

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

June 14, 2018

A regular meeting of the Orange County Industrial Development Agency was convened in public session on June 14, 2018 at 2:00 P.M. at the Statutory Committee Room, 3rd Floor Government Center Building, 255 Main Street, Goshen, NY 10924.

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

PRESENT: Robert Armistead, Mary Ellen Rogulski, Edward Diana, Stephen Brescia, John Steinberg, Robert Schreibeis, Jim DiSalvo

ABSENT: NONE

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer
Kevin Dowd – IDA Attorney
Joel Kleiman – Chief Financial officer
Vincent Cozzolino – Managing Director
Kelly Reilly – Project Manager
Lisa Sommers – Focus Media
Hema Easley – Focus Media
Bradley Bloomer – B4 Holdings, LLC
Brian Gates – HVEDC
Eric Gerstein – Medline Industries
Jim Smith – Advance Testing
Ken Fleischer – Old Guard Hotel
Charles Frankel – Rider, Weiner, & Frankel
Greg Louks – Old Guard hotel
Chris Miele – CC4HV
Paul Ruskiewicz – O.C. Legislature
James Kulisek – O.C. Legislature
Maureen Halahan – OC Partnership
Wayne Booth – O.C. Executive Office
Debra Corr – CC4HV
Dan Axelrod – Times Herald Record
Sandra Rothenberger -CC4HV

Chairman Armistead calls to order the regular meeting of the Orange County IDA, June 14, 2018 (Pledge of Allegiance is recited). Board consists of seven members. There is a quorum.

Chairman Armistead welcomes Annie Rabbitt, Orange County Clerk, Wayne Booth, Orange County Executive Office, and Paul Ruskiewicz, Orange County Legislature.

Roll Call is taken.

Mr. Gaenzle joins by phone.

Board Committee Reports

Accelerator Committee

Mr. Diana informs the board that a satellite location will be launched in the City of Newburgh. It will be housed in the old Bloomer Coat Factory building also known as 605 Broadway. The goal at this site is to bring this factory back online with newly manufactured sewn goods. This location will assist with creating much needed local jobs in the City. Mr. Diana feels this is a worthwhile investment on behalf of the board.

Mr. Cozzolino informs the board that this location will function under the same model as the other Accelerator satellite locations. Starting with an underutilized building the process is assistance in refurbishing it to then bring it back online with up and coming businesses. Historically this building was a women's coat factory owned and run generationally by the Bloomer family. It was one of the last remaining clothing manufacturing facilities in the region to close down, as all sewn products started to be outsourced to other countries. An athletic wear company will be housed at this new location once the facility is upfitted. There will be approximately fifty jobs created in the first year and a half of opening. This company is unique as they turn around large orders within about 10 production days domestically. Jobs will consist of software engineers, sewing technicians, and supply chain managers. Salaries will start at \$15 an hour. A demographic analysis is available in the board packet highlighting the types of people they are targeting to serve, the kinds of jobs they wish to create, the kinds of skills available locally, and the unemployment rate in the Newburgh community. Additional benefits will be available to the staff as well. The owner of Ziel, Marleen Vogelaar, started a company named Shapeways about seven years ago. She and her partners brought that company to the United States from the Netherlands. Shapeways also has NYS supported funds. Currently, it's a fifty million dollar company and continues to grow.

Mr. Diana states that part of IDA's mission has been to create quality jobs in Orange County for it's residents. These jobs are starting at fifteen dollars an hour with benefits are quality jobs for the Newburgh area. After discussing this for many years as a board, this is a step in the right direction to meet the mission of the IDA.

Chairman Armistead states that for many years the board has discussed a project to assist Newburgh which has its own IDA but is limited in their capabilities. This is a good location and excellent project for the area.

Mr. Cozzolino informs the board that the New Windsor Accelerator sewing hub is full. The companies continue to grow, and the location continues to attract new niche companies. They are all providing high quality jobs in artisan environments.

Mr. Brescia states that he invited Legislator Jim Kulisek. As the location is in his district he is sure Mr. Kulisek will support this project.

Mr. Steinberg asks for a breakdown of what the contributed funds supporting this project.

Ms. Cozzolino informs the board that the \$300,000 being contributed by the IDA are being matched by a \$100,000 contribution by the building owner. There will be five-year lease between the building owner, the IDA, and Ziel. The lease will be structured in that same fashion as those in the other satellite locations. During the first year of the agreement, rent is at no charge to the company. Rent is \$9 a sq ft. When the Accelerator looks to open a new location, the goal is to work with a friendly landlord to work with the resident clients. The Newburgh IDA has met with management and reviewed the project. They are very supportive of the project. If possible, they are looking to contribute resources towards the project. Upon board approval, they will begin to immediately work on recruiting employees for Ziel.

Mr. Brescia states that the board has invested more in the City of Newburgh than any other location in the County. A great deal of support was given to the Armory and this is another worthwhile investment.

Mr. Cozzolino informs the board that the property will be made to look and feel more like a campus. This will create goods job, attract a modern company, and will offer an appeal to the local area.

Ms. Villasuso informs the board that Ms. Vogelaar's second in command has strong ties to Newburgh, so she understands the struggle of the area and the need for revitalization. They are looking to make a commitment to the community and not the just the business. They have ideas for having a community yoga studio onsite. The nature of her company is to provide a quick turnaround of product. By virtue of that model, it is anticipated that supply chain companies would follow suit and relocate to the area further supporting the local community and growing industry.

Ms. Vogelaar CEO and Founder of Ziel presents to the IDA board.

Prior to Ziel Ms. Vogelaar created the company Shapeways. It is now the world's largest 3D printing company and service provider to consumers in the world for 3D printing. She likes the on-demand printing model, but feels that more can be done. Athletic wear is a bigger market and has room for that growth.

Ziel is that on-demand manufacturing apparel company to support that vision. Ziel helps companies provide their own private label athletic wear lines with deliveries in under ten days. Long lead times and large minimum quantities is

creating 40% over-supply in the industry and leading to waste. This is one of the main causes of the poor success rate in the United States. These issues have created a larger issue beyond unsold and over produced product. It has led to wasted water, dye, poor work conditions often off-shore, etc. The simple solution to this issue is Ziel, an on-demand manufacturing system. This system creates an easy flow and quality supply chain between designer, supplier, store, and consumer. Since these products are made in America the quality is 40% better. No water is used, and products are made with sustainable fabrics. The U.S. Apparel market is a 230 billion dollar business, 40 billion of that market is active wear, and there is a 10 billion dollar possibility of growth in the athletic market. There are three target client groups in this industry: brands and retailers, fitness chains, and influencers and celebrities. The reason that Ziel would like to open a location in Newburgh is to tap into the engineer pool from IBM and the local demographic to provide sewing staff. Ziel has a great team that understands manufacturing, fashion design, sourcing, and software engineering. The assistance provided by the Accelerator team has made this transition seem possible.

Mr. Brescia asks if the project is approved today what is the estimated start up date.

Mr. Cozzolino states that they have already started interviewing factory managers and are working on additional staff. Launch date is as fast as they can move, hire people, and finish the up fit of the building. It's predicted to be in the matter of 90 days.

Chairman Armistead thanks The Accelerator committee for doing a great job.

Ms. Villasuso informs the board that the Audit Committee met and there are some resolutions that need to be passed to re-appropriate funds to help finance this project, sign for the lease, and for the management of the facility.

Ms. Rogulski informs the board that the Audit Committee supports the recommendations of the Accelerator Committee and supports this project. Currently, there is a little above \$750,000 worth of special initiatives that need financial support resulting in the supplemental appropriation resolution for \$1 million. Special initiatives were underestimated in the initial 2018 budget. These funds would cover needs for Ziel as well other current projects undertaken by The Accelerator.

Mr. Dowd reads aloud the supplemental appropriation resolution. Motion is made by Ms. Rogulski, and seconded by Mr. Steinberg, authorizing a supplemental appropriation in the amount of \$1 million from the fiscal year 2018 unrestricted net assets for various objects and purposes associated with the New Windsor, Middletown, and Newburgh Accelerator and other general expenses of the IDA. Affirmative votes of all members present results in motion carried.

Mr. Dowd reads aloud the lease agreement resolution. Motion is made by Ms. Rogulski, and seconded by Mr. DiSalvo, authorizing the Chief Operating Officer of the IDA to execute a lease agreement with B4 Holdings, LLC for an approximate 14,000 sq ft building located at 605 Broadway, Newburgh, NY for use by The Accelerator. Affirmative votes of all members present results in motion carried.

Mr. Dowd reads aloud the management resolution. Motion is made by Ms. Rogulski, and seconded by Mr. Steinberg, approving Galileo Technology Group as Managing Director of the Orange County Business Accelerator in Newburgh, NY. Affirmative votes of all members present results in motion carried.

Minutes

Review of the prior April 12, 2018 meeting minutes. Motion to approve the minutes is made by Ms. Rogulski, seconded by Mr. Schreibeis. 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 \$11,815,307, as of May 31, 2018. The next CD will mature on August 22nd consisting of \$1.5 million.

Mr. Kleiman reviews the income and expense summary, noting that YTD is \$32,147, and YTD expenses are \$157,242, with expenses exceeding revenue by \$125,096.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$191,084, and expenses are \$760,792. Expenses, as anticipated, exceed revenues by \$569,708.

Chairman Armistead asks for a motion to approve the vouchers and payments in the amount of \$390,580.35 for June and \$38,981.91 for May. Motion made by Mr. Schreibeis, seconded by Mr. Brescia, 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.

Mr. Kleiman informs the board that the current bookkeeping contract expires on July 1st. Management would like to change that into a month-to-month agreement.

Motion made by Mr. Diana, seconded by Mr. Schreibeis, that the bookkeeping agreement is done on a month to month basis. Open for discussion. Affirmative votes of all members present results in motion carried.

Chairman's Report

Chairman Armistead passes on giving a Chairman's report.

Chief Operating Officer Report

Ms. Villasuso informs the board that the IDA Application has been updated and a draft version is in their packet pending approval. The application has been updated to coincide with some of the ABO requirements, but also to address any operational issues that have occurred in the past. Some notable changes are applicants acknowledging contact information which must be current in IDA files, their mandatory participation in PARIS reporting, omitting some abbreviations for clarification, breaking out jobs created and retained, and adding an application expiration date.

Ms. Rogulski asks if it would be prudent to add expirations dates into resolutions.

Mr. Dowd states that as of this meeting they have been added in and will continue to be added going forward. The expiration date is six months from the date of initial resolution and a year from final resolution to closing.

Ms. Rogulski asks that if any IDA documentation is updated during periods of project inactivity, if the project could then automatically adopt that documentation and be subject to any updates via resolution or agreement.

Mr. Dowd states that they can be included into the application, resolutions, and agreements to reflect that request.

Ms. Villasuso informs the board that other application updates are a schedule breaking out the audit fees to include higher project amounts, and a spot for the applicants to acknowledge the closing costs and that they not negotiable.

Ms. Rogulski states that conversations with management recently took place discussing the current IDA fees. It was discovered that the fees in Orange County were lower than other IDAs on the state. Ms. Rogulski asks if it recommended that the OCIDA increase their application and closing fees.

Ms. Villasuso states no increases yet, but this is still up for consideration as additional research continues.

Motion made by Mr. Steinberg, seconded by Mr. DiSalvo, that the IDA Application updates be approved. Open for discussion. Affirmative votes of all members present results in motion carried.

Ms. Villasuso informs the board that Ms. Schouten is currently attending the IEDC Basic Economic Developer Course in Albany resulting in today's absence.

Ms. Villasuso informs the board that construction is underway on the third New Windsor building.

Ms. Villasuso informs the board that the NY State Comptroller came out with a 2016 report on IDAs. This can be found in the board packet. A decent article was written about it in Sundays paper.

Ms. Villasuso informs the board that management has been meeting and working on updating the PARIS reporting process. One of the determinations resulting from those meetings is that language will be included with the yearly letter informing all projects that termination of some or all benefits will take place with failure to comply. Each project that fails

to comply will come before the board to recapture benefits. It is proposed that a year be removed off the end of the PILOT with each non-compliant year.

Mr. Diana states that the OCIDA should not have to suffer the repercussions of having non-compliant projects. This should help in getting all projects to participate.

Ms. Villasuso informs the board that the next IDA meeting will be held in New Windsor. The Accelerator has been refitted to include a new boardroom.

Ms. Villasuso informs the board that the IDA website will be given an overhaul to include new ABO regulations. The next IDA packet will include minutes from all committee meetings. Those will also be posted on the website

Ms. Villasuso informs the board that the President Container project is currently on hold. They may come to the IDA Board for approval or go to the Town of Wallkill. If the project remains inactive, the previous approvals will need to be rescinded.

Ms. Villasuso informs the board that three projects are currently being audited: The Castle, The Sentinel Reality, and Merlin Entertainments. Leowke Brill informed management that they were very happy with their interactions with Merlin as they were very cooperative and transparent. All three projects are currently above the 85% compliancy requirement.

Chairman Armistead thanks Laurie for her efforts and congratulates her for her appointment to the board of the EDC.

Mr. Brescia states that he would like plaques of recognition acknowledging the contributions made to the Heritage Trail and Cornell Cooperative Extension from the IDA and OCFC.

Ms. Villasuso states that she has spoken with the representative of the Cornell Cooperative Extension and that is in the works.

Applications/Resolutions

Church Hill Properties of Highland Falls New York, LLC

Ms. Villasuso reminds the board that the Church Hill Property project came before the board a couple of years ago. The previous approval was rescinded a few meetings past due to project inactivity. This an official re-application as the scope and ownership of the project has changed.

Presentation

Mr. Fleischer, Mr. Frankel, and Mr. Louks speak on behalf of Church Hill Properties of Highland Falls New York, LLC.

The Churchill Properties project first came before the board and was given initial approval in 2014. Since then the plan and scope of the project has been improved with a redesign and change in ownership. The plan includes the removal of an old hotel and refurbishment of about five acres to construct a 100,000 sq ft full service hotel consisting of 122 rooms. Amenities will include a full-service restaurant, banquet room, 3 lounges, and roof top event space creating four levels of activity. The hotel will be built into the side of the hill creating better visibility of the structure upon approach. The intention is for this to be a four-star quality business and experience. Advantages will be Hudson River facing views and seasonal attractions to the area from the city. Rooms will provide guests with either a mountain or river view. The hotel will be named and branded shortly. This will create a beneficial location for the West Point academy, it's alumni, Highland Falls, and the County. The 12 to 14 month period of construction will create 200 -300 jobs. Once operational, it will create 110 to 120 sustainable jobs. Ideally the hotel will work as an attraction tool for supplemental businesses providing services and adding investment capital into the community.

Mr. Brescia states that last time the project came before the board it received lukewarm support from the Town and Village. The project needs to receive their support to gain the support of the IDA Board as they defer to them for support.

Ms. Rogulski inquires if funding has been secured.

Mr. Fleischer states that they are currently working on getting funding secured.

Ms. Villasuso states that a public hearing will be held for this project to gauge public support.

Initial Resolution

Mr. Dowd reads aloud the Church Hill Properties of Highland Falls New York, LLC Initial Resolution. Motion is made by Mr. Brescia, seconded by Mr. Diana, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of Church Hill Properties of Highland Falls New York, LLC. Roll call is taken. Affirmative votes of seven board members results in motion carried.

Medline Industries, Inc.

Presentation

Mr. Gerstein speaks on behalf of the Medline Industries, Inc project.

Medline is a family owned privately held company. They have been operating out of the Middletown location for about 8 years since 2010. They have experienced great success in the region and they now have run out of space. They are looking to create a new larger 1.3M sq ft facility to handle their needs. They currently employ 340 people almost all of whom live in New York. It is expected that employment numbers will increase to about 600 in the next five years and 800 plus in about 10 years. It is important to them to stay in Orange County due to the connections made and growing success though potential sites have been located in New Jersey and Pennsylvania for alternative options. Jobs will start at \$15 an hour with incentives for those that stay within the company. Jobs include but are not limited to janitorial, warehouse operator, driver, and management positions. There is internal movement to higher positions and a managerial training program to encourage growth. It will be a state of the art LEED Certified building, and solar power is currently considered for this location.

Ms. Villasuso informs the board that the Medline project is requesting a 15 year PILOT and Sales and Use Tax Exemption.

Chairman Armistead inquires about the benefits offered to the employees.

Mr. Gerstein states that the employees pay less than 30% of the coverage cost. They also provide a 401K with a match.

Mr. Brescia states that the board does not often incentivize 15yr PILOTs, but this project would certainly qualify.

Initial Resolution

Mr. Dowd reads aloud the Medline Industries, Inc. Initial Resolution. Motion is made by Ms. Rogulski, seconded by Mr. Steinberg, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of Medline Industries, Inc. Roll call is taken. Mr. Diana abstains. Affirmative votes of six board members results in motion carried.

Other Board Business

Strategy (ED Presentation)

Mr. Cozzolino presents the Economic Development Strategy to the board.

A long-time goal of the board, especially after the ABO audit has been to increase the quality of jobs in the County. This presentation will show the economic state of the County and what needs to be done to improve the quality of life. Patterns for Progress assisted with the presentation by providing some statistics.

The living wage in Orange County is \$25 per hour. Ideally if one were in a relationship that could lessen the financial burden, but that \$25 enables a single or couple to rent an apartment for \$1,200 a month. That amount is not a lot for an

apartment in Orange County. The OCIDA projects, on average, yielded jobs between \$9 and \$12 per hour within the past few years, and most jobs did not require any college experience. This might be why local college registration is down, as there are limited available jobs in the county that require such an education.

The top Orange County based industry sectors for employment are: retail, healthcare, and accommodation & food service. If you look in other counties north of Orange County, you'll find that they have been able to attract and retain higher quality companies and jobs.

Many large projects have come to New York State, but have landed in other regions. This shows that there is a demand and potential in New York, but Orange County missed these opportunities for massive growth. Some example of missed projects are: Malta, Tesla, Norsk Titanium, Panasonic, Crystal IS, Regeneron, Chobani, Saab Sensis, and Alstom. These companies have been attracted to other locations all over the New York and Orange County was not a consideration.

By using a similar approach to the Accelerator model, management would like to raise the bar to attract more sophisticated projects. This would be done through a new marketing campaign including trade shows, conferences, and active outreach, developing stronger relationships with manufacturers and EDOs, and rebranding the OCIDA to feel approachable with intentions for expansion into new sectors. Currently, Orange County is known for being a distribution sector-based county.

In conclusion current incentivized projects offer many jobs that require no college education. There are many projects coming to New York, and management would like to undergo changes in order to appeal to these big companies that are relocating into the State.

Focus Media: Marketing Strategy Presentation

Ms. Sommers presents the Q1/Q2 Advertising Campaign Overview to the board.

Digital Advertising targeted to business owners and decision makers in the New York DMA

- Target an audience of business owners and decision makers in the NT Metro market through managed networks, keywords and behavior with the IDA's key messages
- The ads followed users around on different sites, allowing repetition and consistently reaching out to the audience with messaging, remaining top of mind.
- Once users clicked on the ad, they landed on a special microsite created specifically for the campaign, www.chooseorangenyny.com

YouTube Advertising targeted to business owners and decision makers in New York

- IDA attraction video was advertised on YouTube, targeting specific interests related to business owners and decision makers in the NY Metro market
- Ads appeared in the video stream (prior to another video they had searched to watch) and along the righthand side or top, and the pathway through the video, a call to action appeared on screen prompting users to click to learn more on the microsite
- March 19-May 20 the YouTube video campaign yielded: 2,196,762 impressions, 705,548 video views, 32% video view rate (avg. is 15%), 2,026 clicks to website

Facebook advertising targeted to business owners and decision makers in the New York DMA

- IDA attraction video was advertised on Facebook, targeting male and female business owners between the ages of 35 and 64 in the NY Metro market
- Video appeared in user's newsfeeds, labeled as a sponsor ad, and included simple messaging on why businesses should choose Orange County, NY, as well as a call to action prompting them to the microsite.
- From March 19 through May 21, the Facebook video advertising campaign yielded: reach of 300,716, 15,648 total clicks on the ad, 38,357 video views, 594 post likes, 138 post shares

Radio Advertising -1010WINS

- Several spots were run over a 10-weeks period on 1010WINS, an AM station owned by CBS. The all-news channel recently soared to its strongest rating in four decades in Nielsen's October survey.
- From February 26 to April 30, measuring traffic to the website for 8 minutes after each spot aired, the 1010WINS campaign yielded: 64 total visits to the microsite, 48 visits during the afternoon drive vs. 18 visits during morning drive

Digital Advertising Network

-From March 1 through May 1, the digital advertising campaign yielded the following: Nearly 2 million impression, 1,669 clicks, .09% CTR (.085 is the industry standard). Users were engaged on sites like forbes.com, businessinsider.com, usatoday.com, newsday.com, reuters.com, bbc.com, and more. The geographic area with the most engagement were Connecticut, Long Island, New York City, and New Jersey. Upstate New York also performed well.

Google Analytics

-From March 1 – May 31, Google Analytics reported the following: 10,069 users, 11,922 sessions, 13,037 total page views

-The IDA website gets approximately 450 users per month. During this campaign the microsite averaged more than 3,350 monthly users

Recommendations/Next Steps

-The initial campaign proved successful in spreading the word about Orange County, being “open for business”. The metrics and web traffic from our campaign, in addition to calls being made to the IDA prove that.

-The Orange County IDA brand has been one of attracting distribution centers to the county; that is what the organization is commonly known for (per NYSEDC and other state leaders). Moving forward, we want to attract higher paying and higher quality jobs, such as those in the advanced manufacturing sector

-In order to do that, the Orange County IDA has to re-tool its messaging and own its messaging, ensuring it is distributed widely to its target audiences

-It is recommended that those audiences be reached through: trade shows, conferences, strategic alliances with influential organizations, updated collateral to distribute, as well as updated video to tell story, and targeting online advertising through digital ad networks, YouTube, and Facebook

Chairman Armistead addresses the board. With the resignation of Mr. Bonura, new appointments need to be made to the committee boards. The Audit Committee members remain the same consisting of: Ms. Rogulski, Mr. Diana, and Mr. Steinberg. The Governance Committee members will now consist of: Mr. Diana, Mr. Schreibeis, and Ms. Rogulski.

Executive Session

Chairman Armistead entertains a motion that the committee enter into executive session pursuant to section 105(1)(d) of the open meetings law to discuss pending litigation. Motion made by Mr. Schreibeis to enter executive session issued. Motion seconded by Ms. Rogulski. All in favor.

Enter Executive Session

The members discuss pending litigation.

End Executive Session

Adjournment

Meeting called for adjournment by Chairman Armistead, motion made by Mr. Steinberg, seconded by Mr. Brescia, the time being 4:35 p.m.