

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

September 17, 2008

A regular meeting of the Orange County Industrial Development Agency was convened in public session on September 17, 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, John Steinberg, Stephen Brescia, Robert Armistead, Daniel Coleman

ABSENT: Henry Van Leeuwen

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, Judy Eurich – Orange County Partnership
William Lahey – Orange County Legislature
Denise F. Quinn – Town of Wawayanda Councilwoman
David McGuill – Related Management Co.
Allison Kunis – Related Apartment Preservation
Ernie Green, Lauren Brasile – Breonics, Inc.
Mary Ellen Matise – Village of Walden
Alice Dickinson – Town of Montgomery IDA
John McCarey – Orange County Real Property
Mike Levensohn – Times Herald-Record

Chairman, James Petro, asked for a motion to approve August 20, 2008 minutes. Daniel Coleman made a motion seconded by Robert Armistead 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 August 2008 stating that over 2 million of budget revenue has been received. The majority has been in application fees, and IBM fees were more than anticipated. Expenditures have been less than 50% of budget. Stephen Brescia made a motion seconded by Robert Armistead to approve the Treasurer's Report as presented. Affirmative votes of all members present resulted in motion carried. Joel Kleiman also informed members that the general & umbrella insurance for 12 months is in place, but for twice as much as in the past. Also Directors and Officers insurance is in place. Also presented were vouchers and payments as follows: Received balance of application fee from West Point Housing \$1,335.00; the following vouchers and payments to: Orange County Capital Development Agency \$5,000 for management fee – 1st of 2 payments, Ausfeld & Waldruff Land Surveyors \$24,950 for Stewart Lands, Michael Nowicki \$6,000 for Stewart Lands, Harris Beach PLLC \$2,500 pass thru legal fees - St. Luke's Cornwall Hospital, Nugent & Hauessler \$10,000 for 2007 audit, Marshall & Sterling \$53,561.85 for general liability insurance, Frances Roth \$565.75 for public hearing minutes - West Point Housing, Frances Roth \$462.75 for public hearing minutes - Walden Housing, Philip Crotty \$7,717.50 for legal fees July 2008. John Steinberg made a motion seconded by Daniel Coleman to approve vouchers and payments as presented. Affirmative votes of all members present resulted in motion carried.

Joel Kleiman also made a recommendation to members to open a CD for \$4,800,000 with Catskill Hudson Bank and leave approximately \$500,000 in the money market account with Orange County Trust.

Presented was a Resolution approving satisfaction of Breonics judgment to the Orange County IDA. Whereas, the IDA and Breonics have reached an agreement concerning paying off and satisfying a judgment owed by Breonics to this IDA in the amount of \$258,083.02 including interest as of 9-17-08. Breonics will pay to the Orange County IDA a total of \$25,000, \$10,000 of which will be paid within 21 days from the date of the Agreement, when the IDA satisfaction of judgment is tendered; and the remaining \$15,000 at the time of any new financing of Breonics. Breonics further agrees to 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 exceed \$2,500,000, the number of such shares to equal to \$233,083.02, which amount represents the total of the entered judgment of \$233,447.34 plus interest calculated at 9% per year from July 16, 2007 to September 17, 2008 in the amount of

\$24,635.68, minus the \$25,000 payment divided by the price per share in the Qualified Financing. In the event that Breonics does not close a Qualified Financing within one year after the date of the definitive agreement contemplated by this MOU then the remaining unpaid balance of the Note will be converted into the company's common stock at a price of \$3.00 per share. Stephen Brescia made a motion seconded by Robert Armistead to approve Resolution as presented. Motion carried with 4 ayes and 1 abstain.

Chairman James Petro informed members that it would be beneficial to the IDA to hire an outside consulting firm regarding the CPV Valley project and presented a Resolution engaging Girasole Appraisal Company for CPV Electric Generating Plant Project. Whereas, CPV Valley has requested financing from this IDA for construction of an electric generating plant in the Town of Wawayanda, and one element of the proposed financing is a PILOT; and the project, being \$800 million, is unique in size and scope. The Chairman and Executive Director have considered that the IDA engage a consultant to provide expertise in the negotiations between the IDA and the company, and the IDA's bond counsel has suggested such Girasole Associates, who has submitted a proposal for professional services dated September 3, 2008 in the amount of \$25,000, of which \$15,000 shall be paid as a retainer. Stephen Brescia made a motion to approve Resolution as presented. John Steinberg seconded motion and affirmative votes of all members present resulted in motion carried.

Councilwoman Denise Quinn of the Town of Wawayanda asked members that she would like to be updated on CPV Valley from the IDA and also would like to look at the consultant's findings.

James Petro updated members on the Stewart Lands. They are still going back and forth with NYS ESDC. He suggested hiring Greg Shaw to find out how many acres are useable to be built on. He is waiting to hear from NYS ESDC if the 283-acres can be obtained for free, and if not, wonders if they should go forward.

Presented was a Resolution approving funding for preliminary layout in acquisition of 284-acres from NYS Economic Development Corporation. It is necessary to determine how many buildings can be placed on the usable acreage before concluding the MOU; and Greg Shaw, P.E. has provided an estimate in the amount of \$5,000 to accomplish such work. John Steinberg made a motion seconded by Daniel Coleman to approve Resolution as presented. Affirmative votes of all members resulted in motion carried.

Recognized was Alice Dickinson, Chairman of the Town of Montgomery IDA, asking members to consider assigning its bonding authority regarding the Walden Housing Project to the town agency, which would then hold a second public hearing on the project.

Since the Walden Project is within their jurisdiction, she feels it should stay within an active local Industrial Development Agency.

They would be happy to work with the Orange County IDA to compensate all parties for their efforts in connection with the Project. Allison Kunis, representing the Walden Housing Project, said that she worked with Bond Counsel Harris Beach for years and would like to go forward and have the Project approved by the Orange County IDA. Orange County IDA member Stephen Brescia, who is also the county legislator representing Montgomery, said he supported the project, but would vote against it out of deference to the wishes of the local government.

Presented was a Bond Resolution authorizing the issuance, execution, sale and delivery by the Orange County IDA of up to \$5,500,000 principal amount multi-family revenue bonds for the benefit of Walden Housing Preservation, L.P. for the purpose of financing a certain project; the providing by the issuer of certain financial assistance; and the execution and delivery of related documents. John Steinberg made a motion seconded by Daniel Coleman to approve Resolution as presented. Motion carried with 4 ayes and 1 no.

Daniel Coleman made a motion seconded by Robert Armistead that this meeting be duly adjourned, the time being 4:45 p.m.

Edda Eller
Recording Secretary