

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

August 20, 2008

A regular meeting of the Orange County Industrial Development Agency was convened in public session on August 20, 2008 at 3:00 P.M. at the County Government Center, Goshen, in Orange County, New York.

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

PRESENT: James Petro, Henry Van Leeuwen, Stephen Brescia, Robert Armistead

ABSENT: John Steinberg, Daniel Coleman

ALSO PRESENT: James O'Donnell – Interim Executive Director  
Lorrie Dana – Secretary to Executive Director  
Edda Eller – Recording Secretary  
Joel Kleiman – Chief Financial Officer  
Phil Crotty – Attorney  
Maureen Halahan, Marge LaPerle, Judy Eurich – Orange County Partnership  
Betty Sybesma, Bob Sybesma – North Jersey Trailer  
Pete Berman – The Ruby Group  
Beth Duffy – St. Luke's Cornwall Hospital  
Chris Bette – First Columbia  
Steve Remillard, Mike Bruno – Competitive Power Ventures  
John Hood – Nixon Peabody, Attorneys for CPV  
Gary Drumheller – Hudson Valley Crossing  
Ernie Green, Lauren Brasile – Breonics, Inc.  
Mike Curry – Newburgh City IDA  
Sandra Kissam – SPARC  
Mike Levensohn - Times Herald-Record

Chairman, James Petro, asked for a motion to approve July 16, 2008 minutes. Henry Van Leeuwen made a motion seconded by Stephen Brescia to approve minutes as presented. Affirmative votes of all members present resulted in motion carried.

Chief Financial Officer, Joel Kleiman, presented the financial report for July 2008 stating that over 50% of budget revenue has been received and expenditures have been less than 50% of budget. He noted that the audit committee met before today's meeting and discussed moving monies out of the Orange County Trust money market account into CD's. After discussion the audit committee decided to move \$1 million into a CD with Catskill Hudson Bank at a rate of 3.06% interest and \$2 million into a CD with Key Bank at a 4.50% interest rate. Henry Van Leeuwen made a motion seconded by Stephen Brescia to move monies as presented. Affirmative votes of all members present resulted in motion carried. Also presented were vouchers and payments as follows: Received application fees from the following: CPV Valley, LLC \$5,000, St. Luke's Cornwall Hospital \$5,000, West Point Housing closing fee \$332,415; Recovered DOT Federal Grant \$77,271.91 and \$131,996.36, IBM Fees \$743,828.96; the following vouchers and payments to: Orange County Partnership \$50,000 3<sup>rd</sup> quarter, Robinson Aerial Surveys Inc. \$8,125 for Stewart Land, American Property Counselors, LLC \$3,000 Stewart Land, Harris Beach PLLC \$2,500 pass thru legal fees, Harris Beach PLLC \$2,500 pass thru legal fees, County of Orange \$12,000 IDA Administrative Director compensation 1/1/-12/31/08, Edda Eller \$1,625 3<sup>rd</sup> quarter, Philip Crotty \$7,752 for legal fees June 2008. Robert Armistead made a motion seconded by Henry Van Leeuwen to approve financial report for July 2008 and vouchers and payments as presented. Affirmative votes of all members present resulted in motion carried.

Recognized was Steve Remillard of CPV Valley Energy Center, a leading gas-powered electric generation development company in North America founded in 1999 and headquartered in Silver Springs, Maryland. They are looking to open an electric generation plant in Orange County. Their project is located in the Town of Wawayanda, NY on a 122 acre site near the Workforce Housing Project under construction bordered by I-84 to the south, Route 6 to the north and west and 17M to the east and zoned Manufacturing Industrial. They will generate significant revenue to the local government, economy and community, creating approximately 400 jobs during peak construction phase and establishing 20-30 full-time jobs with an average salary approaching \$80,000 to \$90,000 when the facility is in operation.

Presented was an Initial Resolution accepting the application of CPV Valley, LLC with respect to a certain project describing the forms of financial assistance being contemplated by the Orange County IDA with respect to such project and authorizing a public hearing to such project. Henry Van Leeuwen made a motion seconded by Stephen Brescia to approve Resolution as presented. Affirmative votes of all members present resulted in motion carried.

Recognized was Beth Duffy of St. Luke's Cornwall Hospital, informing members that they are not seeking a PILOT or Mortgage Tax Abatement, but are applying for Sales Tax Relief on equipment including a Linear Accelerator, a CT stimulator, an Eilm processor, certain quality assurance tools, computer equipment, phone systems, furniture and other items of tangible personal property in furtherance of the Company's cancer radiation center located on the Cornwall Campus at St. Luke's Cornwall Hospital in the Town of Cornwall.

Presented was an Initial Resolution authorizing the Orange County Industrial Development Agency to appoint St. Luke's Cornwall JV, LLC as its agent for the purpose of undertaking a certain project providing the Company with a Sales and Use Tax Exemption for purchases and rentals related to the project; hold a public hearing with respect to the project and execute an Agent Agreement, bill of Sale and related documents; provided however, that the financial assistance provided by the Agency shall not exceed \$100,000 in the aggregate until a public hearing is held and a subsequent resolution is adopted. Stephen Brescia made a motion to accept Resolution as presented. Henry Van Leeuwen seconded motion and affirmative votes of all members present resulted in motion carried.

Chairman James Petro updated members on the 58/283 acres of Stewart Land. Work is being finalized on two appraisals and the fly-over was done, and a more comprehensive report will be presented at next month's meeting.

Recognized was Ernie Green of Breonics, Inc. discussing his new plans for Breonics, Inc. and asking members for a possible settlement with the Orange County IDA's judgment that was filed with the Orange County Clerk on July 16, 2007 in the amount of \$233,447.34. They have been able to complete their preclinical program that demonstrated the feasibility for their core technology to provide more organs for transplantation. They now have an opportunity to work with a nationally renowned clinical transplantation program to validate the technology for human kidneys. In order to move forward and revitalize Breonics which would be of obvious benefit to the Orange County IDA, they are attempting to raise some limited funds from angel investors to underwrite the project. Unfortunately, the judgment against them is a major obstacle to any financing at this level. The University of Michigan Medical Center pledged \$250,000 and the Angel investors would match \$250,000 contingent on Breonics satisfying the IDA judgment. A Memorandum of Understanding describing that Breonics will issue to the IDA a Convertible Term Note convertible into the kind of shares of Breonics' stock issued at the next equity financing of Breonics in which gross proceeds to Breonics exceeds \$5,000,000, the number of such shares to equal \$233,447 divided by the price per share in the Qualified Financing. Chairman James Petro asked Ernie Green to come back at the next meeting, which will give members and the IDA attorney a chance to go over the MOU. He said right now there is zero to get from Breonics and given a chance to succeed would be a better option. He asked Ernie Green to get some documentation from the University of Michigan Medical Center stating their pledge of \$250,000 and the Angel Investors agreement to match if the judgment is taken care of.

Presented was a Resolution authorizing the Orange County IDA to take title to or a leasehold interest in an approximately 138-acre parcel of vacant land located at 600 Neelytown Road in the Town of Hamptonburgh, Orange County, New York; appoint Hudson Valley Crossing, LLC as its agent to undertake a certain project; negotiate and execute a Lease Agreement, Leaseback Agreement and related Payment-in-Lieu-of-Tax Agreement; provide financial assistance to the Company in the form of a Sales Tax Exemption for purchases and rentals related to the acquisition, construction and equipping of the project; a partial Real Property Tax Abatement through the PILOT Agreement, and a Mortgage Recording Tax Exemption for the financing related to the project; and execute related documents. Henry Van Leeuwen made a motion seconded by Stephen Brescia to approve Resolution as presented. Affirmative votes of all members present resulted in motion carried.

Presented was a Final Resolution authorizing the Orange County IDA to take title to or a leasehold interest in an approximately 2-acre parcel of vacant land located at 4 London Avenue in the Town of New Windsor, Orange County, New York; appoint First Columbia-4 LA, LLC as its agent to undertake a certain project; negotiate and execute a Lease Agreement, Leaseback Agreement and related Payment-in-Lieu-of-Tax Agreement; provide financial assistance to the Company in the form of a Sales Tax Exemption for purchases and rentals related to the acquisition, construction and equipping of the Project, a partial Real Property Tax Abatement through the PILOT Agreement, and a Mortgage Recording Tax Exemption for the financing related to the Project; and execute related documents. Henry Van Leeuwen made a motion seconded by Robert Armistead to approve Resolution as presented. Affirmative votes of all members present resulted in motion carried.

Presented was a Final Resolution authorizing the Orange County IDA to take title to or a leasehold interest in an approximately 11-acre parcel of land located at 1 and 2 Calvery Court in the Town of Goshen, Orange County, New York; appoint North Jersey Trailer & Truck Service, Inc. as its agent to undertake a certain Project; negotiate and execute a Lease Agreement, Leaseback Agreement and related Payment-in-Lieu-of-Tax Agreement; provide financial assistance to the Company in the form of a Sales Tax Exemption for purchases and rentals related to the acquisition, construction and equipping of the Project, a partial Real Property Tax Abatement through the PILOT Agreement, and a Mortgage Recording Tax Exemption for the financing related to the Project; and execute related documents. Stephen Brescia made a motion to approve Resolution as presented. Henry Van Leeuwen seconded motion and affirmative votes of all members present resulted in motion carried.

Henry Van Leeuwen told members he had a chance to go the Montgomery Fire House Museum and was very impressed with what they did with the IDA money.

Phil Crotty told members the Risk Manager of the County is working on liability insurance for the IDA.

Sandra Kissam wanted to know what happens to the fees paid to the IDA. Chairman James Petro responded they stay with the IDA and do not go anywhere else. Also Sandra Kissam thought it would be friendlier if the public hearings would be always held at the same place. James Petro informed her that the public hearings are always held in the municipality where the project is located.

Henry Van Leeuwen made a motion seconded by Stephen Brescia that this meeting be duly adjourned, the time being 4:00 p.m.

Edda Eller  
Recording Secretary