

ANNUAL REPORT



A Look Inside
2009



Our life science cluster realized significant gains in the past year, as highlighted in a *New York Times* feature article in October.

PRESIDENT'S MESSAGE

Challenges and rewards were the watchwords of 2009. Although the global economy was in the midst of a deep recession, the Hudson Valley continued to attract significant business investment and good-quality jobs for our residents.

Our life science cluster, in particular, realized significant gains in the past year, as highlighted in a *New York Times* feature article in October. OSI Pharmaceuticals is consolidating its U.S. operations in Ardsley at a 43-acre campus it acquired for \$27 million. The company plans to invest \$95 million in the site and create hundreds of new jobs to add to the 350 workers that are in the process of relocating there. Likewise, Regeneron Pharmaceuticals announced that it was expanding at the Landmark at Eastview in Tarrytown even before it moved into its sparkling new headquarters and R&D labs. Baltimore-based Profectus BioSciences also announced plans to establish operations on the same campus, in order to capitalize on its close proximity to its customers.

Another bright spot during the past year was our growing photovoltaic cluster, with millions of dollars being invested in new R&D and manufacturing capacity to serve the solar industry. SpectraWatt and Prism Solar Technologies both announced the start-up of cutting-edge manufacturing facilities in the Hudson Valley.

Our region also took crucial steps to develop shovel-ready sites for high-technology businesses. We are fortunate that two sites – Winston Farm in Saugerties and Tech City in Kingston – are now working simultaneously toward becoming greenfield sites with the infrastructure and permits in place to attract clean, well-paying industries.

While HVEDC continued to market the region aggressively as a prime location for business, the organization also took on a new role during the past year as an assertive advocate for the Hudson Valley in Albany. We believe that a unified regional agenda is critical to securing state support for economic development projects in the region.



Although 2009 will be remembered by many as a year of tough economic challenges

and the Hudson Valley was not spared all together, our economy is strong overall and well-positioned for growth in the future. The message we must send to businesses is clear and simple: The Hudson Valley is right where you need to be.

Michael Oates
President and CEO

The Avon Global R&D Center is one of the anchors of the Hudson Valley's growing life science cluster, which attracted Profectus BioSciences and OSI Pharmaceuticals during the past year.

The Hudson Valley Economic Development Corporation works closely with the seven counties in our region – Westchester, Rockland, Orange, Dutchess, Sullivan, Ulster and Putnam – to attract business investment and high-quality jobs. The most significant deals during 2009 included:

■ **OSI PHARMACEUTICALS** announced plans in July to consolidate its U.S. operations into a single campus in Ardsley. After an extensive site search in which it considered potential new locations in multiple



states, the company acquired the 43-acre Ardsley Park Science and Technology Center for \$27 million. OSI plans to invest over \$95 million in the campus and relocate approximately 350 current U.S. employees from its facilities in Melville and Farmingdale, New York; Boulder, Colorado; and Cedar Knolls, New Jersey, to the new site. The consolidation will retain 200 jobs in New York State and create nearly 400 new jobs in the state by 2014.

■ **SPECTRAWATT**, a manufacturer and supplier of advanced silicon photovoltaic cells to the solar industry, announced plans in early April to establish the company's first factory and its new headquarters at the Hudson Valley Research Park in East Fishkill. The company, which

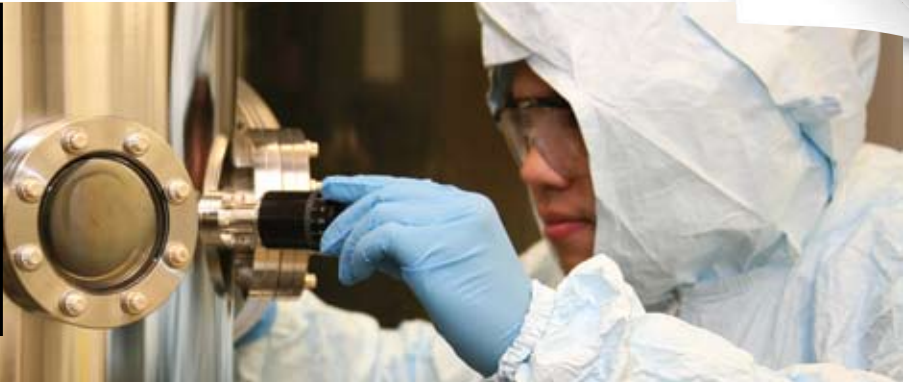
is in the process of moving from their previous location in Oregon, aims to be in production early in 2010 and create more than 100 jobs within the first year of operation. A spin-off of Intel Corporation, SpectraWatt is located on the same campus as IBM's semiconductor microchip factory.

■ **PRISM SOLAR TECHNOLOGIES** acquired the former PLASMACO manufacturing facility in Highland to establish production of its patented holographic planar concentrator (HPC) film. The company received a \$1.5 million grant from NYSERDA to buy manufacturing equipment for the



93,000-square-foot facility, which is slated to be operational during the first quarter of 2010. U.S. Rep. Maurice Hinchey also announced that Prism is in line to get \$3.6 million in federal funds to start a spin-off business that will produce a new solar technology in high demand by the U.S. military. Prism intends to create more than 200 jobs in the first few years and up to 400 over five years.

IBM and its research partners committed to spending more than \$1 billion through 2013 at the College of Nanoscale Science and Engineering. The investment will result in another 600 jobs at CNSE's \$5 billion Albany NanoTech complex, the most advanced research enterprise in the academic world.



■ PROFECTUS

BIOSCIENCES, a Maryland-based R&D company that has a licensing agreement with Wyeth (now



Pfizer) to develop vaccines for HIV and other chronic viral diseases,

announced in the summer of 2009 that it plans to set up operations at the Landmark at Eastview in Tarrytown. The biotech company is renovating about 20,000 square feet at the complex and will immediately create 13 new jobs, most of which will be filled with research scientists. Over the next two years, the company is expected to add more than 20 additional employees at the facility.

■ MEDLINE

INDUSTRIES acquired a 62-acre parcel at the Pine Lane Business Center in the Town of Wawayanda and built a 500,000-square-foot warehouse. The new warehouse more than doubles the size of Medline's Orange County operation, which supplies hospitals, nursing homes and

home health agencies with medical supplies in southern and central New York. The new facility employs about 100 people.

■ ROADWAY EXPRESS

moved about 150 jobs from its Tannersville, Pennsylvania operation to Yellow Transportation in Maybrook this spring. Parent company YRC chose Maybrook because of its central location, size and proximity to major highways. The distribution center, which employs about 500 people, is located near the crossroads of I-84, the New York State Thruway and the new I-86.

■ COACH/SHORTLINE

USA, a bus company that is a mainstay of public transportation on the west side of the Hudson River, moved from Bergen County in New Jersey to the Town of Chester in Orange County. The company built a 200,000-square-foot enclosed garage at the Tetz Industrial Park. The \$14 million facility, which is located on a 52-acre Empire Zone site, will employ 300 people when it is fully up and running.

"Between the skilled workforce, outstanding support from the Empire State Development Corporation and the valuable programs offered by the New York State Energy Research and Development Authority, the decision to locate in New York was very easy for us."

Andrew Wilson, CEO
SpectraWatt

GOOD NEWS FROM BEYOND THE REGION

As the saying goes, "a rising tide lifts all boats." That's why HVEDC believes that two large economic development projects north of our region bode well for the greater Hudson Valley region:

■ **IBM** and its research partners committed to spending more than \$1 billion through 2013 at the College of Nanoscale Science and Engineering of the University at Albany. The investment will result in another 600 jobs at CNSE's \$5 billion Albany NanoTech complex, the most advanced research enterprise in the academic world.

■ **GENERAL ELECTRIC** announced in May that it will build a \$100 million plant near Albany to make high-tech batteries for hybrid locomotives and other applications. The company plans to refurbish an existing manufacturing facility in Schenectady and have it operational by mid-2011. Plans call for the plant to eventually employ 350 people.

A steady stream of other companies also announced investments in the Hudson Valley, including: ■ **Blue Beverage Group**, a manufacturer of soft drinks, purchased a 181,000-square-foot facility in Haverstraw and will create 25 new jobs. ■ Flavoring manufacturer **Wynn Starr Flavors**, an attraction from New Jersey to the new Kohl Industrial Park in Congers,

is investing \$1 million in an R&D facility that will create 26 new jobs.

■ **Liptis Pharmaceuticals**, a manufacturer of nutraceuticals and pharmaceuticals, purchased an existing 30,000-square-foot facility in Chestnut Ridge and expects to create nearly 30 new jobs over the next several years.

EXPANDING EXISTING BUSINESS

Regeneron signed two long-term leases for approximately 210,000 square feet of additional laboratory space in the Landmark at Eastview, an eight-building biotechnology complex that straddles Greenburg and Mount Pleasant.



With rampant news of factories closing and companies downsizing across America, the Hudson Valley was fortunate that many of its existing businesses continued to invest in new or expanded facilities. Here are the highlights:

■ REGENERON PHARMACEUTICALS

not only moved into new headquarters and R&D facilities at the Landmark at Eastview in Tarrytown during 2009, the company also signed two long-term leases for approximately 210,000 square feet of additional laboratory space. All told, Regeneron now leases about 520,000 square feet and employs about 700 workers at the complex.



and children to protect them from meningitis and other diseases caused by pneumococcal bacteria. Wyeth was acquired by Pfizer in October 2009, and some lay-offs are occurring at the Pearl River facility due to restructuring.

■ SAN MAR LABORATORIES

is investing approximately \$1.9 million in renovations, systems improvements and new machinery and equipment at its Elmsford facility. The company expects to hire 115 new full-time employees at the location during the next two years and retain 199 existing full-time employees. Established in 1975, San Mar

provides private label OTC drug, pharmaceutical and beauty aids manufacturing and development to Fortune 500 companies, major universities, biotechnology firms and specialty chemical manufacturers.

■ **MANHATTAN BEER DISTRIBUTORS** purchased a 92,963-square-foot industrial building in Suffern adjacent to the building the company purchased in July 2007.



The company is one of the largest beer distributors in the metro New York area, directly servicing over 23,000 accounts in 15 counties.

“Science is being done in collaborative groups today and research facilities need to account for that.”

Dr. Leonard S. Schleifer
Founder
Regeneron

■ **BLUE HILL DATA SERVICES**, an information technology infrastructure services provider, signed a lease for 40,772 square feet of space at Blue Hill Plaza in Pearl River – an expansion of more than 19,000 square feet.

■ **ELNA MAGNETICS**, a manufacturer and distributor of magnetic cores for electronic applications ranging from solar to the aerospace industry, built a new \$4 million facility in Saugerties that will allow the company to double its workforce over the next three years. Founded in 1955, Elna turned to the Ulster County Industrial Development Agency to assist with the expansion.

■ **ARMOR DYNAMICS** is receiving a \$2 million federal grant to help expand its laboratory and testing capabilities to assist the company in bringing its advanced reactive armor system to market. The Kingston-based company is the devel-



oper of a patented composite armor technology that is designed to protect American troops. The funds will enable the company to add 5-10 new employees and pave the way for a significant workforce expansion.

HITTING ALL OUR GOALS FOR 2009

In spite of one of the worst economies since the Great Depression, HVEDC was able to meet all of our goals for 2009, thanks to close partnerships with the seven counties we represent, as well as the State of New York. What it boils down to is this:

- **1,107 direct new jobs** created in the region
- **1 million square feet** of once-empty office and industrial space now leased

■ **BEST MEXICAN FOODS** built an ultra-modern 20,000-square-foot facility in Middletown in 1985 and doubled the size in 1987. The company is currently constructing another new 20,000-square-foot facility in nearby Chester.

■ **ABOVENET COMMUNICATIONS**, a publicly traded provider of high-bandwidth connectivity solutions for businesses and carriers, inked a deal to keep its headquarters in downtown White Plains by signing a 10-year lease renewal for 32,000 square feet of space. Company President and CEO Bill LaPerch said that the company's headquarters is "strategically located to serve the needs of some of the world's most demanding customers."

■ **MECHTRONICS CORP.**, a manufacturer of point-of-sale display systems for drugstores and other retailers, is consolidating its operations in Beacon with a 65,000-square-foot addition to its current facility. About 20 employees are moving to the Dutchess County facility.

■ **GILLETTE CREAMERY** was aggressively courted by the State of Vermont, but decided to stay in the Hudson Valley where it has been located since 1985. The company, a distributor of wholesale ice cream products, will move from its current 12,000-square-foot plant in Ellenville to a 30,000-square-foot plant in Gardiner. A \$400,000 loan from Ulster County Development Corporation and a \$600,000 grant from Empire State Development Corporation assisted with the \$5.7 million expansion.



From photovoltaic solar cells to pharmaceuticals, advanced manufacturing continues to thrive in the Hudson Valley thanks to a highly skilled workforce.



With its strategic location on the Northeast corridor, the Hudson Valley offers businesses access to the richest consumer market in the world.

The global competition for business investment continues to become ever-more fierce. That makes it imperative for the Hudson Valley to continue its marketing outreach to communicate the region's advantages.

HVEDC acts as a single source of information for companies considering locating or expanding in our region. Our website – with its inventory of available sites and buildings – continues to be a fundamental marketing tool, but HVEDC uses a broad range of other marketing initiatives to heighten awareness of the region's positive business climate. Here are just a few of the techniques in our arsenal:

■ **SITE CONSULTANT AND REAL ESTATE BROKER OUTREACH** HVEDC is a firm believer in face-to-face meetings with corporate executives and their location advisors as the most effective means of establishing relationships that produce strong results for the region over time. For that reason, we attended CoreNet Global conferences in Dallas and Las Vegas and were active in reaching out to prospects at both corporate real estate events. We also set up a series of personal meetings with site selection consultants in key markets and held a Hudson Valley Showcase in November at the Landmark at Eastview. This event attracted more than 100 people to meet with the owners and brokers of 15 prime buildings and sites in the Hudson Valley.



■ **PHOTOVOLTAIC CAMPAIGN**
HVEDC continued to spearhead the Hudson Valley Photovoltaic Alliance to promote the region as an ideal location for the manufacture of photovoltaics (PV) used in the fast-growing solar industry. We distributed a series of e-postcards to a targeted prospect list that underscored the region's highly skilled workforce, proximity to massive solar markets and access to cutting-edge R&D and technology clusters. A follow-up telephone outreach campaign uncovered a number of opportunities for the region.



REAL ESTATE. REAL TIME.

HVEDC maintains a comprehensive and searchable online database of prime real estate available in the Hudson Valley. CEOs, site selection consultants and brokers have up-to-the-minute information at their fingertips 24/7 on buildings with more than 25,000 square feet of available space and shovel-ready sites of at least 5 acres.

NEWSLETTERS

Each quarter, HVEDC publishes three newsletters aimed at keeping different audiences up-to-date on business news in the region. More than two dozen issues of *Smart Locations* have been published since the newsletter was first launched in 2003. The newsletter mails to more than 12,000 targeted corporate executives nationwide. Meanwhile, *The Q Report* provides a concise summary of company expansions and relocations, as well as a snapshot of our economy, for elected officials in our region. Finally, our *Hudson Valley Real Estate Transaction Tracker* has quickly become the most comprehensive and reliable resource for news on commercial, office and industrial real estate transactions in our seven counties.

HVEDC has aggressively promoted the Hudson Valley as an ideal location for the manufacture of photovoltaic cells used in the solar industry.



THANK YOU TO ANTHONY CAMPAGIORNI

When the Hudson Valley Economic Development Corporation tapped Anthony Campagiorni in 2003 to be its first President and CEO, the organizers knew they found an energetic, young leader who would build a solid foundation for the organization and move quickly to establish the region as one of the world's premiere locations for business.

Anthony was an aggressive marketer, creating integrated high-impact campaigns to promote the region's biotechnology, semiconductor, financial and information technology clusters. In the wake of September 11, he marketed the region's assets for disaster recovery and back-up operations, and more recently, he launched a global marketing initiative to attract photovoltaic manufacturers for the solar industry to the Hudson Valley.



He often worked tirelessly behind the scenes, uncovering prospects, shepherding projects along and working hand-in-hand with the counties to help close deals. During his six years with HVEDC, the organization played a role in creating 10,000 new jobs, with more than 6 million square feet of office and industrial space occupied and 300 acres of land sold for commercial development.

In his new position at Central Hudson Gas & Electric, Anthony continues to be involved in economic development for the Hudson Valley. That this region will continue to benefit from his vision, energy and business acumen is a good thing indeed.

NURTURING ENTREPRENEURSHIP



Marist College broke ground in the spring on the Hancock Center, a new \$35 million technology center on its Poughkeepsie campus overlooking the Hudson River.

Although the Hudson Valley works hard to attract, retain and expand “big business,” we are also building the infrastructure necessary to help early-stage, high-tech companies grow and succeed.

Small businesses now account for the vast share of job growth in America. As a recent editorial in *The Wall Street Journal* pointed out, entrepreneurs are “who gave us everything – from Wal-Mart to iPhones, from microprocessors to Twitter – that is still strong in our economy.”



■ ORANGE COUNTY BUSINESS ACCELERATOR

A new small business incubator for the Hudson Valley opened in October at New York International Plaza in New Windsor. Called the Orange County Business Accelerator and funded by the Orange County Industrial Development Agency, the incubator focuses on three industries: renewable energy, biomedical and health care. The facility has the capacity for 12 start-ups or firms already in business but looking to expand and will subsidize companies for a maximum of three years.

■ MARIST COLLEGE HANCOCK CENTER

Marist College broke ground in the spring on a new \$35 million technology center on its Poughkeepsie campus overlooking the Hudson River. The Hancock Center will house the college’s School of Computer Science and Mathematics, the renowned Marist College Institute for Public Opinion, and programs aimed at collaborative research, innovation and small-business incubation.



■ KINGSTON DIGITAL CORRIDOR

was created as a new effort to draw more of the tech-savvy digital media entrepreneurs who have set up shop in the riverfront city in recent years – attracted by its relatively cheap real estate, location within striking distance of New York City and the urban look and feel of its downtown. Kingston’s Digital Corridor already has a strong foundation at Seven21 Media Center, where close to 20 independent media companies have formed a strategic partnership and are co-located in a former TV studio.

“Only entrepreneurs have the flexibility, the freedom and the risk-everything ambition to find the path back to prosperity in a rapidly changing, technology-driven global economy.”

Tom Hayes and Michael Malone
The Wall Street Journal

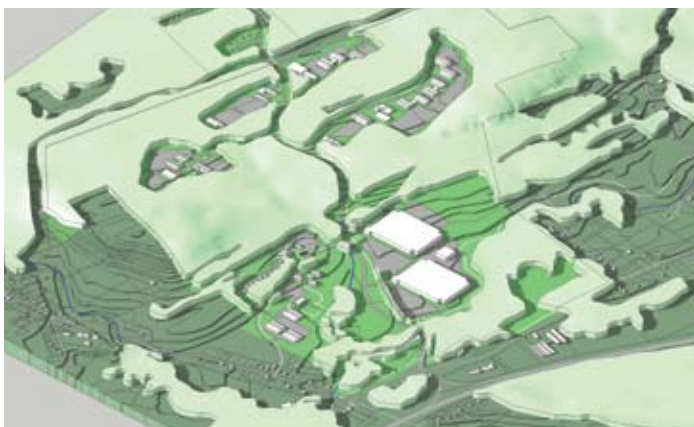
Although HVEDC was conceived as a marketing organization, its original mission has evolved over the years and now reflects new political and economic realities.

Two key facets of its new mission are to be a proactive advocate for the Hudson Valley in our state capital and to take a lead role in helping the region identify sites that can be made “shovel-ready” for businesses to build high-tech manufacturing, R&D and other facilities. Progress on these dual fronts was achieved in 2009:

Hudson Valley Regional Coalition ■ HUDSON VALLEY REGIONAL COALITION

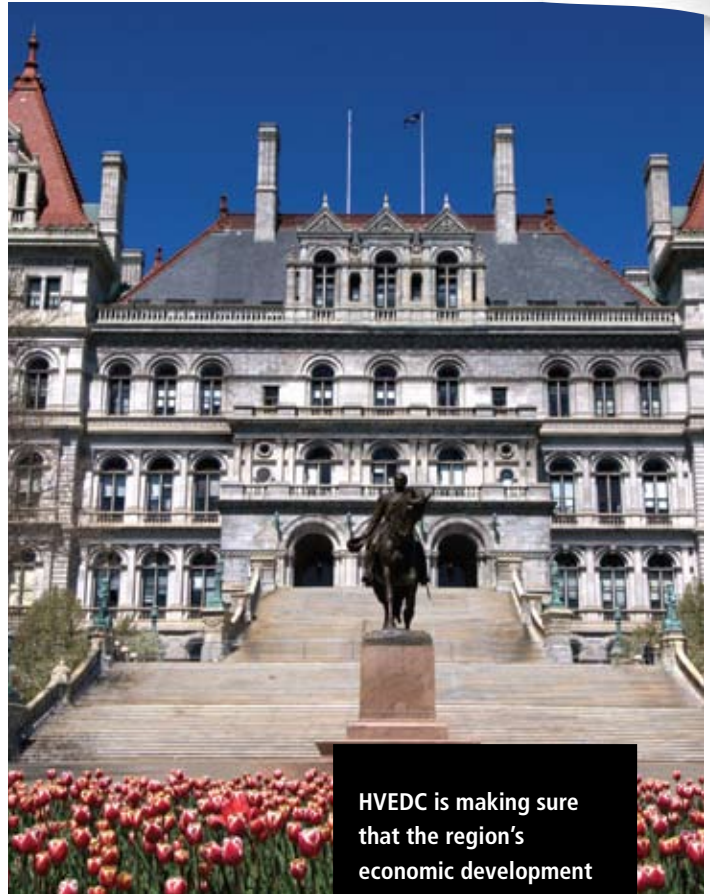
Because the Hudson Valley lacks a central city, the region is at risk of getting lost among all the other competing interests upstate and in New York City if it does not have a unified regional agenda. Toward that end, HVEDC spearheaded the formation of

the Hudson Valley Regional Coalition in 2009. More than two dozen organizations – including economic development organizations in seven counties, chambers of commerce and industrial development agencies – banded together to speak loudly and clearly to leadership in Albany as “One Valley. One Voice.” The coalition tackled issues ranging from the location of a microchip packaging plant in the Hudson Valley to the Metropolitan Transit Authority’s controversial payroll tax.



■ WINSTON FARM DEVELOPMENT

The biggest barrier to attracting high-tech companies to the Hudson Valley has been not having large shovel-ready greenfield sites with the infrastructure in place that is required for doing business today. To help jump-start the development of such a site, HVEDC paid for a comprehensive analysis of nine sites in the Hudson Valley.



HVEDC is making sure that the region’s economic development priorities are being heard by leadership in Albany.

Photo courtesy of the Albany County Convention & Visitors Bureau

When the 773-acre Winston Farm in Saugerties emerged as the top candidate to develop as a high-tech business park, HVEDC then collaborated with the owners of Winston Farm, the Town of Saugerties and Ulster County Development Corporation to develop a detailed feasibility study and master plan for development of the site.

The preliminary development plan for Winston Farm, which was presented at a public meeting in November, envisions more than 2 million square feet at full build-out. Plans call for two manufacturing buildings totaling 1 million square feet; three buildings with flexible uses totaling 103,500 square feet; research, development and office space in 14 buildings totaling 760,000 square feet; as well as residential housing for corporate employees, a hotel/conference center, museum, restaurants and other supporting commercial space.

One Valley. One Voice.

A TRIBUTE TO WILLIAM R. DECOTA

When Bill DeCota, Director of Aviation for the Port Authority of New York and New Jersey, died unexpectedly in September, many in the Hudson Valley mourned. He had been a true champion for the future of Stewart International Airport, pledging \$500 million in improvements over the next 10 years. As a member of HVEDC's Board of Directors, he also chaired our Strategy Committee, providing critical insight and business savvy.



"We want to build an airport that provides the ultimate in access, service and convenience."

William DeCota
Former Director of Aviation
Port Authority of
NY & NJ

DeCota saw Stewart as an "economic lodestone" for the region and when asked about his vision for the Hudson Valley airport when he was interviewed for this Annual Report last year, he replied: "We want to build an airport that provides the ultimate in access, service and convenience. That means getting more flights to more destinations and more direct service. It means a terminal expansion and a new international passenger processing facility. It means additional taxiways and lengthening the crossways. It means aeronautical improvements, new hangars, a new cargo facility and looking at the possibility of direct rail access. You'll see a whole new airport rising at Stewart."

Although DeCota won't be here to see his vision realized, the Port Authority has already invested \$100 million in its first two years as the airport lease holder, despite the deep

recession. Bill's wisdom, warmth and humor will be greatly missed, but gratefully, his legacy in the Hudson Valley will live on.



Bill DeCota had been a true champion for the future of Stewart International Airport, pledging \$500 million in improvements over the next 10 years.



Photo courtesy of Fred Schaeffer

THE LAST WORD: A 19TH CENTURY BRIDGE TO THE FUTURE

On October 3, 2009, the Walkway over the Hudson officially opened as a State Historic Park. The 19th century railroad bridge – which stretches 1.25 miles from Poughkeepsie to Highland high over the Hudson River – attracted an estimated 400,000 hikers, joggers and bicyclists in its first two months – far more people than officials expected to visit in an entire year.

Clearly, the bridge has captivated peoples' imaginations. Rescued from ruin and transformed into a world-class tourist attraction and economic development initiative, it stands as a testament to what public-private partnerships can accomplish.

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