

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

May 16, 2012

A regular meeting of the Orange County Industrial Development Agency was convened in public session on May 16, 2012 at 2:00 P.M. at the Orange County Business Accelerator, in New Windsor, New York.

The meeting was called to order by the Chairman, James Petro, and upon roll being called, the following were:

PRESENT: James Petro, Stephen Brescia, John Steinberg, Henry VanLeeuwen, Robert Schreibeis, Robert Armistead, Mary Ellen Rogulski

ABSENT: None

ALSO PRESENT: Phil Crotty – Attorney
Laurie Villasuso – Administrative Assistant
Peter Gregory – Orange County Business Accelerator
Maureen Halahan – Orange County Partnership
Brian Gates – HVEDC
James Walsh – Times Herald Record
Donald Green – SUNY Orange
Melissa Lopes – SUNY Orange
Patrick Berardinelli – Orange County Legislature
Mike Finnegan – Continental Organics
David Church – Orange County Planning
Susan Hawvermale – Orange County Tourism
Nan Gill-Wilson – Willy-Gilly Film Productions, Inc./
OrangeCountyNYFilmCommission.org
David P. Wilson – Willy-Gilly Film Productions, Inc./
OrangeCountyNYFilmCommission.org
Thomas DiCarrado – HVSPCA
John Lavelle – Alliance for Balanced Growth

Chairman James Petro calls the meeting for the Orange County IDA, May 16, 2012 (Pledge of Allegiance is recited). Board consists of seven members. There is a quorum.

Review of the prior April 18, 2012 meeting minutes. Motion made by VanLeeuwen, seconded by Schreibeis to approve the minutes as presented. Affirmative votes of all members present resulted in motion carried.

Roll Call taken.

Chairman's Report

To start, Chairman Petro mentions a recent editorial, critical of the IDA and the number of jobs that were created. The editorial claimed that it costs the Orange County taxpayer roughly \$2800 per job. Fortunately for us, Chairman Petro says, Mr. James Walsh and Mike Levensohn of the Times Herald Record didn't like the sound of the information in the editorial. They called Mr. Crotty, and Mr. O'Donnell's office and did some site visits to report on the numbers. Mr. Walsh uncovered the fact that the critical editorial focused only on information prior to 2010, while much of the IDA's prominent job creation has happened since 2010. Mr. Walsh, Chairman Petro says, did a true service to the IDA and to the county by reporting the facts. Chairman Petro personally thanks Mr. Walsh for doing a good job and looking out for the people of Orange County.

CNC Project Update

Chairman Petro introduces Don Green to discuss the CNC project. Mr. Green advises the room that much progress has been made – forums have been scheduled, with invitations going out next week – and he then introduces Melissa Lopez. Ms. Lopes advises that the dates of the forums have been scheduled: the Orange County based forums are on

June 20th and 21st at SUNY Orange, and the Hudson Valley regional forums will take place on June 27th at the Orange County Business Accelerator and June 28th, at SUNY Orange. The last two dates are for all forum attendees on July 25th and 26th. The purpose of the forums is to group industry business people together and to share information about their needs with regard to advanced manufacturing and employment. They're looking for the workforce development needs, to determine if investment in the project is worthwhile. They're looking for sustainability in the business, the industry and the college. Mr. Green also informs the Board that the college was fortunate enough to come into some CNC equipment, and it is currently being stored in Newburgh.

Mr. Berardinelli asks if other schools and curricula have been investigated, and Ms. Lopez notes that Mr. Green – along with Misters Crotty and O'Donnell – have, in fact visited other schools and reviewed their curricula. Mr. Berardinelli asks about the dollar amount per credit course in these schools, and Mr. Green advises him that it's quite varied, based on the degree types the schools are offering. Mr. Berardinelli also asks if the college is looking at the possibility of enrolling adult students. Mr. Green notes that Steve Knob has also suggested focusing on adult students. Mr. Armistead notes that travel within his own industry has revealed a need for the training in all categories: from students graduating high school and looking to start a career, to currently unemployed adults who need these new skills to be viable in the marketplace.

Mr. Berardinelli notes that he is very concerned about adult students, the population that he believes most needs the jobs. Mr. Armistead notes that the program will be open to all who are interested. Mr. Berardinelli reminds the Board that he supports the project, but wants to be sure that those who need it most will be able to take advantage of it. Ms. Lopez mentions that after they look at what the manufacturers need, they will be looking at who their student will be; whether it will be a high school student, a current college student, or someone who already is or was in the workforce and needs employment. Mr. Berardinelli then also suggests that veterans would really benefit from a program like this.

Chairman Petro asks Mr. Gregory to discuss the new OCBA client who utilizes CNC machines. Mr. Gregory notes that their new client has come from Orange County Choppers who fabricates smartphone covers with the use of CNC Machines.

Financial Report and/or Request for Payment

Chairman Petro advises the room that Joel Kleiman will not be attending this month's meeting. There is one resolution with regard to IDA Depositories that needs to be reviewed. In it, HSBC Bank is removed and First Niagara Bank is added.

Mr. Crotty reads the Resolution aloud. Motion made by Brescia, seconded by VanLeeuwen. Affirmative votes of all members present resulted in motion carried.

Motion made by Steinberg, seconded by Brescia, that the Board accepts the financial report and authorization of payments and vouchers for May 2012. Open for discussion. Affirmative votes of all members present resulted in motion carried.

DEC Wetlands – Resolution

Chairman Petro introduces John Lavelle of the Alliance for Balanced Growth. Chairman Petro notes that Mr. Lavelle along with Dominic Cordisco will be named MVPs at the OCP breakfast on June 7th. Ms. Halahan adds that Misters Lavelle and Cordisco will be named MVPs because of their work in opposition to the Wetland remapping issue. The Wetland remapping will directly negatively impact the efforts of the IDA, the OCP, and the Accelerator, along with everyone as personal property owners. Mr. Lavelle and Cordisco made this remapping their key issue, and worked to get on everyone's agenda in order to fight the remapping, and halt the taking of property. Orange County is leading the charge in opposition of this remapping, supporting an environment for economic development.

Mr. Lavelle is seeking a letter of support from the IDA. The NYS DEC decided to remap Orange County's wetlands, and as a result of their efforts, they identified an additional 16,000 acres of what they believe are new DEC-regulated wetlands in the County. The DEC-regulated wetlands in Orange County have a 100-foot buffer, and the buffer is indiscriminate. The DEC expanded their jurisdiction, basically doubling the amount of properties in the county that will have to go through 2 wetland review processes. The Army Corps of Engineers already regulates all wetlands, no matter where they are in the country, and the NYS DEC regulates those wetlands which are 12.4 acres or greater. Because the DEC added 16,000 new acres, the property owners are impacted by the amount of property they will be able to sell. However, in general property owners aren't enough to get something like this going; the reality is that towns will be the hardest hit. The wetland buffers will take high-quality, developable lands and take them out of a developable area, and

people's property assessments will be reduced. They are seeking support from all Orange County organizations and municipalities. Currently supporting the efforts are the Village of Goshen, the Village of Harriman, Village of Walden, Montgomery, Chester, Hamptonburgh, Wallkill, Deerpark, New Windsor, among others. They also have state wide support from the association of Realtors, and they have been working with Mr. Church to develop something the County can adopt as well.

Mr. Lavelle then adds that other counties are being remapped now, and are calling Orange County for guidance. The remapping is done by having planes fly over the areas; the DEC used computers to analyze what might or might not be a wetland, and then had college interns to drive around and visually identify wetlands, which will lead to inaccuracies. If the maps are adopted, each property owner or county would have to fight the government. Rather than wait for that, Mr. Lavelle would like to have the opinions of the county and the property owners heard before the maps are adopted.

For clarification, Mr. Crotty notes that Mr. Lavelle is looking for the DEC to be pushed back, and the federal regulations apply, period, rather than having to go through the two steps of DEC *and* the Army Corps of Engineers. The ultimate goal is to have one wetland regulation agency in the state instead of two.

They have prepared a resolution which Mr. Crotty has reviewed. Mr. Crotty reads the Resolution aloud. Motion made by Brescia, seconded by Armistead. Affirmative votes of all members present resulted in motion carried.

Mr. Lavelle will mail the letter along with the adopted resolution.

OCBA Report

Mr. Gregory begins by noting that there is quite a bit of activity in the Accelerator. There has been good progress with the clients. He's noticing that clients need assistance with marketing, and they are standardizing the help they can offer. Mr. Gregory also notes foreign interest in the Accelerator.

He had a nice visit to Continental Organics with Mount Saint Mary's college, with about 25 or 30 students. It was the beginning of many projects with MSMC; after their graduation, Mr. Gregory will meet to discuss working with the business school to open up doors for faculty and students to do business at the Accelerator. Mr. Gregory recently presented social marketing to multiple classes at MSMC with one of the Accelerator clients, regarding reputation management for companies. That visit has opened the doors to a larger relationship with MSMC.

One new client, US Cases, utilizes CNC machines to manufacture products that range from \$40 to \$40K. A new associate client develops a consumer lighting product, and Mr. Gregory referred him to the Technical Assistance Center.

Mr. Gregory attending the NY Expo, and brought clients along with him. The Expo is a business to business show in the Javits Center, with a few hundred presenters from large recognizable companies to small upstarts. At the show, Mr. Gregory described the program and the location of the Accelerator and there was huge interest in the Accelerator. While some of those interested wouldn't be ideal clients for office space, Mr. Gregory has determined a need for a virtual program, which would focus on marketing. It's something that can be developed over the next 12 months.

Mr. Gregory is encouraging the clients to join Orange County Chamber, and encouraging them to take the Chamber's business plan class. Five OCBA clients have taken it, and they have proven to be quite beneficial.

There is a full event schedule at the Accelerator, and Mr. Gregory advises the Board that there will be a high-profile event on June 28th to finish out the seminar series, during which Continental Organics will graduate from the Accelerator.

Chairman Petro asks Mr. Gregory to address the issue of the space upstairs in the Accelerator. Mr. Gregory advises the Board that the tenant upstairs has withdrawn their offer to share some of the office space. With no more space available, Mr. Gregory fears that the Accelerator will run out of space for clients.

To add to Mr. Gregory's information about the MSMC tour, Mr. Finnegan notes that the 27th Cornell Short Course in Aquaculture is coming to Orange County, and will be conducted at MSMC. He advises that 200 people from all over the world attend this course, and will spend a day at the Continental Organics facility and will spend a day on West Point as well. In the world of aquaculture, this is a huge event. It is also huge for Orange County because this is the first time the event has taken place anywhere but Cornell. They've also recently converted the course from aquaculture to a short course in aquaculture, aquaponics and hydroponics.

Lastly, Mr. Gregory introduces David and Nan from Willy-Gilly Productions, who are in the beginning phases of Orange County Film Commission. They will be looking to help Orange County get up to \$30M in tax credits, while having many more films produced within the County.

OCP Report

Ms. Halahan announces that the cable TV campaign, which the IDA helped to support, has launched as of Monday and has already yielded a few calls. The cable ads have aired in New Jersey as well as the Wall Street area of NYC and a few of the NYC boroughs. Two weeks into the cable TV ad, the WSJ ads will hit in the same markets. Overlapping the last two weeks of the Jersey/NYC campaign, the Fairfield, CT round of TV and WSJ ads will hit.

Year to date, OCP has received 33 leads.

*Project Gypsum – a data center looking at Warwick State Prison could bring up to \$100M capital investment. This is an ESD lead, with a construction head count of between 150-200 jobs. It is a Fortune 500 company who is looking to start construction as early as this year. There has been a lot of partnering to have the prison site turned over to the town to facilitate the project. The IDA has already sent a letter to the governor for the property.

*Project Gemstone – OCP is working with HVEDC to provide information for a company interested in partnering with a bottle manufacturer to complete a contract for a sparkling wine product.

*Project United – Independently owned wholesale distributor of auto parts looking to expand in the Orange County area. They're trying to get into a building within a week because their original deal fell through. It's a 13-15K square foot lease, 2 year test market in Orange County. If it works, they will construct a larger facility.

OCP is also working with ESD on a project looking for sites within 80 miles of NY for a waste-processing site in a mechanical, biological treatment system.

In the coming months, OCP will attend and speak at 2 trade shows. They also have appointments with brokers as a result of trade shows earlier this year. OCP has attended 7 shows already this year, and will attend 5 more.

On the business retention and expansion side, there is a high-tech manufacturer in the Town of Wallkill looking to expand; the project won't actually take place for at least 12 to 15 months, but the manufacturer is already meeting with local officials to plan the expansion.

Ms. Halahan has noticed that the office is receiving a lot of calls from small companies looking for incentives, and although they aren't projects within OCP's scope, Ms. Halahan notes that the increase in those requests may mark an uptick in activity in general. She adds that OCP is 35% over this quarter last year.

Orange County Tourism

Ms. Hawvermale, director of tourism for the last 20 years at Orange County, begins by noting that tourism is an important facet of economic development. She notes that Tourism's efforts brought Bobby Flay's Food Network show to the area, increasing interest from both local and non-local people. They were also instrumental in bringing a wine expert from France into the New York wineries. She highlights the draw of Woodbury Commons, as well as the film and TV production industry's attraction to the area. All of these things create an audience outside of the county, bringing in tourists from all over the world. According to the NYS Dept of Finance, tourists spent \$385M last year, and Tourism expects that they will spend more this year.

One indicator that Tourism has is the Hotel Bed Tax, which was established in September 2009. The two years of taxes serves as a baseline to make sure that more people spend the night in the County. When people stay overnight in a hotel, they spend four times as much money as someone who just comes for the day. In 2010, \$2,605,000 and in 2011 it was \$2,746,000 and they are hoping to increase the numbers this year. Tourism, however, does not receive that money. They receive money through the government and state, as well as private programs.

OCFC – Micro Loan Program Update

Mr. Steinberg advises that the Micro-Loan committee has met twice, and the committee is in the process of reviewing the Policies and Procedures. Community Capital Resources, another micro-loan fund which has been operating for ten years, has volunteered to assist the OCFC. The hope is to have the first loan out in the summer. Mr. Gregory has a few people interested in the fund already. Chairman Petro advises the Board that, by the nature of the fund itself and to

whom the loans are being given, it is a high-risk environment. The main focus is to help client in the Accelerator to accomplish their goals.

Hudson Valley Food & Beverage Alliance

Chairman Petro asked that Mr. Gates come in to explain the HVFBA. Though they attended the last meeting, and the Board approved a resolution for \$20K at that time, Chairman Petro still wanted to explain that with that \$20K goes a seat on the HVEDC Board. The IDA already gives HVEDC \$20K per year, and Chairman Petro asked that Mr. Gates explain the difference between HVEDC and HVFBA, and then Chairman Petro would like to discuss the HVEDC seat with the Board.

Mr. Gates, Vice President of HVEDC, explains that HVFBA is an initiative from HVEDC. Five thousand companies, with 50-60K jobs, are in the food and beverage industry in the Hudson Valley. The Alliance seeks to expand, enhance and grow this business. Mistery Oates and O'Donnell met with Warwick Winery regarding their expansion, and the Newburgh Brewery and Warwick Winery are featured in HVFBA's radio spot. Continental Organics, along with Provident Bank, is hosting an access to capital meeting, and there will be an import/export round table this month. The Alliance has an ad in Hudson Valley magazine. Mr. Oates is currently in Washington DC talking about Brand USA, which is a public-private partnership that can help encourage tourism through marketing. In order to grow this initiative, HVFBA requires its own funding, rather than just being part of HVEDC. Mr. Gates adds that the HVEDC Board seat allows the IDA more say and helps the IDA to be able to direct the activity specifically for Orange County, and steer the marketing in the right direction. Chairman Petro notes that Ms. Halahan occupies the HVEDC board seat that comes with the \$20K the IDA provides to the HVEDC. Chairman Petro then asks the Board to decide who should occupy the seat that comes with the HVFBA funds. He suggests Mr. O'Donnell.

Mr. Brescia motions that Mr. O'Donnell take the seat on the HVEDC Board, seconded by Mr. Steinberg. All in favor, none opposed.

Municipal Project Expenditure Grant Program

Chairman Petro notes that the idea, which was briefly discussed at last month's meeting, has been withdrawn.

SPCA – Request

Chairman Petro introduces Mr. DiCarrado, who is the Vice President of the Newburgh SPCA. The SPCA is a not-for-profit organization that cares for animals. They have 16 acres in New Windsor, which they will divide and put up three buildings. When they have divided the property, they will keep one parcel and building and sell the other two. The idea is to sell the properties with IDA benefits, to make them more marketable and easier to sell. Chairman Petro suggests that, should they formally apply, the \$5K fee should be waived, because it is a not-for-profit. He also suggests the Super-Enhanced PILOT, and notes that Mr. Green, Supervisor of New Windsor, supports it.

Mr. DiCarrado explains that there are 3 buildings. The one they will retain has six retail spaces. One of the buildings they will sell has 9 retail spaces. They are currently working with the planning board to divide the property.

He also explains that the SPCA of New Windsor has no income from any municipality and they are not part of the ASPCA; they are an all-volunteer Board, and they have Peace Officers who are also volunteers. Their budget is \$200K/year, all of which must come from donations and contributions. They are Orange County wide, answering 830 animal abuse calls last year; they house 50 dogs and 100 cats at this time, but can help any kind of animal at all. The SPCA now needs to create an endowment and sustainable cash flow. There are four employees of the SPCA, but they function mostly as a result of their many volunteers.

Right now the property is raw land, but there is an area that has been used for burial grounds, but that will be moved to a new section upon construction. The SPCA needs 10 acres to run the shelter, per state and local requirements. The SPCA hopes to bring anywhere from \$700K to \$1M with the sale of the properties. He clarifies that they will not build and then sell; rather, they are selling the shovel-ready land, along with the approvals and hopefully the IDA benefits. Mr. Brescia notes that giving IDA benefits to, in essence, someone the IDA hasn't directly approved would be a problem.

Ms. Rogulski advises that she has an issue with this request. While she certainly appreciates the SPCA, and she adds that the notion of using their available assets to create an endowment is a great idea. But she does not think that this is an eligible project for a PILOT.

Mr. DiCarrado notes that these properties are not on the tax rolls at the moment because the not-for-profit SPCA owns them. Once they are sold, the two parcels will go onto New Windsor tax rolls. There will definitely be jobs created, because the space will either be retail or office space. Then the SPCA will enlarge their building. They will create a retail space of their own, which could house a veterinary hospital, doggie day care, etc., which will generate cash flow for the SPCA.

Chairman Petro advises Mr. DiCarrado that, when the properties are sold, the buyers can come to the Board on an individual basis.

Marketplace – Public Hearing Update and Transcript Review

Chairman Petro advises the Members that the public hearing for Marketplace was held a few weeks ago. There have been a number of meetings with Chairman Petro, Mr. O'Donnell, Labor, and the Town of Newburgh Board, and all parties involved feel it is very important that the Town of Newburgh's input be the guideline of what the IDA does with the Marketplace project. Chairman Petro suggests IDA's duty is to do what is best for the County as a whole, and not just one municipality.

At the hearing, there were fifty to sixty people in attendance, but very few were in support of the Marketplace project. Mr. Booth made a number of good points, especially in the added expense of an increased police force. Chairman Petro also notes there is \$200M worth of construction work to be done over two years, to increase to \$385M in Phase II. Marketplace met with Diorio and secured work.

Chairman Petro reiterates that no action will be taken today, but advises that it is his personal opinion that they will never build the Marketplace with only the 485-b from the town. They have about \$25M of their own money invested in the project, according to them. Chairman Petro believes that without a benefit package, the project will not be built. While some people may not mind that it goes without being built, he also feels that there he has a duty to do what's best for the County. He thinks a 10 year PILOT may fit this project. He adds that it is short-sighted to look at only the cost within next few years, and not look at the long term benefits of the project to the town. Chairman Petro is on record as saying he would support the town's opinion, but he wonders if it is the IDA's job to look at the long term benefits.

Ms. Rogulski disagrees that building the Marketplace is hinging on IDA benefits. Retail comes when retail is available, she says, and notes that if the Marketplace had all of their tenants lined up, they wouldn't be requesting anything of the IDA. She notes that she was against this project from the beginning, and adds that the IDA has respected the opinion of the townships, and would like to continue to do so.

Mr. Steinberg echoes Ms. Rogulski's sentiment, and wants to respect the municipality's wishes, and adds that he is uncomfortable conveying a tax benefit to an economic entity that is competing with an existing economic entity across the street. Chairman Petro understands the point, but adds that every project – IDA or otherwise – has competition.

Mr. Brescia, Mr. Schreibeis, Mr. VanLeeuwen and Mr. Armistead all agree that we should respect the Town Board wishes. Mr. Armistead adds that he will review the information this month and would like to discuss it at next month's meeting.

[Mr. Brescia exits]

Hudson Valley Film Commission – Resolution

Hudson Valley Film Commission attended April's meeting with a request for a \$40K grant, to match a grant from Ulster County IDA. Mr. Schreibeis advises that Governance Committee met before this meeting and recommends that this IDA approve the amount of \$10K; this sum would be an appropriate amount at this juncture. In giving \$10K, instead of \$40K, this IDA will see how beneficial the HVFC will be over the course of this year. The Resolution will read that the \$10K will approved for this year only. Mr. Crotty notes that he will confirm Hudson Valley Film Commission's not-for-profit status.

Mr. Crotty reads the Resolution aloud. Motion made by Armistead, seconded by VanLeeuwen. Affirmative votes of all members present resulted in motion carried.

Ms. Gill-Wilson of Willy Gilly Productions notes that she and her partner have attended this meeting to observe the IDA. They are involved in film specifically in Orange County, and notes that generally a film with a million dollar budget creates 100 jobs. They are working to bring film production to Orange County, and they work closely with Hudson

Valley Film Commission. They are in the process of training local residents in film production jobs; because when films come to the county, they want Orange County residents to be employed. They were just certified as a woman-owned business and are looking to bring more women into the trade.

Mr. Armistead asks if they believe that there is value in the Orange County IDA supporting the Hudson Valley Film Commission, and the both Ms. Gill-Wilson and Mr. Wilson firmly believe in the work of the IDA.

HVADC – Resolution

Chairman Petro notes that the IDA has supported the HVADC in the past. Mr. Schreibeis advises that the Governance recommends that this year's resolution allow for \$25K, with a 3 -year approval, but it must be reviewed every year.

Mr. Crotty reads the Resolution aloud. Motion made by Armistead, seconded by Rogulski. Resolution carries with five in favor and one opposed.

Mr. VanLeeuwen asks if the IDA will purchase a table at the OCP MVP Breakfast, at a price of \$350. Mr. Armistead motions, seconded by VanLeeuwen, to purchase a table. All in favor.

Carlisle Construction – Final Resolution

Mr. Crotty advises that apparently SEQR was not done before the final resolution, although attorney communication indicated that it was. At this time, we must do a resolution to ratify the prior resolution.

Motion made by VanLeeuwen, seconded by VanLeeuwen. Affirmative votes of all members present resulted in motion carried.

Continental Organics – Resolution

Chairman Petro announces that he will recuse himself and leave the room, and states for the record that his family members are working on the project, though he himself is not personally involved.

Mr. Armistead asks Mr. Finnegan to give a review of where Continental Organics stands and their current request. Mr. Finnegan advises that they are requesting a bridge loan to take them from Phase I to Phase II of construction, as the SBA continues its review of documentation. Rather than having to slow down and wait for the SBA, Continental Organics is requesting funds to continue with construction. Ms. Rogulski clarifies that Continental Organics has no Phase II loan approvals at this time, and Mr. Finnegan agrees. He does note that, while they have no commitment letter at this time, their request has gone to loan committee and has gone as far as it can without a C.O. He adds that the CO will be received next week. The second phase will entail 3 greenhouses of 22,600 square feet each, and a 2,000 square foot compost facility, with no fish on Phase II. Currently they have 21 employees, and still have openings for Orange County veterans. Mr. Finnegan distributes Continental Organics financials to the Board Members. Ms. Rogulski feels comfortable with the loan.

Mr. Crotty reads the Resolution approving \$108K short term loan to Continental Organics aloud. Motion made by VanLeeuwen, seconded by Rogulski. Motion carries with five in favor and one abstention.

Chairman Petro returns.

With no further business, meeting called for adjournment by Mr. Chairman Petro; motion made by Mr. VanLeeuwen, seconded by Schreibeis, the time being 4:55p.m.