assessed Value of Property Subject to IDA* | County Tax Rate/1000 | Local Tax Rate (Town/City/Village)/1000 | School Tax Rate/1000 |
|---|--|----------------------|---|----------------------|
| | | | | |

*Apply equalization rate to value

| PILOT Year | % Payment | County PILOT Amount | Local PILOT Amount | School PILOT Amount | Total PILOT | Full Tax Payment w/o PILOT | Net Exemption |
|--------------|-----------|---------------------|--------------------|---------------------|-------------|----------------------------|---------------|
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | | | | | | | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| 18 | | | | | | | |
| 19 | | | | | | | |
| 20 | | | | | | | |
| TOTAL | | | | | | | |

*Estimates provided are based on current property tax rates and assessment values

Cost Benefit Analysis:

To be completed/calculated by AGENCY

| | <u>Costs =</u> <u>Financial Assistance</u> | <u>Benefits =</u> <u>Economic Development</u> |
|--------------------------------------|---|---|
| *Estimated Sales Tax Exemption | \$ _____ | New Jobs Created Permanent _____ Temporary _____ |
| | | Existing Jobs Retained Permanent _____ Temporary _____ |
| Estimated Mortgage Tax Exemption | \$ _____ | Expected Yearly Payroll \$ _____ |
| Estimated Property Tax Abatement | \$ _____ | Expected Gross Receipts \$ _____ |
| | | Additional Revenues to School Districts _____ _____ _____ |
| | | Additional Revenues to Municipalities _____ _____ _____ |
| | | Other Benefits _____ |
| Estimated Interest Savings IRB Issue | \$ _____ | Private Funds invested \$ _____ |
| | | Likelihood of accomplishing proposed project within three (3) years <input type="checkbox"/> Likely or <input type="checkbox"/> Unlikely |

* Estimated Value of Goods and Services to be exempt from sales and use tax as a result of the Agency's involvement in the Project. PLEASE NOTE: These amounts will be verified and there is a potential for a recapture of sales tax exemptions (see "Recapture" on page 10).

\$ _____ (to be used on the NYS ST-60)

**FEE SCHEDULE FOR THE
ORANGE COUNTY IDA IS AS FOLLOWS:**

Application Fee:

\$5,000 non-refundable, due at application, broken down as follows:

IDA Administrative Fee: \$2,500

IDA Transaction Counsel Fee: \$2,500

Closing Fee:

IDA Fee

One-percent of the first \$2,000,000 of the project cost (as identified on page 4 of this application), plus one-half percent of amount above that, due at closing (total project cost includes land acquisition costs).*

IDA Transaction Counsel Fee

One-third (1/3) of IDA fee (minimum of \$30,000 – to be reduced for smaller projects on case by case basis - plus out of pocket expenditures).

Local Labor Policy Monitoring

The IDA will use a third party firm or firms to monitor compliance with the Local Labor Policy (attached hereto). All costs incurred by the IDA in connection with such monitoring shall be the responsibility of the Company.

NOTE: IDA reserves the right to seek additional IDA and Transaction Counsel fees for exceptionally complex/large transactions.

Please make all Checks payable to:

Orange County Industrial Development Agency

Mail to:

4 Crotty Lane
New Windsor, NY 12553

*In the event that an applicant does not seek or does not qualify for the IDA's enhanced PILOT or the equivalent of the State's 485-b program, the fee will be a straight one-half percent (0.5%) of the project cost (as identified on page 4 of this application).

LABOR POLICY
ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Adopted 04-24-2014

The Orange County Industrial Development Agency (IDA) was created for the purpose of creating employment opportunities for, and to promote the general prosperity and economic welfare of the residents of Orange County. The IDA offers economic incentives and benefits to qualified applicants who wish to locate or expand their businesses or facilities in Orange County. When the IDA approves a project, it enters into agreements to extend these incentives and benefits to the applicant.

Construction jobs, though limited in time duration, are vital to the overall employment opportunities in Orange County. The IDA believes that companies benefiting from its incentive programs should employ local laborers, mechanics, craft persons, journey workers, equipment operators, truck drivers and apprentices (hereinafter "construction workers"), including those who have returned from military service, during the construction phase of projects. In this way, the IDA can generate significant benefits to advance the County's general prosperity. It is, therefore, the policy of the IDA that firms benefiting from its programs shall employ workers in Orange County during all project phases, including the construction phase.

For the purposes of this Policy, the local labor market for construction workers shall be defined as those individuals living in Orange, Ulster, Sullivan, Dutchess, Putnam, Rockland and Westchester Counties. Applicants receiving IDA benefits shall utilize at least 85% local labor for their approved projects. However, the IDA recognizes that the use of local labor may not be possible for the following reasons:

- 1) Warranty issues related to installation of specialized equipment whereby the manufacturer requires installation by only approved installers;
- 2) Specialized construction is required and no local contractors or local construction workers have the required skills, certifications or training to perform the work;
- 3) Significant cost differentials in bid prices whereby the use of local labor significantly increases the cost of the project. A cost differential of 10% is deemed significant. Every effort should be made by the contractor or applicant to get below the 10% cost differential including, but not limited to, meeting with local construction trade organizations and local contractor associations;
- 4) No local labor is available for the project; and
- 5) The contractor requires the use of key or core persons such as supervisors, foremen, or construction workers having special skills.

The request to secure an exemption for use of non-local labor must be received in writing from the applicant. The request will be reviewed by the Executive Director who shall have the authority to approve or disapprove the request. The Executive Director shall report each authorized exemption to the Board of Directors at its monthly meeting.

In addition, applicants receiving IDA benefits and Contractors on the project shall make every effort to utilize vendors, material suppliers, subcontractors and professional services from Orange County and the surrounding counties. Applicants and contractors shall be required to keep records of those local vendors, material suppliers, contractors and professional services who they have solicited and with whom they have contracted with or awarded.

The IDA will use a third party firm or firms to monitor and audit compliance with this local labor policy the cost of which shall be paid for by the Company upon billing by the IDA.

It is the goal of the County of Orange and the IDA to promote the use of local veterans on projects receiving IDA benefits. By partnering with local contractors, local contractor groups, local trade unions and contractors awarded work on IDA projects there is opportunity for veterans to gain both short term and long term careers in the construction industry.

Once approved for IDA benefits, all applicants will be required to provide to the IDA's Executive Director the following information:

- 1) Contact information for the applicant's representative who will be responsible and accountable for providing information about the bidding and awarding of construction contracts relative to the application and project;
- 2) Description of the nature of construction jobs created by the project, including in as much detail as possible, the number, type and duration of construction positions;
- 3) The names, contact information, certificate of authorization to do business in the State of New York and copies of current Certificates of NYS Workers' Compensation Insurance, NYS Disability Insurance, General Liability Insurance and proof of current OSHA training certification for all contractors and their employees performing work on the site; and
- 4) A Construction Completion Report listing the names and business locations of prime contractors, subcontractors and vendors who have been engaged in the construction phase of the project.

All Orange County IDA projects are subject to local monitoring by the IDA. The Construction Manager, acting as agent for the applicant, on the project shall keep a log book on site detailing the number of workers on the job for each trade and the counties in which they reside which shall be subject to periodic inspection by the monitoring entity. The monitor shall issue a report to the Executive Director relative to compliance with this labor policy who shall share such information with the IDA Board of Directors. If a violation of the policy has occurred, the Executive Director shall notify the applicant in writing and give such applicant a warning of such violation. In the event there is a subsequent violation of the policy, the Executive Director shall bring such information to the Board of Directors which may, in its discretion, take action to revoke IDA benefits.

The applicant of an IDA approved project shall be required to maintain a 4' x 8' bulletin board on the project site containing the following information:

- 1) Contact information of the applicant;
- 2) Summary of the IDA benefits received; and
- 3) Contractors' names and contact information.

The bulletin board shall be located in an area that is accessible to onsite workers and visitors.

The Sentinel Realty at Port Jervis, LLC (name of applicant) is fully aware of the Orange County Industrial Development Agency's Labor Policy and will fully comply with the policy and understands and agrees that it is responsible for all third party auditing and monitoring costs.

By: _____


Name: Eric Newhouse
Title: Managing Member



1 North Castle Drive
Armonk, NY 10504
914-765-5190
wspin@us.ibm.com

Laurie Villasuso
Chief Operating Officer
Executive Vice President of Economic Development
Orange County IDA
4 Crotty Lane, Suite 100
New Windsor, NY 12553

November 29, 2016

Reference: IBM Sterling Forest Sales Tax Abatement Agreement

Laurie,

The Resiliency Business Group has identified new investment opportunities at the IBM Sterling Forest location. These would be in addition to the \$50 Million commitment in projects that are detailed in our current Sales Tax Abatement Agreement.

The new commitments continue the focus on the aging infrastructure at the facility and would include upgrades to the electrical substation, transfer switches, and UPS system. The cooling system would be addressed with projects for new cooling tower fill and heat exchanges. These projects will enhance the reliability of the data center.

Other requirements would address security, public safety and parking lot.

With the site upgrades, there would be additional expenditures for IT equipment. In total, the estimate for projects and IT equipment is \$25 Million over the next four years.

I am asking the Orange County Industrial Development Agency to increase the estimated Project investment limit of our Sales Tax Abatement Agreement from \$50 Million to \$75 Million to accommodate these new requirements.

An increase in the expenditure limit would be a very positive inducement in securing the additional site investment.

I appreciate your consideration and want to thank the OCIDA for the ongoing support.

Best Regards

Wayne Spinei
Program Manager, Economic Development
IBM Real Estate Operations