

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

September 21, 2017

A regular meeting of the Orange County Industrial Development Agency was convened in public session on September 21, 2017 at 2:01P.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:

PRESENT: Robert Armistead, Mary Ellen Rogulski, Edward Diana, Stephen Brescia, Robert Schreibeis, John Steinberg, Michael Bonura

ABSENT: NONE

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer
Kevin Dowd – IDA Attorney
Russell Gaenzle – Harris Beach
Vincent Cozzolino – Managing Director
Melanie Schouten – Project Manager
Lisa Sommers– Focus Media
JP McGuirk – Focus Media
Maureen Halahan – OCP
Bill Fioravanti – OCP
Phil Royale – Legoland
Dominic Cordisco – Drake Loeb
John McCarey – OC Real Property

Chairman Armistead calls to order the regular meeting of the Orange County IDA, September 21, 2017 (Pledge of Allegiance is recited). Board consists of seven members. There is a quorum.

Roll Call is taken.

Minutes

Review of the prior August 10, 2017 meeting minutes. Motion to approve the minutes is made by Mr. Bonura, seconded by Mr. Schreibeis. Motion carries with all in favor.

Chairman Armistead states that IDA Board Meetings are meant for the board to take action on board business. Though open to the public, these meetings are only open to comment by board and staff members. Due to ABO compliancy and Governance review, this is the way business will be conducted at these meetings going forward.

Financial Reports and/or Requests for Payment

Ms. Villasuso reviews the summary of IDA bank accounts, certificate of deposits, and money market accounts that reflect a total of \$12,794,034, as of August 31, 2017. A new CD was opened in early August.

Ms. Villasuso reviews the income and expense summary, noting that YTD is \$2,599,386, and YTD expenses are \$342,596, with revenues exceeding expenses by \$2,256,789.

Ms. Villasuso reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$169,127, and expenses are \$1,082,496. Expenses, as anticipated, exceed revenues by \$913,369.

Chairman Armistead asks for a motion to approve the vouchers and payments in the amount of \$305,271.75. Motion made by Ms. Rogulski, seconded by Mr. Schreibeis, that the Board accept the financial reports and authorize IDA payments and vouchers. Open for discussion. Affirmative votes of all members present results in motion carried.

Ms. Villasuso updates the board regarding the payments received from IBM in July. Shortly after receiving the funds, an e-mail was received from IBM stating that they believe they may have overpaid. Mr. Kleiman has been in contact with the auditing firm JGS. JGS is currently conducting an audit from 2014 to 2016. Once that is completed, a contract will be drafted for them to conduct a 2017 audit. IBM has been informed of the anticipated course of action.

Resolution

Merlin Entertainments Group US Holdings, Inc. – Final Resolution

Ms. Villasuso informs the board that the project cost has increased to just over \$400,000,000 and, as a result, the fee has been adjusted accordingly. Currently, repayment terms are being discussed, but it is anticipated to be broken down over five years.

Mr. Dowd reads aloud Merlin Entertainments Group US Holdings, Inc. Final Resolution. Motion is made by Mr. Steinberg, seconded by Ms. Rogulski, accepting resolution to take action on certain matters pertaining to a proposed project for the benefit of Merlin Entertainments Group US Holdings, Inc. Rollcall is taken. Affirmative votes of all members present results in motion carried.

Chairman Armistead thanks Ms. Rogulski, the subcommittee, and the staff for their efforts in regarding to the Merlin Entertainments project. A great deal of time was dedicated thoroughly vetting out the project, not only by the committee members, but by KPMG performing a job cost analysis. The IDA Board has done its due diligence and all the hard work has been greatly appreciated.

Executive Session

Chairman Armistead entertains a motion that the committee enter into executive session pursuant to section 105(1)(f) of the open meetings law to discuss the financial, credit and/or the employment history of particular client and agent of the IDA. Motion made by Ms. Rogulski to enter executive session issued. Motion seconded by Mr. Schreiber. All in favor.

Enter Executive Session

The members discuss the financial, credit and/or the employment history of particular client and agent of the IDA.

Mr. Brescia exits at 3:02pm.

End Executive Session

Chairman's Report

Chairman Armistead informs the board he attended the Middletown Accelerator Meetup. Future tenants, local officials, and staff members came together to meet, some for the first time, to discuss the opening of the new facility, and make the connects between each other and local resources. The energy and chemistry at the meeting was phenomenal and a truly successful satellite location is in the making.

Chairman Armistead states that the board hired auditing firms to assist with the labor auditing process. The recent audits need to be wrapped up and brought to the attention of the full board. The best next steps need to be discussed, as there is some lack of compliance relating to a few projects. The board must decide on the measure of repercussions for those not meeting the expected standard. Whether or not the lack of compliance is marginal the board wants to see the full reports so they can make decisions and move on to the next sets of audits.

Chief Operating Officer Report

Ms. Villasuso informs the board that The Sentinel Realty Project has closed and progress should be underway at that site. It is both an IDA and OCFC project.

Adding on to Chairman Armistead's comments about the Middletown Accelerator Meetup, Ms. Villasuso tells the board that there were 9 companies present that anticipate occupying that location. Due to the meeting, the companies have already started to collaborate.

On October 5th, The Accelerator will be hosting the Hudson Valley Film Conference located at the Great Room in Kaplan Hall, SUNY Orange Newburgh Campus. It is officially sold out and a great event is expected.

Ms. Villasuso informs that board that she and Mr. Cozzolino attended the E&E meeting with the legislature. They debriefed the committee about the Middletown Accelerator as well. As a result of that meeting, a legislator came and toured the new satellite location.

Ms. Villasuso informs the board that she and Mr. Cozzolino had an Editorial Board Meeting with the Times Herald Record. There were a lot of questions and the meeting was extended an additional hour, but it was a worthwhile endeavor. They were able to discuss the significant changes that the IDA has made.

Chairman Armistead thanks them for attending the Editorial Board meeting. It's important to tell the IDA's side and really inform the public about the positive initiatives taken on by the board.

Board Committee Reports

Audit Committee Report

As chair of the Audit Committee, Ms. Rogulski, reviews the 2018 IDA budget with the board. She states that the audit committee met and reviewed the budget with management. The budget presented today is the proposed finalized budget.

The budget is being presented in three different ways:

First, the board reviews the total IDA Budget with projected revenues of \$4,043,229. Notable changes are: the closing fees revenue increased \$738,000 due to anticipated payments, agency support costs increased by \$47,000 with the addition of some new agents, and the shovel ready program was reduced by over \$1M. Net is projected revenues over expenses by \$112,000.

Second, the board reviews the IDA Budget (alone) with projected revenues of \$4,005,929. A bulk of the revenue comes from fees and closing fees. Projected expenses are similarly reflected in last year's budget. The largest change being the shovel ready line as mentioned previously. Net is projected revenues over expenses by \$1,569,579.

Third, the board reviews the Business Accelerator Budget with projected revenues of \$37,300. Revenues result from resident client rent and interest. Accelerator Without Walls line item is \$240,000. There is a slight anticipated increase in client rent due to the expansion plan and new satellite locations. Moving expenses have also been built in due to the expected relocation of offices. Net is projected expenses over revenues by \$1,457,766.

Ms. Rogulski entertains a motion to approve the 2018 IDA Budget. Motion made by Mr. Bonura, seconded by Mr. Steinberg, that the Board accept the 2018 IDA Budget. Open for discussion. Affirmative votes of all members present results in motion carried.

Applications/Resolutions

Oxford Commerce Center, LLC. – Initial Resolution

Due to a conflict in scheduling, the applicants are unable to attend the meeting in person. Ms. Schouten presents the project to the board on their behalf.

Oxford Commerce Center is a potential warehousing, manufacturing, and office space project. It will be suited to fit small and medium size operations and will bring a diverse range of employers and integrated workforce. Some of the anticipated companies include: a small candle manufacturer, a bottling plant for perfumes, an on-line outlet specializing in outdoor recreation, and a supplier to national supermarkets. Projected modest job figures were provided but the final figures are expected to be higher.

The board discusses the fact that the proposed applicant is a developer and not the end user. It is questioned whether the board can incentivize this type of project.

Ms. Villasuso states that the board has incentivized similar project in the past and that the applicant is required to pass them onto the lessees.

The board feels that more information is required from the applicant and that additional questions need to be asked in person. This results in tabling the resolution.

Mr. Armistead entertains a motion to table the Oxford Commerce Center resolution. Motion made by Mr. Steinberg, seconded by Ms. Rogulski, tabling the Oxford Commerce Center Initial Resolution. Open for discussion. Affirmative votes of all members present results in motion carried.

Ms. Rogulski states that when further conversations take place, the applicant needs to address certain concerns: are the leases real or speculative, what is the real information with respect to the tenants, and how are they going to pass the benefits on?

Other Board Business

With no further business, meeting called for adjournment by Chairman Armistead, motion made by Mr. Bonura, seconded by Mr. Schreibeis, the time being 3:39 p.m.