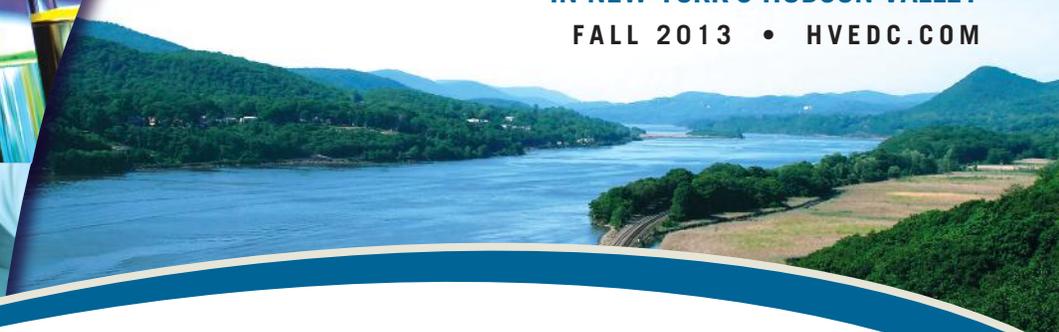




HVEDC INSIGHTS

UPDATE ON BUSINESS DEVELOPMENTS
IN NEW YORK'S HUDSON VALLEY

FALL 2013 • HVEDC.COM



Beer, Wine & Spirits Summit Brings Together Innovative Hudson Valley Companies

A MESSAGE FROM OUR PRESIDENT

This year, Hudson Valley Economic Development Corp. has accomplished so much, from educating the business community about the latest economic trends having a wide sweeping effect on businesses right here in the Hudson Valley to helping bring over 1,000 new jobs and \$885 million in new investment to the region.

Our biggest accomplishment was launching the Hudson Valley 3D Printing cluster initiative, which will have an impact on the regional economy for years to come. HVEDC welcomed a major dignitary, Rudy Giuliani, to educate business people in our region about what we felt was one of the top priorities today – the need for increased cybersecurity. In addition, HVEDC – through its Thought Leaders Lunch Series – helped business owners find ways to access capital and learn more about regional power initiatives and issues in the Hudson Valley.

As we plan for the coming year, there is much to be excited about. Your success is our success, and we will continue supporting your efforts.

See you in 2014!



Laurence P. Gottlieb
President and CEO
Hudson Valley Economic
Development Corp.

Event reflects the significant growth of the industry over the past several years

In October, HVEDC hosted the first-annual Hudson Valley Beer, Wine & Spirits Summit, which featured many of the biggest industry players. With more than 200 attendees, it was the largest event of its kind ever to be held in the region.

The beer, wine and spirits industry is a rapidly growing sector in the Hudson Valley. Always a strong industry here, the past couple of years have been particularly fruitful, transforming the industry into a true hub for beverage products across the country.

“The event is the personification of what we do, which is to bring together previously disconnected companies, organizations, officials, media, investment resources and opportunities to make magic happen,” said Laurence P. Gottlieb, president and CEO of HVEDC.

The summit, organized by HVEDC’s Food & Beverage Alliance and held at The Culinary Institute of America in Hyde Park, brought together the wide range of breweries, distilleries, wineries,

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Beer, Wine & Spirits Summit

cideries and vineyards that call the Hudson Valley home. It featured a number of speakers, including Sean Eldridge of Hudson River Ventures, an investment firm that helps provide access to capital to small and medium-sized businesses in the region.

“Economic development and job creation are two of the biggest issues our region is facing,” Eldridge said. “Without access to capital, it’s impossible for us to see the growth and job creation we would all like to see.”

Also speaking was Frank Giordano III, a partner with Judelson, Giordano & Siegel, CPA, PC, a Middletown accounting firm, covering the ever-changing nature of the industry and some of the financial challenges and opportunities facing these types of businesses.

In addition, participants gained insights from state Deputy Secretary for Agriculture and Markets Pat Hooker, who spoke on the need and opportunities to expand beverage trails in the Hudson Valley and efforts happening at the state level in Gov. Andrew M. Cuomo’s office.

“There is a very sincere commitment on this effort. (At the state level), we are in the process of working on what the rest of this year and



Kenneth Adams, Empire State Development president, CEO and commissioner.



Beer, wine and spirits panel.

2014 will look like in terms of meaningful events,” Hooker said. “There are a lot of people at I Love New York and Taste NY who have a good sense of what is meaningful, but at the end of the day it’s the (people) in the business who know what will be effective.”

There was also a live demonstration on how to make a Smoked Manhattan from Professor John Fischer of The Culinary Institute of America, as well as an informative regulatory update from Dennis Rosen of the New York State Liquor Authority. The final portion of the summit included a panel discussion with a number of business owners in the industry, who all spoke of their experiences over the past few years and where they see the beer, wine and spirits sector going in the years to come.

By and large, the success of the food and beverage industry in the region has been the result of the hard work and innovations taking place at each individual business. However, many of these companies have begun working together to advance the industry together, which empowers growth for all.

In addition, the wine, beer and spirits industry

is benefiting from programs like Taste NY and the state of New York’s One-Stop Shop initiative, which helps new businesses get started and find ongoing success.

“New York State, through the Taste NY initiative, is pleased to co-host local events, such as the HVEDC Beer, Wine & Spirits Summit, to continue the momentum and explore ways to grow the sector and promote the diversity of the

Hudson Valley’s beverage companies,” said Empire State Development President, CEO and Commissioner Kenneth Adams.

Sam Filler, leader of Gov. Cuomo’s Empire State Development Craft Beverage Initiative, shared information on the One-Stop Shop program at the Beer, Wine & Spirits Summit, as well.



As the food and beverage sector continues to grow in the Hudson Valley, there will be many more opportunities for companies and organizations to meet and collaborate, as they approach some of the industry’s most pressing challenges together. HVEDC plans to continue to organize events such as this to foster this cooperative environment to the benefit of the entire Hudson Valley.



An Evening with Rudy Giuliani: Cybersecurity - America’s Top Digital Concern

Cybersecurity continues to be a growing issue for all businesses, regardless of their size, what they do and what types of products they provide. As more companies see cyber threats and online hacking attacks on sensitive information, cybersecurity is becoming even more essential.

As part of October’s National Cybersecurity Awareness Month, HVEDC hosted former New York City Mayor Rudy Giuliani through its Thought Leaders Master Series. Giuliani, one of the nation’s leading experts on homeland security, spoke about the importance of cybersecurity awareness in today’s society and the many threats and forms that cyber terrorism can take. He shared his insights with a packed room of 350 business professionals from throughout the Hudson Valley.

The following are some highlights from Giuliani’s presentation:



Giuliani on privacy in today’s society

“You no longer have any privacy. The whole concept of privacy is an ancient, anachronistic, almost a concept of the Middle Ages. Almost anything about you can be discovered, even things that you think are in these very, very secret places that have been hidden away for years.”

Giuliani on Social Security theft

“You know how many people end up opening their Social Security account to find out they opened it three years earlier? That somebody else has been taking their money out, for three or four years? That’s a whole specialty.”

Giuliani on self-protection

“If 90 percent of America — as opposed to 8 percent or 10 percent — were protected and the chance of getting caught was 90 percent, this crime would end. If people were doing what they should do and corporations were doing what they should do, it would end it. It would also save a lot of money in our economy because the whole way that credit card companies do this is extremely inefficient. Basically, they just write off hundreds of millions of dollars in theft to give you that \$50 protection.”

The main takeaway

In obvious ways, the Internet has revolutionized our lives in countless ways. Perhaps more importantly, it has reshaped the way that we work and do business. Overall, the Internet has brought incredible advances to businesses everywhere, and many of us simply couldn’t imagine working without it.

However, with the benefits of working online there come significant risks. And unfortunately, too many businesses and organizations are grossly under-protected and unprepared for these risks. The lesson we must learn, as Giuliani shared, is how to predict when the next attack will be and take the right steps to ensure that it’s unsuccessful.

Q&A with Joe Commisso

Vice President of Financial Operations and Corporate Strategy, Mediacom Communications

Q: Why did Mediacom decide to continue its operations in the Hudson Valley with a new headquarters and a commitment to add new jobs?

A: Since Mediacom was founded in 1995, the Hudson Valley has been our home. We had outgrown our previous space in Middletown and Goshen, and it was time to make a change. We considered several options, including relocating to Bergen County, N.J. In the end, building a new facility in Orange County made the most sense because it was the least disruptive to our employees. It also gave us the opportunity to design a space that fits the needs of our business, and plan for future growth.

Q: How did Hudson Valley Economic Development Corp. work with Mediacom to make this happen?

A: HVEDC was very active in assisting Mediacom with a number of aspects of the development process. In the early stages, HVEDC stressed the importance of our project to federal, state and local elected officials. Their advocacy ultimately led the Empire State Development Corporation to offer our company a competitive economic incentive package to build in the Hudson Valley. Convinced that our project could be a catalyst for future high-tech development in Orange County, HVEDC was instrumental in pushing the United States Postal Service to assign our campus its own vanity city name, Mediacom Park, N.Y.

Q: What makes the Hudson Valley a great place to do business?

A: The Hudson Valley has a lot to offer a high-tech business like Mediacom. Its unique location and access to major highways allows our company to draw employees from a talent rich workforce that includes portions of New York,



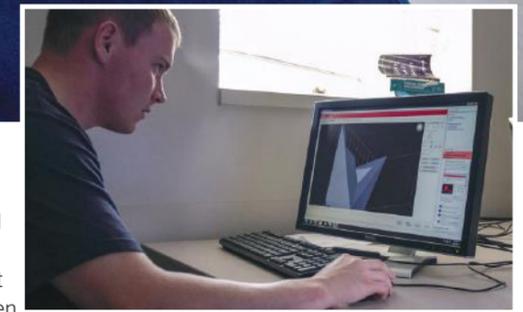
Joe Commisso, Rocco Commisso and Catherine Commisso

New Jersey, Connecticut and Pennsylvania. Its close proximity to New York City gives us easy access to many of the major banks and media companies that service our industry.

Q: How does this location help Mediacom position itself for future growth?

A: Our new facility at Mediacom Park was designed with future growth in mind. From a workspace perspective, we have the capacity to seat at least an additional 100 employees within our existing office space. Since our new office complex utilizes less than 10 acres of a 200-acre site, Mediacom has an abundance of land available for future development.

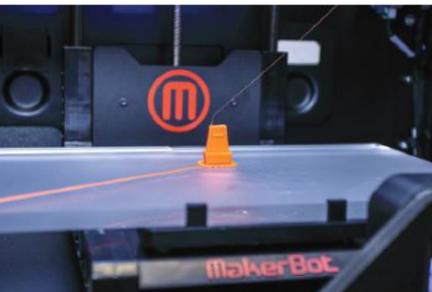
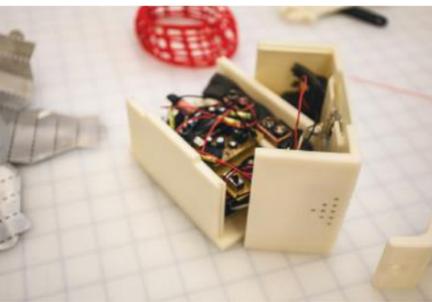
SUNY New Paltz Students Experience 3D Printing Reality



An industry with a strong future is enticing college students across the country to pursue new types of careers. 3D printing has had an average annual growth rate of 26.4 percent since its beginnings almost 25 years ago. Yet, here in the Hudson Valley, students in the groundbreaking Digital Design and Fabrication program at SUNY New Paltz feel the possibilities of 3D technology will only multiply in the years to come.

HV3D is an industry cluster development initiative initiated by Hudson Valley Economic Development Corp. HV3D has a critical educational component, the newly created Hudson Valley Advanced Manufacturing Center at SUNY New Paltz funded with start-up investments from HVEDC board members Sean Eldridge and Central Hudson. The center combines

“all of the things we’re doing in 3D printing,” said Daniel Freedman, dean of the School of Science and Engineering and director of the Hudson Valley Advanced Manufacturing Center. “It’s a point of connection between all of the programs going on internally (on campus) and everything we’re doing with external partners, whether they are the local school districts, community colleges or industry partners.”



The Digital Design and Fabrication program (DDF) is a collaborative effort of the Schools of Fine and Performing Arts and of Science and Engineering. The goal of this certificate program is to provide an introduction to additive manufacturing, social/cultural/

technological design thinking, mechatronics and programming. A group of 12 select students have been in the program since the start of the fall semester.

“The result of this unique partnership helps create students that are creative thinkers and problem solvers that will be able to navigate both large-scale industrial production facilities to small-scale, limited-run artist and designer studios,” said visiting assistant professor Arthur Hash.

The non-credit program is geared toward artists, designers and entrepreneurs that are interested in expanding their skill-sets through 3D printing technology. Since the start of the program there has been increased interest on campus, not only from the Fine Arts and Engineering departments but also from the Geology, Anthropology, Biology, Art History and other departments.

“For a long time I think the (Digital Fabrication) lab was the Fine Arts department’s best kept secret but now, with the launch of the DDF program, the interest has surged and we are always full with equipment buzzing and lasers engraving almost 24 hours a day,” said Hash.

Paige Munroe, a Fine Arts major with a concentration in Metals, enrolled in the program to learn how to use Computer Aided Design (CAD) software that would help her design three dimensional metal projects. Now, she uses CAD program Rhinoceros daily to realize specific details of her ideas.

“I am able to draw, develop and imagine my ideas more clearly than before,” said Munroe. “It has become one of the most valuable tools I’ve learned here at New Paltz.”

Munroe’s long-term career goal is to become a professional metalsmith and work in her very own studio. Until then she wishes to continue bettering her technical skills in order to reach the professional level in her field. She feels 3D printing technology not only offers much to the design world as a whole, but also has many applications to her specific career path.

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PROJECT SNAPSHOT

Construction Started:	August 2011
Construction Completed:	June 2013
Total Square Footage Constructed:	122,000 sf
Total Project Cost:	\$44 million
Jobs Retained:	250
Jobs Created to Date:	50 plus



CATSKILL DISTILLING COMPANY

Catskill Distilling Company has strong roots in the Hudson Valley. Launched by distiller Monte Sachs after the New York State Farm Distillery Bill passed the state legislature in 2007, it has quickly become a favorite of spirits aficionados locally and beyond.

Sachs grew up on a dairy farm in Connecticut and spent much of his adult life practicing equine medicine. He first encountered the art of distilling while attending veterinary school in Italy, but he didn't think seriously about entering the field until about five years ago. He and his wife, Stacy, opened Catskill Distilling Company in Bethel near the historic Woodstock Festival grounds, pairing it with the Dancing Cat Saloon, which offers Catskill spirits, food and a number of local craft beers.

"Opening our distillery and doing business here in Bethel has been a dream come true," said Sachs. "Before we opened Catskill Distilling, it had always been an interest of mine, and the law that passed six years ago provided a great excuse for us to go for it."

The distillery uses as many local ingredients from area farmers as possible, as well as water from the Catskill Mountains. It purchases its grains from a mill in the Hudson Valley, and the mash by-product created through the distilling process goes back to local farms for animal feed. Catskill Distilling Company also uses local fruit from the region's orchards.

"Buying products and ingredients locally has been a big focus for us," said Sachs. "There are just so many benefits to supporting local farmers and other businesses, both economically and ecologically. We feel it's



the responsible thing to do, and it has been a wonderful experience working with fellow businesses here in the Hudson Valley and in other areas of New York State." Catskill Distilling Company offers a number of unique spirits, including its Curious Gin, Wicked White Whiskey, Bosco Monte Vecchio Grappa, Defiant Rye and the One and Only Buckwheat. The distillery is also dedicated to local art, music and history, incorporating it into its products as much as possible. An offshoot of the Dancing Cat Saloon is the recently opened Stray Cat Gallery, which features the work of local artists. Both the saloon and gallery are located in old Victorian houses, and the art deco bar in the Distillery's tasting room dates back to the 1939 World's Fair. Catskill Distilling Company also takes pride in the role the



Monte Sachs of Catskill Distilling Company.

Woodstock Festival has played in the region's history, which is reflected in at least two of its spirits: Most Righteous Bourbon and Peace Vodka.

"We take a lot of pride in the local history and culture," Sachs said. "The Woodstock grounds is a major draw, but there is also a thriving arts community here. We want to contribute and foster local art, music and culture as much as we can. The Dancing Cat Saloon and Stray Cat Gallery help us do that."

In addition to Monte and Stacy Sachs, Catskill Distilling Company has benefited from the work of Christian and Jacob Carl, whose family has generations of distilling knowledge behind them — dating all the way back to Germany in the late 19th century. In its early days, the distillery also sought the advice of legendary Master Distiller Lincoln Henderson, who was responsible for developing Woodford Reserve and Jack Daniels whiskeys over the course of his illustrious career in the industry.

As Catskill Distilling Company continues to grow, it is becoming a major source of pride for Bethel and the Hudson Valley as a whole.

This is just one more example of the exceptional things happening in the food and beverage industry throughout our thriving region.

Digital Health: Health Care Reform Provides Innovation Opportunities

As the Patient Protection and Affordable Care Act (PPACA) moves into full implementation, many business owners are concerned about how the new health care reform law will impact them. However, there are also some opportunities for entrepreneurs to step in and innovate based on new needs the law has created.

The following are three key areas that start-ups and existing business should explore, including those located here in the Hudson Valley:

Moving to digital records

While PPACA gets most of the attention, Congress actually passed and the president signed the Health Information Technology for Economic and Clinical Health (HITECH) Act in 2009. This law gives hospitals and clinics some major incentives for moving to digital records from older, paper-based systems. Doctors' use of these new systems is skyrocketing, although current technology is far from perfect. The big players at this time in the market are Practice Fusion, CareCloud and MediTouch, but just like any emerging sector, it's rapidly evolving.

The benefits of electronic health records are wide reaching. They have been proven to enhance the level of care delivered to patients, increase participation in one's own care, improve the accuracy of diagnoses and save on costs. With access to instant and more accurate health records, medical professionals are able to better serve their patients while doing so more efficiently than ever before.

Patient monitoring technology

Technology is changing the way in which doctors and other medical professionals actually deliver care and monitor patients. It's not particularly necessary anymore for patients to visit their physician for check-ups, as revolutionary new devices are allowing doctors to monitor patients without actually seeing them in person.

There's a huge demand at the moment for devices that can track and monitor a wide range of health-related issues, such as heart rate,

blood pressure, blood sugar and cholesterol levels. These devices not only provide regular monitoring, but can also be connected to doctor's offices using cloud-based systems. This gives health care professionals the ability to remain constantly updated on a patient's status, catching illnesses and conditions more quickly and saving on overall costs due to better preventative care.

There are a number of patient monitoring devices already on the market, but there's much room for improvement. Expect these devices to be connected to patients' smart phones, tablets and other mobile platforms, engaging people more into their own health and wellness.

Business analytics for clinics

Many businesses today use analytical tools to track leads, monitor sales and coordinate projects. Clinics and hospitals are using these tools to a certain degree now, but with the increased use of remote patient monitoring devices and digital recordkeeping, there will be more demand for health care-focused business analytics now and in the future.

For one, these organizations will need a way to manage all of the new data coming at them in real time. They will also need to keep better track of digital health records. But even more so, there will be a continuing need to use these tools to make clinics' and hospitals' business operations more efficient — something that's important for companies regardless of the industry.



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BREAKFAST SERIES

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Hosted by Marist College

START-UP NY Moves Ahead

Gov. Andrew M. Cuomo's START-UP NY program is really beginning to take shape — and many are impressed with the tax breaks and 68 tax-free zones offered to start-up and relocating businesses across the state.

The initiative officially launched in October and the state has already made real estate available at a number of key locations in the SUNY and CUNY systems, as well as a number of private colleges and universities. While the official listing of available spaces is still in progress, a number of spots have been submitted as candidates from around the state capital already, totaling about 81,000 square feet of space, according to the Albany Times-Union. As the program moves forward, more space is expected to become available, including at SUNY campuses in and around the Hudson Valley.



The purpose of START-UP NY is to attract both new and existing companies to the state by offering some substantial tax incentives. Public and private colleges can apply to have vacant properties become tax-free zones. Start-ups that use these spaces will not have to pay state taxes — including income, sales, property or business tax — for 10 full years.

In addition to that, these companies' employees won't have to pay state personal income taxes for the first five years they work for the organization. Even after that, these employees will only have to pay tax on incomes over \$200,000 for an individual or \$300,000 for couples with joint returns.

Although there is still legislation that needs to be passed at the state level, all signs point to the START-UP NY initiative formally beginning Jan. 1, 2014. This could spell great things for the future of business here in the Hudson Valley and across the state. HVEDC, along with New York State Economic Development Council, will continue to work hard to convince local economic development organizations to take a leadership position on START-UP NY with their local colleges.

For updates on this program in the Hudson Valley, visit www.startupnyhudsonvalley.com.

United Natural Foods Breaks Ground in Montgomery

An estimated 400 new jobs are coming to the Hudson Valley with the construction of the \$55 million United Natural Foods distribution center in Montgomery. The company officially broke ground on the 525,000-square-foot facility at a late September ceremony.



United Natural Foods Inc. distributes thousands of products to more than 27,000 locations across North America, serving retailers, supermarket chains such as Whole Foods, food service organizations and natural product stores. Its new facility will allow the company to expand its operations and better serve its customers throughout the New York and Long Island markets, while reducing costs and emissions — fitting for a company that distributes and carries such a wide range of natural and organic products.

In moving forward with the distribution center, United Natural Foods worked hand-in-hand with the Orange County Partnership, HVEDC, Town of Montgomery and officials with the State of New York. Empire State Development provided about \$3.6 million in tax credits through its Excelsior Jobs Program. The permitting officials and agencies in Orange County also made the approval processes as easy as possible for United Natural Foods. All in all, this made Montgomery an appealing choice for the company when deciding on the location of its newest distribution facility.

The center will be state-of-the-art and include CO2 refrigeration systems, huge freezer and cooler capacities, increased cold chain integrity and more. It will greatly ease the pressure on United Natural Foods' current warehouses in the northeastern United States, which have been over capacity during the past several years because of the company's rapid growth.

The new facility will be the second largest in the company's system and is expected to be fully operational by fall 2014.



3D printed items.

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SUNY New Paltz Students Experience 3D Printing Reality

"A memorable moment from class was when (Hash) showed us a giant 3D printer printing a full-scale house!" said Munroe. "I was totally stunned and for the first time saw the possibility for this new technology to be really influential in our future society."

Kat Wilson is a master of Fine Arts student, also in the Metal department at SUNY New Paltz. She works in the Digital Fabrication Lab as the Graduate Assistant and hopes to one day become a professor and teach of the many possibilities 3D printing technology can offer.

"While working in the lab there could be a ceramics major working next to a graphic designer, an engineer or a chemistry major," said Wilson. "The environment is perfect for collaboration and for interdisciplinary connections to be made."

SUNY New Paltz isn't the only place that's buzzing with excitement over the 3D Printing industry. Hudson Valley-based businesses such as Sono-Tek Corp. of Milton and Zierick Manufacturing Corp. of Mount Kisco are already taking advantage of the many opportunities the technology can offer.

"I have every intent to remain in the area and to be part of this flourishing industry," said Wilson. "CAD can only enrich the community, economy and education of the Hudson Valley."

"There's a real tradition of manufacturing in the Hudson Valley," said Freedman. "With this program and the center, we can offer local companies a higher level of technology that they may not have been able to invest in by themselves, and in-turn provide support to the economic development of the region."

For more information, visit www.hudsonvalley3dprinting.com.

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