

# ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## MINUTES

October 19, 2011

A regular meeting of the Orange County Industrial Development Agency was convened in public session on October 19, 2011 at 3:00 P.M. at the Orange County Business Accelerator, 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, Robert Armistead, Robert Schreibeis, Mary Ellen Rogulski, John Steinberg, Henry VanLeeuwen

ABSENT: Stephen Brescia

ALSO PRESENT: James O'Donnell – Executive Director  
Joel Kleiman – Chief Financial Officer  
Phil Crotty – IDA Attorney  
Laurie Rendleman – Administrative Assistant  
Maureen Halahan – Orange County Partnership  
Michael DiTullo – Orange County Business Accelerator  
Peter Gregory – Orange County Business Accelerator  
Michael Smith - CRG  
A. Jane Johnston – Newburgh Advocate  
James Walsh – Times Herald Record  
Mike Finnegan – Continental Organics  
Wayne Winkler – Mid Hudson Valley FCU

Chairman James Petro calls the meeting for the Orange County IDA, October 19, 2011 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Review of the prior September 21, 2011 meeting minutes. Motion made by Armistead, seconded by Schreibeis to approve the minutes as presented. Affirmative votes of all members present resulted in motion carried.

Roll Call taken.

### **Financial Report And/or Request For Payment**

Joel Kleiman, Chief Financial Officer, asks the members to refer to their packets for the monthly Revenue & Expense report as of September 30, 2011. From January through September there was \$1.5M of income and \$946K in expenses, and revenues exceed expenses by just under \$600K. Mr. Kleiman then notes that there is also a summary of bank accounts and investments. As of September 30, \$7.9M lies between banking and investment accounts, and the next CD matures in December of this year.

Chairman Petro makes note of how low CD rates are at this point in time. He notes the drastic difference between CDs of only four years ago paying at or above 5%, and now our CDs pay less than one half of one percent, and notes that our interest revenues are one-fifth of what they have been in the past. He also notes the current trend of banks charging large depositors to hold the deposits, as opposed to paying interest. Ms. Rogulski agrees and notes that in some banks, depositing a certain amounts incurs a charge of 1% as a custodial fee, and pays 0% interest.

Mr. Steinberg asks if the IDA should buy short term government notes. Mr. Kleiman offers that treasuries could be purchased, but we would need to check the cost or earnings treasuries would yield. Ms. Rogulski notes that they would make less because the interest rate would be lower than CDs, in addition to paying a fee for a broker.

Moving on, Mr. Kleiman addresses the completed budget for 2012, a copy of which is included in the packets. Mr. Kleiman notes that this is the time to address any issues or questions, as he will now, with the Board's agreement, forward the budget to the state through the PARIS system.

Lastly, Mr. Kleiman addresses the revenues and vouchers. He notes that there was no money deposited for September – but there will be money deposited next month, such as a check just over \$23K from the Accelerator – and the vouchers to be approved total \$256,988.12.

Motion made by Schreibeis, seconded by Rogulski, that the Board accepts the financial report and authorization of payments and vouchers for September, 2011. Open for discussion. Affirmative votes of all members present resulted in motion carried.

### **Chairman's Report**

Chairman Petro notes that the street and monument signs have been changed at the Accelerator to reflect the change in the street name to Crotty Lane.

### **Executive Director Report**

Mr. O'Donnell notes that there is an awards reception for Patterns for Progress – to which all Board members have been invited, and the IDA has purchased 10 tickets – and Patrick Foye, who was a former boss of Economic Development in the state, will be the featured speaker that evening. Mr. Foye is also the frontrunner to be the boss of the Port Authority.

*[Mr. VanLeeuwen enters.]*

Mr. O'Donnell notes that he has a new phone number and offers it to the members, and adds that all of the IDA files have been moved to the new offices in the 911 center. He mentions that Crystal Run Healthcare (CR Realty) will be coming in to speak with him next week to discuss an expansion project, one in Middletown and one in Hamptonburgh. Moving on, he mentions that, since their groundbreaking, Mediacom has had a lot of construction activity at their site. With regard to IBM, he is still in discussion with the company to determine the exact amount owed to the IDA. Lastly, Mr. O'Donnell notes that Superior Packaging, a company who came before the board last month with regard to their flood-ravaged site, will be meeting with him on Monday.

### **OCBA Report**

Mr. DiTullo brings attention first to the Orange County Business Accelerator financials, which covers the first 3 quarters of the year. He mentions that OCBA cut a check to the IDA for just over

\$23K, which brings their total reimbursement – which is the revenue earned from their clients – to the IDA to just over \$200K. Now in their 100<sup>th</sup> week of business, there are 17 clients in the Accelerator, 3 of which were just signed within the last month. There are also 3 or 4 other prospects on the horizon.

Mr. DiTullo notes that a few weeks ago they held a Pizza Round Table which drew 27 attendees from within the Accelerator. The Round Table allows the clients to get together and discuss their business, their plans, ask questions, and find ways to help one another. Additionally, the Accelerator held a BNI session, with over 70 small business people from New Windsor and Newburgh at their 7:00am meeting. This season, there were 4 pop up events at the Accelerator which are drawing more and more people, even though they are taking place as early as 7:00am.

Moving on to marketing, the website continues to be updated with the goal of keeping it as interesting as possible. Mr. DiTullo hands out a Google Analytics sheet which is a one-page summary of site stats. The visits were up almost 10%, page views were up over 23%, page visits increase 12.5%, “bounce rate,” which is when someone comes to the website, never goes beyond the homepage and then leaves, is under 13%. The industry standard for this rate is 30%. Additionally, the third ad in Hudson Valley Magazine is in the November issue, which is already out in circulation. The Orange County Business Accelerator magazine, which will be published in November, and Mr. DiTullo will be looking at a mock up of it next week. And, also starting next week, the Accelerator will be placing ads on Facebook. Lastly, IDA and Accelerator commercials will premier the week of November 15.

Mr. DiTullo reminds the Board that Empire State College is having a weekend residency in Saratoga this weekend, where business and MBA students will attend, and he is the Keynote Speaker, where he will discuss innovation, start ups and feature the IDA video.

Lastly, Mr. DiTullo had a few meetings, originated by Senator Larkin, with a non-profit Community Capital Resource Center. They administer 4 different revolving loan funds for small businesses, which total \$2.3M. Orange County small businesses are eligible for 2 of the funds. They have worked out an informal plan where, starting in November, on Tuesday mornings, they will hold office in the Accelerator to meet with any businesses eligible in Orange County, not just Accelerator clients.

Mr. Steinberg asks if there’s an opportunity for an IDA to invest in and participate in the funds from Community Capital Resource Center. Mr. Crotty advises that the IDA is looking to start their own fund by the 1<sup>st</sup> of the year, which will give us control over the funds. Mr. Steinberg then moves on and references the IDA commercial starting on November 15<sup>th</sup>. He believes that commercial activity during that time of the year isn’t as productive as it may be during September through November. Mr. DiTullo notes that the IDA is generally busier during the latter part of the year, and that the IDA’s commercials will run on networks focused on sports, which will be viewed throughout the holiday season.

Peter Gregory then takes the floor to inform the board that, on an invitation basis, the Orange County Business Accelerator will be taking part of a business-to-business expo at the Jacob Javits center in NYC on November 16. Empire State Development was looking for an example of an incubator, and the Orange County Business Accelerator is the example they wish to highlight. Additionally, some OCBA clients are exhibitors. Mr. Gregory also notes that between marketing and word of mouth, he and the rest of the Accelerator team are getting a lot of interest in the Accelerator.

He went on to note that he would like to go further with promoting OCBA events, to ensure maximum attendance. He would like to eventually advertise in the lobby of the Accelerator, to denote upcoming events and focus on some of their clients. For the time being, he and Mr. DiTullo have been in touch with Focus Media to get lists of businesses they may not be reaching that can benefit from the county and Accelerator.

Mr. Gregory then notes that there has been an announcement of a TSEC award grant of almost \$2M to start operations developing infrastructure in Newburgh; using Newburgh, with its crime and unemployment, as a target, the plan is to develop an LED industry that matches with Solar technology. Mr. Gregory notes that the Accelerator, the county, GET and OCP helped put this project forward, and about \$100k is earmarked for our participation going forward over the two years of the grant. The Accelerator could likely gain a company that's producing a clever lighting product; the material will be flown into Stewart from China, and the assembly of the product will be here.

Lastly, there is an entrepreneurship program at Mt. Saint Mary College partnering with the Accelerator. There will be a tour of what is available at Mt. Saint Mary's – such as research databases, talent for marketing – and then Mt. Saint Mary's representatives will tour the Accelerator. They will start to share seminars, get students into the Accelerator, and perhaps do seminars at MSM. Eventually, there will be the possibility to have student-run, or at least student-assisted, businesses in the Accelerator and possibly even, down the road, an influence in the curriculum at MSM. Mr. DiTullo offers that there is a possibility that MSM can offer some classes at the Accelerator, as well as the option to place some interns from the school with some of the Accelerator clients.

Mr. O'Donnell adds that, with regard to the grant which totals \$1.2M, he and the County Executive have meetings next week with Orange County Community College, as they're receiving a large portion of that grant.

Chairman Petro asks about the availability of space, and Mr. DiTullo replies that it is a tight squeeze in the Accelerator at this time. Some clients that share space have set up schedules to maximize the space available per person, and the conference rooms and offices are offered to clients who need the space. Mr. DiTullo does add that they are in their 3<sup>rd</sup> year, and a few clients will be graduating out of the Accelerator within the next year and will free up office space. There is always a possibility of upstairs, though Dynegy controls that space at this time, but Mr. DiTullo concludes that he will not turn down a deal because they do not have space.

## **OCP Report**

Ms. Halahan offers updates on projects:

\*Project Shield: A firm seeking 25-30 acres, 360K square feet, 100-110 jobs for building materials manufacturing and distribution. Capital investment is about \$17M for the facility, and \$10M for production equipment. The site selector viewed the Mid Hudson Correctional Facility, along with two additional properties, one on Bracken Rd in Montgomery and the Hamptonburgh Business Center in Hamptonburgh. The company claims they will make a decision by the end of the year.

\*City Waste: This is a company that picks up the syringe boxes from doctor's offices, and is looking for a 10k square foot property, interested in Stewart Airport properties. They are waiting for DEC approvals, and DEC has told OCP that they do not foresee a problem with City Waste's application; and City Waste has been in constant contact with Stewart regarding specific terms on contracts.

\*Project Park Place: Georgia Pacific building in Warwick should close by the end of the month.

\*Project Gold: Looking to build a state of the art, green manufacturing facility with wind and solar power. They need 100-150 acres and need to be within 10 miles of I-87 and I-84. The company manufactures a specific food industry product and this would be a tourist destination. They currently operate elsewhere in the country and have about 2,000 visitors weekly. Create 40-50 new full time jobs immediately; annual payroll would be in excess of \$2M, with an additional 30-50 new employees within the first 3-5 years. The timeline is long; they'd like to make a site selection by the end of this year, and build in 2013.

\*Project Rocky: 1.3M Square foot distribution center interested in Hudson Valley Crossing site, and working on incentive package at this time.

\*Project Blue: OCP is working with a broker for this beverage production facility, and the Echo Lake site in Goshen is the only site in contention right now. Local officials are aware of the project. It is 500k square feet and half distribution, half beverage production.

\*Takasago: The building was purchased, and they want a list of names for local contractors – electrical and plumbing – and OCP provided a list.

Meghan Taylor is currently at the SIOR (Society of Industrial and Office Realtors) trade show in Chicago, which draws about 3,000, real estate related attendees. Additionally, Ms. Halahan will be at Cornett, the largest gathering of site selectors and commercial brokers, the first week of November. And OCP's annual event is December 6, and they anticipate a large crowd this year. They published a hard cover coffee table book that covers the growth of the county over the last 25 years.

Mr. Crotty asks Ms. Halahan if they are taking the IDA DVDs with them to their conferences. Ms. Halahan says that, yes, they always bring the DVDs.

Chairman Petro asks Ms. Halahan when the IDA can expect an application check from OCP. He understands that the economic situation in the country isn't the best, but he notes that the OCP is the marketing arm of the IDA. Ms. Halahan offers that she and her team continue to market as best they can, and get the word out as loudly as possible. She shows the last ad they ran, and pointed out that Orange County has shovel-ready sites. She suggests that the best thing anyone can do in these times is to continue to prepare sites so that, when companies are ready to move, the sites will be prepared for them. Secondly, she adds, continual support and encouragement of spec development would help to position the County for growth.

Lastly, Ms. Halahan points out that Continental Organics will be honored at the OCP dinner; She reminds the group of Continental Organics' story, how they approached OCP at one point, but OCP wasn't able to help them yet, and then moved toward the Accelerator and the IDA, and now they will receive the golden shovel award at OCP's dinner.

## **Discussions**

### **Advanced Manufacturing – SUNY Orange**

While Don Green was not in attendance, Mr. Crotty explains to the Board that during the week prior to Thanksgiving, a team, including himself and Mr. O'Donnell, will go to Lorraine County Community College in Ohio. They will also go to Delaware County Community College in PA and Hudson Valley Community College in Albany, which all offer Advanced Manufacturing programs. He adds that TSEC is coming together with the IDA and SUNY on this, and that this may change the way Orange County Community College does business.

### **Not-for-Profits as IDA Agents**

Mr. Crotty advises the Board that the Authorities Budget Office in Albany handles the Public Authorities Accountability act, and have set forth ideas about how funds should be disbursed by the IDA. Mr. Crotty checked with Attorney Golden and special counsel, and the opinion was included in member packets. The opinion applies to soft-cost request for funds, and entities such as the OCP, Pattern for Progress, HVEDC will need to apply for IDA funds and function as agents of the IDA for specific projects. A letter has been drafted by Mr. Crotty that Mr. O'Donnell will be sending out to the Not-for-Profits within the next month.

## **FOILs**

Mr. Crotty notes that there are 2 FOIL requests in process. One is for all FOILs of the IDA between September 2010 and September 2011, the other is an appeal regarding the IDA's television ad program, to which Mr. Crotty responded in the last week.

## **Continental Organics**

Mr. Finnegan reports that the Continental Organics groundbreaking was last month, and 160 people were in attendance. They also closed on their Phase I construction financing, and Mr. Finnegan notes that he has some thoughts about how the IDA may be able to help future IDA projects, at both state and federal levels. They've also been working with Senator Schumer's office on some of those initiatives. He goes on to note that Continental Organics' capital investment thus far – in the project at the site – has eclipsed \$2.1M, and in terms of total economic activity for the past 2.5 years – including construction-related costs, OCBA rent, catering for events, and time spent in Orange County during site selection – is over \$2.3M. Continental Organics is also proud to report that their job projection totals have increased to a minimum of 124, and a maximum as high as 139. Mr. Finnegan advises the board that they've been in discussions with Mount Saint Mary's and OCCC, and may be able to develop academic programs in aquaculture, aquaponics and hydroponics as the agriculture of the future, and also because New York state is the thought leader of sustainable agriculture programs. Additionally they have discussed having some paid and unpaid academic-based internship programs at the site.

Construction programs for phases II & III is being fine-tuned, and if they are able to secure financing, they hope to have a shovel in the ground in the spring. Continental Organics is working with Senator Schumer to develop a sustainable agriculture program. Sen. Schumer had a press conference in which he called on the FDA to start inspecting food imports from China, as the US inspects less than 1%, and 57% of that portion contains some sort of contamination.

Mr. Finnegan informs the Board that the Build America Bond program was not reauthorized by Congress, and is now back on the table. Mr. Finnegan believes that, for young start-up companies, the Build America program is the most important thing that Washington can do to help companies get going, as little else is available in this market. Additionally, Mr. Finnegan has been discussing with Sen. Schumer's office about a more rapid review process by SBA. Continental Organics' experience with the SBA was a difficult one, having delayed their closing, despite the fact that Continental Organics was working with a preferred lender, and with a preferred agent.

Mr. Finnegan presents the IDA with just over \$146K in checks, which include the repayment of the loan the IDA extended to Continental Organics while they were getting through their rough spot, waiting for the SBA to get things done. The checks also include interest on the loan and the IDA closing fee. He advises the Board that Continental Organics came to Orange County in the first place because there was a plan in place to create an agribusiness sector for Orange County. Once

they arrived and found out about Orange County Business Accelerator and the IDA, and those pieces of the puzzle encouraged them to stay in Orange County. He then commends the board for embracing Continental Organics, for helping them get their jobs done and being a part of their success.

Lastly, Mr. Finnegan reminds the Board that Continental Organics is a wholesale business. But local residents have suggested that it would be nice to be able to purchase some of their product directly. Continental Organics will be making an announcement that they have taken those suggestions and, possibly on Thursday afternoons, they will sell directly to the public.

### **Final Resolution – Mid Hudson Valley Federal Credit Union**

Mr. Winkler represents Mid Hudson Valley Federal Credit Union. Chairman Petro notes that a public hearing was held in the Town of Newburgh approximately a month ago, attended by himself and Mr. Crotty. One of the conditions set forth by the IDA was a letter of approval from Wayne Booth and his Town Board. Chairman Petro reads the letter, dated October 12, 2011, aloud:

“This correspondence is regarding the application to the Orange County Industrial Development Agency for a ten year pilot program from Mid-Hudson Valley Federal Credit Union. With the authority from the Town Board of the Town of Newburgh, I endorse and support the application as it is presented by the Mid-Hudson Valley Federal Credit Union. If you require any further information please contact me at your convenience. Sincerely, Wayne C. Booth”

Mr. Winkler confirms that planning processes are complete and permits are issued, and they hope to be in the facility in the spring, and nine full time equivalent jobs will be at the location. Chairman Petro notes that they will also be providing construction jobs, and will be building three more in Orange County.

Mr. Crotty reads the resolution aloud. Motion made by VanLeeuwen, seconded by Steinberg, that the Board approve the final resolution. Open for discussion. Motion carried with five ayes and 1 nay. Resolution adopted.

Chairman Petro reminds the room that letters of support from the town are not official IDA requirements, but something that the Board does because it memorializes it, going forward, that everyone is on the same page.

### **Other Business**

Mr. Crotty notes that Continental Organics has been getting quite a few applications from Veterans, which was very much the plan for Continental Organics. Additionally, he suggests that he can draft a letter for the Chairman to sign regarding their support of the Build America program.

Lastly, Mr. Crotty advises that the Orange County Choppers and the Town of Newburgh litigation with regard to the unpaid taxes has been settled. The other issue with GE Capital has not been settled.

Mr. DiTullo notes that OCBA is in the process of gathering economic fundamentals information from all of the clients so that they can release an economic impact analysis of these last 2 years.

Meeting called for adjournment by Chairman Petro, seconded by Mr. Schreibeis, the time being 4:35 p.m.