

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

May 17, 2006

A regular meeting of the Orange County Industrial Development Agency was convened in public session on May 17, 2006 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, David MacFarland, and upon roll being called, the following were

PRESENT: David MacFarland, John Steinberg, Stephen Brescia, John Borland, Robert Armistead, Henry Van Leeuwen, Daniel Coleman

ABSENT:

ALSO PRESENT: William Trimble – Administrator Director
Edda Eller, Recording Secretary
Phil Crotty - Attorney
Brendan Scott – Times Herald-Record
Maureen Halahan – Orange County Partnership
Robert Hannan – Orange County Capital Development Corp.
John McCarry, CCD – Orange County
Michael Armiak – Millennium Pipeline
Peter Swartz, Matthew Moses – Hiscock & Barclay

Opening the meeting, Chairman David MacFarland asked for a motion to approve March 22, 2006 minutes. Henry Van Leeuwen made a motion to approve minutes and John Borland seconded motion. Minutes of March 22nd approved by all members present.

Treasurer's report for March and April 2006 was presented. Robert Armistead made a motion seconded by John Steinberg to approve Treasurer's report. Treasurer's report approved by all members present as submitted.

Treasurer Henry Van Leeuwen presented the following: Received from Millennium Pipeline application fee in the amount of \$2,500, received from IBM Corporation application in the amount of \$2,500, received from St. Luke's Cornwall Hospital application fee in the amount of \$2,500; voucher and payment to Orange County Partnership in the amount of \$33,333.33 2nd bi-monthly payment, voucher and payment to Edda Eller in the amount of \$1,625.00 for 2nd quarter, voucher and payment to Philip Crotty in the amount of \$1,666.00 for retainer March-May 17, 2006, 2nd voucher and payment to Philip Crotty in the amount of \$2,500.00 for land acquisition project March 10 – May 1, 2006, voucher and payment to Philip Crotty in the amount of \$3,000.00 for National Express Dispute, voucher and payment to Philip Crotty in the amount of \$2,500.00 for IBM pass-thru application fee, voucher and payment to Philip Crotty in the amount of \$2,500.00 for Millennium application fee, voucher and payment to Philip Crotty in the amount of \$2,500.00 for St. Luke's Cornwall Hospital application fee. Daniel Coleman made a motion seconded by John Steinberg to approve vouchers for payment. Motion approved by all members present.

Recognized was Maureen Halahan of the Orange County Partnership, updating members regarding business retention/expansion and business attraction activities since her last report in March 2006. For the month of April there were eight YTD closed attraction and thirty-six pending attraction. Members thanked Maureen for the report and it was decided that an update every six month would be sufficient.

Robert Hannan of the Orange County Capital Development Corp. presented an update with the Angel Network. Members also decided that a detailed update every six months would be sufficient.

William Trimble informed members that the Orange County Choppers project is moving along and there is no update at this moment.

Philip Crotty updated and informed members regarding Breonics and recommended to a settlement offered by Breonics to repossess the equipment and settle the debt on that basis.

Presented was a resolution regarding IDA grant payment on behalf of Stewart International Airport. National Express Corporation has submitted a voucher dated March 17, 2005 for payment in the amount of \$53,448.76 for marketing services and there is confusion over five grants to National Express since 2002, including a cessation of funding in 2005. The IDA Attorney has examined the matter and prepared a four-page memo dated April 25, 2006, which has been distributed to the members and the Attorney has concluded that such old voucher pre-dated cessation of IDA funding and should be paid, net after the expense of resolving the matter. A motion was made by Henry Van Leeuwen seconded by Stephen Brescia to pay voucher as follows: \$50,448.76 to Stewart International Airport by revised voucher to be submitted and \$3,000 to the IDA Attorney for his time in examining and resolving the matter by voucher. Affirmative votes of all members present resulted in motion carried.

Presented was a resolution authorizing negotiations to acquire 400 acres at Stewart International Airport. The State of New York has indicated its willingness to transfer 400 acres of land adjacent to Drury Lane and to Stewart International Airport. The IDA Chairman and members, Orange County Executive, Town of New Windsor, Town of Newburgh have received a memo dated May 2, 2006 prepared by the IDA Attorney setting forth in preliminary terms the meeting and tentative agreement among the parties to act jointly to acquire the 400 acres, form a Local Development Corporation, develop the land to shovel-ready status, pay expenses, lease the land and distribute profits. Robert Armistead made a motion seconded by Henry Van Leeuwen to accept resolution as presented. Affirmative votes of all members present resulted in motion carried.

Presented was a Resolution for St. Luke's Cornwall Hospital authorizing the execution and delivery of an Amendment to mortgage and security agreement and related document with respect to the St. Luke's Cornwall Hospital Project. A resolution adopted on October 22, 2001 authorized the issuance of its \$7,015,000 Civic Facility Revenue Bonds and its \$19,905,000 Industrial Development Revenue Bonds for the benefit of St. Luke's Cornwall Hospital by merger of St. Luke's Hospital and Cornwall Hospital. A motion was made by Henry Van Leeuwen and seconded by Daniel Coleman to accept resolution as presented. Affirmative votes of all members present resulted in motion carried.

Presented was an agreement to mortgage and security regarding St. Luke's Cornwall Hospital parking garage easement. Whereas, Issuer, Company and Trustee desire to modify the Mortgage to recognize a certain easement benefiting such excluded property pursuant to a Parking Garage Ground and Air Rights Lease Agreement dated as of November 1, 2005. Henry Van Leeuwen made a motion seconded by Robert Armistead to accept agreement as presented. Affirmative votes of all members present resulted in motion carried.

Presented was an Inducement Resolution for Millennium Pipeline Company, LLC Project, authorizing the Orange County Industrial Development Agency to take title to or a leasehold interest in certain parcels of land located in the Towns of Deerpark, Greenville, Minisink, Tuxedo and Warwick Orange County, New York and the existing improvements located thereon. The improvements consisting principally of approximately 32 plus miles of an approximately 182-mile existing natural gas transportation pipeline. The improvements would include new compressor stations and pipelines. Appoint Millennium Pipeline Company, LLC as its agent to negotiate a lease agreement, leaseback agreement and PILOT agreement, subject to compliance with the deviation procedures, 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 accept Resolution as presented. Affirmative votes of all members present resulted in motion carried.

Presented was a Resolution approving Millennium Pipeline Company, LLC's request for a PILOT abatement set forth in Exhibit A. Meetings have been held among the County Executive and the involved municipal officials and representatives from Millennium, and five public hearing have been held in municipalities in Orange County to consider the PILOT request among other matters. Henry Van Leeuwen made a motion to accept Resolution as presented seconded by Stephen Brescia. Affirmative votes of all members present resulted in motion carried.

Michael Armiak of Millennium Pipeline Company briefed members on their project upgrading existing pipelines.

Presented was an Inducement Resolution accepting the application of International Business Machines Corporation with respect to a certain project consisting of the acquisition and installation in and around the Company's data center and office space located at 299 Long Meadow Road in the Town of Warwick, New York; authorizing a public hearing with respect to the project and describing the forms of financial assistance being contemplated by the Agency. Henry Van Leeuwen made a motion seconded by Stephen Brescia to accept Resolution as presented. Affirmative votes of all members present resulted in motion carried.

Presented was an Inducement Resolution taking official action towards the issuance of up to \$4,000,000 principal amount Civic Facility Revenue Bonds Series 2006 for the benefit of Crystal Run Village, Inc. for the purpose of financing and refinancing a

portion of the costs associated with a certain project consisting of construction and equipping of 8 existing 2,000-3,000 square-foot single family homes for the treatment and habilitation of people with developmental disabilities located in Orange County, New York. Henry Van Leeuwen made a motion seconded by John Borland to accept Inducement Resolution as presented. Affirmative votes of all members present resulted in motion carried.

Presented was a Bond Resolution for Crystal Run Project authorizing the issuance, execution, sale and delivery of the Issuer's Civic Facility Revenue Bonds Series 2006G-1 and G-2 in an aggregate principal amount not to exceed \$4,000,000 and the execution and delivery of related documents. A motion was made by Robert Armistead and seconded by John Borland to approve Resolution as presented. Affirmative votes of all members resulted in motion carried.

Presented was a Resolution approving Payment in Lieu of Tax Payment Program, know as "PILOTS" under revised IDA Uniform Tax Exemption Policy. Whereas, this IDA has the authority under NYS General Municipal Law Article 18-A Section 874 and Real Property Lax Section 412-A to adopt a revised Uniform Tax Exemption Policy that briefly stated will provide a tax abatement to sought-after businesses starting at zero percent in the first year and increasing at the rate of ten percent for ten years, excepting land payments and special district charges, as more fully explained in the Policy itself. The County Executive has expressed his support for the revised Policy, and the County Legislature has expressed its unanimous support for the Policy by resolution No. 87 of 2006 dated April 7, 2006; and notice has been provided to all affected taxing jurisdictions and comments have been timely received and considered, and IDA bond counsel has reviewed and approved this resolution. Henry Van Leeuwen made a motion seconded by John Steinberg to approve Resolution as presented. Affirmative votes of all members present resulted in motion carried.

Presented was a resolution approving execution of documents for JCK Properties. The IDA bond counsel has requested the IDA execute certain documents in connection with a certain financing of JCK Properties with Hudson United Bank (TD Banknorth, N.A. as of June 2006) and IDA counsel is satisfied that execution of the three documents, a Mortgage, Assignment of Rents, and Environmental Indemnification will not adversely effect the IDA's security interest. Henry Van Leeuwen made a motion to authorize the Administrative Director to execute the subject documents, and return to bond counsel subject to payment of applicable fees. John Borland seconded motion and affirmative votes of all members present resulted in motion carried.

Members were informed that Castle Fun Park project had their public hearing and there were no objections. A Final Resolution was presented authorizing the execution and delivery of the Lease Agreement, Leaseback Agreement, Payment-In-Lieu-Of-Tax-Agreement, a mortgage and related documents with respect to the Castle Fun Park Project, consisting of a parcel of land located at 109-115 Brookside Avenue, Chester, Orange County, New York and any existing improvements thereon consisting principally of two 18-hole mini-golf courses, go-kart track, climbing wall, arcade, batting cages and related improvements. Stephen Brescia made a motion seconded by Henry Van Leeuwen to approve Resolution as presented. Affirmative votes of all members present resulted in motion carried.

Presented was a Resolution approving IDA Labor Policy. The Education and Economic Development Committee of the Orange County Legislature has requested this IDA consider adopting a labor policy regarding local workforce and prevailing wages. The IDA Attorney and Administrative Director have determined that such a policy could be inserted into IDA applications and the forthcoming IDA By-laws revision. Stephen Brescia made a motion to approve the Labor Policy of the Orange County IDA to encourage all companies availing themselves of IDA benefits to use local workforce and pay prevailing wages on their project where possible. Motion seconded by Henry Van Leeuwen. Motion passed with five ayes and two nays.

Presented was a Resolution authorizing Chairman to sign IDA Attorney engagement letter setting forth a fee schedule as recommended by the New York State Bar Association. Each member was sent a letter regarding fees. Robert Armistead made a motion authorizing Chairman to sign engagement letter commencing January 2007 and subject to approval of Orange County Attorney. Motion seconded by Stephen Brescia. Affirmative votes of all members present resulted in motion carried.

Administrative Director, William Trimble reported that activities for the past two months have been extremely positive with eight full applications and seven preliminary applications out representing approximately \$270 million capital investment.

Members decided due to upcoming transactions there will be a meeting scheduled for June 14, 2006. Remaining scheduled meetings for 2006 are July 20, September 21 and November 16, 2006.

Henry Van Leeuwen made a motion that this meeting be duly adjourned the time being 5:10 p.m.

Edda Eller
Recording Secretary