



Empowering Businesses. Inspiring Growth.

OCNYIDA.COM



Steven M. Neuhaus

LETTER FROM OUR COUNTY EXECUTIVE

As your County Executive and on behalf of our residents, I'd like to welcome you to Orange County, located in the picturesque Hudson Valley and named by *National Geographic Traveler* magazine as one of the top 20 places to visit in the world.

From Sugar Loaf to Storm King, and Woodbury Common to West Point, Orange County offers a unique variety of history, culture, shopping and entertainment, all in one place. Our County's location remains one of its strongest assets: Bordering the Hudson River, situated 90 minutes from New York City, featuring the peaks of the Schunnemunk Mountains and the fertile soil of the Black Dirt Region. Our parks and recreation system is second to none, offering more than 3,300 acres where families and vacationers can golf, hike and picnic. It's a County that offers something for everyone – whether you live here, or are one of the thousands who visit each year.

Our residents have made a community here unlike any other in New York State. It's a caring place where everyone is made to feel welcome, from a pancake breakfast to support the local American Legion, a 5K run to benefit charity, to a clothing drive to help a neighbor in need.

That's why I am proud to call Orange County my home.

We look forward to seeing you again.



BENEFITS OF ORANGE COUNTY

Orange County's location offers so many advantages for businesses. A business in Orange County has easy access to major roads and railways, along with the Hudson River and the runway of Stewart Airport. Most importantly, Orange County offers a driven and eager workforce. From construction work to office jobs, Orange County boasts an employee for every need. In these changing times, the IDA is excited to play a part in addressing the needs of the expanding manufacturing market, by helping create a facility in Orange County to train our workers in the Advanced Manufacturing field.

Orange County is a leader in economic and residential growth in the Northeast. Located 60 miles north of Manhattan, poised around the intersection of three major interstates (I-84, I-86 and I-87), as well as the transportation assets of the Hudson River, Stewart International Airport and more than 150 miles of freight and commuter rail systems, Orange County is a hub for trade and tourism in the Tri-State area.

As one of the fastest growing counties in NYS, the County is located within the area accounting for 18% of the nation's population and 20% of the Gross Domestic Product (GDP), making it a consistent, progressive center for new and growing business interests. The region's favorable demographics, quality education and modern health care facilities draw new families following the expanding job market.

Working alongside the IDA in helping to ensure the continued success of the County's growth are its many leading organizations: The Orange County Funding Corporation, the Orange County Chamber of Commerce and Orange County Tourism. All of these contain many valuable resources and sectors that strive to attract business expansion and economic influx, and to create, sustain and aid employment opportunities in our local communities.

Its unsurpassed infrastructure and potential resources make Orange County a clear choice for the future of any business looking to make this region its new home.

Total Square Miles — **811.69**

Orange County Population — **374,872**

Hudson Valley Population — **2.3 Million**

Median Age — **36.6**

OCNYIDA.COM



FREQUENTLY ASKED QUESTIONS

What is the Orange County IDA?

The Orange County Industrial Development Agency is the engine of economic development in the county. Like other IDAs in New York state, the OCIDA is a public benefit corporation, which grew out of legislation enacted in 1969 to create economic development in specific localities.

What are its functions?

The OCIDA's primary function is to attract and promote economic growth in Orange County despite the challenges New York's high taxes pose to businesses. It works to attract, retain and expand businesses within its jurisdiction, and create jobs, through financial incentives to approved private entities. In addition, the IDA runs a business incubator program called The Accelerator, which fosters entrepreneurial innovation in Orange County.

Are there other IDAs in New York?

Yes. There are 109 IDAs in the state. The appointing entities are cities, towns, villages and counties. The largest IDA is in New York City.

How is the OCIDA managed and governed?

The OCIDA is governed by an all-volunteer seven-member Board of Directors authorized under Article 18-A of the General Municipal Law. The IDA's day-to-day operations are run by a qualified staff that includes a chief operating officer, a managing director, attorneys, a chief financial officer and support staff.

What exactly does The Accelerator do and what is the Accelerator Without Walls program?

The Accelerator helps fledgling businesses by offering them affordable, high-tech office space and guiding them through the early phases of growth. This includes assistance in marketing and help with writing business plans. The Accelerator Without Walls, or AWOW, brings the onsite services of The Accelerator to existing businesses in Orange County that need help with production and development support, rehabilitation, marketing and public relations, and investment readiness. The services are free of charge and the support is confidential.

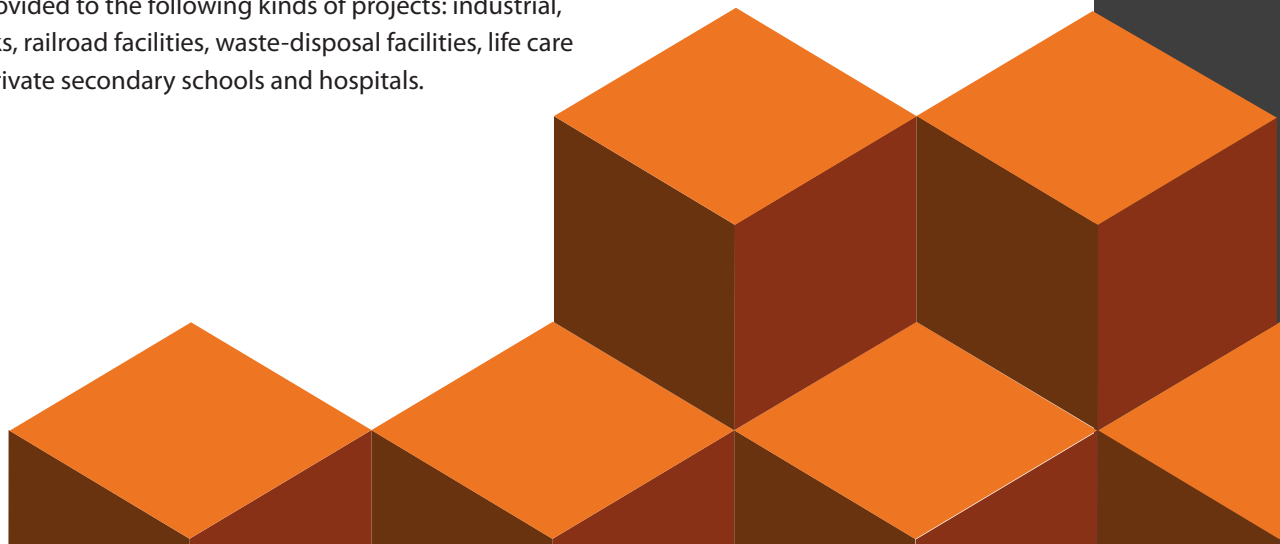
How is the OCIDA financed?

The OCIDA is run without the use of any public funds. Rather, the IDA uses fees charged to applicants to run operations and carry out its goals. Every applicant pays a \$5,000 non-refundable fee, and if approved, the appropriate fee by sector or the fee associated with the project's approved PILOT.

What incentives does the IDA offer?

Industrial Development Agencies are empowered by State law to issue tax exempt and taxable bonds for qualifying projects, offer real property tax abatements, exempt sales taxes for construction materials and equipment, and waive mortgage recording taxes.

These incentives can be provided to the following kinds of projects: industrial, commercial, industrial parks, railroad facilities, waste-disposal facilities, life care communities, museums, private secondary schools and hospitals.



What is a PILOT?

A PILOT, or payment-in-lieu-of-taxes, is a mechanism under which IDAs offer eligible businesses phased-in taxes for a specified time period as an incentive to locate in its jurisdiction. It is not a property tax exemption. In return for reduced taxes, IDAs negotiate payments to be made to the county, school district and local municipality. Typically, businesses start by making payments equal to the existing assessed value of the land. Payment on the improvements increase incrementally each year until 100 percent of the assessed value is reached by the end of the PILOT term.

As part of the PILOT, businesses can also seek and receive, abatements on mortgage recording tax and sales tax for construction material and equipment.

Special district charges such as fire, water, sewer and ambulance are never abated.

Do the companies that receive tax incentives have any responsibilities in return?

Under the OCIDA's policy, businesses that receive incentives must hire market-rate local labor for projects. This includes vendors, material suppliers, subcontractors and professional services.

In addition, businesses must agree to create a certain number of jobs.

Does giving tax incentives mean regular taxpayers have to bear a higher tax burden?

No. In most cases, companies that receive incentives are building on undeveloped land that produces minimal taxes. Once the PILOT is negotiated, the company pays the existing tax on the property and provides additional money to the county, school district and local municipality.

Does the OCIDA track whether companies are meeting their obligations under the PILOT?

The OCIDA has hired Loewke Brill Consulting Group Inc. to ensure construction projects that receive tax incentives are following the labor policy set by the agency. The policy mandates each project must use 85% of its construction workforce from the seven counties of the Hudson Valley.

The firm conducts ongoing site visits and reports back to the OCIDA on each active project. The companies receiving benefits are required to keep records as well. There is also oversight of compliance through the Office of the State Comptroller.

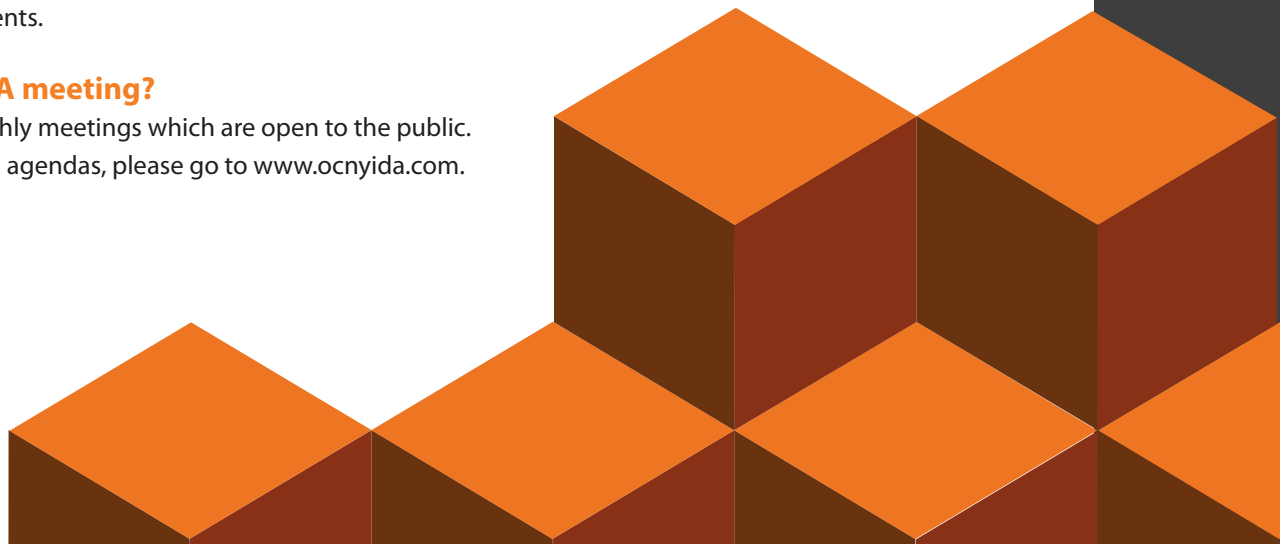
In addition, the IDA requires all projects benefiting from PILOTs to annually disclose the number of employees they have hired. The IDA also monitors whether the companies have created the number of jobs they agreed to at the time the PILOT was approved.

What can the OCIDA do if a company doesn't meet its obligations?

A company could lose its tax incentives if it doesn't comply with the labor policy and job creation requirements.

Can I attend an OCIDA meeting?

Yes, the OCIDA holds monthly meetings which are open to the public. For meeting schedules and agendas, please go to www.ocnyida.com.



PILOT FACT SHEET

Companies working hard to grow can find it burdensome to divert revenue to paying real estate taxes rather than funneling it back into the business. The Orange County Industrial Development Agency offers breathing room to such companies through a series of economic incentive programs, including PILOTs, or payment in lieu of taxes.

PILOTs can help businesses save thousands of dollars a year in taxes while still providing payments to the municipality, school district and county.

- A PILOT is a mechanism under which IDAs offer eligible businesses phased-in property tax rates for a specified time period as an incentive to locate in its jurisdiction. It is not a tax exemption.
- In accordance with General Municipal Law, any company that partners with the Orange County IDA can benefit from tax abatements. Under a PILOT agreement, the OCIDA holds title to, or leasehold interest in, the real property of the approved project, resulting in a property tax abatement for the company.
- In return for reduced taxes, IDAs negotiate payments to be made to the county, school district and local municipality. Typically, businesses start by making payments equal to the existing assessed value of the land. Payment on the improvements increase incrementally each year until 100% of the assessed value is reached by the end of the PILOT term.
- In New York State, Mortgage Recording Tax is 1.05% of the amount of the mortgage. For an approved project, the IDA may exempt the project from paying the State and Municipal portion reducing Mortgage Recording Tax to 0.3%. As part of the PILOT, businesses can also seek, and receive, a waiver for Sales and Use Tax. County and State sales tax for construction material and equipment is 8.125%.
- Special district charges such as fire, water, sewer and ambulance are never abated.
- To determine if a company should get the tax breaks it seeks, the Orange County IDA assesses its long-term value to the region. It reviews the projected improvements and gains to the area — revenue increases, long-term tax benefits and jobs — and weighs them against the costs to the jurisdictions in tax abatements. If the project meets a set threshold, the IDA approves a PILOT.
- In return, the benefiting company must hire market-rate local labor for projects. This includes vendors, material suppliers, subcontractors and professional services. Businesses must also agree to create a certain number of jobs.
- The OCIDA has a system in place to ensure that companies follow their obligations. If not, they risk losing their tax incentives.



Empowering Businesses. Inspiring Growth.

ABOUT THE IDA

The mission of the Orange County Industrial Development Agency is to promote economic growth through a program of incentive-based allocations that assist in the construction, equipping and maintenance of specific types of projects and facilities. The IDA works to advance the health, prosperity and economic welfare of our County's citizens by retaining and creating jobs and attracting new businesses.

Living and working in Orange County, the IDA Board is invested in the community and its prosperity. Our dedicated Board of Directors is sharply focused on attracting businesses that provide the jobs that the County demands. We are committed to bringing the best projects to our County, with the hope of offering the most extraordinary opportunities to our citizens and the businesses that settle here.

Incentives

The decision to extend benefits – tax relief and other incentives – rests solely within the discretion of the IDA Board of Directors. The IDA Board will consider the business opportunities generated by the project, the proposed number of both temporary and permanent jobs to be created, the anticipated wage scales, the scope of the company's capital investment in the project and the opportunities for the local work force.

Orange County IDA Incentives can be offered in the form of:

- Real Property Tax Abatements
- Sales and Use Tax Exemptions
- Mortgage Recording Tax Exemptions





REAL PROPERTY TAX **ABATEMENTS**

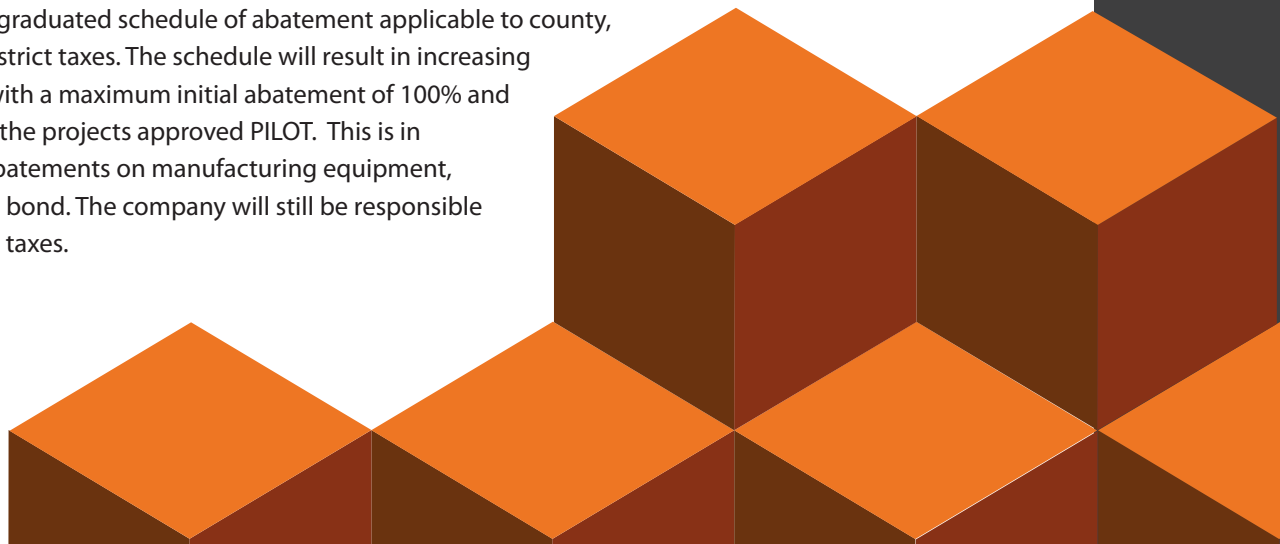
In order to offer real property tax abatements, the Orange County IDA enters into an agreement with the company (applicant). The IDA holds title to, or leasehold interest in, the real property of a qualified project, which results in the property's exemption from real property taxes. However, the company is still required to make payments to the County, School District and local municipality through a Payment In Lieu of Taxes (PILOT) Agreement with the IDA.

It is important to note that special district charges (such as Water, Sewer, Ambulance, Fire, etc.) are never abated. Additionally, at the outset of a PILOT agreement, the company makes payments equal to the current-assessed value of the land. Payments on the improvements increase incrementally every year, until 100% assessed value is reached.

UNIFORM TAX EXEMPTION **POLICY**

The Orange County IDA has adopted an aggressive PILOT program aimed at the best of the best projects which will position the County to be most competitive in attracting business development.

The Agency's program is a graduated schedule of abatement applicable to county, town, village and school district taxes. The schedule will result in increasing percentages of taxes due with a maximum initial abatement of 100% and annual increases based on the projects approved PILOT. This is in addition to the other tax abatements on manufacturing equipment, bank loans and tax exempt bond. The company will still be responsible for land and special district taxes.

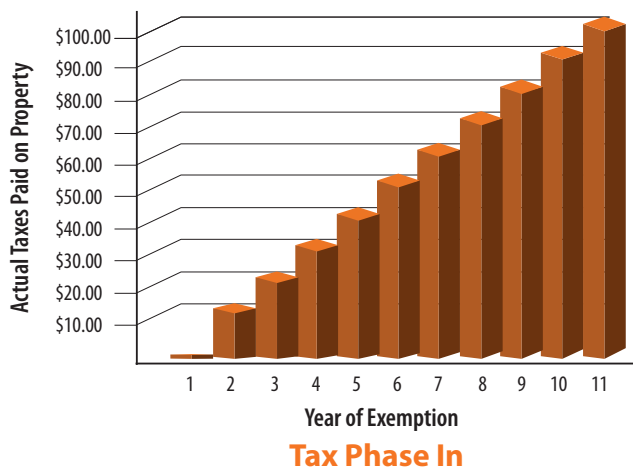


AVAILABLE PILOT PROGRAMS

MANUFACTURING SECTOR

- **STANDARD 485-b**
(which mirrors the 27% standard exemption offered by most Orange County municipalities)
- **10-year PILOT**
(which offers a 55% tax savings)
- **15-year PILOT**
(which offers a 56% tax savings)

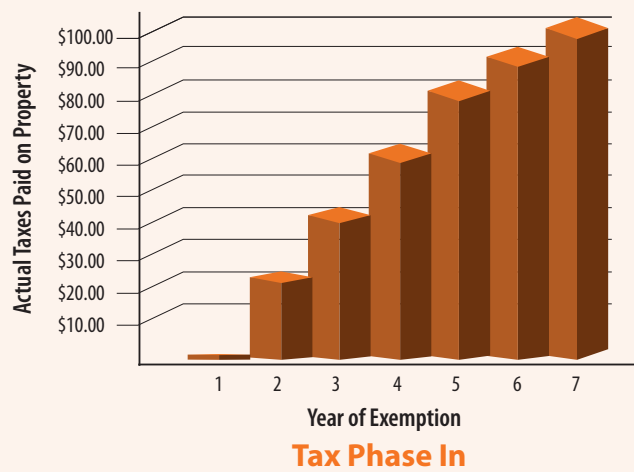
Orange County 10-year PILOT



DISTRIBUTION/WAREHOUSE SECTOR

- **STANDARD 485-b**
(which mirrors the 27% standard exemption offered by most Orange County municipalities)
- **6-year PILOT**
(which offers a 44% tax savings)

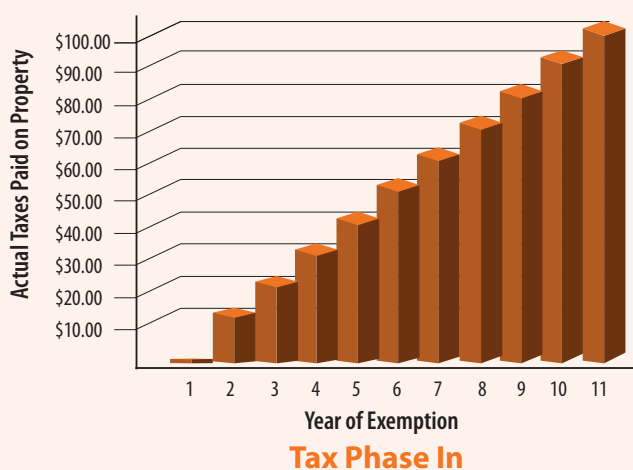
Orange County 6-year PILOT



RETAIL SECTOR

- **STANDARD 485-b (proposed for retail stores)**
(which mirrors the 27% standard exemption offered by most Orange County municipalities)
- **10-year PILOT (proposed for back office & medical facilities)**
(which offers a 55% tax savings)

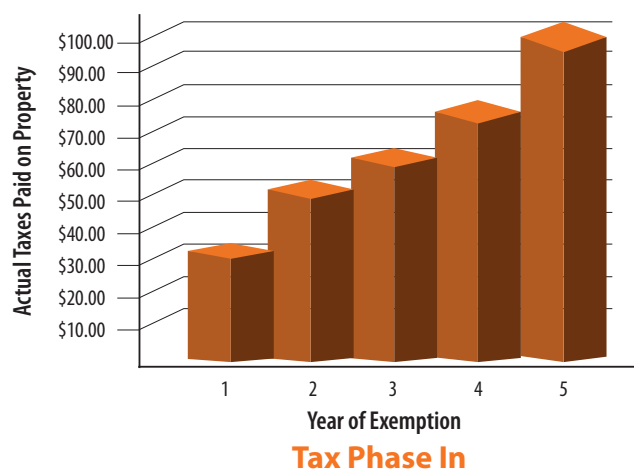
Orange County 10-year PILOT



HOTEL SECTOR

- **STANDARD 485-b**
(which mirrors the 27% standard exemption offered by most Orange County municipalities)
- **4-year PILOT**
(which offers a 43% tax savings)
- **10-year PILOT**
(which offers a 55% tax savings)

Orange County 4-year PILOT



SALES & USE

Purchases made by the IDA or its agents are exempt from the 8.125% State and County Sales and Use Tax. If approved by the IDA, a company is designated as an agent of the IDA and is issued a Sales Tax Exemption (STE) package. This allows the company to acquire materials, equipment and some services needed to construct or equip the project without having to pay sales tax. The STE package is limited in its duration, and expires at the completion of the project. The package applies solely to the approved project, provides a description of the project to vendors and specifies that the company is acting as an agent of the IDA.

MORTGAGE RECORDING

In New York State, the recording of a mortgage in the County Clerk's office requires the payment of a Mortgage Recording Tax of 1.05% of the amount of the mortgage. Projects approved by the IDA may be eligible for exemption from a portion of this Mortgage Recording Tax, reducing the Mortgage Tax to 0.3%.

BOND FINANCING

Through the issuances of tax-exempt and taxable revenue bonds, the IDA and its affiliate, the Orange County Funding Corporation, may offer conduit financing for manufacturing, not-for-profit and certain other qualifying projects. These instruments can assist in the purchase of land, new machinery and equipment, the construction of new facilities or the renovation of existing facilities.

It is important to note that, although the IDA and the Funding Corporation are the conduit for the issuance of a bond on behalf of an applicant, the applicant is ultimately responsible for securing the buyer or broker for the bond issue and for paying all related debt service and closing costs.

IDA FEE SCHEDULE

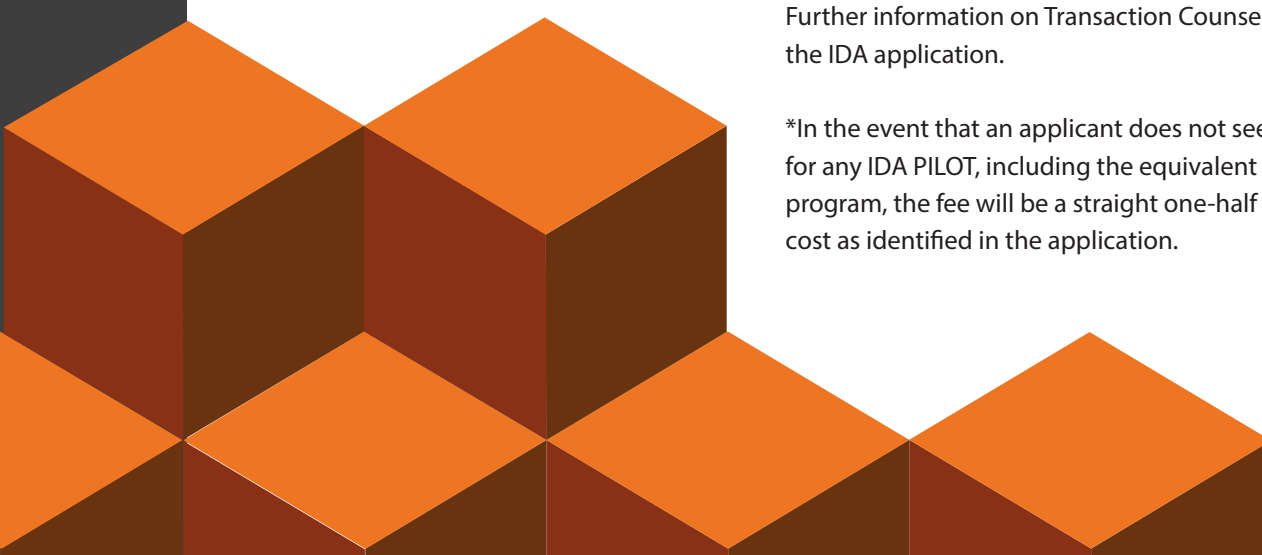
Application Fee: \$5,000 (non-refundable, due at application)

Labor Policy Monitoring Fee: Due at application, this fee is based upon project cost and begins at \$5,000. More details about the fee and policy can be found within the application.

IDA Closing Fee: Based on the sector PILOT adopted by the IDA board.*

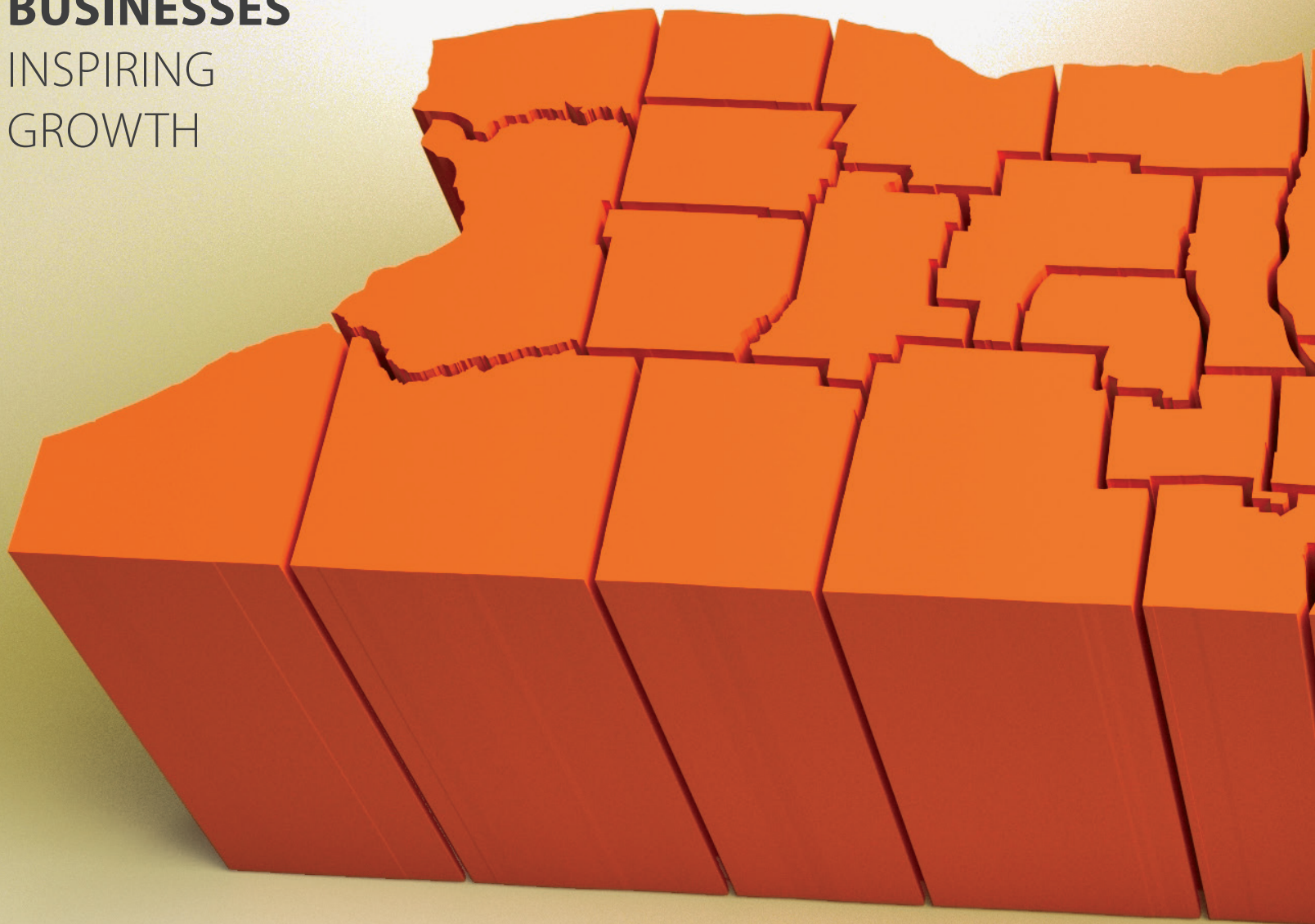
Further information on Transaction Counsel fees can be found in the IDA application.

*In the event that an applicant does not seek or does not qualify for any IDA PILOT, including the equivalent of the State's 485-b program, the fee will be a straight one-half percent of the project cost as identified in the application.



EMPOWERING BUSINESSES

INSPIRING
GROWTH



"The Orange County IDA is a true difference maker in local economic development. The unwavering support of the IDA was a critically important factor in Mediacom's decision to remain in New York. With assistance from the IDA in the form of property tax and sales tax benefits, Mediacom invested nearly \$50 million to construct a new state-of-the-art corporate headquarters that nearly 350 employees now call home."

MEDIACOM COMMUNICATIONS CORPORATION

"As we evaluated locations to consider for our plant relocation we found the IDA to be extremely helpful. They were not only a great resource for information, but the IDA was also instrumental in assisting us with obtaining the incentives to make the economics favorable for our final decision to locate in Orange County."

CARLISLE CONSTRUCTION MATERIALS

"We have successfully worked with the IDA numerous times and found the IDA, its staff, Board and consultants, to be focused on the best interest of the community while responsibly providing benefits to promote economic development."

CRYSTAL RUN HEALTHCARE LLP



Empowering Businesses. Inspiring Growth.

OCNYIDA.COM