

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

February 11, 2016

A regular meeting of the Orange County Industrial Development Agency was convened in public session on February 11, 2016 at 2:00P.M. at the Orange County Business Accelerator in New Windsor, New York.

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

PRESENT: Robert Armistead, Stephen Brescia, Robert Schreibeis, John Steinberg, Mary Ellen Rogulski, Henry VanLeeuwen

ABSENT: Edward Diana

ALSO PRESENT: James Petro – Executive Director
Laurie Villasuso – Chief Operating Officer
Joel Kleiman – Chief Financial Officer
Kevin Dowd – IDA Attorney
Russell Gaenzle – Harris Beach
Rachel Endress – Harris Beach
Maureen Halahan – Orange County Partnership
Whitney Bowers – Focus Media
Melanie Schouten – Galileo Technology Group
Vinnie Cozzolino – Galileo Technology Group
Dr. Kristine Young – SUNY Orange
Langdon Chapman – Orange County Attorney
John McCarey – O.C. Director of Real Property
Steve Neuhaus - Orange County Executive

Chairman Armistead calls to order the regular meeting of the Orange County IDA, February 11, 2016 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Review of the prior December 10, 2015 and January 14, 2016 meeting minutes. Motion to approve both sets of minutes is made by Mr. Vanleewen, seconded by Mr. Steinberg. Motion carries with all in favor.

Financial Reports and/or Requests for Payment

Mr. Kleiman reviews the income and expense summary, noting that YTD is just \$2,205.08, which is due to the maturity of a CD resulting from interest, and YTD expenses are \$71,612, with expenses exceeding revenues by \$69,406.92. He asks the board to note that some of the expenses carry over from 2015 and once the books are closed the final accounts might reflect differently, as these expenses might be removed in the following months. Mr. Kleiman mentions that the budget column replicates what is on the website and has been approved by the board. If any changes are made throughout the year to budget it shall so be reflected and modified.

The summary of IDA bank accounts, certificate of deposits, and money market accounts reflects a total of \$10,268,491 as of January 31st. There are currently three open CDs maturing August, September, and approximately a year from now.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues are \$9,034.06, expenses are \$60,104.09. Expenses, as anticipated, exceed revenues by \$51,070.03.

Lastly, Mr. Kleiman reviews receipts and vouchers for the month. Missing from the section, as it was received within the last week, is a \$12,000 check from IBM. It results from the audit agreement.

Chairman Armistead asks to obtain a motion to approve the vouchers and payments in the amount of \$59,588.33. Motion made by Mrs. Rogulski, seconded by Mr. VanLeeuwen, that the Board accept the financial reports and authorize IDA payments and vouchers. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. Kleiman opens the discussion about the audit committee's decision pertaining to the IBM audit. The initial draft, produced by JGS, reflected \$25,000. There was a disagreement between IBM and the committee on what was owed as a result of the audit. The audit committee agreed to compromise for \$12,000. IBM had questioned the method in which the IDA calculated full-time employees, calendars days vs. business days. Since the method wasn't formalized, but had been used in prior audits, a compromise had to be met. As a result, IBM agreed to pay half of the assessment total.

Due to the audit compromise, the audit committee wants to add a rider to the current agreement with IBM, stating an agreed upon standard of measurement for full-time employees. This standard will assist on a perspective basis and as the IDA is planning on engaging JGS for additional IBM audits for a year ago, this standard will ease the process going forward.

Chairman Armistead notes, that many IBM employees have flex hours and there are outside consultants. This resulted in the difference of opinions between the IDA and IBM on what quantifies a full-time employee.

Mrs. Rogulski notes, that the rider to the agreement will document what the agreement was silent too. There was recently a lot of change over in personal at IBM and the new management had an alternative opinion on the original agreement. The rider will eliminate any disagreements going forward.

Mr. Kleiman states, due the upcoming yearly IBM audit, it is anticipated that they will have the draft of the rider for the next audit committee meeting. Once it is approved, JGS will present it to the IMB board. If it passes final approval, it will be entered into the para-system by the end of next month.

A motion is made by Mrs. Rogulski, seconded by Mr. VanLeeuwen, to approve the rider to the IMB agreement. Affirmative votes of all members present resulted in motion carried.

IDA 2015 Corporate Mission and Goals Measurement Report

The Governance Committee passed the 2015 IDA Mission Statement unanimously and asks for board approval.

A motion is made by Mr. Brescia, seconded by Mr. VanLeeuwen, to approve the 2015 IDA Mission Statement. Affirmative votes of all members present resulted in motion carried.

Chairman's Report

Chairman Armistead states, that there has been a lot of activity involving The Accelerator in the last couple of months due to the efforts of Vincent Cozzolino and Laurie Villasuso. They keep in close contact with him and The Accelerator Committee and he looks forwards to the results.

Chairman Armistead holds off on any further topics of discussion as they will be covered throughout the meeting.

Executive Director Report

Mr. Petro mentions he and Mrs. Villasuso met with Quality Carton. It's 41,000 sq. ft., shovel ready property. There is a disconnect between the owner and tenant. It has been through the planning board and is approved. They came and discussed the IDA benefits. Currently there is no traction on this situation. As Mr. Petro states, "It is dead in the water." Mr. Petro contacted OCP for assistance in an effort to move the situation along.

Chet Patel, is looking to refurbish two local hotels. One being the Quality Inn behind Steak and Stein on Union Avenue. He's been approved by the Zoning Board and is going back to the Planning Board for a final approval. Mr. Patel stopped by to discuss IDA PILOT benefits for both hotels. One is thirteen and a half million and the other is eleven

million. One hotel is branded and Mr. Patel is currently looking to brand the other. Each have about 103 rooms. The total project costs about \$44 million.

Mr. Petro has met with Meghan Taylor discussing the sum of \$255,000 for the IDA from the Port Authority. There has been no traction on this issue. This continues to be a line item on their budget.

Chairman Armistead, recommends that he and Mr. Petro meet with Ed Harris and Michael Torrelli to further discuss the topic.

Mr. Steinberg asks if it would behoove the board to support the effort Chairman Armistead makes on their behalf involving the Port Authority Property issue. It is noted by Chairman Armistead that the board is serious about this matter.

Mrs. Rogulski suggests that perhaps a strongly worded letter from the IDA attorney might assist in the matter depending on the outcome of the meeting.

Chairman Acknowledgements

Chairman Armistead acknowledges and welcomes Langdon Chapman (Orange County Attorney), John McCarey (O.C. Director of Real Property) and Kris Young (SUNY Orange) to the meeting.

Chief Operating Officer Report

Mrs. Villasuso states that she and Mr. Dowd recently went to a NY State EDC conference in Albany. A big part of the conference concentrated on the changes in legislation that will affect the IDAs in June. She and Mr. Dowd are working with Mr. Gaenzle and Mrs. Endress to revise the Orange County IDAs application to reflect the new requirements. The board will see the application draft and there will be time to make the needed adjustments. There were also conversations about open meetings law, FOIL, shovel ready programs, and crisis media attention.

Mrs. Villasuso and Mr. Cozzolino attended the E&E Committee meeting, due to Mr. Brescia's request last month to discuss The Accelerator. They received positive feedback and interest in The Accelerator efforts.

Mrs. Villasuso also presented to Leadership Orange with OCP last month, which resulted in three site visits. Leadership Orange class will visit The Accelerator on February 23rd to tour the site and discuss manufacturing and the benefits the Accelerator and AWOW has to offer. The Orange Youth Bureau and Junior Leadership Orange have also take interest in the Accelerator and future engagements are being planned with them.

David Hochman of the NY State Business Incubator Association visited The Accelerator in late January. He assisted in making a lot of connections with fellow incubators throughout the state.

The Accelerator Report

Mr. Cozzolino presents the AWOW program and the life cycle of companies. We have many local companies, few cooperate, that go through this cycle process. AWOW is able to assist these struggling companies with the assistance of the IDA. There about 21 companies in the AWOW program. The program has not been officially launched yet and runs purely on word of mouth.

Mr. Cozzolino gives an overview of incubator clients. Kayce White, of Haven, has moved here from Brooklyn to run her natural soap products. Robert Flitsch, of Addibots, has invented a mobile 3D printer. Mystique Naturals is the first minority owned incubator companies producing natural beauty products. Unshattered sales have doubled monthly since the Accelerator involvement. Medi Print has visited two personal injury law firms to demonstrate product with positive feedback.

Pipeline Companies:
Creo Dental and Life Grip

OCP Report

Ms. Halahan states that the OCP's relationship with The Accelerator and IDA has resulted in benefits for all parties involved. Due to The Accelerator's knowledge of manufacturing OCP comes here first with their clients putting them ahead of the curve. SUNY Orange has also assisted in recent endeavors.

April 7th at 5:30pm, is the Orange County Legislature dinner.

There is still a concern over the lack of shovel ready sites in Orange County and a main focus at OCP. They are working with local brokers and the County Executive's office in hopes of resolving this issue. OCP has evaluated the available property in Orange County and currently there are only four true shovel ready site. There are some that are light shovel ready but still need some approvals.

Trends:

OCP has met with Delaware Engineering, retained by the county, to look over waste water treatment plants. They worked with the Partnerships for recommendations for sites.

CFA process started this week. In the last five years the Hudson Valley won twice. \$392 Million awarded to the region, 460 projects were funded, and there is an extra \$50 million in the pot this year.

OCP is on the forefront of workforce development, as they reside on the local Workforce Investment board, working on the needs of Orange County. We're at 4% unemployment and top in the state at getting people back to work. OCP is working with SUNY Orange, BOCES, and Orange Works, and the Society of Human Resource for Orange County Unemployment and Training. There is a great need for property and a trained workforce in the area.

FedEx ground got their final approvals. \$21 Million in capital investment with that project. They'll be building on Neely Town Road.

Mrs. Villasuso discusses Matrix and that it came to agreement that the town would support the full sales tax exemption on the entire construction, the state portion of the mortgage recording tax, a 10-year PILOT on the occupied portion of the project, and 485B on the remainder. When a tenant is identified for the remainder of project, the town would support a 10-year PILOT for them. All that is needed is the SEQR information.

Ms. Halahan mentions that CPV is going before the Orange County Legislature for an easement for the property. The project need support for those legislatures that would vote in favor of the project.

OCP is organizing an agriculture farm tour in the fall to connect agri-business with other main stream business leaders. Ms. Halahan invites the board to join the tour.

IDA Discussions

Chairman Armistead introduces Dr. Young of SUNY Orange.

Dr. Young informs that she was on the national commission dealing with the economic and workforce development center in the community college sector. She spent her career in Illinois and was there when the state asked, "What it means to be career and workforce ready?" and she was on that committee. She brings that kind of knowledge and experience to her current position and understands how we can work together to help prepare the next workforce.

Resolutions

Chairman Armistead states there are no current resolutions.

Chairman Armistead entertains a motion that the committee move into executive session pursuant to section 105(1)(h) of the open meetings law to discuss the purchase of real property with The County Executive, The County Attorney and

The County Director of Real Property Services. Motion made by Mr. Schreibeis to enter executive session issue. Motion seconded by Mr. VanLeeuwen. All in favor.

Executive Session

The members discuss the purchase of real property with The County Executive, The County Attorney and The County Director of Real Property Services.

End of Executive Session

Chairman Armistead entertains a motion that the committee move into executive session pursuant to section 105(1)(h) of the open meetings law to discuss the purchase of real property. Motion made by Mr. VanLeeuwen to enter executive session issue. Motion seconded by Mr. Schreibeis. All in favor.

Executive Session

The members discuss the purchase of real property.

End of Executive Session

Such other and further business as may be presented

With no further business, meeting called for adjournment by Chairman Armistead, motion made by Mr. VanLeeuwen, seconded by Mr. Schreibeis, the time being 5:18 p.m.