

## ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

### MINUTES

January 19, 2011

A regular meeting of the Orange County Industrial Development Agency was convened in public session on January 19, 2011 at 3:00 P.M. at the County Executive Conference Room, in Goshen, New York.

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

PRESENT: James Petro, Stephen Brescia, Mary Ellen Rogulski, John Steinberg, Robert Schreibeis, Robert Armistead, Hank VanLeeuwen

ABSENT: All Board Members present.

ALSO PRESENT: James O'Donnell – Executive Director  
Joel Kleiman – Chief Financial Officer  
Phil Crotty – Attorney  
Jennifer McDaniel – Administrative Assistant  
Alan Siedman -- Orange County Partnership  
Maureen Halahan – Orange County Partnership  
Richard J. Smith -- R.J. Smith Realty  
Richard Filaski – FilBen Development  
William Trimble – WT Solutions, LLC  
Patrick Berardinelli – County Legislature  
Matt Sultana – Gabrielle Manufacturing  
Carmel Mompalao – Gabrielle Manufacturing  
Michael Vatter – City of Newburgh  
Ray Yannone – Residential Abatement  
William Kaplan – City of Newburgh Businessman

Chairman, James Petro calls the meeting for the Orange County IDA, January 19, 2011 (Pledge of Allegiance is recited). Board consists of seven members. There is a quorum.

Petro advises that this is an "organizational meeting" and this business will be conducted immediately. First there will be an election of chairman. Chairman Petro requests a nomination, a second and then a roll call of the Board. Steinberg nominates James Petro to continue his roll as Chairman for the OCIDA. This motion is seconded by Schreibeis. No discussion. Mr. Philip Crotty takes the roll call. Affirmative votes of all members present resulted in motion carried. Mr. Petro is now the Chairman for 2011.

Election of the Vice Chairman/Robert Armistead, Second Vice Chairman/Mary Ellen Rogulski, Secretary/Steve Brescia, and Assistant Secretary/John Steinberg. VanLeeuwen made a motion to accept all nominated appointees, seconded by Brescia. Affirmative votes of all members present resulted in motion carried.

IDA Chairman appointees are reviewed. There is only one change from last year appointments. Robert Schreibeis, Sr. will be an alternate for the Audit Committee, as well as the Governance

Committee. The Board is in agreement. Mr Crotty takes roll call. Affirmative votes of all members present resulted in motion carried.

Three resolutions reviewed and voted upon at once: Mr. James O'Donnell/Executive Director; Mr. Joel Kleiman/CFO and Mr. Philip Crotty/Attorney. Armistead made a motion, seconded by VanLeeuwen. Affirmative votes of all members present resulted in motion carried.

Board agrees to review the next 7 resolutions and to have one vote by the Board. They include:

Appoint Contract Officer (Crotty)

Adopt Revised Bylaws

Appoint FOIL Officer and FOIL Appeals Officer (O'Donnell)

Appoint Managing Director of OCBA (DiTullo)

Contract Officer Report Listing All Agency-Owned Properties

Designate Depositories and set limits

Report Annual Review – Procurement Policies & Procedures for 2011

Brescia made a motion, seconded by Steinberg to approve the resolutions as presented.

Affirmative votes of all members present resulted in motion carried.

Chairman Petro reviews with the Board the final organizational resolutions with regard to monies that are paid out each year:

Orange County Partnership	\$200,000
Orange County Services	\$ 15,000
Hudson Valley Economic Dev. Corp.	\$ 20,000
Foreign Trade Zone	\$ 25,000
Newburgh – Stewart Empire Zone	\$ 7,500
IDA Grant to Pattern for Progress	\$ 17,000

All of these numbers have been reviewed by James O'Donnell, Executive Director, and Ed Diana, County Executive. Resolution approved with regard to all financial grant for the various entities.

Steinberg made a motion, seconded by VanLeeuwen to approve the resolutions as presented. Affirmative votes of all members present resulted in motion carried.

Next the Board reviewed the minutes from the prior annual meeting of December 15, 2010 meeting. Page 6, line 6 references "newspaper factory," when it was actually an old "papermill." No further comments. A motion was made and seconded to approve the minutes as presented. Affirmative votes of all members present resulted in motion carried.

Joel Kleiman reviews for the board the financial reports and requests for payment. For information purposes, Mr. Kleiman furnishes the Board with the current year's budget for references purposes. Starting next month Mr. Kleiman will prepare a report with the revenues/expenses against the budget. The Board reviews the schedule of IDA portfolio investments and bank account balances totaling \$8,137,067. There are two CDs outstanding with one maturing in 3 months and the other in June. Mr. Kleiman advises that they are moving more monies into money markets accounts because of the rates. Rates for savings and money market accounts have both dropped. Open for discussion.

Schedule of receipts and vouchers reviewed. Received checks for \$78,104.14 and payments to be approved of \$304,031.54.

Motion made by Brescia and seconded by Armistead that the Board approve the financial report as presented. Open for discussion. There is an outstanding bill for \$1.56 as reported by Mr. O'Donnell who believes that this should be added to payment schedule. Affirmative votes of all members present resulted in motion carried.

Question with regard to the audit of the Orange County Capital Development account and whether it was closed down. Mr. O'Donnell advises that it has \$6,000.00 and Steinberg will close out that account and the W2s are being taken care of.

### **New Unfinished Business:**

Chairman Petro presents the chairman's report. With regard to the OCCD account, Mr. John Steinberg will transfer the balance of that account to the OCIDA account. OCCD will be closed out completely. The \$1.56 owed will be the end of business for that corporation.

C&S Grocers' fourth payment was due in the amount of \$46,000. It was paid on time by C&S and deposited into the account. This closes out their approximately \$1M fee that was due to the IDA for that application. The \$255,000 from the Port Authority is being worked on by Mr. O'Donnell who is in touch with Ehler. This is work in progress.

The Millenium Grant of \$108,000 is for 10 years and was received on January 21<sup>st</sup>. This is the third year. Bill Trimble got us this money. \$108,000 comes in February 21. The first \$108,000 was earmarked for the loaned to Continental Organics. Steinberg asks whether these monies are considered "fees." Chairman Petro advises that the Millenium Grant is an unrestricted grant that comes from Millenium to us. Other monies are fees and are special in nature because they are not lendable.

Discussions turn to Centerline Studios that submitted its application at the last board meeting. Roger Gray, of Centerline Studios, called Chairman Petro yesterday morning and advised that they were unable to secure the funds needed. They were forced to file bankruptcy. The \$5000 application fee will be held in case they are able to work things out. Not completely dead but off the table for now.

Discussions turn to the OCBA. Mr. DiTullo and Mr. Gregory are currently in Albany at the IDA Convention. Peter is speaking on Petro's behalf. The OCBA Phase III construction is finished. All but 2 rooms are occupied. Associated members are occupying one room on a temporary basis and could move if the need arises. Phase III is complete with just some minor work to be accomplished. The project was done on time and on budget (\$55,000 all paid for). The OCBA is doing great and there is a lot of action there. Mr. Crotty expounds on the atmosphere and mood at the OCBA. The business plan didn't take into consideration all of the extra activities (seminars, political meetings, etc.) aside from the 11 businesses that are there. The county will definitely benefit from this.

### **Gabrielle Manufacturing**

The Public Hearing was held on December 16, 2010 in Woodbury. In attendance were Chairman Petro, James O'Donnell and Phillip Crotty. The length of the meeting was approximately one hour. All Board members advise that they have read or reviewed the transcript of the hearing. The Board's consensus is that the IDA's work is helping the county even with the small cut in taxes that would have been received on that property. The Town has to realize that those companies could leave to another state. The residual effect from those new businesses helps the Town. Petro advises that most of the time when they attend the public hearings and explain, especially to the

school boards, what they are doing and how it works, there is support. Chairman Petro believes that the resistance is from not being informed.

In the Chester lawsuit, the judge advised that he would like to see more involvement from the Board Members in these hearings. The Chairman encourages the Board to read the hearing transcripts of all future hearings so that they can intelligently answer questions that arise.

Gabrielle's owners are here today prepared to answer questions. They have filled out all necessary paperwork. According to counsel Harris Beach and our attorney, we are ready to go forward. The building is located in the Town of Wallkill. Bill Trimble is present from WT Solutions, LLC, and commends the OCIDA members that attended the hearing. Gabrielle Owners introduce themselves. This is a 10 year Pilot project.

Resolution read by Mr. Crotty. Motion to approve the Final Resolution of Gabrielle Manufacturing, Inc. VanLeeuwen made a motion, seconded by Brescia to approve the resolution as presented. Affirmative votes of all members present resulted in motion carried.

### **Initial Resolution of Wallkill Partners, LLC**

Chairman Petro reminds the Board that this is the assisted living facility. Resolution read by Mr. Crotty to approve the Resolution of Wallkill Partners, LLC. VanLeeuwen made a motion, seconded by Armistead to approve the resolution as presented. Affirmative votes of all members present resulted in motion carried.

A Public hearing will be scheduled by Harris Beach and will be held in the Town of Wallkill. Wallkill has an IDA but appear happy to delegate to OCIDA.

### **City of Newburgh – Residential Living**

#### **Noncommercial use of a Pilot**

Chairman Petro introduces the next agenda item to the Board. It is an attempt to revitalize our cities and county. This would not be solely for the City of Newburgh but for all of Orange County. Chairman Petro advises that the ideas to be presented are already in place in towns across New Jersey and in Albany, NY. He feels that if it is working somewhere else, why don't we do it too? This presentation is for informational purposes only. There will be no action taken by the Board.

Mr. Ray Yannone introduces himself and begins presentation. Mr. Yannone introduces Mr. Michael Vetter from the Newburgh Fire Chief and chair of the Distressed Properties Task Force. He is here in support of this project. He also feels that 485(a)s are ideal for rebuilding the main streets because they are former commercial properties that could be converted into residential properties. The goal is to get properties back on the tax rolls. Newburgh needs to get the middle class back. These two projects are the start to that end. Mr. Vetter advises that they have cleared everything with municipal departments short of variances that may come up.

Mr. Yannone introduces Mr. William Kaplan, Newburgh businessman and builder (also in attendance at the meeting). Mr. Kaplan has contributed a lot of money to rebuilding Newburgh. Kaplan is also backing these projects. The IDA in Newburgh is trying to get back on track and clean up financial issues. Newburgh City officials and the Newburgh IDA are aware of today's discussions with OCIDA, and are supportive.

Chairman Petro explains that the Pilot given out in a project like this should benefit those living in the condos with cheaper taxes. It's not going to benefit the developer or builder directly but will help them sell the units and revitalize the east side of the city. The other property is on Holden

Street, near the old steam pump factory where there is a small view of the river. One building is a renovation and the other one would be considered new construction.

Mr. Yannone goes over the information packets furnished for the Board's review.

What he is asking the IDA to consider is giving him the developmental tools to help increase the local economy. He feels that Newburgh is plagued by negative press but in defense sees a lot of serious people making investments in the community. He feels that it is time to move forward. He is working with Mr. Kaplan who has been advised to reconsider his investment unless there is some stability. Mr. Yannone has already invested over \$1M in the area against all advice. So far, the Railroad Project is moving forward successfully. Mr. Kaplan has also been successful with the new restaurant on 1<sup>st</sup> Street.

Chairman Petro asks about the jobs that would be created. There would be one time construction jobs totaling 1,700. This project would bring in new people to the community along with new jobs and industry. Mr. VanLeeuwen feels that the IDA should help Newburgh, if at all possible. Ms. Rogulski expresses concerns about the "dynamics" in a lender's sense. Based on her past experiences with these types of programs, she feels that there should be a three prong approach: 1. the homeowners should gain the tax advantage, 2. on the municipal side, they should be willing to relinquish properties that are not on the tax rolls for numbers that make sense and 3. on the sales end, tax abatements should work for the purchasers if this project is truly an economic development program.

Mr. Yannone states that without abatement, there is no project. He is looking at numbers that he can justify and project stability.

Mr. O'Donnell advises that he has reviewed the project and is not sure that one of the projects fits the requirements of a 485(a). He feels that more research is needed. Real property tax services states that it has to have a commercial piece to it and the new building construction may not fit. The project would allow the homeowners to bypass taxes for years -- 13 year abatement. The builder doesn't get the tax break. The City of Albany IDA and the Albany LDC worked together jointly. Mr. O'Donnell will ask Mr. John McCarey, Director of Real Property, to review too. Mr. O'Donnell will also drive up to Albany to do additional research. Mr. Steinberg believes that there may be enabling legislation on the books that permits you to get the tax abatement on residential.

Chairman Petro proposes that they use an "enhanced" 10 year pilot and make a "section b" to include a section of law that would encompass residential areas in Orange County according to whatever the IDA sees fit. Not going by any 485(a). This would be for the entire county and not a specific job. The Chairman asks Mr. Crotty to review and find a way to make this work for residential units.

Mr. O'Donnell feels that if we are going to save the City of Newburgh, we will have to implement things that have never been done before. Mr. Brescia feels apprehensive about this unchartered territory for IDA. IDA no stranger to controversy but would rather see it go through an invigorated IDA in Newburgh and then implement throughout the county.

Ms. Rogulski believes that the innovation with the IDA is what makes a difference. Have to do things outside of the box. The IDA has money and resources and should come up with reasonable ideas that benefit the community, rather than the developer. Opportunity to do something that would make a really big difference in a lot of areas. She also feels that you need homeowners to make a community come back to life.

Chairman Petro advises that the OCIDA is innovative and exciting and therefore it is important that they take some type of action.

Mr. Yannone clarifies that he is talking about market rate housing -- privately funded market rate to create places where people live and make money. Not low income or subsidized.

Mr. Kaplan commends the past and present efforts of Mr. Yannone. Taxes are on the increase. He feels that Mr. Yannone is the only one that found an innovative way to possibly get this project off the ground. Mr. Kaplan also shares that 70% of the residents in Newburgh have no investment because they rent.

Board agrees to continue to look into this project and see what innovations can be used. There is a disconnect with law and what they did in Albany. There may be an angle that we can use to legally move this project forward and help Newburgh.

Chairman Petro challenges Phil Crotty, Harris Beach, Mr. O'Donnell, Ray Yannone, and the City of Newburgh to come up with something. The goal is to do something and make it count county wide. Mr. O'Donnell foresees that the City of Newburgh will probably have to pass a local law. This project will bring the riverfront together with the city.

### **ORANGE COUNTY PARTNERSHIP REPORT.**

Alan Siedman begins the presentation on behalf of the OCP. He thanks the OCIDA for its continued support. Mr. Siedman also commends all of the efforts with regard to the Macy's project. He feels that we should have had that project and shouldn't be ashamed. He believes that there were site hurdles that could not be overcome.

Mr. Siedman states that it is an honor to be the chairman of the partnership. Staff is outstanding and accomplishments are overwhelmingly good. No secret that there is money in the bank. Partnership was set up with one years operating expenses in the bank. He thanks the OCIDA and is sure that we are all working with the same ideas in mind: land preservation and encouraging job opportunities in Orange County. His dream is that young men and woman who graduate from college can afford to come back to Orange County to live.

Maureen Halahan also speaks on behalf of the Orange County Partnership. She thanks OCIDA for the renewed contract and relationship. She personally met with Bernie Wasserman, with the Economic Development Magazine. Wasserman said that the cohesive relationship between the OCBA, Pattern for Progress, OCP, HVEDC and the OCIDA is second to none in the region. His magazine and marketing piece really supports the work being done in Orange County.

OCP's direction is the same as far as closed deals but would like to bring the Board members up to date with regard to the market strategy for this year. Met with marketing partners and these collective professionals have over 200 years experience. They are investors and contracted agencies that OCP uses. Met and discussed 5 year look back with a vision of what OCP would like to accomplish in the future. Recognized the fact that Northern New Jersey, Long Island, the New York metro area are the demographic areas that OCP has had some success with. They decided on a new market tagline to see if they could pull from those areas. These outside counties are more expensive than Orange County and need to be in this geographic area. New marketing tagline is "We su--- a little less than you do." All joking aside, we decided to take a look at the five mile radius area: Teterboro and Newburgh airport area. Targeted 10 square foot, 20 + employees, about 10 million a year in sales and asked our experts to do research based on specific criteria. The Partnership came up with a list of about 1000 companies to approach with direct marketing. There will be four focused mailings with four components: being aware of the

inventory available, what OCIDA has, and healthcare and education benefits that are available. These 1000 companies will be approached over a two month period and then a personal letter with follow up phone calls from the OCP office. No outside agencies will be involved in OCP marketing campaign. This marketing strategy is designed to be very personal. 100 companies will be chosen based on a certain criteria. OCIDA will be updated on the success of this new marketing strategy.

Business retention and expansion side will also be hit. There will be different criteria: non-retail based, and all of the companies will be located in Orange County. OCP came up with 500 companies from a targeted list which will be approached. OCP is trying to get the word out that they are in business to help them and support their growth.

OCP will expand newsletter to include a lot of those targeted industries in specified geographic locations. This is the "Brokerage Year." OCP will change this year to "Brokerage/Business Tour" to see if there are certain companies with their leases coming due.

The marketing video will also be used in parts of their campaign. Also making changes in the website to make it more user friendly and quicker to find needed information.

Alan encourages everyone to come to the annual dinner this year. The speaker is an economist -- "futurist." OCP plans to be more aggressive with specific tradeshows and marketing. They are going to make an effort to be more aggressive out of county.

Chairman Petro commends OCP with new marketing strategies. Mr. Crotty saw that the Governor of West Virginia is talking about project Olympus and seemed to know all about it. Mr. Crotty hopes that our Governor also gets involved. Retail sales going up is all about e-commerce. Kohls' corporate headquarters looked at the Macy's site. West Virginia is very powerful. Market in Washington D.C. is a very powerful area. Need e-commerce business.

It costs 28.5 Million per year to do business in New York City. Most expensive in the nation. Major corporations paying big money to do analysis and until taxes get straightened out in Albany, we still can't overcome this. Rogulski also believes that companies won't come here unless they have to because we cannot be competitive. The regulatory environment is even worse. Have to talk to the companies that "have to be here" to bring those jobs to Orange County.

Mr. Crotty adds that the Firehouse was very thankful for the grant of \$57,000.

Chairman Petro adds that OCIDA is an innovator and the Board entertains many items that wouldn't otherwise be discussed.

Meeting called for adjournment by Chairman Petro, the time being 5:25 p.m.