

ACCELERATOR COMMITTEE MEETING

MINUTES

June 22, 2021

A regular meeting of the Accelerator Committee was convened at the Orange County Government Center, Community Room, 255 Main Street, Goshen, NY. Due to the COVID-19 public Health crisis, this meeting was also held in part via Zoom video conference at 5:00 pm on June 22, 2021.

Chairman Torelli calls to order the regular meeting of the Accelerator Committee Meeting, June 22, 2021. (Pledge of Allegiance is recited). There is a quorum. Upon roll call, the following were:

PRESENT: Paul Ruskiewicz, Michael Torelli, Vincent Odock, Lesley Pierri

ABSENT: NONE

ALSO PRESENT: Bill Fioravanti –
John Douthit – Board Member
Langdon Chapman - County Attorney

Mr. Torelli – We'll be opening up a committee meeting to concentrate on Accelerator information. So we'll call this our Accelerator Committee, for lack of a better term, at a committee meeting. Was one of our first that we had as a new board. What we'll be doing is basically getting a debrief from staff and going over a lot of information to determine if there's anything that we need to make decisions upon at our next scheduled meeting which is the third Tuesday in July. So with that, I will ask for Bill to call a roll real quick so we have it on the record and then more importantly, we'll go over some handouts that he gave us that are in draft form and have him make a presentation and we'll ask questions as we see fit, so that we are all working from the same sheet of music per se' in regards to Accelerator penance and deals and the carrying cost and all that good stuff.

Bill Fioravanti calls the roll:

1. Michael Torelli – Present
2. Lesley Pierri – Present
3. Vincent Odock – Present
4. Paul Ruskiewicz – Present

Mr. Fioravanti - All the committee members are here. We also have a board member, John Douthit in attendance and County Attorney, Langdon Chapman.

Mr. Torelli - We'll also take a look at trying to keep these meetings brief. Shouldn't last more than an hour. So we'll ask you to jump right in Bill and present to us the information that you have and I'll ask that Board members see something and has a question - jump right in and start asking the question so we all have the answers that we need for any pending decisions making.

Mr. Fioravanti - An hour is going to be a struggle. We've been trying to get to this point. First step is actually addressing these issues. I feel the printout was the agenda so I was mentioning, very quickly, personal being the meeting, Mr. Chairman and I want to just go through this spreadsheet, which is a summary our leases that we have with our landlords - vary Accelerator sites - in our main offices and then the sub reasons that we have with our tenants or Accelerator clients so

make sure we go through those. You'll notice that there are some columns before the lease begins and when the lease expires, we'll want to be cognizant of what's coming up over the next several months. Leases expired and we'll have to deal with that. In some cases we have a couple that expired already. So that's part of it. I also want to make sure you have a little familiarity. I know we've been trying to schedule visits to the Accelerator and we will do that. I really just want to highlight the issues that are outstanding that we really need to at least begin to discuss and be able to deal with. Let's go through our run through, again in this kind of multi-colored sheet.

The cover page for this really is focused on the leases that we have with our IDAs. Right from the top Middletown Accelerator release from the Danza group as a former. They are the developers who purchased the Horton hospital facility. We have what looks like an ICU - basically is the Middletown Accelerator. There's a kind of a nursing center in the middle and then you have all your offices around them and that's the last conference room table. We've been in that lease since 2017 and it doesn't expire until the end of next August.

Just going through locations itself. Warwick - that is one location where we pay \$1 for the entire term lease - so we don't pay for that though we do pay insurance - we take care of the tenants. Technically it's three Accelerator clients that are tenants there.

New Windsor - there are three buildings that are all part of the former Air Force Base on campus. Many of those buildings along the hillside were torn down in these years, but these are ones that were repurposed and there are three buildings and we split them up a little bit. Three of the buildings - our leases expire at the end of this calendar year. The other two at the end of May and June next year, respectively. So that whole Accelerator - those locations, the lease expires the middle of next year (this time next year).

In Newburgh, we rent two buildings there - 603 and 605 Broadway - next to each other. They are aware we have a fashion manufacturing pod as well. We enter those leases 605 in July of 2018 and then 603 in October of 2019. That's when they began and they don't expire until 2023 (July and October respectively).

Highland Falls - it's already there - we won't go there right now. This has come up before on the topic of conversation. We have renegotiated that for a smaller space and DocuWare was also in the same building, wanted more space, so we have a lower space but we did sign that. And that last iteration release was in March 2018 and we were contacted, at least until the end of February 2023, but that's our story there. We can start to leaf through the same packet. The next one looks like this with the most columns. This is now looking at Middletown specifically and you get a sense of works that are there and how much square footage they are renting, what the right amounts are - see if they are beyond affordable. Essentially looking at the prices per square feet and when those agreements started. In some cases you'll see that the tenants came in earlier - maybe with us at another location. For example, she was in our New Windsor location and that was a real diverse group of different tenants and so someone has been here before that, but they are currently starting at a later time. We see many of them expired. They all do June. June, July and August - one is the end of December of this year. This is all Middletown.

Mr. Torelli – Did you put a title on that?

Mr. Fioravanti – Yes. I didn't realize. Of course, this came up in the search of the tabs. This is also set up. It's rudimentary, but to show. Here's the rents that we're receiving for all the sub-leases and adding up in this case about \$1,466 a month and then we restated what the billing lease – what we're paying in this case \$5,600 a month, and then we're seeing what our net monthly rent is that we are paying – in this case we're paying another \$4,100 a month, beyond what we're receiving on top of these payments.

Mr. Torelli - Question here is does that include any of the carrying cost (lecture, phone, internet garbage)?

Mr. Fioravanti - Not absolute necessity.

Mr. Torelli – Maybe a P&L (profit and loss) certainly leads from the carrying costs in a future presentation that would help us understand the complexity. I know this is just a draft at this point, especially in regards to this, but there's something that while this is two numbers that looks like for rental there's obviously additional costs.

Mr. Fioravanti – After we go through these leases I'll come back and talk specifically about some issues. Next one is New Windsor. Again, there are three different buildings. A couple of them are split up - so we have multiple tenants in there. Inform life forces mostly I would say also the fashion manufacturing pod. I'll start from the bottom.

Besides T-SEC, we have SECO silk screeners.

MELO is a manufacturer of mostly handbags, backpacks. It also make some excellent equipment available through the Accelerator. Deal with new products.

Limberti is a handbag manufacturer based in Italy.

Informed Lightworks – they're kind of misplaced there. They were in Newburgh and were asked to move out because Ziel was coming in. They were at 605 Broadway so they're literally – it's a garage door, a very small space. But what they're doing is designing high end light fixtures - essentially using LED. These guys have another business they're employed by. That's how they knew each other. They were the ones that were a little displaced in that sense. Again we have agreements expiring this year for all of June to December. And you're receiving a little over \$2,000 a month in rent payments. We're releasing these spaces for an aggregate total of over \$6,000 a month. Just this Accelerator location is costing us about \$50,000 a year.

Mr. Torelli - Net rent / it looks like it ranges anywhere from \$4.24 that we pay all the way up to \$23.81 on the master sheet. Another question or something that I would have is a future presentation - if you could get some estimates of what the market rate for those types of buildings would be at below or above market. That would be also good to know - besides the carrying cost. So I have some questions. You can just do this real quick analysis.

Mr. Fioravanti – Next one is Newburgh - two buildings side by side. These landlords are B4 holdings (mostly a father and two sons). We leased all those buildings from them (603 and 605). Footwear you see we chose that as designers will take on a t-shirt design - find clothes.

Many of Ziel, who again was the darling of the Accelerator. We're very excited by them. Their founder founded something called Shapeways, which is a way to have filament and 3D printing orders and it's very successful. This is on demand fashion manufacturing businesses - is what Marleen Vogelaar started a few years ago. Former administration really worked to bring her to Newburgh. They have been occupying Ziel all of B/605. There is an upstairs space that still needs a little further renovation - that has come up in the recent months, but generally there aren't - all the downstairs space in B/605 and next door B/603 occupied by. The two buildings - \$10,500 a month or \$10,500 for B/605 and B/603 Broadway - \$2,750 a month.

Ms. Pierri – So you said in one of the buildings there's upstairs space that's available.

Mr. Fioravanti - Yes – for Ziel at B/605. And it was interesting – we're leasing that space from one of our tenants.

Mr. Torelli – That one there. I noticed the discrepancy between charging \$4.04 all the way up to \$16. So obviously, we want to understand that a little bit better. And we also want to understand the accuracy of the square footages. I'm not sure if you or Kelly have measured or walked or can confirm that - that's something to make sure that what they're leasing is what they're actually occupying day-to-day. Not knowing that and not inferring that they are not is something to just double check.

Mr. Fioravanti - OK. That's Newburgh - last one with some green columns.

That's Warwick. Again - this is what they call the Manor House - it's across from Drowned Lands Brewery on campus there - the former prison site. Again – it's renovated, at the cost and expense of the town with a \$1 per lease term rents, but we are responsible for utilities there. We are there to serve those Accelerator clients. So that's Warwick.

In the last sheet is Highland Falls (105 Main Street) - Renting over 16,000 square feet since September of 2020. Let me go through this really quickly. I did a little of this already, but we'll just recap so fashion manufacturing pod.

Again – Ziel - On Demand. I do recall watching do an Accelerator presentation. He was on demand fashion manufacturing - you see handbags from the beauty. She also has a purpose to her visit where she wants to benefit organizations to support women so we're working with her right now offering to help her plan a market for good, as she calls it, where we're trying to help her promote and bring in people to buy tables. Tried to help her acquire other sewing machines from other areas of the Accelerator that were being unused. We try to support with a few different ways for another connector with some help market her goods as well for products. Sales could be better as well.

This is Jim Melville - he's probably a lot more larger employers that we have there. He's got about 14 or 15 people there and he has grown since he's come. He absolutely utilizes this equipment that's been furnished by the Accelerator - namely a large scale laser cutter that cuts fabric. That's what allowed him to MELO to be creative and be willing to pick up new product lines. It's all because of what's available. They do some training as I mentioned on all sorts of things on bottles, on clothes.

On the informed Lightworks - a business to Accelerator what's called Light Sum Studios. Again, they're trying to develop high end lighting fixtures. We've been trying to help them - really they're like many clients that are looking for some guidance, some accountability, they want to be held accountable.

So, I haven't had regular calls with most of these tenants trying to find out where they can use support - to provide that when I could or the other context of ours that I could reach out to them and also trying to help them with some planning, milestones, goal setting, things like that, just because it's what they are looking for as long as we're able to try and provide that.

Back over to Mary now - when Mary again down the hill in New Windsor from our main offices. They had a space next to Sequel Sun Screen and they are based in Italy - it's a luxury handbag company based in Italy. They have affiliates in New York City that they especially worked with for fashion and they'll develop some samples of handbags and things. Because Italy was on lockdown through the COVID, they had to really utilize the space. The owners and the folks that were going to send stayed in Italy. The affiliates in New York City ended up staying there. When I came on board – I reached out to everyone of course and the folks that represent them in New York City agreed to come up and meet with me in their states. First time I had been in there, frankly, I met them there. Well, the next door neighbor, SECO, was occupying that space that

they've been renting. We all just started at the time and it turns out that SECO was promised the ability while Limberti was away to use that space and that it was okay through the Accelerator management, but Limberti was never told. Actually Limberti was told in a couple of weeks - you don't mind. They said that's fine. So now we have that other tenant, SECO, who's completely moved into that space and utilize it. Limberti comes in. I will say that they're not fulfilling the terms of their sub-lease, which say that they're in there to create jobs, so that's really clear. However, we want to try and accommodate them to come back and if the board will be pleased with that. The one space that could be available is at B/605 Broadway Upstairs from Ziel. I showed them that space. They didn't like it very much. With very minimal cleanup they could go in there, for the purposes of occupying that space and having at home, but I made it clear that closure. They also claim that some of their materials, like handbags, were actually stolen. We certainly asked about that when they went to file a police report, but that's not our responsibility. I did pacify the county attorney's office back there. Have one issue there where we're going to accommodate everyone. We have to move that if we do, there's probably some expense or at least a consideration on the landlord's part to help us do that at little or no cost or we can tell SECO to move out and these guys go back in there. So they were pretty enamored by that and they wonder. They want to have a smaller operation. The way I interpret it is mostly again for fashion and such where they make them small samples of handbags and they use them, but not that they could do that on their own. That idea of having a location of presence, originally was closer to the city but they were convinced to come up here. I think that's part of the appeal, but I agree they don't think the moment. So that's one of the issues there.

Back to this second page. Then we'll come to designs formulate produces hand creams and such to help with eczema and she is very much interested in taking one of the empty spaces in Middletown. One of our clients moved from that space to Warwick - Honey Buz - and foreign buyers have two businesses at once. They used the Warwick Accelerator to do more CBD infusion that work. They did a lot of security, cameras, access points and subsidy exists in Middletown. They do a number of different things. There has actually a few businesses out of there. They have access to the Accelerator off and on. Alternate sorts - they've not really been present.

Asterism - they're a nutraceutical manufacturing, small scale pharmaceutical manufacturer. They're the only tenant that in any way is using the clean ISO 10,000 that was put in. It's a significant expense. They're using that to do some of their manufacturing of encapsulated products essentially - production of nutritional products. That gentleman has family in Japan - actually his children live there. So he spends a lot of time there. He, too, wants that other room that Farm Body, Honey Buz has occupied.

Drone Tech - I know this gentleman from years ago. Some other connections and started this business and my work for trading partnership. I've been trying to meet and he's the one Accelerator. He's had to cancel a couple of times. I will say that that space is pretty messy. There's nothing really happening. It kind of looks like storage there. So there's not much happening. We see media. This is something that many people in this community know because he does a lot of photography. A lot of other work for Orange and do other nonprofits and such. He has both a small office and he has a studio space. He, too, would like to move into a slightly larger space that Honey Buz and Farm Body had as well.

Goats In A Coat - that's a candle maker. She used to be in New Windsor and she's been in Middletown for a couple of years now and she's there often, sometimes at night, but she does seem to be one of the candidates that's utilizing her space more often there. She does production. She has heaters to heat up chunks of wax and things like that. That tends to contribute to the high utility cost we have.

Informarate Infirmary Media - that's another one of the misnomers. They really go as New York podcast. They have a studio in the middle of Tech Center where they actually record podcasts and videos and other recorded segments for people. They're off and on. They're looking for moral support.

E Colors - This is a gentleman who works for Google. High level employee for Google. His wife, Jonathan Black, teaches sack and coding for a Montessori school in Bergen County. I've been pushing growing the technology sector in our area and a lot of that is supporting strategies through growing tech education, helping to build digital literacy in our young people. That's exactly the mission - people to try to teach coding classes - they've caught on in Bergen County because there seems to be more acceptance for it and parents who value it. Here, not so much. They are wonderful people and I've been meeting with because we all say technology attraction.

Red Tree Hill - Their business / there's no other business - clotheslyne. They are a real startup that has been working with an Accelerator and awesome that they have sometimes said, and I'll say this publicly, a real Accelerator being that they have a program, a curriculum, they're getting goal setting milestones and they've been going through that. When I first met with them, they said, we're ready. We need to get private investors. So we got them in front of a couple investors. We had a pitch session and they pitched to the moderator. They are very happy. Providing similar type of support to them.

Next one is Warwick – There are two businesses in one basically – Body At Last or Farmbody. That's the tenant that moved out of Middletown into Warwick. She partnered with one of the other Middletown business owners – Tom Lewitt from Ultimate eSource - Together their partners in Honey.

And Junonia really notice strictly fragrance - that's a candlemaker. That actually received a lot of acclaim - she was hiring on CBS Sunday Morning on her business really took off. We've been helping her - she's looking for staff and helping with that. He's also looking to do an event to promote the business. So we've been helping to support. This leads to some other issues.

In general – everyone - there's a lack of programming of any curriculum goals and milestones being met, in the sense of accountability, and that's one where we're missing not consisting it for our own purposes, but we're also letting down these clients who came in. A lot of times they worked another job and this is their passion - but sometimes - I'm not saying it's certainly the possibility is on us, but they're looking for somebody to ask them – “Where are you - explaining how you're doing due to certain milestones” – so there all looking for that. Specifically, we have a space conflict, that I mentioned, with expiring leases and sub-leases. We've had some issue of the handbag claim there. We've had other evidence of some great things over the past year plus in certain spaces in New Windsor. In Newburgh we've expired several pieces in the position of actually building upstairs at B/605. In Middletown - there we have a few different clients that are looking to take their own empty space for the upgrade to them. I also have some businesses that I have met through other clients that might work out there. People say that I love to develop - so I do have some potential in that.

We've also had Middletown place had maintenance issues. There are leaks in the ceiling resulting in buckets that have been blocking water for months. Now in that cleanroom there's a pinhole leak in the compressor system there. Somebody has to take a look at them cost effectively. But there are some maintenance issues with that. We have a door handle next to that is falling off. Security issue there. But you know - once we stepped it up to the landlord and the maintenance folks on site there – we're doing much better there. That's Middletown service maintenance issues.

Warwick – we had an issue with the internet. We mentioned it. That didn't result in. We found a better solution with a one-time fee of the technician coming in. It's an old building – they did a

great job, it's beautiful, but there are some holes that air and rodents and such can get into the ground level there. We've had some of that so we had pest control we had to pay for. And that's one because with the low rent we're covering stuff.

Then with Highland Falls we got off the ground there and I have been going for that and fire reports of mine, in part because of my passion for my belief in trying to grow the tech sector here. Plus just acknowledging the fact that we have an amazing institution in West Point right there. A lot of people have theorized that we can't grow executive because we don't have our own research institution. We sure do - with the Centers of Excellence focus on these different areas that would be: robotics, artificial intelligence - whatever it might be real opportunities department. Some of the benefits is IDA Accelerator program or somewhere else at the county. I have certainly been going on trying to assess the opportunity we have and what are the threats to it - factors that make it challenging. And I wanted to talk about real estate, because again, I do see the opportunities, but it's complicated. There are at least being challenged. So those are really kind of grouping of the issue we have that needs to be addressed one way or another, but long term we have explorations. This is good that our landlords that we exist to make decisions on this. That's a real good summary.

Mr. Torelli - One question, though. If you can put together, in the future, a vacancy notice. So we know the square footage is prior to someone - I'll say eligible for potential occupancy. So we know that vacancy rates off of that and you can use various things in relation to what you do on the master sheet. It's something to understand whether it's available to you want to start from.

Mr. Fioravanti - First of all, I've seen in several past accelerator presentations that they were always stressed management word of that work, it's not for startups, it's accelerated - not counting sort of an issue - trying to grow a business out of that too. It's supposed to be companies that have proof of concept - production making sales is one of the groups. And that's not the case for all. A lot of them are in startups to get something off the ground. So I think right off the bat - they usually do avoid progression, no question. And the other idea that three years is top. It was supposed to be three years, allowed to grow. In the end we were suddenly hearing terms of gradual, where the concept was viable. Because when we finally did graduate out so to speak, but when shattered was limited. Apparently, that's an issue but then notice I'm talking about graduating. Now Ziel at B/605 Broadway. Before too long they'll take over those leases in that state, but they will become the direct tenants. There's not a lot of documentation and there's certainly no profiles for each of these milestones. A lot of it was loose, just like what I'm planning, the cost per job. I saw the numbers reported flashing numbers. So I think there were expectations - there was dialogue was a kind of a methodology they go through but I don't see much of that.

Ms. Pierri – How many of these businesses have been in place for more than two years?

Mr. Fioravanti - The individual location. These summaries of all our tenants. You can look at the column towards the right - original date of occupancy. Those tell you that a lot of these slides today - there are several and 16 and 17. I don't know if there was discussion about COVID being kind of a free pass. I have not heard about it. I have no knowledge of that. But otherwise, at least three that have ever since 16, 1 in 17, another 4 in 15, and then the rest are sense and there's been turnover. I've been visiting sites in my role for the past several years. Met plenty of companies years ago that aren't there anymore.

Mr. Torelli – I think since we have some of this info, maybe we can make it into an aging report with the older tenant to the newer one - being able to import that in, so that at a quick glance instead of five pages and we'll get one. These are the oldest tenants – those are the newest tenants and doesn't need to be based upon location - it could be based upon the original start date.

The date is already there. Because the part that's somewhat troublesome is that obviously tenants that are there a longer period of time that are not paying for utilities or for internet or for garbage collection is depleting at a certain period of time. There has to be an expectation of someone who started a business four or five years ago that they had to start gradually. They need to do some of those costs. I'm not sure exactly how it happened whether they stay in the Accelerator or move on to another facility, but more importantly there's only so much that can be subsidized work. Those are big very basic cost of doing business. It's nice to be able to afford the ability to give to certain tenants. Others need to be able to understand that that's an asset versus just a character used for filing taxes or driving your car back and forth to work. You know there's distinct expenses that have to be realized. I will use the expenses for the year interpolate them through the half year because we have to start thinking about maybe doing some budgeting for 2022. And we need to understand what our carrying costs are in order to figure out if we have the capable funds to expand the budget allocation and then I proceed forward.

Mr. Fioravanti - In my kind of overarching questions is - how do we go about even approaching some of the smaller issues? Do you have to be at this meeting. Do you have to deal with the idea of - do you want to be in the accelerator business at all? You have to first come to terms with them and if you made a decision, are we going to try and move out as you can see, everything is decided to do that or do we not have to figure that out yet. We just deal with what we're not, I'm not sure exactly the best way to go about getting a position to deal with all this.

Mr. Torelli – What I'm thinking about is that no matter what we did, It's going to be important. It's going to be something that staff will present to the board and want to make an informed decision – yes, no, maybe so – either way up or down. The way I'm thinking about it personally is that I'm thinking that we have to answer some of the short term questions. And I think one of the ways to do that is to understand facility by facility, as our lease with our landlords can do. Are those leases competitive? Are they above market - at market - below market? Is there a delta there - meaning is our landlord willing to lower their costs to us so that we can continue to maintain it or is their costs going up with a new lease and then we have another decision to make. Can we afford actually going up. You know there's a lot of ups and downs with the the negotiations. I think that identifying those ones I think the winters ones I think are the ones that I was probably the earliest and then taking it from that step down to the sub-type step where you have to identify what is this sub-type doing, how long have they been there or below or above market. What if they were going to stay, how long of a term are we going to say, or not, are we going to estimate gradually. I think we have to give proper notice if we could please, so that they have the ability to for the carrying costs need to be starting to be shared. There's a lot of questions to those question marks are going to eventually have to be answered by staff and presented to the board so that we can make an informed decision. Facility by facility, lease by lease, sub-tenant by sub-tenant - because we're going to be treated fair enough. I'm done looking at it and I'll see what breaks. If we're paying \$9 a square foot and someone in our sub-tenant is paying \$1 a square foot and they've been in there for six years - that's been an unbelievable subsidy to that tech for a period of time and it's about time they have to move towards having us breakeven, whether they stay in the facility or not, or our costs have to come down below that, or they directly lease that facility if it's like a standalone directly from that landlord. I know that in a couple instances - I think two (Warwick and New Windsor) - the landlord is a municipality. So they have probably a little bit of a different motive that I would say private if he was looking for more. So is there any way to partner with in the municipality? I think the Warwick example is not a bad example. I mean, there are carrying costs for rent is more than breaking and we're making. Maybe they want to be the landlord to us so that we can provide a service with them. We can make networking capabilities once it does that. Maybe one of them will want to build the building and come to us for IDA. Wouldn't that be great. There's a lot of different things, but I think we're going to have to rely on staff to provide us with the info and have us vote upon it with the proper info in front of us at the time and I think we have some pressing ones probably from what I see from New Windsor on the right foot. As early as potentially meeting potential goals.

Dr. Odock - It will be also a good thing to have the short survey of our customers and eventually to see exactly what type of input on the satisfaction will be recorded as we know - just from the tenants point of view.

Mr. Torelli – More information make sense. One concern that I have is that I think that some of these leases, we have to do. I'm sorry, but we are not maintenance. I hate to say this, but every little thing that the landlord doesn't do and it's born upon the IDA because of the way our leases written or the way that the agreement was made really puts a burden on us that's questionable. It's one thing if you know something needs to happen - like a doorknob is fixed, but what happens if you have a major issue in the building that needs to happen - we do renovations and we don't have a plan for and we're not the meetings company - so that's pretty serious and unfortunately I think our landlords may have entered into these leases putting all the burden on us. It sure does feel that way. That's a concern because we don't have the bandwidth and capabilities or the manpower to do all that. Everything we do could potentially. It's a quote. It's just a call to the maintenance manager to go fix it if you don't have a job.

So thinking about this guy's house. I think that we are going to have to ask Bill to provide us with some info for the upcoming decisions we have to make on sub-tenants and lease arrangements. I think you're going to need to get that to us a week ahead of time so we're all looking at that specific question and then we can get some questions answered. And if we want you could potentially get a resolution to vote up and down, yes or no, left to right, to figure out what we want to do on a specific point with a sub-tenant agreement view or whether it's an actual agreement with the landlord. In between that period of time, with Bill being a head person or head agent, he'll have to have this conversation with all parties involved with the sub-tenants, with the landlords, in some cases, there have been municipalities that better understand where they're coming from, but more importantly to let them know that the decision is going to be forthwith. We're going to have to make a decision. We're going to base it upon the best information that we have at the time. It's the only way I know how to potentially come to the resolution on some of the shorter term ones. The longer term ones maybe we should wait a little bit longer, but I think on some of these and I think that the winter ones are pretty soon and we're talking the Senate. Yes, I think we have some sub-tenants or regions that are basically what we do is have them in holdover status and that's not unheard of in the leasing world where you have a holdover status when you get the same amount or you charging a percentage above that time based upon which escalation clauses work. Those are all options. I don't know the resisting off the top of my head, but there may be in a good lease there's a holdover clause that talks about 110% / 120% of the existing contract, I don't know if it was renewed. And to Langdon, we'll have to solve as a board and I think we're going to look for some guidance - how do we write a lease. Obviously when we're dealing with landlords, they're getting ready to lease and are what we've been doing anyway. But sometimes, more by this urge to push up sub-text. So that's something that we're going to need to do - guidance and eventually decide to hire as a consultant / attorney to make sure that they have lease experience - writing of a good lease or provision that we always want to have termination clauses, performance clause - anything in between security plug in all the good stuff that's in there, indemnifying us to make sure that we're not held liable - those technical - that's a key point of our hiring council that we have to make sure that they have some knowledge and training in executing the leases. Do we require our sub-tenants to do any conflict of interest. So obviously we want to make sure with the board that our staff doesn't have any conflict with anyone. But I'm not sure what the right thing to say is in regards to tenants. We have to make sure that - the lady who does the eczema - I know people who have eczema – and then you have the bar soap, but I don't want to buy it at a discount if it shouldn't be for sale - we should know about it and I'd like to buy it - maybe at the retail price of what everyone commonly on the street has to buy it for. We want to make sure that nobody takes advantage of a situation with no one - it's a special deal - you don't know that stuff - all the stuff that we know - we all know each other. And I trust them, but it's more important that we have to make sure that there's opportunities out there that you can help support. The other thing is potentially

they need to graduate and maybe find their own locations. We can be a good networking opportunity whether it was for the partner agencies like the Chamber of Commerce or the partnership or real commercial real estate brokers out there. Some of these numbers are pretty decent. I mean if they're paying us \$8 or \$9 a square foot, they may be able to pay that every square foot elsewhere and that's what the whole thing is eventually hopefully, maybe they may be able to build something. I'd love to be able to assist one of them in building a 5,000 square foot facility. Give him some very basic examples of the programs they can afford. And we have things our partners can - there's ways to have some success. But there's also ways that we've been really looking across - having utility bills in the \$1,000s of dollars, garbage bills by hundreds of dollars, internet bills into hundreds of dollars. It gets to a point where we've got to let them be a business. They have to know those are natural born costs that anyone has. I don't think anybody expect that they're going to receive free utilities for the rest of their life or free the internet for the rest of their life.

Mr. Fioravanti - Certainly not manufacturers. Basically you're saying with any of these issues - could be the Limberti issues - that we provide over information in bringing to the board in a manner where what the decision is being asked we made. Right? So by bringing these two decisions that makes meetings while you get the right information. I know how we want to what we're asking.

Mr. Torelli - I would say yes because we're going to make the decision as a board. It's no longer going to be a managing director making the decision or as an agent we don't afford you the ability to make that decision. But when we do have a CEO / person, I can see that that person's going to have that same push that we're going to ask them to come to the board to make a decision and some of them are not going to be monetarily involved - they're just going to be yes or no - or do we do this or not do this, but I think it's going to be a board decision. I don't see it. We're going to be transparent as we can. I don't think we're going to afford the capabilities of a managing director / CEO / Executive Director to be able to do that before - especially when there's costs. I think that we put those measures in place where all the costs come in front of the board, they look at them they vote on them. And we measure what they did the last two months. I think that's the easiest and the best way to do it. It literally puts everything on the table. I know it makes for a long meeting, but it's something that I think has to be done. As we get better at it, I think we'll shorten that time period up. I think part of that will be some of these current things that we're saying "yes" to a lease and the board agrees to a release - there's no need to have to be presented every single month to the board and say these are the ones that the board has already previously approved and it's been 12 months or you know whatever it is - so it makes those things go easier. I think it's got to be more decisions when it comes down to the yes' and no's occupancies and

Mr. Fioravanti - That's my objective - so you have all the facts that you need to know what we're asking of you.

Mr. Torelli - I would think that we can do the same type of agenda where we have people that are coming in front of us - they would come to the top and then do our local business and this business toward the middle or towards the end. And obviously noticeable landlords that notice the sub-tenants is going to be key. We're going to want to make an adverse effect, but we also want to make sure that you know will give people proper notice whether we're going to continue on with them or raise rents or ask them to make a certain period of time.

Mr. Fioravanti - We're almost an hour now. My main objective here was - who was where and with the issues out there.

Mr. Torelli - Can you get to us ahead of time so we're not looking at it that night? I think that makes it a lot easier because if we have questions, we can always buzz Bill and say I don't want this analysis or you have questions about this or can you provide this additional info.? And then literally it'll almost be like a project presentation. Here's the info. What's the benefit? Was the

analysis decision? Do we ask for something more? You know it's going to be tough in the beginning. A lot of it's going to involve negotiations to develop and we're not allowing an agent, like in your position, to directly negotiate down - you don't have that approval. It's something that's going to take an extra month. But sometimes quick decisions aren't always the best.

Before we go into an executive session that discussion. There's a potential when some of the stuff we recently passed, we may need a resolution. I don't know if we can wait till the third Tuesday in July. We don't have information today but I think that some of the ones that use best, they may need an actual recipe for additional resolution. We may have to call a special meeting but if you do we'll call the board to see what the best time, probably just do a quick virtual one and probably in less than 15 minutes, but we're waiting for counsel to determine some of that stuff. It may be out there, so maybe people say that within the next week or two. So we'll make a motion to enter into Executive Session is the purpose. Mr. Torelli made the motion. Second by Mr. Ruskiewicz.

Bill Fioravanti calls the roll:

1. Michael Torelli – Yes
2. Lesley Pierri – Yes
3. John Douthit – Yes
4. Paul Ruskiewicz – Yes
5. Vincent Odock – Yes