

Ulster County Economic Development Alliance
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MINUTES

FEBRUARY 26, 2015

A meeting of the Board of Directors of the Ulster County Economic Development Alliance was held at 4:00 p.m., Thursday, February 26, 2015, Legislative Chambers, 6th Floor, Ulster County Office Building, 244 Fair Street, Kingston, NY.

The following Board Members were present:

Thomas J. Briggs
Anthony Campagiorni, Chair
Kenneth Crannell
Burton Gulnick
James Maloney
Robert Sudlow
Ward Todd

Additional Attendees:

Cindy Angel, University of Northern Iowa Institute for Decision Making – via conference call
Linda Clark, Office of Economic Development
Peter Fairweather, Fairweather Consulting
Suzanne Holt, Office of Economic Development
Clinton Johnson, County Attorney's Office
James Nani, Times Herald Record
Christopher Rioux, Department of Finance
Karl Schlegel, Office of Economic Development
Geddy Sveikauskas, Ulster Publishing

The meeting was called to order at 4:00 p.m.

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MINUTES

Motion: James Maloney, seconded by Robert Sudlow, moved to approve the Minutes of the December 17, 2014 meeting. A copy of said Minutes is on file.

Vote: The motion was adopted.

FINANCIALS

Motion: Kenneth Crannell, seconded by Robert Sudlow, moved to accept the financials for the periods ending December 31, 2014 and January 31, 2015. A copy of said financials is on file.

Vote: The motion was adopted.

PUBLIC COMMENT

Chair Campagiorni opened the meeting for public comment. There were no individuals who requested the Privilege of the Floor. The Public Comment Section of the Agenda was closed.

2015 MARKETING AND EDUCATION PLAN

Ms. Suzanne Holt presented her proposed 2015 Marketing and Education Plan to the members of the Board of Directors. A copy of said plan is on file. Her comments included, but were not limited to the following:

➤ Marketing

- Targeted Industry Analysis – an objective criteria/look at Ulster County's strengths and weaknesses as far as labor force, infrastructure, properties, etc. and compare that to what site selectors around the country are looking at so that this document can really inform how marketing is done.
- There are two proposals – Peter Fairweather, Fairweather Consulting and Northern Iowa Institute for Decision Making.
- It is anticipated that the analysis will take four to six months from when the vendor can start.
- Micro-campaign for techno-preneurs. A micro campaign to target businesses in New York City who would want to come to Ulster County based upon quality of life.
 - Should we begin this campaign or wait for the Targeted Analysis to be completed.
- Previous success with Facebook posts – estimated \$500/month.
 - Recommend that this be done in 2015

➤ Education

- Lunch and Learn Webinars
- Small Business Workshops
- Business Seminars
 - March 11, 2015 Spanish Speaking Entrepreneur – Just for You across from Kingston Hospital
 - March 4, 2015 - Ag Succession Planning Seminar – Marletown Community Center
 - June 11, 2015 – Disaster Preparedness for Businesses
- Quarterly Building Ulster Together Breakfasts – next scheduled in April, 2015.

Peter Fairweather – Fairweather Consulting

Mr. Peter Fairweather addressed the members of the Board of Directors. A copy of his proposal is on file. Mr. Fairweather's comments included, but were not limited to the following:

- This is a unique challenge as well as an opportunity for Ulster County in a number of ways
- In terms of external attraction and sites, a lot of places have ample large ready to go industrial sites. That is why they are doing the external attraction work; that is not the case for Ulster County.
- There needs to be a clear understanding of the target market opportunities. He was confident that niche opportunities would be found. They would not be cultivated through traditional methods.
- In terms of content, comparing Ulster County's marketing brochure to the Greater Richmond brochure a lot of the basic content is the same. There is no clear differentiation about what the place is. There is a lot of motion and money wasted targeting a standard set of industry targets; Ulster County needs to avoid that process.
- What is Ulster County's true competitive advantage? Folks that are doing well here, why do they like it here and what makes it work for them. What are the factors that make this place work for you and how can we articulate that to potential customers.
- Some of this will be data analysis. A lot will be qualitative understanding about what makes this work for particular kinds of businesses Finding those niches and cultivating them. Some will be business expansion/retention kind of work.
- The marketing effort is to understand the unique and inherent truth about Ulster County and its competitiveness and expressing that in a way that is meaningful and compelling to the target audience. Not an easy process.
- At the end of the day the idea of techno-preneur will probably show up after targeting is finished. The targets are not going to be big companies; Microsoft is not coming here tomorrow. The way this works is that you build a series of small successes, you understand your niche and you serve it well and word gets out. Once you have customers that are happy and are growing, you then can go out and compete with the best because there are available sites and infrastructure and testimonials from the business community.
- The proposal that he has presented, should he be selected, needs to be discussed in greater detail to get a "tighter handle" on it. Basically, putting together the fundamental numbers about the economy, the cost of doing business, but then doing the outreach to those critical businesses to understand what provides them with a competitive advantage. How do we articulate that and demonstrate that both in numbers and testimonials and getting that message out.
- The first step will be much more targeted. It may be networking and working social media as much as doing traditional print campaign.
- Included in the project scope is a discussion with the community as to what are the different approaches to economic development. There is the standard industry attraction approach; there is the "economic gardening" approach; you work with the assets you have and cultivate them and eventually turn them into bigger opportunities. That process of articulating to the larger community is critical to Ulster County's idea. It is how you build momentum. You keep people informed and understanding why you are doing this.

Chair Anthony Campagiorni asked Mr. Fairweather what makes him uniquely qualified to do a better job than another company.

Mr. Fairweather responded that this is all about relationship building. Ultimately this is what this is about. In two ways, with the community so they know what is going on and also with the existing businesses that are here. We are going to need their help selling Ulster County. The best source of advertising, are companies' peers. A big component is outreach and communicating that this is the approach; this is why we are doing it; this is the underlying strategy and hoping that everyone get on board. In addition, in this particular case it is going to be working with the

businesses for them to educate us about what works about Ulster County. The numbers are what the numbers are. The numbers are going to look mediocre; we are going to be in the middle of the pack; no surprise. There are no tremendous cost advantages here; no great advantages in infrastructure productivity, but there are things that do work here. There are a cadre of really interesting progressive employers and we need to mobilize them and understand what works for them and how to replicate that, both for them to expand and for other companies like them to be able to say this company has really had a good experience in Ulster County and they are ready to do the same thing for us. That is how this is going to work. No matter who you hire, you are going to get the same graphs, but the value he thinks that he adds is that he can bring in the experience but also the local connections. This is going to require a lot of footwork in the communities and with the employers. He is prepared to do that. Some of this is his commitment to Ulster County. He agrees that the potential here is tremendous, but it is weird. In terms of economic development it is a weird place. It is not Atlanta or Dallas Fort Worth. It is a strange little place that kind of what makes it interesting and he is convinced that places like this can prosper for a whole host of reasons. Ulster County has water, not a big deal, but in twenty years it will be. There is a quality of life here that is fairly distinct for the northeast; a thriving arts community that is important. You will begin to see more high level employment that is related to design; we are uniquely positioned to tap into that. It is going to be 5-10 jobs at a time. The distinctiveness and the idiosyncratic nature of Ulster County is an important thing to understand because it creates limits and opportunities. He thought that having someone understand that would be useful in this business.

Mr. Ward Todd stated that we have seen that people will come here and vacation and low and behold they come back and start a company, so those quality of life issues that we have talked about so many times, he wondered if part of the report could also be to look at best practices in other parts of the country where there are some significant tourism draws that we could replicate here that we could enhance and increase that quality of life.

Mr. Fairweather responded that to use HITS and Mohonk Mountain House and other places like that as marketing venues, because the folks that use those facilities didn't spend their last dollar to get there. It may never occur to them that they could be doing the stuff that they are doing here where they are having all this fun. He saw this as an important opportunity to explore to make that accidental process a lot less accidental. Another thing, Start-Up NY has to be a part of this process because New York State has spent a lot of money on building brand recognition for that and if we are going to eventually do attraction, whether you like Start-Up New York or not, there is a brand that is out there, it has been built and the equity is out there and we might as well tap into it. The end result will be a process that will look different than the traditional economic development process and we all have to be prepared and comfortable with that at the end of the day. His role is to make sure that everyone understands why we are doing what we are doing. To demonstrate that it is feasible and to be available to handle the questions that come up in the community that may arise during the process. He enjoys doing that work.

Chair Campagiorni asked how he would benchmark Ulster County against other counties. Demographically you look at top employers, etc.; they are all the same across the country. How are you going to do that knowing that each county does have these idiosyncrasies and are sort of unique because he thought that the approach Mr. Fairweather was taking was saying look the data is not going to show overwhelming compelling evidence, I'm on the ground talking to people to figure out where niches are because I live here I have some sense of certain things. So how do you do a comparative analysis with other counties? Chair Campagiorni thought that Mr. Fairweather was uniquely positioned because you are here, how do you do this with other counties?

Mr. Fair weather replied that picking those benchmark counties is really important and that is where reaching out to the employers can be important. What other counties are reaching out to you; trying to attract you; what other counties have you considered moving to. Those become your benchmarks. The numbers are not going to distinguish us on that basis, but they shouldn't eliminate us because that is what you want the numbers to do. If you are thinking of being in Greene County it's basically the same experience; the numbers are not going to disqualify Ulster County. If you are thinking about being in a county in Connecticut where the median household income is \$107,000 per year, which is going to be a different experience than being in Ulster County. There still may be a compelling reason to be here, but the numbers are going to create a pause. You have created a credible set of benchmark counties you can show that Ulster County is in the ballpark with all of those or if you see some outlying

cases, whether it be educational attainment, the demographics of the costs of doing business, you can suddenly say these are our actual peers and there are some things that we are out of line and can we do something about this. There may be a situation where we can do these sorts of things aggressively Targeting tax incentives or it could be this is going to limit us and we have to understand and work with those limitations with those constraints. That is what the benchmarking should do. It shouldn't be just a generic set of counties. It should be who are the actual rivals and to show that we can compete at that general level or if there are problems, identify those. The numbers are not going to win the game; it is the conversations and relationships.

Ms. Holt asked the benchmarking, the counties that we rival, but is it also the counties that we think do well.

Mr. Fairweather replied that it can be both. He encouraged being creative about that ... what he calls aspirational counties. Counties that we would like to be when we grow up; lets take a look at them and see where we fall. It shouldn't be more than ten; but it doesn't have to be four either. Data can be a little cumbersome to work with; through the miracle of the web it is a lot easier to do that stuff now than ten years.

Ms. Holt stated that at the end of the day we want to be really clear, a report or something that says this is who you should be targeting and that is what you are comfortable with.

Mr. Fairweather responded in terms of the industries absolutely. You totally have to do that. You have to have your market clear. If you look at the number of major relocations over the past ten years, that number is shrinking. The competition is more and more intense. You really have to know your targets and pick your targets as narrowly as possible. That would be what he would promise to do; that is the part that makes your head hurt the most. What are the targets; we have to through out the maybes and try to get as close to the absolute yes as we can and that is a frustrating process but that is the first step. Everything else flows from that; understanding what is the unique and inherit truth about Ulster County, what are the industries that work here and why. Once we have that, everything flows from that; even eventually the benchmarking; a set of the benchmarks flow from that. How did we do compared to the places where there is a lot of this stuff going on or are known for handling these types of businesses.

Chair Campagiorni stated that at the end of the day you are going to give us a target of industries but you also speak about this action plan. Are you going to give us strategies to implement as well; specifically tactics and/or general strategies? He wanted to understand how detailed are you getting so when they speak to the other provider they can ask the same question.

Mr. Fairweather responded that you should know over the next several years what you are going; what the IDA is going to be doing. What are the industries you are going to go after; what are the kinds of programs that you are going to be running; what is the structure of the tax incentives. We are all going to do this together. He is going to sit down and bounce ideas off you folks and say this is what I think makes sense. Now you tell me; you are business people. You have had experience with the IDA, what do you think of that? Together we come up with something that is feasible and focused.

Mr. Thomas Briggs stated that coming from the Ellenville area, he would hope that Mr. Fairweather would break the county down into an Ellenville and what we don't have if you will, but what we are capable of as compared to New Paltz and what they have or may want to have or not have. He asked that you look at the county as very diverse; Ellenville to New Paltz to Kingston. We offer much and we need a lot as well.

Mr. Fairweather stated that a part of that process and this is where he is going to need help if he is chosen is the sequence as to who gets what first if going to be interesting. If we are looking to do attraction there may be "low hanging fruit" that will fit in a certain location pretty easily. That location may get the attention first and another location that has to do other kinds of development before they are in the cue may have to be willing to say, they understand why we are not first, but we also expect to be brought along and we understand that it is going to involve these steps.

Continuing Mr. Briggs stated, that being said, will you look to involve or send out a questionnaire of some sort to say, the Town of Wawarsing, Village of Ellenville, Town of New Paltz, Village of New Paltz. Will you be looking to involve those government agencies to see what they might be looking for?

Mr. Fairweather responded yes; through a number of ways. Probably not a survey; he thought through meetings. Perhaps the Supervisors' Association; we need to think about that. Do they have any strategies that they have worked on that they have identified targets that you would like to go after? Is there anything that we can do in this process to move your stuff along? Are there things that you don't want to see happen in your community; Ulster County is very good at articulating what those might be. Part of that is important because we don't want to waste time on this. If there are places where they have other things more important to them that should be honored. If there are communities that are clear about what they want and what they want is something that can be easily responded to, there is no reason we shouldn't be working with them aggressively. Part of this process, creating the rationale for it, provides the opportunity to explain that. In Ontario County, the Executive Director says one of the great things the strategy has done for him is given him the ability to say no. We are not going to do this because this is what we are going to do.

In conclusion, Mr. Fairweather stated that it would be good to hear from some of you, if not all of you. What are your hopes for what will come out of this?

Mr. Holt responded job creation.

Mr. Fairweather responded yes, but are there other things or even maybe fears; things that you are concerned about when you think about this. This is about job creation. Creating jobs and wealth is what this stuff should be doing.

Chair Campagiorni stated that his fear is that people will think this is a silver bullet and it is just not. You can do all the analysis that you want, clusters that have developed around here, it won't support the data or vice versa, but it is tough. He thought that economic development has finally changed over the last 20 years completely. It went from a real estate focused, I've empty building ... i.e. Schrade and TechCity ... to now it is about talent and people. If you don't get the population here growing and having people moving in, we are not going to have businesses because you are not going to have 1,000 person relocations. It happens once a while, but there is about a dozen across the United States and we are not going to be in that market.

Mr. Fairweather responded that that is part of the word that has to get out about this process. The game has changed. It is about people and talent and the good news is that Ulster County is well-positioned for that because of the quality of life we have to offer and we are only an hour, hour and one-half north of New York City. But the process of making that work is a lot more subtle and complicated than a real estate transaction.

Chair Campagiorni stated that is a little difficult for a lot of people to accept; to have large properties in the Town of Ulster and Ellenville. It is really hard to figure out what you are going to do with some of those "albatross" properties. It is daunting in some ways. He didn't know absent a private public partnership how we turn some of those properties around at all. He thought that the expectation level is sometimes when you do this Oh, we are going to have the answer now and then we'll just go and call them up and they will come. It is nothing like that.

Mr. Fairweather stated that is why it is important to have the relationships in place. We need to continually communicate that. Sometimes it means going to a Chamber meeting and explaining that. The consultant can do that. To say "here is what the process is going to look like" and then when they start screaming at him, he can explain how the game is changing and you can sort of look on. That is the value of having a consultant. He understands that process. It is one of the things he is offering and he will make it an explicit offer is to be available as a resource to keep the process explained in the communities and to keep the communities engaged in what is a subtle and at times confusing process.

University of Northern Iowa Institute for Decision Making

Cindy Angel

(via conference call)

Ms. Holt introduced Ms. Cindy Angel to the members of the Board of Directors.

Ms. Angel addressed the members of the Board of Directors. A copy of the University of Northern Iowa Institute for Decision Making proposal is on file. Her comments included, but were not limited to the following:

- The Institute for Decision Making has been around for 27 years; initially funded by the state of Iowa to do economic development projects for the state of Iowa. As the years went by and with budget cuts we now have to charge for their services. This now frees them to work outside the state of Iowa.
- Worked with over 900 communities and economic development groups. They do not do a "cookie-cutter" approach. They try to tailor their projects to the needs to whichever community our economic development group that we are dealing with.
- The purpose of this project is to attract new employers based upon the assets of the county and the region. To identify industries to consider for targeting to recruitment to the area.
- There are four tasks that they would be undertaking before getting to the final report.
 - First Task. Examining the existing industry base in the county and the surrounding region to look for industry concentrations; see if there is a concentration of any specific type of manufacturer or some other type of industry concentration. Look at industry linkages that are already existing; what kind of companies are supplying your existing industry base and analyze those for possible targeted industries. There may be some type of supplier that could be brought in to supply several existing industries. They go to a lot of different sources to do that – government sources, propriety industry sources and data sources, look at other research that has been conducted and then based upon their experience. They would also do that by coming out to visit and setting up interviews with the county's largest employers and ask them questions about who they currently use as suppliers; is there some type of supplier that may be better for them if they were located closer. Look at transportation issues. Are there any transportation issues either receiving incoming supplies or shipping out products. We have a whole list of questions to ask the key business.
 - Second Task. Analyze the county's labor market area. What kinds of employees that Ulster County has in the area; what kinds of skills. What kinds of training is available in the area – through the community colleges. What kinds of students are coming through the schools; what skills do they have. What possible industries would they match with to look for potential available labor? From the industry side what types of employees and skills they need. Then they would match the needed skills with the skills in the existing skills in the area.
 - Third Task. Analyzing other economic development assets. What is available for fully served industrial sites and available buildings? What other infrastructure assets are existing; transportation assets. A variety of assets that are important to companies when they are looking to locate. On an on-site visit they would visit those available buildings and sites.
 - Fourth Task. Determine the target industries. This would be pulling together all those steps that they have looked at before. Looking at supplier linkages; looking at available labor, looking at skills, training, buildings and industrial sites. Look at all those things at the same time to come up with industries that would match with what is available in the area.
 - After all the research is done, they develop a Targeted Industry Report which they would come out and make a presentation in person and provide hard copies of the report.
 - The proposed time line is estimated at 120 days to do the project.

Legislator James Maloney asked how many people would you be sending to Ulster County?

Ms. Angel responded that they have three people designated to work on the project. She was not sure that all three would need to come, but at least two would be coming.

Chair Campagiorni asked when you come to local area, how much time do you spend here. You talked about interviewing companies about their key suppliers and issues, looking at industrial sites. How much time would you spend in Ulster County?

Ms. Angel replied that it would depend on how many companies they would need to interview. Typically, in Iowa they would spend maybe two days; however those areas are probably a lot smaller than yours. She didn't know how many sites that you wanted us to visit and that sort of thing, so maybe three, four days. It would all depend on how many visits they need to make. They like to spend at least an hour interviewing a particular company.

Chair Campagiorni asked from your analysis when you speak to the companies, beyond suppliers, what are looking for from companies. Are you only looking for large employers is that all you want to speak to? Who do you want to speak to?

Ms. Angel responded typically it is manufacturers and the larger ones. They would probably do an analysis before coming out, because you may have a concentration of cluster of industries. If we think that was a significant cluster/concentration to look at, then they would like to speak to some of the smaller ones. They have also done group interviews before. If there are lot of companies and not really enough time to go to each one individually. We don't try to get any proprietary information that they don't want to share it is just basically, mostly in terms of suppliers, a future growth plan; are they thinking of branching out into a different product line.

Mr. Robert Sudlow asked if they had done any work in New York at all.

Ms. Angel responded no, not personally.

Chair Campagiorni asked in terms of your deliverables, after you identify targeted industries and all that are you giving us tactics or are you just giving us targets to go after, or industries to go after. Are you giving us recommendations and/or suggestions on tactics to go after these industries?

Ms. Angel responded that there are some general recommendations; but not specifically strategies like how to find them or anything like that. That is something that they would contract with separately. That is not included as part of this project. Many times they have done marketing plans and identified potential companies.

EXECUTIVE SESSION

Motion: Burton Gulnick, Jr., seconded by Robert Sudlow, moved to adjourn into executive session at 4:57p.m.

Vote: The motion was adopted.

Motion: James Maloney, seconded by Kenneth Crannell, moved to adjourn out of Executive Session at 5:07 p.m.

Vote: The motion was adopted.

No official business transpired during Executive Session

SELECTION OF FIRM TO PREPARE A MARKETING AND TARGETED INDUSTRY ANALYSIS FOR ULSTER COUNTY

Motion: Ward Todd, seconded by James Maloney, moved to hire Fairweather Consulting as the firm to prepare a Marketing and Targeted Industry Analysis for Ulster County.

Vote: The motion was adopted

Ms. Holt stated that she believed that the Board has agreed to pursue the techno-preneur and she will have presentations ready for the March meeting on that topic.

PROPERTY SALES

Ms. Holt reported as follows:

- The Title Search has been completed.
- When the appraisals are done for 300 Flatbush Avenue as well as the piece on Golden Hill, Title Insurance will be purchased.
- Deegan-Sanglyn Contract. A copy of which is on file. They have requested 5% commission. The industry standard is 3-5%.

Motion: Thomas Briggs, seconded by James Maloney, moved to approve the contract with Deegan-Sanglyn Commercial Real Estate (DDGI Realty Services Corp.) with a 5% commission structure.

Vote: The motion was adopted.

OLD BUSINESS

None.

NEW BUSINESS

Hudson Valley Economic Development Corporation (HVEDC). Dues for the Hudson Valley Economic Development Corporation are now due. Traditionally, the UCEDA has paid half and the UCIDA has paid half. The dues were \$10,000 last year and they are asking for \$10,000 this year. The UCIDA has agreed to pay \$5,000.

Vote: Thomas Briggs seconded by Burton Gulnick, Jr., moved to approve the payment of 2015 Annual Dues to Hudson Valley Economic Development Corporation in the amount of \$5,000.

Vote: The motion was adopted.

March Meeting Date for the presentation of the 2014 Audit. The Audit/PARIS Report must be approved prior to March 31, 2015. It was unanimously agreed that the next meeting of the Ulster County Economic Development Alliance be held at 3:00 p.m., Thursday, March 19, 2015.

Start-Up New York. Chair Campagiorni reported that the Lieutenant Governor spoke to the Business Council yesterday. Is there any updates.

Ms. Holt stated that leads are trickling in. Don Katt is amazing; he really wants it and he is being really aggressive. SUNY New Paltz is not a problem, but they have a lot going on and it is not a real priority for them. Two businesses have been approved. She is on the committee for SUNY Ulster and she meets with them to help them and get them acclimated to Ulster County. They have met with close to a dozen businesses so far. It is still too early to tell. It is a really great program for the upstate counties that have a lot of space on their college campuses so that they get the property tax benefit. In Ulster County, because we don't have room on either of our campuses there is no property tax to be saved. If you are looking into manufacturing, there is no manufacturing tax to be saved either, because they don't pay that. It is really the income tax for the employees. It is important and businesses want it. If you were designing an incentive program for Ulster County, this would not be it.

One of the approved companies is GIPO. It is a wastewater treatment facility. They are at TechCity. They are building a piece of equipment, their first client is Tuthilltown Distillery, it will take their waste and turn it into power. The second is Mid-Island at the Callahan site in Port Ewen. They have met with him. He has a lot of plans and it is hard to determine what is going to take off first.

Chair Campagiorni asked if the company is in Port Ewen, can they get the property tax exemption if they go off.

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Chair Campagiorni asked if the company is in Port Ewen, can they get the property tax exemption if they go off.

Ms. Holt responded no. There are no property tax exemptions in Ulster County. It is only for on-campus businesses.

Chair Campagiorni asked because of a local law or state law or both.

Mr. Kenneth Crannell asked why Tech-City is eligible for Start-Up New York

Ms. Holt responded because it is one mile from the Business Resource Center.

Mr. Crannell said than it is because of the core satellite location then.

Ms. Holt replied yes.

ADJOURNMENT

Motion: James Maloney, seconded by James Gulnick, moved to adjourn the meeting.

Vote: The motion was adopted.

Meeting Adjourned at 5:20 p.m.



Respectfully submitted,
Ward Todd, Secretary