

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

December 20, 2006

A regular meeting of the Orange County Industrial Development Agency was convened in public session on December 20, 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, Robert Armistead, Henry Van Leeuwen, James Petro, Daniel Coleman

ABSENT:

ALSO PRESENT: William Trimble – Administrator Director
Edda Eller, Recording Secretary
Phil Crotty - Attorney
William Lahey – Orange County Legislature
Michael Levensohn – Times Herald-Record
Maureen Halahan – Orange County Partnership
Robert Hannan – Orange County Capital Development Corp.
Henry Kroll – Orange County Choppers
John McCarey – Real Property

Chairman David MacFarland asked for a motion to approve November 15, 2006 minutes. Henry Van Leeuwen made a motion to approve minutes as presented and Stephen Brescia seconded motion. Minutes approved by all members present.

Treasurer's report for November 2006 was presented. Treasurer's report approved by all members present as submitted.

Treasurer Henry Van Leeuwen presented the following: Received from Coach USA application fee of \$5,000.00, voucher and payment to Philip Crotty in the amount of \$2,500 pass-thru application fee for Coach USA, voucher and payment to Harris Beach LLP in the amount of \$2,500 pass-thru application fee for Coach USA, voucher and payment to Times Herald-Record in the amount of \$42.34 for RFP Audit ad, voucher and payment to Dickerson & Meany in the amount of \$3,800 for Directors & Officers Liability insurance, voucher and payment to Orange County Capital Development Corp. in the amount of \$5,000 for administrative fee per agreement, voucher and payment to Harris Beach in the amount of \$4,000 for Bi-Laws Review, Draft etc., voucher and payment to Harris Beach in the amount of \$5,000 for 400 acres project, voucher and payment to Orange County Community College in the amount of \$159,742 2nd year per agreement for training and development. James Petro made a motion to approve vouchers and payments as submitted. John Steinberg seconded motion and affirmative votes of all members present resulted in motion carried.

Recognized was Robert Hannan updating members on the progress and success of the Orange County Capital Development Corp. He noted that the Capital Development Corp. was created by the Orange County Partnership and the IDA and began operations in October 2003 with specific mission to provide entrepreneurs interested in starting or expanding a business in Orange County, New York with access to equity or debt funding which would allow them to begin operations. The original business model was based on reviewing business plans to insure completeness and passing them off to institutional VCs. for funding. During 2004 17 business plans were reviewed. Four were deemed suitable for presentation to VCs. They were successful in matching their first entrepreneur with funding in May of 2004, securing a line of credit of \$2M for AVT, Inc. with the Lighthouse Group. This was a debt deal and none of the proposals was considered by VCs. Discussions with Vcs determined that they had little interest in funding start up or early revenue companies. The Orange County Capital Development Corp. Board discussed alternative business models and determined that in order to achieve the goal it would be necessary to establish a grass roots group of individuals, and Angel Network, to fund local start up companies. In 2005 they began recruiting individuals for membership in the Orange County Angel Network and in March conducted its first dinner meeting with 14 Angels agreeing to participate. During 2005 they reviewed 36 business plans. Ten were deemed credible enough to pursue and four made formal presentation to the Angel Network. In 2005 funding in the amount of \$350,000 was provided by the Angel Network to NavAgility LLC., our first equity funding event. During 2005 the Capital Development Corp. and its Angel Network conducted four dinner meetings featuring one entrepreneur at each dinner. In November 2005 OCCDC and the IDA agreed to form a Limited Partnership to create a fund in the amount of \$500,000 which would be

managed by OCCDC and utilized to leverage up investments made by members of the Angel Network. During 2006 membership in the Angel Network increased to 25 and OCCDC reviewed 55 business plans. Ten were considered good enough to present to the Investors. During 2006 NavAgility received a second round of Angel investment of \$150,000 making a total of \$525,000. New Hampton Technologies, LLC also benefited from Angel funding in the amount of \$400,000 and the Fund has invested an additional \$100,000 making a total of \$500,000. This would represent the first utilization of the funding provided by the IDA. New Hampton Technologies has opened an office in the City of Middletown, has 5 employees and is producing product which is selling on a national basis. Another company, Polar Industries was introduced to the New Jobs for New York organization and they coordinated their presentation to a group of institutional investors at a New Jobs for New York event in NYC. As a result Polar received funding in the form of convertible debt in the amount of \$500,000. Polar has established an office in New Windsor with 3 employees and continues to promote their business nationally. They expect to invest another \$200,000 to \$300,000 of the Limited Partnership funds in the next year which will leave \$100,000 in reserve for follow up investments. The OCCDC and its d/b/a the Orange County Angel Network has established itself as a professional organization whose activity is recognized by professionals in the venture capital industry from New York City to Albany. It is the only organization of its kind providing service to entrepreneurs in direct cooperation with a County Economic Development Corp. and has been imitated by Dutchess County, Ulster County and the City of Syracuse, New York. Since inception OCCDC is responsible for providing entrepreneurs with \$1.5 M in private equity and additional loan commitments of \$3.2M. This funding of start-up business would not have taken place if the Capital Development Corp. did not exist. Two of the funded companies are new business entities now located in Orange County and the third is committed to locate here when an office is established. Each year they review more proposals and as the Angel Network continues to grow their capacity to invest will increase. Robert Hannan made members aware that their contract with the IDA will expire on December 31, 2006 and they will be coming back in January 2007 with a request that the IDA will renew their contract for an additional year. He thanked members for their continued support and informed them of the next Angel Network meeting on February 18, 2007.

Presented was an application from Coach USA/Shortline for financial assistance in Sales Tax Exemption and Mortgage Tax Exemption involving the purchase of 52 acres in Chester at the Tetz Industrial Park and the investment of \$13,000,000 in the construction of approximately 118,000 sq. ft. of facilities. The facility will consist of offices, maintenance garage and indoor parking for a major fleet of buses that serve Orange County residents. Members felt it would be a major asset to Orange County.

A RFP went out December 10, 2006 as the board requested for IDA's annual audit by a CPA firm. Replies were to be received by December 22, 2006.

Chairman David MacFarland suggested to appoint the following: Audit Committee Henry Van Leeuwen, James Petro and chaired by Robert Armistead, Governance Committee Daniel Coleman, John Steinberg chaired by Stephen Brescia, and Audit Committee to meet with Commissioner of Finance Joel Kleiman to discuss procedures.

A meeting is scheduled with Joel Kleiman, Commissioner of Finance, to be presented with and discuss the IDA's proposed 2007 budget.

Presented was a Final Resolution for Orange County Choppers Realty, LLC authorizing the Orange County Industrial Development Agency to take a leasehold interest in an approximately 3.23 acre parcel of land located on Crossroads Court in the Town of Newburgh, Orange County, New York. Appoint Orange County Choppers Realty, LLC as its agent to undertake a certain project; negotiate and execute a lease agreement, leaseback agreement and related payment-in-lieu-of-tax agreement; 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. Stephen Brescia made a motion to accept Resolution as presented. Henry Van Leeuwen seconded motion and affirmative votes of all members present resulted in motion carried.

Presented was a Preliminary Inducement Resolution for Coach USA Project accepting the application of Coach USA/Shortline with respect to a certain project to be located on 52 acres at the Tetz Industrial Park in the Town of Chester, Orange County, New York, describing the forms of financial assistance being contemplated by the Orange County Industrial Development Agency with respect to such project and authorizing a public hearing with respect to such project. Henry Van Leeuwen made a motion seconded by John Steinberg to accept Inducement Resolution as presented. Affirmative votes of all members present resulted in motion carried.

Presented was a Resolution approving execution of Memorandum of Understanding to acquire two parcels of land containing 58.6 acres, more or less, at NYS Stewart Properties. This IDA by prior resolution on this date has determined not to proceed with the formation of a Local Development Corporation and the acquisition of 400 acres from New York State. Following a

presentation by Agency member James Petro and the IDA attorney proposing a modified acquisition, a favorable report regarding the ESDC's position toward a modified acquisition, further deliberation, and written notification to the Towns of New Windsor, Newburgh and Montgomery and others by the County Executive, this Agency is now considering the acquisition of two parcels at the site containing 58.6 acres, more or less, identified as Parcels 1 and 2, and situated in the Towns of New Windsor and Newburgh, for the State appraised price of \$1,232,500 or \$21,032 per acre. In order for this IDA to proceed it must conduct due diligence including but not limited to an appraisal on the parcels for the benefit of this Agency, a wetlands delineation and a report on the Indiana Bat. This Agency and its attorney shall proceed to enter into a MOU with Empire State Development Corporation for the purchase of Parcels 1 and 2 in the amount of \$1,232,500; and that the funds authorized to be expended for an appraisal, wetlands delineation, and Indiana Bat report at the IDA meeting of September 20, 2006 remain in force and effect for this project.

Presented was a Resolution of the Orange County Industrial Development Agency supporting the Port of New York Authority takeover of Stewart International Airport. The Orange County IDA hereby determines that it is the best interest of Orange County that the Port of New York Authority take over Stewart International Airport, and hereby urges the Authority to do so in the immediate future. It is further resolved that the Administrative Director send a certified copy of this resolution to the Executive Director of Port of New York Authority, the Governor-elect of the State of New York, the Orange County Executive, and Chairman of the Orange County Legislature. John Steinberg made a motion to accept Resolution as presented. Stephen Brescia seconded motion and affirmative votes of all members present resulted in motion carried.

Presented was the 2007 IDA's meeting schedule. Meeting dates are scheduled for the 3rd Wednesday of every other month. Based on activities, the schedule presented had meeting dates reserved for the 3rd Wednesday of every month.

David MacFarland made members aware of the success and great job the Gateway to Entrepreneurial Tomorrows (GET) is doing in Dutchess County. Members should consider bringing it to Orange County and to think over to do some funding.

Maureen Halahan of the Orange County Partnership thanked members of their continued support.

Henry Van Leeuwen made a motion that this meeting be duly adjourned the time being 4:20 p.m.

Edda Eller
Recording Secretary