

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

October 12, 2017

A regular meeting of the Orange County Industrial Development Agency was convened in public session on October 12, 2017 at 2:06 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, Edward Diana, Stephen Brescia, Robert Schreibeis, John Steinberg

ABSENT: Michael Bonura

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer  
Kevin Dowd – IDA Attorney  
Joel Kleiman – Chief Financial officer  
Vincent Cozzolino – Managing Director  
Melanie Schouten – Project Manager  
Hema Easley– Focus Media  
Maureen Halahan – OCP  
Carl Meyer – T-SEC  
Harry Porr – OC Exec. Office  
Heather Rieker– The Accelerator

Chairman Armistead calls to order the regular meeting of the Orange County IDA, October 12, 2017 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Roll Call is taken.

**Minutes**

Review of the prior September 21, 2017 meeting minutes. Motion to approve the minutes is made by Ms. Rogulski, seconded by Mr. Schreibeis. Motion carries with all in favor.

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

Mr. Kleiman reviews the summary of IDA bank accounts, certificate of deposits, and money market accounts that reflect a total of \$12,467,765, as of September 30, 2017. A CD will mature in December.

Mr. Kleiman reviews the income and expense summary, noting that YTD is \$2,606,273, and YTD expenses are \$368,565, with revenues exceeding expenses by \$2,237,709.

Mr. Kleiman reviews the income and expense summary for the Business Accelerator, noting that revenues YTD are \$173,052, and expenses are \$1,209,624. Expenses, as anticipated, exceed revenues by \$1,036,572.

Chairman Armistead asks for a motion to approve the vouchers and payments in the amount of \$73,851.76. Motion made by Ms. Rogulski, seconded by Mr. Schreibeis, that the Board accept the financial reports and authorize IDA payments and vouchers. Open for discussion. Affirmative votes of all members present results in motion carried.

Mr. Kleiman reminds the board that IBM has questioned the amount of fees recently paid. As a result, it has been recommended that JGS perform an audit of the 2016 - 2017 financials. An engagement letter has been received from JGS for the 2017 audit. Approval is needed from the board before proceeding.

Ms. Rogulski informs the board that the proposal was reviewed by the audit committee and it is the recommended action to be taken regarding the disputed fees received from IBM.

Mr. Kleiman entertains a motion to approve the 2016 - 2017 JGS IBM audit. Motion made by Ms. Rogulski, seconded by Mr. Schreibeis, that the Board accepts the proposal for the 2016 - 2017 JGS IBM audit. Open for discussion. Affirmative votes of all members present results in motion carried.

### **Chairman's Report**

Chairman Armistead passes on the Chairman's Report in the interest of time.

### **Chief Operating Officer Report**

Ms. Villasuso informs the board that in the packet they were just handed there are some letters sent between the Goshen Public Library and IDA. Some of the letters regard a FOIL request from the Goshen Public Library for all PILOTS affecting the Goshen Public Library from 1980 to the present, and all PILOTS from 2014 to the present. Management is currently in the process of collecting that data. The other letters discuss the request for the IDA to specifically include the Goshen Public Library in PILOTS going forward. Ms. Villasuso reminds the board that the OCIDA cannot legally make special allowances such as that requested by the Goshen Public Library.

Ms. Villasuso informs the board that the remaining articles found in the packet are recent press from the Times Herald Record. These articles cover such topic as: the IDA actions, the Comptrollers Audit, an editorial about the IDA, and The Hudson Valley Film Conference hosted by The Accelerator. Ms. Villasuso reminds the board that many of the articles were anticipated, especially those regarding the audit. The IDA started taking corrective measures even before the audit was released, and will continue to work on best practices.

Ms. Villasuso informs the board that The Hudson Valley Film Conference hosted by The Accelerator and OC Film Office took place on October 5<sup>th</sup> at the Great Room in Kaplan Hall, SUNY Orange Newburgh Campus. It was well attended with 200 people and well received. Mary Stuart Masterson attended as a speaker along with several other local film producers and regional industry specialists. A great deal of positive press resulted from the event.

Mr. Cozzolino plays a clip from spectrum news covering The Hudson Valley Film Conference.

Mr. Cozzolino informs the board that this is the first film conference hosted in the region that included the whole Mid-Hudson Valley and all the major constituents. No one county has all the resources to make a film or this a successful industry cluster.

Ms. Villasuso reminds the board that there were some questions regarding the project applicant CNW. Management has met with the applicants and is currently reviewing the gathered information. The board will be updated on any progress.

Ms. Villasuso reminds the board that the Oxford Commerce application was tabled due to some board concerns regarding it being a developer/tenant project. Management and Board member, Ms. Rogulski, spoke with the applicant and the project is currently suspended until the applicant has secured tenants for the property. If the proper documentation is provided, the board can take this project into consideration.

Ms. Villasuso informs the board that a project applicant for a motel in Walkill is anticipated for next months meeting as well as the Bullville Fire District for the OCFC.

Ms. Villasuso informs the board that the Accelerator Middletown campus is under construction. Management met with another applicant interested in locating there that has created a cancer detection devise. Positive buzz continues regarding this new satellite location.

Ms. Villasuso informs the board that at the New Windsor Campus the sewing cluster continues to grow and four new companies have met with management and are potentially interested in space. This campus is full and restructuring may need to take place to fit in new clients.

Ms. Villasuso informs the board that although corrective actions have been taken prior to the audit, the IDA will continue working on best practices. Management has been working on next steps and improvement measures to shore up the vetting process, and to ensure that the application process and oversight will align with the States expectations.

Chairman Armistead states that even before the audit was released, the board understood corrective measures were needed and that Times Herald Record articles don't really bring to light the efforts made on behalf of the IDA. As State requirements were in the process of changing, this board was analyzing best next steps, made the necessary changes, and will continue to improve its best practices. He commends the board on their efforts. There is a lot of old history in the audit but a plan of action has been made, and they will continue in their efforts.

### **Other Board Business**

#### Labor Audit Update

Ms. Villasuso informs the board that the Audit Committee met with the Labor Auditing Firms and reviewed the status of the ongoing project audits in-depth. Today, they'll be giving an audit overview to the full board.

Kevin Loewke presents on behalf of Loewke Brill. Mr. Loewke informs the board that they currently have two active projects: Clear Key, LLC a Sleep Inn Hotel in South Blooming Grove, and Leentjes Amusements known as The Castle Fun center located in Chester. Clear Key is at 80.6% compliancy. It is expected that that number will increase as more finishing trades come in. Leentjes is at 99.5% compliancy and is expected to stay around that number as they are pretty much exclusively using local labor. Loewke Brill has three upcoming jobs: 18 Route 17K, Orange Tower Drive, and Sentinel Realty in Port Jervis. Loewke Brill is finishing up two closing reports and should have those to the board shortly; Isomedix Operations (Steris) and Allstate Fabrications. Isomedix was at 98% compliancy and Allstate was at 92% compliancy. There were waivers for both projects, but this was due to specialty materials that had to be installed as the warranty stipulates.

Ms. Villasuso reminds the board that the Audit Committee reviews all waiver requests, the back up documentation, and the auditor's recommendation before making an informed decision.

Mark Fellenzer presents on behalf of Fellenzer. Mr. Fellenzer informs the board that they have conducted three projects audits: Cross Roads Court Hotel, Matrix, and Retford Piller. Some of these projects were already underway or completed when the audits took place. Approximately 10-11 Matrix site visits were made and the project is at 86.7% compliancy. Cross Roads Court just finished construction and is just under at 84.6% compliancy. Retford Piller has requested an exemption for one item. If approved they'll be at 93%. Additional documentation must be provided by the applicant before the waiver can be presented to the board. If this documentation is not received this project will be at 81.9% compliancy.

Chairman Armistead commends the auditors on their efforts and doing their diligence throughout the process. The board enacted the Labor Auditing process a few years back, and as time progresses the process continues to improve. The board will continue to learn and tweak the policy as time goes on.

Chairman Armistead asks the board if they would like to discuss the subject of those projects falling under the 85% labor compliancy.

Ms. Rogulski states that during the Audit Committee meeting Mr. Dowd was instructed to write a letter to Retford Piller requesting the additional document needed. The project will be given time to reply. If no reply is received or unsatisfactory documentation is presented, the Committee will discuss further action and recommend claw backs. A letter was also requested for Cross Roads Court, giving them the opportunity to provide additional documentation. If they cannot provide what is needed to reach the compliancy percentage then claw backs will be recommended for them as well.

### **Executive Session**

Chairman Armistead entertains a motion that the committee enter into executive session pursuant to section 105(1)(f) of the open meetings law to discuss the employment history of a contractor to the IDA. Motion made by Mr. Schreiber to enter executive session issued. Motion seconded by Ms. Rogulski. All in favor.

#### *Enter Executive Session*

The members discuss the employment history of a contractor to the IDA.

### *End Executive Session*

Chairman Armistead entertains a motion that the committee enter into executive session pursuant to section 105(1)(h) of the open meetings law to discuss the proposed lease of real property. Motion made by Mr. Schreiber to enter executive session issued. Motion seconded by Mr. Steinberg. All in favor.

### *Enter Executive Session*

The members discuss the proposed lease of real property.

### *End Executive Session*

Chairman Armistead entertains a motion to authorize the Chief Operating Officer of the IDA to execute a lease agreement for use by the IDA for its administrative offices. Motion made by Mr. Schreiber, seconded by Mr. Brescia, that the Board accepts the resolution authorizing the Chief Operating Officer of the IDA to execute a lease agreement for use by the IDA for its administrative offices. Open for discussion. Affirmative votes of all members present results in motion carried.

### **Other Board Business**

Mr. Cozzolino hands out an Audit Action Items list. He explains to the board that to keep up with the momentum resulting from the Comptroller's Audit management created an actions item list to assist in the project selection and validation process. The State wants to see that the OCIDA Board has been thoughtful about its project selections, so that in 2018 the board can put into play a strategic plan benefiting the County. Items to keep in mind can be cluster preference, job quality, location sensitivity, and investment hurdles. This strategy can assist in creating better jobs and stronger industry clusters.

Mr. Cozzolino stated that when a project comes before the OCIDA management needs a clear plan of project validation to be make sure the project and county will truly benefit if the incentives are given. Part of the validation process could include a pre- application, D&B/financial analysis, application (current or updated), in-person interviews, audits (on-going validations), and no lobbying. These steps can permit management and the board to have a great in-depth look into the projects coming to the area, the jobs being offered, and the benefits provided to the employees.

Mr. Cozzolino states that the board needs to be careful regarding the lobbying of any projects. Everyone is very open when approached by the general public regarding a project, but lobbying cannot take place. Management and the board must make decisions free of outside input. As stated by the ABO with regards to procurement lobbying, an authority must designate an individual who will act as an authorized contact during each procurement activity. If any impermissible contact is made, it must be documented publicly and reported to the state.

The board discusses what this means and possible next steps needed to create a formal policy.

Mr. Cozzolino informs the board that management will be discussing policy creation with each board member individually to hash out what is needed and get a draft of a formal plan underway.

### **Adjournment**

With no further business, meeting called for adjournment by Chairman Armistead, motion made by Mr. Schreiber, seconded by Ms. Rogulski, the time being 3:40 p.m.