

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

April 3, 2013

A regular meeting of the Orange County Industrial Development Agency was convened in public session on April 3, 2013 at 3:04 P.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, Mary Ellen Rogulski, Stephen Brescia, Russell Vernon, Robert Schreibeis, Henry VanLeeuwen

ABSENT: John Steinberg

ALSO PRESENT: James O'Donnell – Executive Director  
Kevin Dowd – Attorney  
Joel Kleiman – CFO  
Laurie Villasuso – Administrative Assistant  
Maureen Halahan – Orange County Partnership  
Larry Gottlieb - HVEDC  
Brian Gates – HVEDC  
Peter Malone – Orange County Business Accelerator  
Dawn Ansbro – Orange County Arts Council  
Gary Schuster – Orange County Arts Council  
Michael DiTullo – PTAC  
Liz Kallen – PTAC  
Ron Kossar – Attorney for Fairbanks Manufacturing, LLC  
James Walsh – Times Herald Record  
Kathleen Hendrickson – City of Port Jervis

Chairman Armistead calls the meeting for the Orange County IDA, April 3, 2013 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Review of the prior February 20, 2013 meeting minutes. Motion made by VanLeeuwen, seconded by Vernon to approve the minutes as presented. Motion carries with all in favor.

Roll Call taken.

**Financial Reports and/or Requests for Payment**

Mr. Kleiman asks the members to refer to the March report for Revenues and Expenses. Year to Date, January through the end of February, the IDA has received \$2K and expended \$43K; expenses exceed revenues by \$141K. He notes that through the end of the year, the IDA will receive monies that will exceed the projected expenses for the year. The Bank Account report, through February 28, indicates \$7.8M for the IDA, and just over \$400K for the OCFC. Mr. Kleiman notes that he will be soliciting bids from banks for Money Markets and CDs for a large portion of the OCFC funds. Mr. Kleiman moves on to address the revised monthly voucher list. Through the end of March, the IDA collected over \$141,608.90, and vouchers total approximately \$160,841.68.

Motion made by Schreibeis, seconded by Brescia, that the Board accepts the financial report and authorization of payments and vouchers for April 2013. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. Kleiman moves on to address the Year End Audit. He begins by noting that the audit must be approved before March 31<sup>st</sup> for PARIS reporting purposes; Because of the timing of the monthly IDA meeting, the Audit Committee met with the auditors on March 13. At that time they reviewed, and accepted, the audit. As a result, the filing has been completed. Copies of the IDA and OCFC audits, management and internal control letters were sent to each Board Member for review. He adds that the IDA Management Letter was a positive letter: last year, the IDA had three

comments, and those comments were addressed and corrected this year, and there were no additional comments. There were also no comments for the OCFC. Referring to the Financial Statements, he points out that the IDA and OCFC received clean opinions. He goes on to explain some of the individual statements within the documents.

Chairman Armistead reiterates for the Board that, since a quorum could not be reached in the month of March, the audit committee assembled in order to review the audit. He notes that he, Ms. Rogulski, Mr. Steinberg, Mr. Kleiman, Mr. Dowd and Mr. O'Donnell were present for the meeting with the auditors.

Mr. Vernon asks Mr. Kleiman to explain \$424K in "Deferred Income." Mr. Kleiman advises that he will research it. Mr. Kleiman also notes that auditors began reviewing items in the last quarter of 2102, and then visited again in January of 2013. The process was so successful that it will be repeated for the 2013 audit.

Lastly, he notes that the 2012 Form 990 for the OCFC was received from JGS. He reviewed and verified the figures, and the members will receive copies to review.

### **Chairman's Report**

Chairman Armistead begins by advising the Board that he and Mr. Vernon attended the CPV hearing before the town of Wawayanda. The IDA has been working with CPV's power plant in Wawayanda for a number of years. He adds that there was a tremendous outpouring of support for the project. While there some negative comments, the turnout was largely positive. Chairman Armistead reminds the Board that Orange County is in competition with two other sites for the CPV project.

Chairman Armistead moves on to publicly thank the sponsors for the OCBA Challenge, the press conference and luncheon for which was held prior to the meeting.

Project Green, he advises, has come to Orange County. It will not be an OCIDA project, but they will go to the Town of Montgomery IDA. He applauds everyone who worked so hard on that project to bring jobs and great economic impact to the County.

Chairman Armistead mentions that Mr. Kaplan of the Newburgh Armory has invited the Board to hold May's IDA meeting at the Armory. The Board agrees that they would like the May 15 meeting held at the Armory.

Mr. VanLeeuwen tells the Board that he visited the Armory, and informs the Board that the progress made at the Armory has been fantastic. He commends the Board for investing in the Armory and, by extension, the City of Newburgh. Mr. Vernon notes that the Armory began as a recreational facility, but has truly transformed into an educational facility, between the reading programs and the English-as-a-Second-Language courses. Mr. Vernon also notes that part of the IDA's mission is tourism, and in that vein, many sporting clubs are using the Armory for training purposes, and bringing in teams from all across the region. In addition, the semi-pro Hudson Valley Renegades baseball team is looking to use the Armory as a training facility. Mr. O'Donnell adds that Deirdre Glenn is still the Executive Director and runs the facility's day to day operations, but they have hired an education coordinator. The West Point wrestling coach is involved and a wrestling program for the kids is in progress.

### **Executive Director Report**

Mr. O'Donnell begins by advising that he met with Vinnie Cozzolino and Dr. Yeigh of the SUNY Institute of Technology. They are pretty close to reaching an agreement for the Advanced Manufacturing program. They are aiming to house it in the basement of the Newburgh Armory.

Mr. O'Donnell also notes that he's spoken with Mr. Zuckerman regarding a medical project in Goshen, and the two will discuss IDA incentives.

He also advises that there have been a number of phone conversations between himself, Mr. Remillard of CPV and Mr. McCarey of Orange County Real Property. They are getting closer to reaching an agreement on the PILOT, and the discussions are moving in a positive direction.

Mr. O'Donnell notes that the still-ongoing IBM audit was discussed at the audit committee meeting. Mr. O'Donnell would like the audit firm, JGS, to talk to the board about a proposal to audit all IDA projects, to really pinpoint how many jobs have been created and how much capital has been invested. JGS will attend May's meeting to present the plan to the Board.

He notes that he has met with Central Hudson, who is being purchased by a Canadian company. Central Hudson has put an extra \$5M in a separate account just for economic development in Orange, Ulster and Dutchess counties.

With regard to Dynergy, Mr. O'Donnell met with Wayne Booth. In addition, Mr. O'Donnell and the County Executive met with the school board.

There were a few ribbon cuttings in the past month, and the Hoboken Film Festival will be in Middletown May 31 through June 7. In part, the festival is due to the IDA assistance received by Paramount Theatre. Orange County is a \$5K sponsor for the festival, and the County has also offered the use of a County-owned billboard. In addition, there are three great projects coming up with HVEDC.

Lastly, the NYS Economic Development Council annual meeting will take place May 22<sup>nd</sup>, and Mr. O'Donnell would like the Board to authorize \$2K to become a sponsor at the meeting. As the most active IDA in the state, Chairman Armistead believes a sponsorship would be an excellent investment.

Motion made by Brescia, seconded by Schreiber, to authorize \$2,000 for NYEDC annual meeting sponsorship. Affirmative votes of all members present resulted in motion carried.

### **OCBA Report**

Mr. Gates begins by thanking the members for their support, and thanks those who were able to attend the press conference earlier in the day. As of today, there are 5 new full time clients of the Accelerator and 4 new associate clients. He and Mr. Malone have been working on contacting all contestants of the Accelerator Challenge and offering them associate memberships. At this time, the Accelerator is full.

He and Mr. Malone will be visiting commercial kitchens within the month. After they've visited some kitchens, they will meet with the Armory about the possibility of starting a commercial kitchen there. Misters Gates and Malone continue to work on marketing ideas to promote the Accelerator. Mr. Gates has ensured that the Chamber event notices are being sent to IDA member emails, and reminds the Board that Chamber events do not compete with the Accelerator events.

Chairman Armistead notes that an Entrepreneurial Conference and Expo will be taking place on May 17<sup>th</sup> at the Rockland County Community College. He suggests that the Accelerator may wish to have a booth at the Expo.

### **OCP Report**

Chairman Armistead notes that Ms. Halahan will be presenting her request for another year of a Wall Street Journal ad campaign. Chairman Armistead informs the board that he and the County Executive support the effort.

Ms. Halahan begins by offering marketing updates. Analysis of the OCP website has detailed who is looking at the website, and will aid in the website design going forward. A number of features and statistics will be added to the website. In addition, they have been setting up meetings and information for trade shows.

Moving on to address the WSJ campaign, Ms. Halahan informs the Board that they will redesign the insert, but would like to hit the WSJ right before the summer time, and before their site tour. She reminds the Board of the statistics from last year, and notes that 128 calls and one closed deal came from the ad last year. Chairman Armistead adds that the timing is right to run an ad again. This year's ad will cost \$29,951.69.

Ms. Rogulski asks if the Partnership will get the benefit of electronic of WSJ delivery, Ms. Halahan notes that she will investigate that further. Ms. Rogulski notes that she's in favor of the ad. Mr. O'Donnell would like to see the IDA featured more prominently.

Motion made by VanLeeuwen, seconded by Rogulski, to approve the \$29,951.69 for the Orange County Partnership's Wall Street Journal Ad Campaign. Motion carries with all in favor.

Chairman Armistead notes that there is a lot of activity in the pipeline. Ms. Halahan goes on to detail their 25 leads to date, and 3 closed projects.

\*Project Green – Public hearing was last Monday

\*CPV – Negotiations are still ongoing, and a public hearing was held recently, with over 100 business and community leaders there to show their support for the project.

\*Project Fairway – Distribution project, 500K square feet; capital investment and job creation still to be determined.

\*Project NA1 – 1-1.2M square foot distribution site on Neelytown Rd with 300K square feet of storage outside, with 250 jobs.

\*Project Delivery – 75 acre, 460K square foot distribution facility, bringing 95 jobs and a \$26M capital investment.

\*Project Red Bird - 20 acre 150K square foot international manufacturing company bringing 400 jobs and \$30M capital investment.

Turning her attention to business retention and expansion, Ms. Halahan notes that there are 2 closed expansions, 6 pending expansions, and 7 business retention clients, and there have been a number of business visits as well. She also goes on to describe the push for film industry in the area, and a workforce training program developed in conjunction with SUNY and President Container.

Upcoming events include the April 17<sup>th</sup> spring dinner, the MVP breakfast on June 6<sup>th</sup>, and the Commercial Real Estate Summit on May 9<sup>th</sup>.

Mr. Schreibeis asks about the Warwick Prison site. Ms. Halahan advises that there are local investors interested in purchasing the site, and there is a local LDC who will decide how the site is developed, and would like to develop the property for mixed use.

### **PTAC – IDA Agent Update**

Mr. DiTullo introduces the Rockland Economic Development Corporation, which offers site selection, external marketing, an IDA and a small business center. The REDC has a contract with the US Defense Department, where they administer the PTAC program for three counties – Orange, Rockland and Westchester. Liz Kallen meets with clients at the Accelerator multiple times every month; Mr. DiTullo introduces her and notes that she will offer an update on this year's progress, which was about \$33M in contracts with Orange County businesses.

Ms. Kallen thanks the Board for their continued support, and explains that PTAC primarily helps local businesses sell to Defense, Federal, State and Local governments, in addition to helping prime contractors when they use small businesses. All of PTAC's services are free, thanks in part to the funding received from Orange County. She goes on to note all of the services PTAC provides, as well as the processes of connecting businesses and government.

In 2012, \$33M came into Orange County through contracts, and PTAC increased the number of clients by over 9%, and this year Ms. Kallen would like to increase the clients by 10%. She will be spending more time in Orange County this year, and will be creating a team of organizations to spread the word about PTAC. On April 10th in Goshen, they will be partnering with the Commissioner of General Services and offering a presentation on doing business with Orange County.

Chairman Armistead asks Mr. DiTullo and Ms. Kallen to address their request for an increase in funding to \$28K. Mr. DiTullo advises that they have hired a Westchester County consultant, which allows Ms. Kallen to spend more time at the Accelerator. Mr. Vernon asks about the budget and the funding received from DOD and Westchester County. He is advised that DOD provides half of their budget, and Westchester County contributes over \$30K, which is more than Orange County IDA contributes.

Motion made by VanLeeuwen, seconded by Rogulski, to amend the agent agreement with Rockland County PTAC to provide an additional \$4K to such agent for fiscal year 2013. Motion carries with all in favor.

### **Orange County Arts Council – IDA Agent Application**

Mr. Brescia notes that Governance discussed approving \$45K for the Orange County Arts Council for the first year. There is a stipulation that the Arts Council comes back next year with an assessment of what was done for Orange County the first year. There is also a note that they cannot use the funds for certain things, such as travel and administration items.

Motion made by Brescia, seconded by Vernon, to approve the Orange County Arts Council, Inc. as an agent for economic development in the film industry. Motion carries with all in favor.

## **Procurement Policy**

Mr. Dowd advises the Board that state laws have changed regarding bidding qualifications. As a result, Exhibit J of the Bylaws needs to be amended to bring the Procurement Policy into regulation with the State General Municipal Law.

Mr. Brescia motions to accept the revision of Exhibit J of the Agency Bylaws, entitled "Procurement Policy" to bring same into compliance with recent changes to the General Municipal Law of the State of New York. Motion carries with all in favor.

## **Fairbanks Manufacturing, LLC – Initial Resolution**

Mr. Kossar, the attorney for the applicant, introduces the application to the Board. The application is being submitted so that Fairbanks may purchase their existing building – a 51K square foot building – in the Town of Walkill, as well as pay for a 16K square foot addition completed in December and a proposed second 19K square foot addition. Fairbanks is also purchasing additional equipment to expand production. The purchase price of the building is \$2.2M, the completed addition was \$750K, the second addition will be \$800K, the equipment cost is \$2.7M and the soft costs of approximately \$50K brings the total project to \$6.5M.

They are requesting the standard 10 Year PILOT, Mortgage Tax Exemption, Sales and Use Tax Exemption and, in addition, the approval of Tax Exempt Bonds through the OCFC.

He explains that Fairbanks is the manufacturing company which is wholly owned by the parent company, Medora Snacks. Medora started operation in 2008, and spent their first 3 years developing Pop Corners using contract manufacturers. After they began working with Jet Blue, they needed their own manufacturing facility and leased their existing facility, with a purchase option, in May of 2011.

The completion of the second addition will add 35 jobs, bring the total jobs to 119. The average annual wage is \$35K, and the median wage is \$55K. The bulk of the jobs are manufacturing on the production line. Mr. Vernon notices a discrepancy in the stated "expected yearly payroll" of \$2,450,000, and notes that with the wages reported the expected yearly payroll should be higher, and the application needs to be fixed.

Mr. O'Donnell advises Mr. Kossar that the application needs to be revised, and the Fairbanks should come back to the next meeting with the correct numbers. He adds that the Board cannot vote on an application without complete and accurate information.

Chairman Armistead addresses a letter from the Town of Walkill IDA, and asks if the project is in the City of Middletown or the Town of Walkill. Mr. Kossar advises that there are 2 parcels; the parcel with construction is totally within the Town of Walkill, and the second parcel in the City of Middletown, but there will be no construction on it.

Mr. Kossar offers examples of Fairbanks' products. Chairman Armistead advises Mr. Kossar to come to May's meeting, and advises him that if it is approved, there will be a public hearing. Mr. Kossar clarifies that Board is requesting updated information with regard to existing and projected payroll, as well as the average and median wages. Mr. Kossar then advises the Board that the project needs to close by the end of May, due to a contractual obligation with the seller and the lease agreement. Mr. Kossar asks if the company can close on the property and get the PILOT at a later date. Mr. Dowd advises that he will discuss the questions with Bond Counsel. The Board requests that Fairbanks comes back to the May meeting with a corrected application. The initial resolution is tabled.

## **Port Jervis Whitewater Project – Request to Extend**

Kathleen Hendrickson from the Port Jervis Whitewater project advises the Board that they are requesting an extension on their Project Expenditure through July 31<sup>st</sup> of 2013, in order to finish permit applications.

Motion made by Brescia, seconded by Schreibeis, to approve the further extension of the Project Expenditure deadline for the Port Jervis Whitewater Park project to July 31, 2013 and Authorizing the amendment of the IDA's standard Agreement. Motion carries with all in favor.

Mr. Brescia makes a motion to enter executive session pursuant to section 105(1)(g) of the open meetings law to discuss the sale or lease of real property. Motion seconded by Schreibeis. All in favor.

## *Executive Session*

The members discussed sale or lease of real property.

*End of Executive Session*

Motion to close Executive Session made by Brescia, seconded by Schreibeis. All in favor. No action taken in 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 Schreibeis, seconded by Vernon, the time being 5:34 p.m.