

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

March 8, 2018

A regular meeting of the Orange County Industrial Development Agency was convened in public session on March 8, 2018 at 2:09 P.M. at the 33 Airport Center Dr., Larkin Conference Room, 2nd floor, New Windsor, New York.

The meeting was called to order by the Vice Chair, Mary Ellen Rogulski, and upon roll being called, the following were:

PRESENT: Mary Ellen Rogulski, Edward Diana, Stephen Brescia, John Steinberg

ABSENT: Robert Armistead, Robert Schreibeis, Michael Bonura

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer
Kevin Dowd – IDA Attorney
Joel Kleiman – Chief Financial officer
Vincent Cozzolino – Managing Director
Melanie Schouten – Project Manager
Heather Rieker– The Accelerator
Lisa Sommers – Focus Media
Christine Miele – CC4HV
Wayne Booth – O.C. Executives Office
Bill Fioravanti – O.C. Partnership

Vice Chair Rogulski calls to order the regular meeting of the Orange County IDA, March 8, 2018 (Pledge of Allegiance is recited). Board consists of four members. There is a quorum.

Roll Call is taken.

Mr. Armistead and Mr. Gaenzle join by phone.

Minutes

Review of the prior January 11, 2018 meeting minutes. Motion to approve the minutes is made by Mr. Steinberg, seconded by Mr. Diana. 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 \$11,994,814, as of February 28, 2018. A CD matured as of March first. That CD was redeemed and a bid of 1.94% was received for a one-year term CD from a different bank. This will be reflected on next month's report.

Mr. Kleiman reviews the income and expense summary, noting that YTD is \$379,362, and YTD expenses are \$157,641, with revenues exceeding expenses by \$221,721. Some changes might be seen once the accruals are adjusted in the books.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$184,127, and expenses are \$253,074. Expenses, as anticipated, exceed revenues by \$68,947. Some changes might be seen once the accruals are adjusted in the books.

Vice Chair Rogulski asks for a motion to approve the vouchers and payments in the amount of \$15,123.00. Motion made by Mr. Brescia, seconded by Mr. Diana, 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.

2017 Audit Report

Mr. Kleiman informs the board that since the OCFC is a component unit of the OCIDA they will only be reviewing the IDA Audit. Therefore, any information in standalone OCFC documents is also included in the IDA Audit.

Mr. Kleiman brings the Opinion Letter to the attention of the board. The auditors gave a clean opinion stating, "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Orange County Industrial Agency as of December 31, 2017 and 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America."

Mr. Kleiman brings the board's attention to the Management's Discussion & Analysis (MD&A). It's a quick overview of the years activity compared to the prior year and provides bullet points and a financial summary. Following the MD&A are the Statement of Net Assets and Activities that breakdown the financial activity. Beginning of the year net assets were \$14.8M and end of year net assets were \$15.8M. The change in net assets was \$1,005,434.

Ms. Villasuso informs the board that at the end of the internal audit are the responses from companies that have an open IDA project. A number of projects continue to not respond to the audit request. As a result, she will work with Mr. Dowd to inform these companies that they are in default. Depending on the responses received by the projects the recommendation may be to consider project termination. Aside from the select unresponsive projects, the response rate as a whole has improved over time.

Vice Chair Rogulski thanks JGS and management for their efforts and another good audit.

A motion is made by Mr. Steinberg, and seconded by Mr. Brescia, approving the 2017 Orange County IDA Audit performed by JGS. Affirmative votes of all members present results in motion carried.

2018 Investment Policies and Practices Review

Mr. Kleiman informs the board that he has reviewed the current Investment Policy and Practices and compared it to the standards of the Government Financial Officers Association (GFOA) in order to make sure the policy is in compliance and that no additional type of CD or Collateral is needed. At this point in time, there is nothing that needs to be amended or revised in the policy.

Chairman's Report

Vice Chair Rogulski passes on the Chairman's Report in the interest of time.

Chief Operating Officer Report

Ms. Villasuso informs the board that she and Mr. Cozzolino had an informational session with the new Legislators in January giving an overview of the IDA. Additionally, they attended the E&E Committee and gave the board an update on Accelerator activities. Both meetings went very well.

In early March, she and Mr. Cozzolino met with the City of Middletown IDA and Common Council of the City of Middletown, and gave them an update on the Middletown Accelerator Campus. The Middletown IDA contributed funds to assist with the launch of the Middletown Campus and they would like their support going forward. The Grand Opening of the Middletown Campus will take place on March 13th. Both the Middletown IDA and Common Council have been invited to attend the event.

Ms. Villasuso informs the board that Woodbury Commons has recently reached out to her to request an extension on their current Sales and Use Tax exemption (STE). There were several delays during construction and the request is for the extension to continue until the end of 2019. A letter has been provided by the project stating that the requested extension is to still cover the original project and construction as per the original STE. This request doesn't require board action, but it is the responsibility of projects to formally request extensions such as this, and for the board to remain informed on these matters. She wanted to bring it to the attention of the full board in case there were any questions or feedback.

Mr. Steinberg asks what the standard time frame is given to projects for STEs.

Ms. Villasuso states that there is no standard time. Typically, it is two years for a normal construction period, but management and counsel work with the projects to determine the projected time required. Construction for Woodbury Commons started in 2013.

Ms. Villasuso brings the attention of the board to the Corporate Mission and Goals Report in their packet. This is a report required by the State for PARIS highlighting the job figure goals and mission of the IDA Board annually. The current report in question covers 2017. As previously discussed with the board, the goal for 2017 was to decrease the number of jobs with the intention of increasing the quality of jobs being incentivized. It was short on the number of new jobs as companies came before management and the board with high job numbers, but low-quality positions, causing them to not be incentivized. The goal of creating quality sustainable jobs will benefit the tax payers of Orange County in the long run. Projects incentivized in 2017 included Med Parc, 18 Route 17K, and Orange Tower Drive. Another goal was to increase the visibility of The Accelerator and this goal was accomplished by creating new local jobs in the incubator, addressing the needs of county-based business through AWOW that cannot be supported by the incubator or IDA, and by establishing a new marketing strategy for the upcoming year. Lastly, the mission discusses how the IDA advocates for economic development in Orange County and partners with IDA agents to accomplish this goal. Approval is being requested from the board to proceed and submit this report with the rest of the PARIS reporting.

Mr. Steinberg asks about the mission and goals for 2018.

Ms. Villasuso states that board needs to discuss the intentions for this year. This is something that can be accomplished during the board retreat and decided on by the board itself, though in her opinion the quality of jobs should be of the utmost importance, not just any job at any cost. The taxpayers of Orange County deserve good standing, quality, lucrative jobs.

Vice Chair Rogulski states due to the low unemployment numbers of Orange County and the employment challenges on the horizon this will be important to flush out during the board retreat.

Motion is made by Mr. Steinberg, and seconded by Mr. Diana, approving the 2017 Corporate Mission and Goals measurement report. Affirmative votes of all members present results in motion carried.

Ms. Villasuso updates the board on the current status of labor audits. No exemption came before the audit committee this month. Loewke Brill is currently auditing Leentjes Amusements and Sentinel Reality, currently both are at 100% local labor. Clear Key just wrapped up construction and that came in a 93% local labor. Amy's Kitchen and Legoland closed in January and construction auditing will be underway.

Shamrock Creek

Ms. Villasuso informs the board that the Governance Committee reviewed some information regarding Shamrock Creek. This project has been consistently delinquent since the start of their PILOT. As of this year, they are two years behind in paying their School District bill. Mr. Dowd has been in touch with their lawyer to discuss the matter and inform the project that the board will review the status of the PILOT. This issue was discussed in January and the board had agreed to give sixty days and revisit the topic in March to allow time for payment.

Mr. Dowd reminds the board that this project stated they were in the process of refinancing. From that refinance they would have enough money to pay what was owed. As of yesterday, they still do not have a commitment letter from a bank. They are two years delinquent with the School District and late with the 2018 payments to the Town and County. The payments to the school adds up to approximately \$25,000. They offered to make partial payments to the School District, but the School declined the offer. Every year management has to chase them down for PILOT payments, and

prior action was delayed due to the sale of property to the town of New Windsor. The Governance Committee recommended terminating the PILOT, Lease, and Leaseback agreements.

Motion is made by Mr. Diana, and seconded by Mr. Brescia, authorizing Counsel to the IDA to take all necessary legal action to terminate the Shamrock Creek, LLC PILOT Agreement, Lease, and Leaseback agreements. Affirmative votes of all members present results in motion carried.

Ms. Villasuso reminds the board that one of the demerits given on the ABO was for PILOT management. Management is currently working in a system to touch base with affected jurisdictions regarding payments received on a regular basis.

Board Committee Reports

Accelerator Report

Mr. Cozzolino presents The Accelerator Report to the board.

Currently there are two Accelerator Campuses New Windsor and Middletown. At the New Windsor Campus there are five companies and approximately twenty jobs created.

Images are shown of featured company MELO.

When you enter the MELO manufacturing facility, you hear music playing, people singing, and you can see the quality of the work environment. The MELO employees are fulltime and receive benefits. That same type of atmosphere and staffing is what the Accelerator strives to assist incubator companies to create. A number of the staff members came from BOCES training courses, the advertising featured on the Spanish Radio ad, and the local newspaper.

The other companies at the New Windsor campus are doing really well. One of the business owners is currently looking to purchase real estate in Newburgh and relocate the manufacturing there. This is anticipated to take place within the next six months.

An Italian handbag manufacturer, Limberti, is in talks to locate a sample room onsite shortly. This company currently produces all its high-end goods in Italy and this would be the company's first location stateside. It's very challenging to get a company to come from overseas and do business in the US, but the Accelerator helps to work through any complications that may arise. It is anticipated that this company will hire about six employees. These employees will need to be trained artisans and it will take some time to recruit and train them to produce these bags. This New Windsor location will give them affordable space in proximity to New York City. This company has helped to create additional connections with Italian shoemakers. Limberti is excited to bringing this art to the US and work with local tanneries and resources available in the Hudson Valley.

Mr. Steinberg ask how many employees Limberti has in Italy.

Ms. Villasuso states that they have about 50-80 employees overseas. It fluctuates as much of the work is contractual.

Mr. Cozzolino states that Limberti worked with management to create a solid business plan and incorporate good quality jobs and benefits for the anticipated staff.

New Windsor is full, and the next step is to up-fit the final space. The board allocated funds to this earlier in the year and efforts have been put forth to get this progress underway.

Images of the Middletown Campus are presented.

These images show the final state of the Middletown campus now that construction is complete. It was previously a clinical space in the Horton Complex. The New Windsor Campus was initially underused property that the Accelerator recreated and gave new life. The same was done at the Middletown campus. This underutilized space has been repurposed to assist growing businesses as well. Touro College, the Mayor of Middletown, and others are excited about this new incubator placed in the heart of Middletown and the benefits it could afford the area. There are about thirteen companies housed in this new space and the campus itself takes up about 8,000 sq ft. Along with these

incubator companies three additional companies with associated initiatives, but too advanced for the incubator process, have located onsite. Approximately \$1M has been spent on this project amongst all the partners to fund this campus. These partners included the IDA, TSEC, WDI, the Danza Group and the Middletown IDA. A five-year lease was signed with the first eighteen months free of rent at the completion of construction. The end goal is to assist and ramp up these companies so that they grow and locate either in the Horton complex or in the City of Middletown.

The companies housed in the Middletown Campus are bio-medical, software development, and over the counter healthcare based. They're owned by people with PHDs, medical doctors, and other advanced degrees. Most were found by word of mouth and limited marketing was needed. Some attraction was created by conferences held by the Accelerator. It's a small industry locally, which has allowed for easy industry connections. The campus is close to local transportation and is located in a HUB Zone. They also have access to shared equipment, SMARTT PODS, full access to consultants, and industry connections. These industry connections are being leveraged to assist both these incubator companies and resources such as Fei Tian and Touro Medical College.

The ribbon cutting for the Middletown Campus will take place on March 13th.

Ms. Villasuso informs the board that they are currently working on securing funding for a certified medical clean room at the Middletown Campus. This will be particularly helpful to those more mature companies that are co-located at the Horton Complex. The clean room will assist the companies to properly develop and test their product. The Danza Group, WDI, and the IDA will be contributing to the cost of the clean room. Housing this equipment will also assist in attracting new companies as current incubator companies graduate.

Ms. Villasuso informs the board that management has also been working with local school districts on "High School to work" programs. The goal is to assist students that are not anticipated to attend college a solid path into the local workforce.

Management has also been working to get a local (CCRA) Certified Clinical Research Associate Program. There is no program of this type locally and having one would assist the newly situated companies in Middletown hire qualified staff and expand.

Management continues to work and evaluate distress locations in Orange County to locate additional Accelerators. Some of those locations include Cornwall, Highland Falls, Walkkill, and Port Jervis. Walkkill, for example, does not have a downtown. Inspirations from other cluster development throughout the Country has inspired ideas and management will continue to work and grow this concept.

Through the NYSTAR grant given to the IDA, management has been working with Ulster-Green ARC to develop PODS in Kingston. In 2020, the funds for the workshops held for these people will go away. By partnering with ARC they have been able to create an environment in which this demographic can find work. This same program will be replicated in additional locations.

2018 Procurement Policy Review

Mr. Dowd reminds the board that every year the Procurement Policy is reviewed. In 2017, the state passed a procurement lobbying act which requires the board to revise their policy. These changes were reviewed by the Governance Committee. The changes included: stating the State Financial Law section 139-j, updating the Executive Director Title to Managing Director Title, and added in the breakdown of the Procurement Lobbying details on pages six and seven. This law has made local IDAs, local agencies, and local authorities subject to the lobbying act. As a result, actions regarding lease, leaseback, agreements, and as well as the originally designated procuring of goods or services are all considered acts of procurement. Anything in excess of \$15,000 applies to this policy. Whenever the IDA puts anything out to bid it starts a restricted period of time. Therefore, from the time that request is put into the paper till the time a contract is awarded no contact between those seeking the bid and the board can take place unless it goes through the designated people. Ms. Villasuso was designated as that representative in January. If someone does try to contact a board member during that time it needs to be reported to Ms. Villasuso, documented, and possibly reported to the state. To be in compliance with the law and ABO guidelines it is his recommendation that the board adopt the update Procurement Policy.

Mr. Dowd states it is believed they are cracking down on those who are improperly lobbying governmental officials.

A motion is made by Mr. Diana, and seconded by Mr. Brescia, approving the revision of the agency's "Procurement Policy" to bring same into compliance with recent changes to the Financial Law of the State of New York regarding the enactment of the "Procurement Lobbying Law". Affirmative votes of all members present results in motion carried.

Mr. Dowd informs the board that a letter was received from the EDC that a bill was entered into the Assembly and Senate records for consideration. If passed it will authorize IDAs to issue loans and grants to private and public corporations as well as provide seed or early stage equity funding to private or legal entities.

Applications/Resolutions

Wawayanda Acquisition, LLC – Resolution

Ms. Villasuso inform the board that Wawayanda Acquisitions is the Medline facility and they are asking for approval for assignment. The facility will continue on business as previously done.

Mr. Dowd reads aloud the Wawayanda Acquisition, LLC Resolution. Motion is made by Ms. Rogulski, and seconded by Mr. Steinberg, authorizing consent to the assignment, amendment, and subordination of certain agreements for the benefit of Wawayanda Acquisition, LLC. Affirmative votes of all members present results in motion carried.

Mr. Armistead enters at 3:22pm.

Other Board Business

Mr. Kleiman asks for a motion to approve the February vouchers and payments in the amount of \$28,304.75. Motion made by Mr. Steinberg, 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.

Executive Session

Vice Chair Rogulski entertains a motion that the committee enter into executive session pursuant to section 105(1)(f) of the open meetings law to discuss the compensation benefit package of employees of the IDA. Motion made by Mr. Armistead to enter executive session issued. Motion seconded by Mr. Diana. All in favor.

Enter Executive Session

The members discuss the compensation benefit package of employees of the IDA.

End Executive Session

Motion is made by Mr. Steinberg, and seconded by Mr. Brescia, authorizing the enrollment of the IDA employees in the New York State and Local Retirement System (NYSLRS) and authorizing the managing director to retain the services of a qualified consultant to assist in evaluating the financial impacts of such enrollment on the employees and the IDA. Affirmative votes of all members present results in motion carried.

Adjournment

Meeting called for adjournment by Vice Chair Rogulski, motion made by Mr. Steinberg, seconded by Mr. Brescia, the time being 3:53 p.m.