

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

November 16, 2011

A regular meeting of the Orange County Industrial Development Agency was convened in public session on November 16, 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, Mary Ellen Rogulski, Robert Schreibeis, Stephen Brescia, John Steinberg, Henry VanLeeuwen

ABSENT: None

ALSO PRESENT: James O'Donnell – Executive Director
Joel Kleiman – Chief Financial Officer
Phil Crotty – IDA Attorney
Laurie Villasuso – Administrative Assistant
Maureen Halahan – Orange County Partnership
Michael DiTullo – Orange County Business Accelerator
James Walsh – Times Herald Record
Mike Finnegan – Continental Organics
Bob Wilder – Marketplace
John Bainlardi – Marketplace
Michael Oates – HVEDC
Gina Domenico – HVEDC
Kelly Reilly – Orange County Business Accelerator
Brian Rubino – Continental Organics

Chairman James Petro calls the meeting for the Orange County IDA, November 16, 2011 (Pledge of Allegiance is recited). Board consists of seven members. There is a quorum.

Chairman Petro announces that Mr. O'Donnell would like to say a few words.

Mr. O'Donnell advises the room that back on October 20th, there was a tragic incident in the Accelerator; a friend of the Accelerator was visiting with a client, and the client passed out. Ms. Reilly and Mr. Rubino kept the gentleman alive until the paramedics arrived. The gentleman unfortunately passed away later that day. Mr. O'Donnell read aloud a letter addressed to Mr. Rubino and Ms. Reilly:

"I would like to commend you in your efforts to attempt to save the life of David Rant on October 20th, 2011. It was without any hesitation that you rushed to his aid and assisted him until the paramedics arrived. Your unselfish and immediate actions are an example for others to try to emulate. I admire your ability to keep calm under such enormous pressure. I am sure that it is a comfort to his family to know that David was in such caring hands during the final hours of his life. Sincerely, Edward A. Diana, County Executive."

Mr. O'Donnell also presented both Mr. Rubino and Ms. Reilly with a certificate of recognition of their heroic efforts. He then thanked them both, on behalf of himself and the board, for their actions.

Review of the prior October 19, 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 Income & Expense report for October, 2011. In October, the IDA brought in \$61,600 and expended \$232K. Expenses exceeded revenues for the month by \$171K; year to date through the end of October, we have collected \$387K more in revenue than expenditures. Mr. Kleiman points out that in "Interest Earning" under Income, \$5,517 is a little greater than our normal interest income. Part of that interest earning was repayment of a loan from Continental Organics, and \$5130 was the interest on their loan in the amount of \$108K. The principal was posted to a receivable, and the interest goes to this interest earnings line. Additionally, Mr. Kleiman advises the board that we typically earn about \$1,300/month from Orange County Trust Money Market, but that was not credited at the time of the report, so next month's report will reflect October's and November's interest. Mr. Kleiman then advises that one CD is coming due next month, that it will go out to bid for the best rate at the time of its maturity.

Lastly, Mr. Kleiman addresses the revenues and vouchers. He notes that there was \$169,249.41 in deposits – which include the third quarter reimbursement from Orange County Business Accelerator and the IDA closing fee and loan repayment from Continental Organics. The vouchers to be approved total \$15,027.50.

Chairman Petro asks about the Focus Media invoice in the amount of \$3k, and asks how they will be paid for the commercial. Mr. DiTullo notes that \$3K is for production costs, and the remaining \$15K will be for the placements.

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

Mr. Kleiman notes that the 2012 IDA Budget was submitted electronically to the Comptrollers office, and they've confirmed receipt. The 2012 Budget is also on the Orange County website.

Chairman's Report

Chairman Petro addresses the Board with regard to the recent election. Chairman Petro did not win the election, and will complete his legislative term on January 1st. There was some talk about his leaving the IDA, but after giving it a lot of thought, Chairman Petro has decided *not* to leave the IDA. He goes on to note that the support and friendship from the Board is unequalled, and that it is a pleasure to serve with the IDA.

Mr. Crotty reports that for the past several months, the Newburgh Advocate has been filming all IDA meetings. To the chairman's credit, Mr. Crotty says, Chairman Petro took the Newburgh Advocate's Jane Johnston aside and advised her that he'd be happy to help with any questions she may have. A couple of days later, Ms. Johnston left a message on Mr. Crotty's voicemail, which he plays for the room, in which she cancels any outstanding FOIL requests she's made to the Orange County Industrial Development Agency, and that she no longer needs the information.

Mr. Brescia then addresses the room, noting that he's been a part of the IDA for nine years, and while the IDA has always done great work, he would like to comment that Chairman Petro brought the IDA to the next level, and if Chairman Petro ever thought of resigning from the IDA, it would be a travesty to Orange County.

Mr. VanLeeuwen then adds that he most certainly did not want Chairman Petro to leave the IDA, as he has done an excellent job.

Executive Director Report

Mr. O'Donnell advises the board that he, Mr. Crotty and Don Green, along with a few others, will leave tomorrow for Ohio to visit Lorain Community College. They will spend two full days at the Community College on their Advanced Manufacturing program.

Additionally, Mr. O'Donnell received an email this month from the New York State Economic Development Corporation. NYSED is offering each IDA in the state the option to participate in a cost benefit analysis program called Inform Analytics. It costs \$2,200, but will put Orange County Industrial Development Agency on the same page as every other IDA in the state. Mr. Crotty has prepared a resolution authorizing the cost and the participation in the program.

Mr. Crotty reads the Inform Analytics resolution aloud. Motion made by Armistead, seconded by Rogulski, that the Board approve the resolution. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. Crotty reminds the Board that the ABO has been watching IDAs with a discerning eye, and this essentially state-wide program is a good tool to keep all IDA cost benefits in perspective. Mr. O'Donnell clarifies for the room that the \$2,200 is a one time fee for the program, and then there will be an annual fee of anywhere from \$500-\$1000, based on the IDA's activity, for the analysis.

Mr. O'Donnell moves on to advise the room that letters were sent out this month to all not-for-profit programs that the IDA funds. The letters state that the programs must be agents of the IDA, and must identify themselves and people within their companies as agents of the IDA, along with the detailed services they provide. Mr. Crotty expands that for these agencies to receive the funds that the IDA has allocated, they must provide detailed statements and vouchers for approval.

OCP Report

Ms. Halahan begins by reminding the board that OCP's annual event is in December.

OCP recently attended two conferences. One was Society of Industrial and Office Realtors in Chicago, and Cornett International Summit in Atlanta. Both were well-attended events, and SIOR had roughly six to eight hundred attendees. OCP held meetings with leading commercial brokers, and met with some new people who live in the tri-state area and will attend OCP's annual event. OCP distributed over 200 packets – including the IDA video and the incentive/demographics

information – that speaks most strongly to the shovel-ready sites. There was an international presence at the conference, as well.

At Cornett, OCP met with Newmark Knight and Frank, one of the largest independent global commercial real estate firms. NKF is now on OCP's mailing list.

To date this year, OCP has worked 75 leads, as opposed to 43 leads in 2010. Ms. Halahan believes that their external marketing has contributed to their increased leads.

Ms. Halahan offers updates on projects:

*Project Amber (formerly Project Gold): Looking to expand current manufacturing facility to build a state of the art, green manufacturing facility with wind and solar power. They need 100-150 acres and can't be more than 10 miles of I-84. 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. The facility would be operational by 2015. OCP hopes to schedule their site tour within the next few weeks.

*Hudson Valley Brewery: Currently an OCBA client, Hudson Valley Brewery is a manufacturing-retail operation. There is a site they are enamored of across the river, but they asked OCP to identify sites in Orange County to keep them here. They have seen a few sites in the Newburgh area, but they would prefer to not be on the river. Mr. Steinberg asked if the Woodbury Common area would be a possibility, but the Brewery's main goal is manufacturing and wholesale, not Friday-Saturday-Sunday foot traffic. Additionally, they need a lot of water and sewer.

*Project Sand: A laboratory facility looking to expand in Orange County. They're currently looking at facilities throughout the Hudson Valley for 110 square feet, build to suit locations. Ms. Halahan is not yet sure of the job creation possibilities.

*Project Shield: A firm seeking 25-30 acres, 360K square feet, 100-110 jobs for building materials manufacturing and distribution. They are very interested in Hudson Valley Crossings site; The site selector has been in Orange County for several months now. Ms. Halahan says that they have two other possible sites. They are looking to compile state and local incentive packets already, and Mr. O'Donnell has been working with the company.

*Project Park Place: It is still slow going, but the project should close next month.

In terms of expansion and retention, the E&R staff has assisted 24 companies in Orange County this year, which may result in the possibility of 150 new jobs to Orange County.

Lastly, Chairman Petro asks about the speaker Ms. Halahan has slated for OCP's event. His name is Lowell Catlett, a Professor/Dean and Chief Administrative Officer at New Mexico State University and he was chosen by Mr. Seidman.

OCBA Report

Mr. DiTullo begins by reiterating the sentiment that was around the table earlier, and thanks Chairman Petro for staying on board.

Mr. DiTullo notes that it's been just over 2 years since the Accelerator opened, with 18 clients and 70 people working in the building.

Mr. DiTullo brings attention to the OCBA financials and advises that income from clients to date is about \$120K, and the Accelerator is on track to give \$150K back to the IDA. He also notes that the building rent in the report is close to \$28K (double the norm); the check for November's rent was

cut before the report was generated, causing the amount to appear to be double. In fact, they have simply paid their rent to the point where only one rent payment is due for the rest of the year. He also mentions that the rent payments will total about \$166K this year, and next year will be \$172K, as rent goes up one dollar per foot each year.

There have been 4 events since the last meeting, two of which were educational knowledge series noon-time events, and two were pop-up events at 7:00 in the morning. On a monthly basis, roughly 100-125 people are attending OCBA's events. In December there are events scheduled on the 1st, the 8th and the 15th. On the 15th there will be a noon-time event and then an open house immediately following. For that event, there will be mailings and invitations sent out. He invites all members to attend.

Mr. DiTullo advises the Board that Peter Gregory is currently attending the New York Business Expo, and Mr. Gregory reports a lot of activity at the Expo. Mr. DiTullo anticipates 4 strong leads and that the Orange County Business Accelerator will close at least one deal from the Expo. There were a few press-releases and write ups regarding the Accelerator's participation in the Expo.

Also in terms of marketing, Mr. DiTullo notes that the IDA commercial premiered Monday night on 4 or 5 cable stations. There will be about 1000 placements over the next five weeks. The commercial is also on the OCBA website, as well as on YouTube. Mr. DiTullo notes that OCBA website views have increased 23% over the past month. OCBA is also currently advertising on Facebook and LinkedIn.

The OCBA magazine is ready to be finalized with many good articles, and it will be available in print and on the website.

With regard to clients, Mr. DiTullo notes that he is working Hudson Valley Brewery and doing everything he can to make sure that they stay within Orange County once they graduate the Accelerator. It was understood, he says, that the Brewery's search was Hudson Valley-wide, but Mr. DiTullo's hope is that they stay local. 4E Productions' "Letters to Daddy" concert has already opened at SUNY Orange, Warwick High School, Mount Saint Mary College and now they'll be opening at Newburgh Free Academy with a corporate sponsor.

Yesterday, Tamara Underwood of Community Capital Corp visited the Accelerator. Community Capital Corp manages four revolving loan funds, two of which are now open to Orange County businesses, and the Accelerator has created an alliance with them to offer an opportunity for those businesses – both in and out of the Accelerator – to take advantage of those funds, up to \$50K. Every Tuesday between 9 am and noon, Tamara will be at the Accelerator to meet with businesses. A formal announcement will be made after the new year.

Mr. Armistead asks about the areas that the Cablevision ad will cover. Mr. DiTullo notes that the ad will first appear to internal customers within Orange County and a significant number of households in Rockland County. Based on the success of the first run, and if the IDA Board wishes, the ads will expand to Fairfield County, CT and Bergen County, NJ.

Discussions

Chairman Petro notes that he has cancelled December 21st's meeting, but he and Mr. O'Donnell decide that the meeting should in fact remain on as originally scheduled.

Mr. Crotty updates the Board on Orange County Choppers, noting that OC Choppers has settled with the Town of Newburgh as far as their outstanding tax issues. Furthermore, a letter was included in the packets stating that GE Capital is moving forward with its foreclosure proceedings of OC Choppers. Mr. Crotty does not yet know when the sale will take place, but it will be advertised in the newspaper when and if it does happen.

Mr. Crotty also notes that Orange County Business Accelerator's lease is an automatic renewal, and that 365 days' notice must be given if the IDA doesn't want the lease renewed. Mr. Crotty advises that no action is necessary.

ABO – Letter from McMahon/PAC letter to ABO

Mr. Crotty advises that copies of the letters are included in the member packets. He notes that, after the ABO report came out last month, Brian McMahon from New York State Economic Development Council wrote a letter to the ABO on the behalf of the New York State IDAs, in which he explains that the IDAs are fulfilling their purposes. He encouraged individual IDAs to also write letters to the ABO, which Mr. Crotty did. Additionally, our bond council noted in their newsletter that Mr. Crotty has done a great job with regard to the ABO. Also in the packet is an article that Mr. Crotty forwarded to Bond Council and the ABO, which detailed the violence in Newburgh. And how, Mr. Crotty advises, there is much economic development to be done in the town of Newburgh.

Mr. O'Donnell notes that the Deirdre Glenn from the Newburgh Armory has invited all of the Board Members to the one year anniversary celebration.

Mr. VanLeeuwen addresses the room and wishes to make a motion that the IDA purchase a table at the Orange County Partnership Annual Event. Mr. O'Donnell notes that the ABO has criticized the IDA's prior financial transactions as they relate to the Orange County Partnership, and suggests that OCP donate a table to the IDA. Ms. Halahan advises that she has discussed the matter with the County Executive's office, but states that the County Executive cannot accept a donated table. Mr. O'Donnell points out that donating to the County Executive is irrelevant, since the matter at hand is donating a table to the IDA, and the County Executive and the IDA Board are two separate entities. Chairman Petro asks Mr. Crotty to advise the board on individual tickets; Mr. Crotty confirms that if individuals purchase their own tickets, then submit vouchers to the IDA, it is a valid expense to be reimbursed. Mr. Steinberg expresses his disapproval of the proposition to not purchase a table outright, and believes that purchasing a table at the event shouldn't be of any concern to the ABO. Ms. Rogulski notes the IDA Board needs to stay in touch with local businesses, and that a primary function of the event is to network and to stay in tune with the local business community; and for that reason, purchasing a table should fall within ABO guidelines. Mr. O'Donnell notes that this type of transaction was something specifically mentioned in the ABO's report.

Chairman Petro advises the room that he will entertain a motion to purchase a table.

Motion made by VanLeeuwen, seconded by Brescia, to purchase a table at the Orange County Partnership's Annual Event on December 6th. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Chairman Petro then calls attention to a Times Herald Record article titled "Questionable IDA Spending." Addressing Mr. Walsh, a Times Herald Record reporter present at the meeting, Chairman Petro notes that all written pieces have consequences, and for that article in particular, it

was never mentioned that the ABO called into question every IDA in the state, not just Orange County.

Resolutions

Millennium

Mr. Crotty advises that a letter was received from Millennium with regard to their progress, and how there is more work they would like to do. Essentially, Millennium is looking for a resolution from the IDA authorizing an extension of their existing Sales Tax Exemption Letter, in connection with the purchase and installation of an approximately \$40M compressor station and related improvements in Orange County. The IDA will collect \$100K for the extension, which is a one time payment, and is in addition to the \$108K that the IDA receives every year.

Mr. Crotty reads the resolution aloud. Motion made by VanLeeuwen, seconded by Schreibeis, that the Board approve the resolution. Open for discussion. Motion carried with six ayes and 1 abstention. Resolution adopted.

Mr. Crotty notes that this payment is fee money, not grant money, from Millennium.

Chairman Petro moves on to note that the account the IDA will start for micro-loans will be started with next year's \$108K grant from Millennium. Mr. Crotty explains that, in addition to the micro-lending program with Community Capital Corp already in motion at the Accelerator, the IDA will be funding their own micro-lending program, that, if approved by the Board, will begin in January. He explains that companies will be able to apply for micro loans, with a maximum of \$25K per loan. There will be a review committee established to approve the loans, and an interest rate of 2% per year for 2 years. Mr. Crotty notes that there a lot of small companies who can greatly benefit from \$25K, and it will be open to businesses within the Accelerator, but also to any Orange County business. He reiterates that this fund will be funded by the Millennium grant; while the IDA may not make loans with its own fee money, but if money is received as an economic development grant, it can be directed as the IDA sees fit.

Mr. DiTullo adds that the revolving loan fund is for clients and companies whose credit requests are not bankable by underwriters of a bank, and we will not be competing with Orange County banks. He also notes that the IDA's fund can participate with the Community Capital Corp.

Marketplace Presentation

Bob Wilder and John Bainlardi are introduced and present plans for Marketplace, a shopping center in Newburgh on 120 acres at the corner of I-84 and Route 300, opposite The Newburgh Mall. They have submitted a preliminary application for their fully permitted and approved project. Approval for the 784K square foot project was secured initially in 2008, but since the financial collapse, they've been working hard to keep the project moving and to secure tenants in the project. The first 400 square feet of the project will be filled with tenants such as BJ's, Shop Rite, CVS, Dick's Sporting Goods and Staples. Initially, Mr. Bainlardi explains, they are going forward with Phase I of the project, which is 400 square feet of the buildings and infrastructure for the entire site.

Chairman Petro asks what they are looking to get from the IDA for this all-retail project. Mr. Wilder explains that they are seeking an expanded PILOT of 15 years – 10 years with no taxes and phasing in 20%/year for years 11-15. Chairman Petro notes that it is not customary for the IDA to

do retail projects. Mr. Crotty notes that we do not need a deviation any longer to do retail projects. Chairman Petro notes that he and the Board believe that they would need approval from the Town of Newburgh board and the school district. Ms. Rogulski notes that at this point she would not be in favor of supporting this project, because this is, in her opinion, not what the IDA does. This is an investor real estate property, she says, and to “ask the tax payers subsidize an investor project and mask it as if it were going to provide permanent jobs,” without providing assistance directly to the retailer, would not fall within the IDA’s parameters. Chairman Petro notes that there are other options beyond the PILOT, like sales and mortgage tax abatements.

Mr. Armistead notes that jobs will be created – construction and retail – and Ms. Rogulski agrees that for that reason, she would support sales and mortgage tax abatements, but would not support the idea of Marketplace paying no property taxes.

Mr. Wilder continues to note that there will be \$80M in construction, along with 500 man years of construction jobs. He adds that the first phase will generate almost \$4M/year in sales taxes for the County. He notes that giving up real estate taxes will be made up in sales tax. Chairman Petro asks if the Marketplace project will happen without IDA assistance. Mr. Wilder advises that if they were going to build it anyway, it would have been built already, and that, no, the project may not happen without IDA assistance.

[Mr. Brescia exits the meeting]

Mr. Bainlardi notes that the scope of potential jobs extends beyond just the retail businesses, but goes so far as to create opportunities for business firms such as accountants, real estate brokerage firms, print and media companies. He adds that the project has a potential to provide a kick to this economy that is sorely needed, as evidenced by the fact that in the time it’s taken them to garner approval, there used to be 9 or 10 items on planning board agendas; now, at some meetings, they are the only item on the agenda.

Chairman Petro asks if they’ve approached Wayne Booth and the Town of Newburgh Town Board regarding the project, and Mr. Wilder advises that they have not. Chairman Petro instructs him to speak to the board before going further with the IDA. Chairman Petro also notes that a public hearing will be held.

Mr. O'Donnell advises that he and Mr. Oates from HVEDC have been in talks with Mr. Wilder for a few months now. Mr. O'Donnell discussed a similar project in Westchester County with that county’s Deputy County Executive, and was advised that the IDA using some of the sales tax that the project will generate to finance the project was a route they wouldn’t take again if they had the option. Mr. O'Donnell then confirmed that that sort of structure would not take place in Orange County. Mr. O'Donnell then also noted that two PILOTS just like this exist right now in New York state. Mr. Wilder added that he spoke to the IDA’s bond council, Mr. Gaenzle, who confirmed that there were redevelopment projects like this exist on even larger scales. Ms. Rogulski notes that redevelopment projects differ from this project, as redevelopment projects serve to repurpose former industrial lands.

Chairman Petro asks about job creation, aside from retail sales jobs. Mr. Wilder notes that in any retail store exists all manners of jobs. And the jobs which do not require college degrees are just as needed as those that do. As far as construction jobs, there are roughly 250 construction jobs that will be created over the next two years. Mr. Wilder also adds that most labor will be regional and local.

Mr. O'Donnell advises the board to look over the preliminary application packet Marketplace has prepared and distributed to the members. He suggests that the members contact him with questions, and that all concerns will be addressed at the next meeting.

The timeline for the project is as soon as possible; every day that they remain undeveloped costs money, and every month that goes by is noticed by the prospective tenants. Chairman Petro asks if the financing is in place, and Mr. Wilder advises that part of their financing is contingent upon the IDA.

It is clarified that the \$80M expenditure is only for the first phase of the project; the entire project is \$200M. Additionally, the first phase includes infrastructure, which is construction of roads and sewer. Mr. Crotty asks about the impact on the school district. Mr. Bainlardi notes that there should be no impact on the school in terms of new kids in attendance.

Other Business

Mr. Steinberg comments that he would like to strongly encourage the ABO to respond to the letter the IDA sent to them in November. Ms. Rogulski suggests that the letter Mr. Crotty wrote was sufficient, and a response from the ABO is not necessary.

Mr. O'Donnell updates the Board on his recent discussions about Project Shield.

Chairman Petro notes that, depending on the PILOT, he would be in favor of the Marketplace project because it's terrible out there. And any job – construction to sales – is a good job to offer the Orange County residents. Mr. Crotty adds that jobs for kids in Newburgh are necessary to offer.

Mr. Crotty also adds that Mike Finnegan of Continental Organics will be honored at the OCP dinner.

Mr. Finnegan advises the Board that Continental Organics' expenditures on local businesses to date has eclipsed \$2.4M. He goes on to note that while Continental Organics is a month behind schedule, he does have good news. Continental Organics has been talking with OCCC and Mount Saint Mary's about developing a paid internship program in combination with them developing an actual academic course of study. They are working on developing a proposal to get the project under way. Aquaponics, hydroponics, aquaculture is the future of farming in America, and there are four academic programs already in New York State to train kids in these trades; the day the open the doors, Continental Organics is going to be the largest such facility in the Northeast. Within two years, they will be the largest in America. So why, Mr. Finnegan asks, should the educational programs for these trades be located at Hofstra, Cornell as opposed to here? So that is Mr. Finnegan's next step.

Meeting called for adjournment by Chairman Petro, seconded by Mr. VanLeeuwen, the time being 4:50p.m.