

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

August 21, 2013

A regular meeting of the Orange County Industrial Development Agency was convened in public session on August 21, 2013 at 3:12 P.M. at the Orange County Business Accelerator in New Windsor, New York.

The meeting was called to order by the Chairman, Robert Armistead, and upon roll being called, the following were:

<u>PRESENT:</u>	Robert Armistead, Mary Ellen Rogulski, Russell Vernon, Stephen Brescia, Robert Schreibeis, and Henry VanLeeuwen
<u>ABSENT:</u>	John Steinberg
<u>ALSO PRESENT:</u>	Kevin Dowd – Attorney Laurie Villasuso – Administrative Assistant James O'Donnell Brian Gates – HVEDC Peter Malone – Orange County Business Accelerator Jill Varricchio – Concept Promotions Etc. Steven Gruber – Renewage/Concordia Victor Cornelius – Endeavor, Inc./Concordia Doug Sanstead – Crystal Run Healthcare Amanda Dana – Orange County Partnership Michael Mayfield – The Monroe Cable Co., Inc. Henry Keller – GE Capital/The Monroe Cable Co., Inc.

Chairman Armistead calls the meeting for the Orange County IDA, August 21 2013 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Review of the prior July 17, 2013 meeting minutes. Motion made by VanLeeuwen, seconded by Schreibeis, to approve the minutes as presented. Motion carries with all in favor.

Roll Call taken.

Financial Reports and/or Requests for Payment

Mr. Kleiman notes that an updated Request for Payment list was distributed, and with the recent additions, the total payments comes to \$54,023.97, and the total received coming to \$1,299,321.50. He calls to attention the receipt of two check from IBM this month totaling over \$928K. He adds that the audit of IBM's 2011 payment is still ongoing. Asked my Mr. Vernon if he believes the IDA will have refund IBM, Mr. Kleiman advises that recent payments are being processed correctly.

Mr. VanLeeuwen notes that Mr. O'Donnell was responsible for bringing the auditors into the IBM issue, and thanks him for it.

Motion made by VanLeeuwen, seconded by Schreibeis, that the Board accepts the financial report and authorization of payments and vouchers for August 2013. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. Kleiman then notes that an Orange County Trust CD matured this week, and distributes a spreadsheet of the bids received for the CD funds. Bids were solicited from 11 banks, with Provident Bank as the highest bidder at 0.51% for a CD or Money Market. Mr. Kleiman spoke with Chairman Armistead, and together they decided to move the funds into a Money Market, to take advantage of the current trend of rising rates. As a result, the IDA awarded the \$1.4M to a Money Market in Provident. Mr. Kleiman is also in discussion with Provident to see if they can offer high rates on some other IDA Money Market funds.

Mr. Vernon asks Mr. Kleiman to check on the Money Market rate prior to next month's meeting, as some banks entice customers with higher initial rates, and then the rate plummets. Mr. Kleiman agrees that can happen – as money market rates are not guaranteed – but it has been his experience that a bank has never enticed the IDA or Orange County with a high rate and then reduce it shortly thereafter. While there is no guarantee that the rate will stay where it is, he has never seen a bank play those sorts of games with the County or the IDA.

Turning his attention to the July income and expense summary, the IDA brought in \$1.3M, with expenses reaching just over \$100K, with a total \$1.2M to the good for the month. The revenues exceed the expenses for the year by just under \$900K.

With the 2014 budget coming up, Mr. Kleiman distributes spreadsheets on two line items: "Projects" and "Agency Contributions." He offers the detailed spreadsheets as indicators of how the money for those items is spent. Addressing the budget, he notes that the Audit Committee has met twice to review a draft budget for 2014. By next month's meeting, a proposed budget will be available for review. With its approval, it will be submitted to the state via the PARIS system.

Chairman Armistead notes that audit will meet one more time before the September meeting to finalize the budget, then takes the opportunity to note that there is discussion amongst members to move the meeting to September 11th. A quick poll of members indicates no issue with the move, and it is decided to move the meeting to September 11th at 3:00 at the Business Accelerator.

Lastly, Mr. Kleiman reminds the Board that the IDA files reports every year with the NYS Authorities Budget Office. Recently, he was contacted by the office with regard to two items submitted for the year 2012. He and Mr. Dowd are working together to resolve the issues. He'll report to the Board once the issues are resolved.

Chairman's Report

Chairman Armistead begins by noting that the last few months – the entire summer – has been extremely busy. He takes this opportunity to thank the Board Members for continually volunteering their time, not just for regular IDA meetings, but for various committee meetings – Audit, Governance, Search – and events. In addition to thanking the Board Members, he thanks the IDA's professional staff, including Ms. Villasuso, Mr. Dowd, Mr. Kleiman, Mr. O'Donnell, Mr. Gaenzle, and the OCBA crew. He appreciates everyone's hard work, in the face of the exceptionally busy summer; the numerous projects, public hearings and issues have taken all of the members away from their primary businesses, and he emphasizes that their volunteerism has not gone unnoticed.

He goes on to note that the IDA continues to stimulate economic growth, create jobs and entice quality businesses to come to Orange County, for the benefit of Orange County residents. He mentions that there were a number of excellent projects discussed in the Governance Committee, including the OCP Shovel Ready Site proposal. Also discussed were MSMC's business school, the Cornell Cooperative Extension, CGAM, and the Middletown Community Health Center.

OCP Report

Ms. Dana begins by echoing Chairman Armistead's sentiment that this summer has been quite busy. There are numerous attraction projects in the works, in addition to retention and expansion projects.

She begins by advising the UNFI project is moving forward. She makes a note that the project will eventually get to 400 jobs. At year one, there will be 300 jobs, and year two will bring in 80-100 more jobs. She adds that some local companies have been awarded bids for the project. Their groundbreaking is September 23rd.

Ms. Dana also touches on, among other projects, Project X. Chairman Armistead reminds her that the OCP has the IDA's support on that project. She touches on CPV, and goes on to discuss:

*Project Crush – Manufacturer with 24-30 jobs

*Project Crane – Looking for 12-15K square foot building, with a \$1-1.5M capital investment a potential to create 5 jobs.

*Project Titan – This HVEDC lead needs 40K square feet for a warehouse that will provide 38 jobs immediately and 100 within a 10 year span.

*Project Philadelphia – A call center looking for 12-30K square foot facility, expecting 100-160 employees.

*Kikkerfrosch – Having already come before the IDA, Kikkerfrosch expects to ultimately create approximately 100 jobs with their brewery.

Lastly, Ms. Dana briefly discusses Project Proton, which is just gathering momentum, and also mentions that Satin Fine Foods is looking for expansion. She also notes that the TappanZee Bridge project is bringing a lot of attention and business to Orange County. Ms. Dana adds that Brooklyn industries have been showing an interest in moving their operations to Newburgh.

OCBA Report

Mr. Gates begins by noting that there are three new associate clients. Mr. Malone advises that one of the clients is Wason Technologies, and the proprietor has created software to update older robotics. Thando, the second new client, imports shoes from Africa. The third client is Bronx Pop who creates old time soda, and has just signed a reality show deal.

Misters Gates and Malone submitted a CFA for an ESD Business Incubator grant. The grant \$125K/year for three years, and up to 10 of them will be awarded this year. With the grant money, they hope to expand the Accelerator's services.

Mr. Gates also notes that the Accelerator's redesigned website is live, and details all of the additions and updates to the website. There is also an external outreach program with new ads appearing in a variety of publications announcing that entrepreneurs are wanted. Mr. Malone advises that he will be facilitating a local library lecture series. Three client testimonials – 3 to 4 minutes of Cymogen, Merete and Sabila – have been completed and will be posted on the website this weekend and on youtube. Mr. Gates notes that the members will receive copies of the videos.

Mr. Gates also notes that HVEDC has started a new website called startuphudsonvalley.com. On it, they'll be updating the progress on the Start Up NY program.

Continental Organics

With Mr. Finnegan absent, Chairman Armistead updates the Board on Continental Organics' recent progress. They have closed on Phase II and paid the funds due to the IDA.

CGAM

Mr. Vernon notes that the project is moving along. The state grant for \$600K was approved at the state level, which will allow the project to move forward. They would like to hold their first class in January.

Concordia – Renewage

Victor Cornelius, grant writer working with Concordia Senior Assisted Living Community in Hamptonburgh. He explains the project as a 140 unit complex with the production of 105 \$35-65K full time jobs with benefits. Their request mirrors that of last year's, which was approved by the Board, they are requesting the IDA be the municipal grant applicant for Renewage in Orange County. The request is for the development of the infrastructure of the site in Hamptonburgh. Last year's request was declined because the project wasn't far enough along, but now with DEC's approval, he believes that they project is far enough along. At this time they are seeking \$500K ESD grant for the running of the water line to the site, and a \$1.7M Bond Cap, which will be paid back by the developer.

Mr. O'Donnell notes that the Renewage portion is huge and "groundbreaking" for the County.

Motion made by Rogulski, seconded by Schreibeis, authorizing the IDA to apply for the grant in 2013. Motion carries with all in favor.

The Monroe Cable Co., Inc.

Misters Mayfield and Keller represent The Monroe Cable Company. Having already given a presentation about the project, they ask if the Members have any questions. Chairman Armistead notes the IDA received a letter from the Wallkill IDA deferring the project to the Orange County Industrial Development Agency. Mr. O'Donnell met with Mr. Depew to clarify the letter's language. He advises that Monroe Cable Company is not seeking a PILOT. They will apply for a 485-b from the Assessor, and from the IDA they are seeking only the Sales and Mortgage Recording Tax Exemptions.

Mr. Dowd reads The Monroe Cable Company, Inc. initial resolution aloud. Motion made by Brescia, seconded by Schreibeis. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. Mayfield notes that they hope to break ground this fall on the expansion. Mr. VanLeeuwen encourages the use of local contractors.

Ms. Dana asks about the job creation on the project. Mr. Mayfield advises her that 25 jobs will be available immediately and over a five year period should increase up to 50 jobs. For construction, they will create 20-25 jobs.

CRH Realty – Resolution

Mr. Sanstead, counsel for CRH Realty, introduces the project by first apologizing for their last minute appearance before the Board. He explains that CRH is doing a sale-leaseback project with 6 of their buildings. The deal has been in progress for the better part of a year, and in order to secure the deal, action must be taken today. He once again thanks the Board for hearing their project today.

He goes on to explain that there are two PILOTs in Orange County – one with CRH Realty II for 95 Crystal Run Road, built in 2009, and one with CRH Realty VI for Rykowski Lane, which was recently built and serves as their back office location – and both of those building will be sold, and leased back to Crystal Run Healthcare. Crystal Run Healthcare LLP, he assures the Board, is going nowhere. New, 20-year leases will be completed for all of the buildings. Currently, CRH provides 1700 jobs, and that number will grow as a result of this transaction; there is an aggressive expansion planned with the proceeds. They will be building a 35K square foot building in the Town of Newburgh, which will create 100 construction jobs, and 220 full time, well-paying jobs in Orange County. Most of the proceeds of the transaction will fund the healthplans. CRH is starting a health insurance company and an HMO, and will be filing the application next month. They will come to the Orange County markets with these health plans, and they will be priced very attractively for local businesses. He reminds the Board that the entire back office operation for CRH will be located in Orange County, at the CRH VI site.

They are asking for the approval to substitute the REIT's special purpose entities for the CRH special purpose entities and preserve the PILOT benefits.

Chairman Armistead notes that there has been a lot of discussion between Mr. Gaenzle, Chairman Armistead, CRH and Mr. Dowd. He adds that the IDA has encountered a situation, and approved a request like this, before. He notes that CRH is an important employer in Orange County.

Asked if he wanted to add anything, Mr. Dowd notes that Mr. Gaenzle will ensure all documents completed relative to this transaction will not change any of the liabilities owed to the IDA, and all of Crystal Run's responsibilities will remain theirs, and that the project will go forward with Crystal Run running the project as originally agreed upon.

Mr. Vernon asks if, for whatever reason, Crystal Run went under, would the IDA have any recourse. Mr. Dowd advises that the IDA's interest are protected. Mr. Vernon asks the amount of proceeds being reinvested and the sale price of the buildings; Mr. Sanstead advises that he would prefer to keep those numbers confidential. Ms. Rogulski notes that the question at hand is whether the PILOTs to stay in place; she reminds the Board that the PILOTs were granted based on the jobs that Crystal Run hoped to create, which they did, and she believes that Crystal Run will continue to create jobs with their plans to expand. Mr. Sanstead advises that Crystal Run will increase their employment from 1700 to 2000 within a year.

Mr. VanLeeuwen suggest that CRH pay for the counsel fees related to this deal.

Mr. O'Donnell notes that he can appreciate the preference to not state publicly the details of the deal, but that the IDA needs to be fully informed in order to make a decision. He adds that the IDA should receive a copy of all legal documentation on the transfer. To that end, it is suggested that the IDA approve the resolution, with the caveat that CRH pays the attorney fees and provide the IDA with the details of the transaction.

Mr. Dowd reads the CRH Realty II, LLC and CRH Realty VI, LLC Projects resolution aloud, noting that the Resolution and approvals are subject to CRH paying all legal fees for Bond Counsel and local counsel in connection with the Assignment and all related work, and CRH providing background information relative to the sale of the facilities and underlying assets to Bond Counsel, local counsel, and the IDA. Motion made by Rogulski, seconded by Brescia. Open for discussion Open for discussion. Motion carries with five ayes and one abstention. Resolution adopted.

Ms. Rogulski makes a motion to enter executive session pursuant to section 105(1)(f) of the open meetings law to discuss the financial or credit history of a particular company. Motion seconded by Mr. Schreibeis. All in favor.

Executive Session

The members discuss the credit history of a particular entity.

End of Executive Session

Motion to close Executive Session made by Brescia, seconded by VanLeeuwen. All in favor. No action taken in Executive Session.

[Mr. Vernon exits the meeting]

Such other and further business as may be presented

With no further business, meeting called for adjournment by Chairman Armistead, motion made by VanLeeuwen, seconded by Schreibeis, the time being 4:58 p.m.