

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

February 16, 2011

A regular meeting of the Orange County Industrial Development Agency was convened in public session on February 16, 2011 at 3:00 P.M. at the Orange County Business Accelerator, New Windsor, 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

ABSENT: Hank VanLeeuwen

ALSO PRESENT: James O'Donnell – Executive Director
Joel Kleiman – Chief Financial Officer
Phil Crotty – IDA Attorney
Jennifer McDaniel – Administrative Assistant
Maureen Halahan – Orange County Partnership
Josh Sommers – Focus Media
Russell Gaenzle – Attorney, Harris Beach
Marissa Brett – HVEDC
Peter Berman – The Ruby Group
Margaret Petro – Chairman's Mother
Randy Rasmussen – Frugaldoe
Bill Zurilla – Frugaldoe
Peter Gregory – OCBA
Michael DiTullo – OCBA
Steve Neuhaus – Town of Chester
Philip Valastro – Village of Chester
Kevin O'Reilly – Satin Fine Foods
Joseph Stargiotti – Orchard Hills
Bill Fonte – Trifont
Will Rodman – 4e Productions
Jeff Rich – 4e Productions
Jon O'Neil – 4e Productions
Christian Livermore – Time Herald Record

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

Next the Board reviewed the minutes from the prior annual meeting of January 19, 2011 meeting. A motion was made and seconded to approve the minutes as presented. Affirmative votes of all members present resulted in motion carried.

FINANCIAL REPORT AND/OR REQUEST FOR PAYMENT

Joel Kleiman, Chief Financial Officer, advises that hopefully they will have the budget actual figures reports next month. Waiting for software to be installed by the County and once that is done we will have budget actual figures for 2011. In addition, there is a listing of the IDA investment portfolio. There are 2 CDs (one maturing next month) and the following one in June. Checking, savings and money market account balances as of two days ago. Kleiman explains that the rates should not go down much further and hopefully they have come to a plateau. Money market rates appear to be better than the CD rates but they will be reviewed again next month.

Kleiman next reviews the revised February 2011 Voucher and Payment Report. The revision is for a payroll payment. Chairman Petro advises that the final payment for the promotional video needs to be submitted by Focus Media for processing and payment. The OCBA paid to the IDA \$21,111.93 for fourth quarter rents received. The IDA also has \$60,316.13 in payments for authorization by the Board.

Chairman Petro advises that there is an account for the Orange County Capital Development Corporation that Steinberg will review later in the meeting.

Motion made by Steinberg and seconded by Armistead that the Board approve the financial report as presented. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Kleiman adds that the 2010 audit is being worked on with the outside auditors and that it should be completed, in and on time. The audit firm will present the audited financial statements to the Audit Committee in addition with himself which is typical practice. Kleiman feels that the report will not be completed until the end of March, 2011. The audit will not be done in a month from now for the next meeting. Chairman Petro agrees that at the March, 2011 meeting the Board can authorize that the report be submitted at the April, 2011 meeting as long as a basis for the delay is given at the March meeting. That is what was done in the past. The Audit will be electronically filed on March 31, 2011.

Mr. Crotty comments on the OC Funding Corporation balance of \$25,000 resting in that account. OC Funding Corporation is not a subsidiary of IDA; just a conduit to finance civic facilities per Crotty. This should be a very simple audit. Should not be shut down. There are checks around \$7,000 that need to be deposited for 2011.

Chairman Petro reminds the Board that the Ethic Forms need to be completed and returned.

Josh Sommers, Focus Media, presents the IDA Promotional Video for 2011. This is the final cut of the video. The purpose of the video is trying to educate the public and businesses in Orange County as to what the IDA has to offer the community. The video is educational and sends the message that the IDA is open for business.

Sommers thanks the OCBA and IDA for making Focus Media part of their team. 18 months ago Focus moved to Orange County with 6 employees and now has 16 people working. Focus estimates a total of 20 employees by the end of the second quarter. [Video Runs] Mr. Sommers will also assist the IDA with distribution. The Video cost was \$10,000. Additional copies of this video can be purchased through Focus for a fee. This video will be distributed through links with Youtube and Facebook. Focus and the IDA will also be working with organizations such as OCP, Pattern for Progress and HVEDC. This Investment will be channeled through all means available.

OCCDC CHECKING ACCOUNT

Chairman Petro thanks Steinberg for his help with the end business associated with the OCCDC account. Steinberg advises that they are trying to close the OCCDC checking account but it will remain open for a while to receive residual moneys received. \$6,900 check going into IDA account. Nonbillable monthly charges are being terminated, i.e. phone bills.

ONDAMED

Steinberg advises that he spoke with Speigel and thanked him for his efforts on this project. Steinberg wants to put \$50,000 back into the IDA bank account. Discussions with regard to whether the check was actually written. If so, it should be cancelled. If not written, then that is the end of this matter. Resolution was passed but check may not have been written. If differences between Seigel and Ondamed are resolved, they can come back to the IDA for support.

C&S

Chairman Petro received an email from Noel Spears, attorney for C&S. The lawsuit associated with C&S ended with a large amount of attorney's fees billed: over \$50,000. The IDA paid this money out. On our behalf, we incurred a \$29,000 bill plus a bond counsel fee of \$8,500. These monies should be reimbursed to the IDA by law. C&S asked that they get some relief from this bill due to the anticipated construction of a \$500,000 square foot building that they are prepared to build in Orange County. Board discusses whether the attorney fees should be split, or reduced. It is finally agreed that the bill will not be reduced or changed. If anything, when C&S comes to the IDA with next building addition, the IDA could negotiate a deduction of the application fees to encourage this economic development. Chairman Petro and Crotty will prepare an email to be sent to Spears of C&S.

OCBA

Mike DiTullo presents the OCBA Report to the IDA. *[TRANSCRIBE VERBATIM]*

Obviously Peter and I were not here at the last month board meeting. We were both presenters at the annual conference at the New York State Economic Development Corporation. At that time, we were presented with the year end unaudited financials. I trust that you saw my notes as to those. As I always do, very briefly, the financials for the first month of this year, you should have them in your packet. Our Income was a little under \$160,000. Our expenses were a little over \$64,000. As Joel said earlier there was another \$21,000 reimbursement to the IDA for our rent rolls for the fourth quarter of the year. So for the year, we brought back to the IDA almost \$84,000. The only thing that we held was about \$7,000 in deposits from our clients. So that is the financials. Any questions on that?

Now into the meat and potatoes of what we are doing here. You can see that there are some numbers that are a little faded on the white board. They are actually from a presentation earlier this morning to a group of about 30 people. The numbers are 66, 14, 48, and 450. The 66 is the middle of the 66th week that we have been open here at the Accelerator. The 14 is how many clients are now operating either as a resident or associate client working with us, Peter on their business plans, their concepts, on honing their other elements. The 48 are employees that our clients have here at the Accelerator. Think about that, 67 weeks ago nobody worked here and now there are 48 people. And the 450 is based on our client's business plans. A projection of the jobs they will have once they graduate out of here.

We will have one, if not two, of our clients graduating this year. One of them which already has approval, as you know, is Continental Organics. They will begin construction once weather permits. They are very close to obtaining their funding. They are purchasing the Bells Catering building. They are going to take down the two wings and renovate the interior. The parking lot is where the large buildings are going to be put up. And that is what they are negotiating right now. They are very, very close with the funding. In fact I had a brief meeting with the bank that they are working with today and they have already scheduled a lunch to potentially celebrate that funding occasion. Hopefully that will happen soon.

You also know that as a result of a little bit of restructuring of the raise requirement, we gained another nearly thousand square feet and put in two additional suites. One of them the contractors is using and also using it as co-working suites. And we have one other suite at the end of the hall on the right which is about 450 sq. feet. We have a couple of leads that Peter is working on right now and will hopefully have that occupied by the end of the first quarter. We have made some other changes to our website. I don't know if you are inclined from time to time to check out the website but there have been some updates. We also have some videos that we copied off of the IDA video that are a little more comprehensive of me welcoming people. Also, there is a video of Peter drilling more into what he does as our director of enterprise development. If you get a chance, check that out. They are both on Youtube too as well. You may have also noticed, talking about marketing, a few weeks ago we had an insert in HVBiz - four pages and essentially that was content from our 8 page newsletter.

Also we launched and put more effort into the effort of trying to attract associate clients. That is a great way to bring in more revenue without giving up square footage. So recently we started placing ads in the Record. There was one last Friday, Sunday and we are scheduled to do four more. We also have a three month ad in the Mid-Hudson News.com and also on HVBiz specifically promoting the associate client program. Thank you for bringing that to our attention and suggesting that.

Petro: Let's say that I suggested it and you made it happen within a months time. I think that is wonderful.

DiTullo: We are using the photo which we took about 6 weeks ago at or last pizza roundtable and everyone came out front and we are using that photo for the centerpiece of that article.

Petro: When is your next pizza roundtable?

DiTullo: This Friday. One schedule for this Friday that is for our clients and the program is going to be Susan Jaffe from Empire State Development Corp. as well as Maureen from the Partnership, and Megan talking about what are the opportunities and services that they provide once they are getting ready to go? Program is at 12 noon. Anyone that would like to come, we will have a slice for you.

Peter thought that he should mention a few things about the FTZ. But before he does that I want to mention that tomorrow evening there will be a reception here that is actually being sponsored by Schein Media. They publish . . . [inaudible] A lot of people from real estate, banking, legal, people that are involved in real estate. They are just using our facility but if anyone would like to come that would be okay. You could come as our guests.

Peter would you like to update the Board on the FTZ activities and anything else?

Gregory: I would like to add that I apologize that I erased the numbers on the board . . . I didn't know that you were going to use them today. There is a special subcategory that we have added

and that is the “veteran.” I just want to mention that for those that graduated, they were put through a very, very intense boot camp. One is OC Snowboard and that is run by Roger Snell. He has just come back from Afghanistan. What he is doing now is that he took each of these pieces together and when he came here we respun his business plan, his financials and gave him a cash flow projection that was reasonable. We ended up helping him to get \$110,000 in veteran’s assistance grants and a \$60,000 community trust loan fund that he got and he hasn’t touched a penny of that. He has also employed 15 people over there in Middletown off route 211 in the old public plaza. He has employed 15 people and he hasn’t touched a dollar yet. He is getting ready for Phase II. He has already graduated with 15 people on the ground out there. He has also taken on Tuxedo Ridge. The new ski area. He actually has started tuning all of their rental skis over there. Two shops instead of one.

Steinberg: We haven’t celebrated this – we have a graduate out there.

Petro: Let’s talk about graduation. I talked to Tom and Mike over there at Organics and whether now they are going to move on. They know that they can stay three years and they don’t want to move. If we have empty space, we wouldn’t make them move. They are functioning. It is really up to Jimmy, Phil, Peter and Michael. Maybe we don’t want them to move right out. If we need the space then the answer is clear.

Crotty: As they wrap up and the idea that they can have this as their office and conference room, and all the amenities here -- that is one of the attractions that brings the entrepreneurs and these young capitalist here to the facility to start with.

DiTullo: One other quick note about the associate client program, in the case of OC Snowboards, that was an associate relationship which is 4 months and not 3 year. It was a “bootcamp” and he worked with them for three weeks/50 hours a week -- and really ramped them up. When he first came to meet with us he was still in fatigues and even opened the shop before he was officially discharged. We have that capability to really put a lot of adrenalin into a client and they don’t have to be here for a really long time or occupy a lot of space

Also, if you are inclined, I don’t mean to put you on the spot, but we have been doing some other creative things and I will put them under the banner of “international initiatives.”

Gregory: We are definitely attracting international play here. This area in Stewart is thriving so well. All of the things that we were speaking about 14-15 months ago have happen. Prospects, clients, entertaining people/clients from Connecticut. We are definitely beating the tide back about some of the things we say about New York sometimes. The FTZ holding an office with two other blue sky opportunities that we are reeling back in and that are in the horizon. There is a push and a draw to the FTZ that need the benefits of that. I’m not actually sure about the history of the FTZ, but someone checked the correct box in the application and we essentially became a “super FTZ” zone that can fly out of the county borders and help them with their approval. We have had some very interesting opportunities come to us creating a statewide presence for that part. And also on the push, we have a list of the companies that we are working with on imports and paying tarriffs. And that is actually going to be under the microscope. We will be bringing in our consultant out of Albany, Karen Sager, and having a presentation here about international business et al. and the FTZ. And then peel into specific companies that are already importing and try to take advantage of that.

A few of the types of prospects that have FTZ work is an energy company in Highland bringing in big generators for Russia. They are probably \$500,000 to \$1M a piece. Someone here this morning is bringing in eucalyptus oil in 55 gallon drums from Australia. If you bath in it you will live forever. Really good I guess. There is another guy that is importing orchids from Philippines.

There are three or four individuals here on and a visa program. Someone who is not a citizen can invest \$1M and create 10 jobs in a regional center that will be recognized. That is very competitive and many investment groups and banking groups are starting to show up around the country. There are about 15 that have actually turned profits, but it is the beginning of a wave of this visa program. Each of these integrated investors bring a million and produce 10 jobs, over two years, and then they get an expedited visa – get their residency papers faster.

That coincides with something that we are working on at the state level. Working with a gentlemen, Dr. Julio Cintok (sp?) about a year ago, I've known him for about 10 years. He has decided to make Orange County the center focus of drawing international business. We are trying to draw closer to New Paltz, their engineering group, their teaching group, and their business group to create a new model for business and education for the innovation of the economy. I think that this is world class, country class, definitely, and statewide definitely. It will definitely put us as one of the major centers in the State. We are at the perfect location, and Dr. Cintok fell in love with the idea that we look down on the airport here. He loves everything about it and he doesn't want to sell or move out of the state. We have that going for us. I would like to travel with him to lands beyond representing OC. We are talking to them about making this area their home. Pretty interesting things in the future.

JOD: One thing about the FTZ. Peter started working with me a couple months ago here to expand our exposure to companies that can utilize the FTZ. OC luckily with the check of a box became a "super FTZ." The law that was passed allows OC, for whatever reason, to help other counties within the state that do not have their own FTZ. They don't have to be contiguous to us. We are already helping a county upstate getting their FTZ benefits for a company. The only caveat is that they don't compete with us here. Couldn't have them here.

Russ was asking about another company in Genesee County that is looking to start their own FTZ. I told him, "Get in touch with us." So there is a lot of exciting stuff with the FTZ.

DiTullo: One other thing, and we are all about the clients, and Bill Zurilla is going to update the board on the tremendous progress that they have made with their products.

FRUGALDOO

Zurilla: Thank you Mike again and Peter for inviting us to bring you up to speed with Frugaldo. Frugaldo is an exciting new concept and I really enjoy speaking about this. The genesis of this came from myself and Pat Corrick and Randy Rasmussen. Corrick is a technical guy, he was my IT person for a number of years when I worked for the newspaper as a CFO and about a year ago we talked about:

Wouldn't it be great if we could do mobile advertising? Hatched a plan wherein you could use your mobile phone for. What's the business opportunity? That is advertisers really use radio, TV but all of these things are wearing out. Few businesses are happy with them. They are costly, can't target them, and you can't go with it to the local market. The media has been so fragmented that you can't monitor the result of your advertising. We came up with a new concept. A hyper-local mobile marketplace that connects businesses and consumers.

The way we do that is we are using three devices. One is a phone campaign where the advertising is sent to your phone. The other, when we send advertising out from stores that you are around. And the video monitors that we are going to put up around the community.

If you are sitting in the room and you want to go out to dinner tonight. You would text dinner to our short code and our system will read the message, interpret it, find your phone, and then find restaurants in the area that offer specials. They will only be restaurants in the area. That allows us to help the restaurant guy. If tonight you have a lot of steak and you want to push steak, you can say 20% off all steak dinners. Then tomorrow night, since you sold out of steak, or at 6 p.m. you have sold out of steak, you can shut that off right then. The next guy that texts in "dinner" could get a fish special. The restaurant can go online to our website and put in all of the current information for their diner. They can also identify how far they want to reach: one mile, 10 miles, 20, 30 from their store. This allows the advertiser to set up his scale. If you are a beautician and know that most of your business comes from 15 miles, you could limit it so that you are not sending ads to people outside your area.

One thing that Frugaldoo also does well is give you feedback. When you get this offer, you can go online and see what offers were sent, what phone numbers they went to, where their phone was at the time and whether they responded or not.

Third thing is when we talk about integrating this, digital sign and made a video that flips and shows a variety of information. It also has a twitter feature for local specials. We are selling this real estate too. It won't have sound but is a new form of advertising. Capabilities that TV simply doesn't. Call to action site.

The market today for mobile advertising is taking off and in 2013 it is expected to be \$115B in advertising. Instead of getting your advertising message to someone at home, or driving from their home, it will be while they are walking by your store. We are looking to get 1% of market at 1M in the first year of revenue as a target. But for every 1% of market share that we gain, that is 30M in revenue. Judging by our type of advertising, we feel that this is a very conservative estimate.

Plans for hiring include 31 people in two years of business. ½ sales and marketing people. This will give the local business man the best tool for mobile marketing that is available in the country today. It can be used on text message phone and smart phone.

Price structure is cheap. \$125 for the monitor and Frugaldoo messages at \$1 each.

Peter and Mike served on a panel on innovation and incubation. There were about 50 people in our workshop. There was one other incubator from Dunkirk, NY. 200 people at the conference. Also had an opportunity to met and talked with Lt. Governor Duffy.

One room that is currently available. The other ones are within HVEDC and could be available if needed. Perspective leads at this time. There is one client that has already expressed an interest in moving into the larger suit and free up a smaller suite. Had to make that suite larger than we wanted to, it was the corner and had to be done that way. May be doing this soon.

Also passing out a list of all of the events at the OCBA. You should all get these leads and constant contacts. We would love to see an IDA Board Member here or someone from the Partnership here.

BYLAWS AND POLICIES

Crotty: Every year we are required to perform measurements of ourselves. This is brand new. I wrote up the four areas that we should be measuring ourselves. Today is our measuring date. I will pass this out and look at 4a under this, also in your packet, and I would say that 4a, OCBA, and that is what DiTullo just went over and will be transcribed so that it can be included in the

annual report. So the next thing we would turn to is new company financing assistance. Unless you have any further questions for the OCBA.

Now we turn to New Company Financing Assistance. Maureen maybe you could update us on this. How many new companies has the agency assisted toward locating in OC? How many and what type jobs have been created? Is the Agency's PILOT program working here? And essentially the same pertains for letter "c" which is "retained company financing assistance." I know that it is largely in your annual report that you handed out at the event but if you could answer any questions if the members have for this self measurement that we have to do. Open discussion time.

Maureen: Directly, your question is how many companies were assisted or through the IDA assisted? I think our annual reports are different. Your annual report speaks to companies that the IDA had an application and reported incentives and actually helped with IDA incentives. Companies that we assist could be a gambit of much different number in assistance in site selection, assistance with access to resources, assistance with work force objectives and we have a whole repository of those figures dating back to 1986. I can provide for you the annual report with a full report of those numbers, or what the break outs would be, Is this the requirements that you need?

Crotty: We have a lot of money. We turn over a lot of money to the Partnership. We need to advise the State that the money is being employed. Only this year, we don't have to go back to 1986. The State is now asking "Okay you have this money, it belongs to the tax payers, what are you doing with it?"

Steinberg: This year is 2010 or 2011?

Crotty: 2010.

Steinberg: So we are looking back now for 1 year?

Crotty: Yes.

Maureen: 2010 is included in our annual report and I can provide each of you with a copy. I can work with Joel on all of the numbers with that. I have a report right now with what has come in the last six weeks -- actually an uptake of business and new projects that we are working with this year. Actually, I think we are at 26 companies that we are working with this year. I have a breakdown that is given to my board members, but you tell me what you need and I can provide you with that. In the interest of time, ...

Crotty: Whatever you can share with us for 2010. And this is the first time we have had to do this. Lay it out and allow the members to ask questions of you and the office of business assistance, administration, and satisfy the State requirements.

Rogulski: Is that in these questions in the Bylaws -- because I don't see where it specifically says the OCP.

Crotty: It doesn't. They are an external marketing agency. They are not part of the IDA but they get a third of their funding from us at \$200,000 and we need to come up with some answers for the State.

Maureen: How do you want it provided to the IDA?

Rogulski: Let me ask my question first, maybe I'm just confused. In the Bylaws here where you are talking about how we are going to do our self-analysis, it says "new company financing assistance." Shouldn't it say, besides new companies, "other organizations or entities that we provide funding for that are part of that mission" -- where the OCP would fall into?

Crotty: Are you talking about the "quality of life" that is where I talk about the grants and such. But a.. . .

Rogulski: I'm not sure where it falls under here. I'm not understanding what we are voting on.

Crotty: It's not a voting issue.

Rogulski: Ok, so it's just for us to . . .

Crotty: It's just up for discussion like Mike just did.

Rogulski: We are describing in our mission statement how we are going to do our self-analysis and provide that information to the State, correct?

Crotty: State wants to know, look, you guys have all this money, who's spending it, where is it going and are you satisfied that you are making, creating jobs? I formulated these questions three months ago.

Rogulski: The questions talk about new company financing assistance because we know how we go about that. Should it be further described here as to how we do it or where we are going to get our information from . . . because if I'm on the other side of the table and I'm reading through it, and I don't know . . . and I'm the State of New York and there is new financing company assistance, where the IDA would provide that with tax incentives and ability to do IDA bonds, so unless we describe it, we wouldn't necessarily do it through the OCP. Am I making any sense?

Crotty: It's not asking us to describe our programs. It's asking us "what are the results that have been achieved?"

Armistead: This is a self-assessment of all the tools which we have in our toolbox. Pretty much we have been pleased with our success.

Rogulski: Well in the Bylaws you wouldn't any way.

Armistead: But clearly from meeting to meeting we are pretty proud of ourselves and what we have accomplished at this IDA. We should put that in the minutes and that would satisfy what we are looking for here?

Crotty: Yes, I think it would. It's just once a year we have to do this and they are not asking for a month by month, or quarterly report. But we now have to do this every year.

Rogulski: If I could just make a suggestion, where I work and I know a lot of other boards I sit on, once a year for a performance appraisal I have to provide a memo to my boss saying what I think I have accomplished vs. my goals, on an annual basis. So that's how I do a self assessment. We write down what it is that we did and then . . . I guess that is what you are talking about Phil. And obviously the Partnership is a big part of that.

Petro: Are you deliberately trying to create conversation so that it is in the minutes and fulfills something? Because if you are not, then I have two hours of presentations yet to review. I want to

move this along. So if you can meet with Maureen privately and get it fulfilled, but if you are deliberately trying to get this in the minutes so that we had an open meeting, and discussed it, and now we have complied.

Crotty: I would say that we have done enough for this year on this topic. Certainly Mike was very expositive.

Armistead: We have had an annual report from Maureen, on the Partnership, an annual report from Mike and Peter, on the OCBA, and we are very satisfied with the performance and results of their efforts for 2010.

Crotty: Anyone have any recommendations, now is the time.

Petro: Maureen is still going to do her report yet. She is not done.

Steinberg: This is a learning curve too. This is the first time we are doing it this time, this year. All for the year 2011 we will be trying to pay attention to this so that when we do this in a year from now, we will be better prepared to have this discussion. We will have a metrix better defined. While Maureen may be attracting businesses that are not benefiting from specific IDA activities, nevertheless, we are paying for 1/3 of the marketing activities, and we need to recognize that.

Crotty: The last one is the quality of life and it says "How has the Agency contributed to improving the quality of life in OC? I would just submit that with the Purple Heart Hall of Honor for \$9500, OC Fire Fighter's Museum for \$57,000, the Goshen Historic Track for \$27,000, Pattern for Progress for \$20,000, \$35,000 for Orange County College,. . . . I would submit that you guys have done a great job for this year. So that has helped with the quality of life.

[END OF VERBATIM TRANSCRIPTION]

IDA Governance Committee
Report on Procurement policy

The IDA Governance Committee met on this date to review the IDA Procurement Policy, Exhibit J to the Bylaws, as required by the PAAA. Present were Governance Committee Chairman Steve Brescia, member John Steinberg, IDA Chairman Jim Petro, IDA Executive Director Jimmy O'Donnell, and IDA attorney Phil Crotty.

Crotty reported that he had reviewed the Procurement Policy with OCBA Managing Director Mike DiTullo earlier that afternoon, and that DiTullo understands the policy and operates within it. Crotty then proceeded to outline the IDA policy and relevance to IDA operations. All members were asked for suggestions and comments. After minimal discussion, the members authorized this report to be sent to the IDA board for inclusion in the February 2011 minutes.

Philip A. Crotty
IDA Attorney

IDA REFINANCING RESOLUTION

Crotty reads through the resolution for Refinancing Fee Resolution. Motion made by Armistead and seconded by Schreibeis that the Board approve the Refinancing Resolution as read. Open for discussion.

Chairman Petro advises that Mr. O'Donnell is also setting precedent and your answer would be? Mr. O'Donnell advises that they are not setting anything unless he talks to the Board. So the Board is actually setting the fee. O'Donnell will present the facts for each situation for the Board to decide. Steinberg affirms that they just made a policy that on refinancing we are going to charge ¼% -- up to. Chairman Petro advises that each situation is on a case by case basis. Affirmative votes of all members present resulted in motion carried.

OCP [VERBATIM TRANSCRIPTION]

Thank you for having me. As a matter of record, I hope that I can get some clarity as to what the Board needs. Just from the point of the Partnership, Petro sits on the OCP Board and O'Donnell receives the board packets which has a board report on business attraction and business retention and expansion monthly. And then I come in here and give a verbal to you but I would be more than happy to provide you with a spread sheet, if you prefer, because the length of the meetings do go long. There are probably two or three times that by the time it does get to the Partnership, I have to give an abbreviated message. That is fine with me, I have no problem with that, but I have a lot of good material that I would love to share with you and I have a contract to provide you with marketing materials, and so many other things that I would love to share but in the interest of time we kind of get pushed back.

Petro: Don't worry. Go ahead and do it.

Maureen: Okay let's march right on then. And Phil you and I can talk off line on whatever it is that you need. Not only do I have matrix on whom we work with in terms of just general leads, where those leads come from, HVEDC, if they come from us directly because of a marketing effort, if they come from the State. And then I have the ones that I call "IDA worthy" because they made a presentation or put forth an application. They are a second breakout group of ones that actually got IDA. Anything that you need, I probably have already completed. I just don't have that with me. And then in addition to that in the end of the year, every detail is given in the annual report on the companies that we work with and broken out by industry cluster and everything else. So anything you need, I just want to let you know that we got it for you.

With marketing this year, we have identified, because of the success with President's Container and Takasago, the fragrance company which we just currently poached out of Northern NJ. I think that I shared with you last month that we are just a little bit better than they are. We really want to focus on the diamond that we have with Stewart Airport here -- within a three to five mile radius outside of Teterboro Airport and Newark Airport in NJ. To identify companies that are at least 10,000 sq. ft. in size, 20 plus employees and \$10M in annual sales. This particular identified cluster we came up with a list, a thousand strong, which is much bigger than we originally anticipated. And what we want to do is four separate mailings, letter, calling, and then visits. And this should all take place within the next 12 to 16 weeks. The first mailing already went out. Take a look at the first mailing. It started with our airports and the diamonds that we have here -- two of them. These are our "outside of the area" passing a wider net to bring companies in. The initial mailing already went out and will be followed up 2 weeks from today and then the letters and the calls. If we get 15 company visits, that has to be a huge success for us. And that is our goal.

I met with Michael this morning. We are putting together a team of professionals that could actually go and visit these companies. Not just me and a talking head but a group of us that can identify what works the best out here. Whether it is ecommerce, distribution, or manufacturing, we have separate packages that are available to speak to their industry cluster. We will fill you in on the results of that.

With regard to business retention and expansion, within the county right now, we did the same. OC businesses, non-retail, non-government, private sector business in OC. 20,000 sq. feet and above, 20 employees or more and the companies listed were 500. If you need our services, we are here for you. Information is on there about services that we can provide for these types of companies and the goal is to meet with them. On the back of the postcard there is a "bar code". These are called QR Codes. Quick response codes which are enormous in Asia, Japan and China. They are just coming into the US. In Europe it has taken hold. Just like when www. Or the internet. These are going to be the wave of the future. New technology. You take a picture of that code with your cell phone, it is the companies own fingerprint and will take you directly to the home page of that company. Some cell phones don't have the application on it yet but the application is going to be on our website. Download the app. All of the new phones will have that technology and will be on all future business cards because it is cutting edge marketing. QR Code. It also creates some interest.

We are changing our website. I know that the last time I was here I showed some of the animation technology with buildings growing up out of the ground. We do that to some of these big site. E commerce companies like Macy's, we are incorporating that technology on our website. The front page will be completed by March 31st and everything is about the sites. Everything we are about is about the inventory that we have in OC. That is what makes us different than any other county in the State. That is featured on our website. Major launch for that. We will get it out to the masses.

Met with my marketing group this morning about our broker tour. We do a major broker tour every other year. HVEDC was one of the first to do a virtual tour, but our tour this year is going to be uniquely different than any tour you have seen. It is probably going to be virtual, probably on June 7th but we have not completely identified that date. We are going to have huge flat screen TVs like this. We have the technology now to launch that at our brokers at their screens. They will be able to blow up the building, turn it around and all by touching the screens. State of the art and will be launched with everything that we have. Facebook, presentation and product. This is new to real estate products. Any time that you want to use this technology it is available for your use at our office in Goshen.

Goodyear AZ, Macy's ecommerce center, Amazon center, we wanted to tag team along with HVEDC to take a tour out to Goodyear, AZ because of some of those commerce fulfillment centers that are vastly on the rise. I went to Atlanta, GA and Cincinnati, OH to visit with the two firms: the site selection firm and the law firm with Macy's. A post mortem visit. It was alarming what we found out. It was very upsetting. We have pages of this report and found out that a lot of information that was received by the site selector but never received by the company. Long story short, now all of that information is in the company's hands but it is too late.

The site that they selected was not the number one and two finalists. It was our site in OC that was prepared and ready, there was another company in WV, and in the 11th hour there was another property in WV, government owned, that was chosen. Now there are lawsuits. There was a lot of information that was not shared. A lot of the information was the cost of construction in the Hudson Valley. There was a letter, that there would be a reduction in the cost of construction and the wage and benefits package. That was sent to the site selector and was never received by the company. It is now with the company but there is less than a 1% chance that this will change anything.

But we learned a lot from that and now we are actually developing new marketing materials based on that stuff. To lead with that information. We learned from K&M that the incentive package received from the State was the richest that they have ever seen for a fulfillment center. "Had the company learned of some of that information, there might have been a different outcome." These

are the facts and I thought that you should know about it. I can give more detail and information later on if you would like.

Steinberg: Long short of that -- we could have given building trade costs.

Rogulski: What would be the benefit of not providing that information on to the company. There is got to be something that is not kosher there.

Maureen: Over the years when we worked with site selectors, they hired one firm and that one firm would go out and check out all of these sites. In this particular case, they hired two, three with H&M. They hired the Walker Company, they hired K&M, who they had been with forever (lawfirm), they met with Mr. O'Donnell, Ed Diana. We were golden on the incentive side. The site selection group out of Atlanta, GA, didn't want to deal with anyone in NY. Couldn't stand . . . didn't want to deal with anyone up here and he didn't like the construction industry in NY State. There was never any research done that said that nobody ever crushed numbers from the local trades, so they actually came up with a formula based on what their site selector gave them. It wasn't as accurate as it could have been. When we submitted our formula to Walker, Pam said that it never got to Macy's.

In addition to that, we got a lot of phone calls after we lost Macy's and one was from a logistics specialist and he wants to work with the Partnership. This guy ships product all over the country and has worked with many companies: Cardinal Health, Medco, and other pharmaceutical companies and he said that it was virtually impossible that they could ship better and quicker and faster out of the Martinsburg site than from our site in one day, overnight. He proved it to us. Put it in letter form. What I did find out is that they are doing "zone skipping." With the cheap site in Martinsburg that they got for nothing, construction costs very, very low. Everyday they are going to load up trucks based on your zip code and they are going to ship it to Harrisburg. Package it in crates. Harrisburg then, major hub like Stewart, they can ship to a wider area. Even with their "zone skipping," we can get to more individuals from OC than Martinsburg, WV. Even with their zone skipping. We have all of that information now. We are going to lead with that information when we go forward with any of these types of companies. We have that information at hand.

We also learned that there is the largest trade show for retail in the country that is in May. We are going, HVEDC is going. It is over 30,000 retailers, Amazon and some of the other companies that we have been talking to. We are going to set up meetings ahead of time, and meet in advance and meet with them there.

One last question, on the annual report, could you tell me what the deadline is because we have people asking. Does the Board know that you have hired Focus Media to do the annual report this year and that we will assist to the best we can.

Petro: March 30 is the deadline.

Maureen: I think Phil Madden needs to hook up with you guys and he need some information about that as well. Any questions?

[END OF VERBATIM]

NEW AND UNFINISHED BUSINESS

SATIN FINE FOODS

Mr. O'Reilly knows that C&S received a 15 year PILOT and he received a 10 year PILOT from the IDA Board. It is in the Village of Chester. Chester's Mayor and Town Supervisor is present at this meeting. Chairman Petro said that they would look at this situation and talk to the board. Satin would need the Village, the Mayor and the school board's okay and approval. The IDA would not do anything unless there is a consensus of approval from them.

Steve Neuhaus has been working with Satin in an effort to keep them in Orange County. They are going to be occupying the old Arrow shirts factory. There was a public hearing in Chester Town Hall in Oct/Nov. time period. They then got a 10 year PILOT. There are some extra things that have happened to them. The building that they are occupying now has some issues with the roof. \$350,000 bill to fix this roof with money that will take away from the Company's growth and what their potentials are. Construction starts within this next week. 85 new jobs and 20 now. There is another division that will also employ more people.

The Mayor fully backs the 10 year PILOT. Wants to keep Satin Fine Foods in the Chester Village but he can't go along with the 15 year PILOT.

Chairman Petro explains that Satin has the 10 year PILOT which includes the sales tax, mortgage tax exemptions. What more can the IDA do? Can't just hand out a 15 year PILOT.

Mr. O'Reilly describes the growth of the company and what they do as a business entity. They sell locally to distributors and countries outside. Not selling huge pallets at this time but when they move to the new building they are going from a 10,000 sq. foot building to 92,000. A huge leap for such a small company. Goal is to develop more jobs but dealing with roof issues at this time. He will have to take money from the project and use on these unexpected costs that have popped up. They will continue to sell fondant, along with a retail market expansion.

Satin would also like to expand into the cake market. The cake plant has the potential to develop a huge number of jobs. Mirroring the cake plant in the UK. The UK shop has been in business 15 years and employs over 1000 people. Satin could possibly employ several hundred just with the cake plant. Right now bogged down with some of these costs.

Satin is before the Board to see what kinds of assistance in any form that they can use to get this project off the ground. Chairman Petro advises that they have already helped him with the enhanced PILOT. There is really nothing further that the IDA can do to help Satin. Chester Mayor and Town Supervisor along with the school board are probably not going to approve any further help. Chairman Petro feels that Satin may find assistance during the construction time. Construction will take 6 months. Perhaps we could add onto the PILOT that there would be no taxes levied at that time other than what is already existing on the land.

Chairman Petro encourages Satin to talk to the mayor and supervisor to get an abatement on the taxes and with those savings put it toward the roof. Satin has the right of first refusal to pick up the rest of the building in the future for expansion. Discussions regarding village exemptions. Decided that they can set it up so that the abatement period does not start until they are up and set. The Town and the Village are good with that idea; then so is the board. O'Donnell requests that the Village and Town prepare a resolution and submit it to the board. This may also be accomplished internally and IDA would not need anything. They would not be assessed until they get their final Certificate of Occupancy.

AMSCAN

Discussions regarding the refinance resolution. Russ Gaenzle is introduced. Crotty reads through the resolution as written. Motion made by Brescia seconded by Rogulski that the Board approve the resolution as presented. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Chairman Petro advises that Bond Counsel Gaenzle is here to discuss residential pilots from the IDA. Looking for a way to do this. Augment the 10 year program with another paragraph that states that if the board deems it necessary, or decides to under discretionary judgment, we could look at a project. The IDA does not have to but may. Very discretionary. Russ advises that IDAs under general municipal law are allowed to do housing. Any sort of housing project with a caveat. We can do tax exempt bonds for affordable housing, IDAs can do "for rent" apartment buildings, a Pilot for condo where individual property owners will be the beneficiary of the tax abatement. This is an atypical situation.

There is a project done by Harris Beach called the Sagamore which is just coming on line in the City of Rochester. It's a condo project where the city/muni said that we need market rate and above market rate to provide necessary housing stock. Asking the IDA to do this. There is no case law that says you can or can't do it. The Board should have the consent from at least the muni where the project is going into. Rochester adopted a resolution making certain findings that the Board relied upon and approved the project. The developer should show what is commercial and private. This is not a regular practice but has been done. It is legal and can be worked around.

Chairman Petro identifies that the "approval of the Muni" is the key word here. Gaenzle believes that when working with muni's, less is more. Politically for coverage you will want muni approval and additional steps on developer side, and our side, to look at these projects. Rogulski inquires as to profitability to builder? If IDA is going to help with economic development and job creation, developer should not make above and beyond normal amount. Russ advises that restrictions can be incorporated into policies. What are they planning to charge and what are their target purchasers? How they are going to use that PILOT for marketing condos?

DiTullo asks about 485(a) statute precedent on conversion of loft properties. Russ believes that 485(a) was for mixed use. Board members believed that it incorporated old industrial structures that had to have one commercial piece. There really is no bright line rule about this.

Chairman Petro summarizes by stating that it appears that you can take our enhanced pilot, add a section of it to encompass the condo apartments, and under discretionary judgment of the Board, would also add a line with the "YES" of the muni that it is in. This particular one is in the City of Newburgh and they are all but asking us to do this. O'Donnell advises that this would be with 485(a) benefits and much better than any pilot that we could give. On Phase II, the condos only get about 60% break on taxes which the State has been talking about taking that tax break away. Then there would be a real need for us to step in. IDA would be more about giving the sales tax benefit/mortgage tax which is no small thing. Gaenzle advises that the IDA has a lot of flexibility but you are restricted with what you can do under the GML. Other than that, you can do a lot under our pilot.

Rogulski asks about munis with their own IDA and Petro advises that they would be referred to them anyway. The county would request the other county to agree to their involvement. Some areas are worth exploring and with others -- this wouldn't fly.

ORCHARD HILLS

This is a 260 mixed unit development which includes condos and townhouses off 9W in the Town of Newburgh. Mr. Bill Fronte/Trifont and Joe Starrgiotti make a presentation to the Board. These are modular buildings and they have run into some construction hardships. There has been cost overruns due to the unexpected rock bed that was encountered. They are currently \$10M over budget. Prior to this they finished the construction of Vineyard Commons that was on budget and on time. In the process of leasing Vineyard Commons.

At Orchard Hills they are putting in a road system, upgrading the Town's sewer system, and putting in sewage treatment center. Started construction last May and currently constructing the modular buildings. Hardships set in. Manufacturer of the modulares went out of business and filed bankruptcy. They have come back asking for an additional \$5M. Also cost overruns related to hitting rock on the site.

This was never a PILOT project. Will work with the Village to get their support. Sales tax not that significant because half way through construction but the modular construction is different, just use tax because selling a nonfinished project. Stargiotti advises that it is only based on their construction costs. The Town has approved this project due to the "renting" aspect of this development. Chairman Petro advises that their battle at this time would be with the Town of Newburgh and the school system. Marlboro schools would need to provide a letter of support. Gaenzle advises that the rental price would be lowered due to the PILOT. This would also help Newburgh satisfy their affordable housing requirements. Fonte also talked to the Town about only hiring local residents for the management of the development. The Town would prefer to get the project completed because they will get the tax benefits down the road.

Chairman Petro advises that once the Town is on board and they have the letters from the school and Town, call and set up a date to get on the agenda and pay the application fee.

4e PRODUCTIONS

Enlightenment
Empowerment
Enrichment
Enjoyment

Focuses on the "between" ages and making the right choices.

Looking for a grant. Will Rodman, Jeff Rich and Jon O'Neil make presentation. Multimedia production, entertainment, and education producers. Addresses social issues, strengthening character and making healthy choices. Collaborative effort. Growth of this production is through licensing, branding and intellectual properties.

[presentation of the video]

Mr. O'Donnell summarizes the current status of this organization. 4e made a presentation to the full legislature last week and they are looking for \$50,000 to jump start this program and put it into every school in the district. County Executive already dedicated \$25,000 from the Dept. of Social Services' budget and what 4e is looking for today is to fill the gap of \$25,000.

In 12-18 months this video will be shown to every school child in our county. With the cutbacks in the education field, it is a nice step forward for our youth. Benefits the county as a whole and job creation.

Discussions with regard to who should be seeking the grant. Crotty advise 4e to submit the grant application that the IDA has. Perhaps the OC Arts Council should be the applicant for this grant request. Perhaps BOCES should be the applicant. Mr. O'Donnell, Crotty and Geanzle will look into giving money to a "for profit company" legally. Gaenzle believes that we can invest in a project or we could refund costs with renting at the OCBA to offset other costs. Chairman Petro advises that there will be no vote at this time. It is concluded that the Board is supportive of this project if it can be done legally.

4e Productions has been an associate client at the OCBA since September.

Chairman Petro

Meeting called for adjournment by Chairman Petro, the time being 5:50 p.m.