

# ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## MINUTES

March 21, 2012

A regular meeting of the Orange County Industrial Development Agency was convened in public session on March 21, 2012 at 3:00 P.M. at the Orange County Business Accelerator, in New Windsor, New York.

The meeting was called to order by the Chairman, James Petro, and upon roll being called, the following were:

PRESENT: James Petro, Stephen Brescia, John Steinberg, Henry VanLeeuwen, Robert Schreibeis

ABSENT: Robert Armistead, Mary Ellen Rogulski

ALSO PRESENT: James O'Donnell – Executive Director  
Joel Kleiman – Chief Financial Officer  
Phil Crotty – Attorney  
Laurie Villasuso – Administrative Assistant  
Michael DiTullo – Orange County Business Accelerator  
Peter Gregory – Orange County Business Accelerator  
Maureen Halahan – Orange County Partnership  
Marge LaPerle – Orange County Partnership  
Brian Gates – HVEDC  
James Walsh – Times Herald Record  
Jessica DiNapoli – Times Herald Record  
Robert Unger – Judelson, Giordano & Siegel  
Gary Cassiello – Judelson, Giordano & Siegel  
Robert and Shelley Gray – Shamrock Creek/Center Line Studios

Chairman, James Petro calls the meeting for the Orange County IDA, March 21, 2012 (Pledge of Allegiance is recited). Board consists of five members. There is a quorum.

Review of the prior February 15, 2012 meeting minutes. Motion made by Brescia, seconded by VanLeeuwen to approve the minutes as presented. Affirmative votes of all members present resulted in motion carried.

Roll Call taken.

### **Financial Report And/or Request For Payment**

Joel Kleiman, Chief Financial Officer, refers to the bank account summary as of February 29, 2012. He notes that one CD is outstanding that is not due till December 2012. Various accounts total \$7.5M, and the Orange County Funding Corporation was just over \$25K.

Mr. Kleiman then hands out the year-to-date income and expense summary for March 2012. Year to Date, we've taken in \$64,470 and spent \$254K. The expenses exceed the revenues right now by \$192,598.

Mr. Kleiman then moves on to address the receipts and vouchers for the month. Of the \$143,521 in checks received this month, \$108K of it was deposited to the Orange County Funding Corporation account. Expenses for the month total \$37,925.21.

Motion made by Steinberg, seconded by Schreibeis, that the Board accepts the financial report and authorization of payments and vouchers for March 2012. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. Kleiman then introduces the auditors to present the 2011 Financial Statements. Prior to this meeting, the Audit Committee met and reviewed the financials. As part of the requirements for the Public Authorities Act, the IDA has until the end of March to report on the PARIS system. Ms. Villasuso and Mr. Kleiman have been working on getting the financials uploaded and certified for the March 30<sup>th</sup> deadline. In addition, the financial statements will be made available to the public via the IDA website no later than the end of next week.

Mr. Cassiello takes over to present the 2011 Financial Statements. He begins by noting that the IDA's balance sheet remains strong with \$7.6M in net assets, \$6.9M being undesignated and approximately \$600K designated to various activities supported by the IDA, and \$100K in the capital assets fund.

This year, the IDA took in \$1.1M in revenue, and had expenses of \$1.8M. In those expenses, there are two items of note. One, there were valuation allowances put on 2 assets the IDA has been carrying for some time - \$162K was a valuation allowance against some development costs under the Port Authority, and \$248K was a valuation allowance put onto Breonics. Additionally, in numbers seen previously, IBM sent a check to the IDA for approximately \$900K, and \$425K relates to 2012, so the item has been shown as deferred income on the balance sheets.

The audit went well, Mr. Cassiello notes, and adds that they appreciate the help and cooperation they received when compiling the financial statements. He adds that the financial statement this year is in a slightly different format, which is more in line with other IDA financial statements.

The management letter is still in process, and they will report back with that next month.

Chairman Petro comments that the IBM fee owed for 2011 was \$412K, and notes that it would not surprise him to find that the amount due for 2012 will be less interest already received, as we've had the full 2012 amount for a full year.

Chairman Petro asks Mr. Cassiello to explain the fees for tax return preparation. Mr. Cassiello notes that there are two other corporations along with the IDA. There is the not-for-profit corporation Orange County Funding Corporation, which will be the vehicle for the micro-loan program, that tax return is due May 15, and the fee will be \$1250. The second corporation is what used to be called Orange County Capital Development Corporation, which used to be owner of the Roadlok investment, which has since come back to the IDA. The company hasn't done business in two years, and needed have a final tax return prepared as well as a liquidation with the state. The fee for those services is \$1500.

Mr. Crotty notes, for clarification, that we are finally terminating OCCDC. Mr. Cassiello agrees, and adds that the corporation will be formally liquidated with the state and the federal government. Mr. Steinberg asks if the formal liquidation is included in the \$1500 fee, and Mr. Cassiello advises him that while it was not originally part of the fee, as an accommodation to the Board, he will make it so.

Mr. Steinberg notes that an OCCDC bank account wasn't closed until 2012. Mr. Unger states that the account was closed in February 2011. Mr. Steinberg advises the auditors that there was another account which he just closed this year, and he has the statements with him. Mr. Cassiello asks Mr. Steinberg to provide him the statements, and he will incorporate the account into the liquidation.

Mr. Crotty states for the record that, after April 15<sup>th</sup>, the OCCDC will be terminated and this time next year the IDA will not have OCCDC to deal with. Mr. Cassiello confirms that the corporation will be liquidated as of 12/31/11. He notes, though, that the state may ask for a short-year filing for 2012, and if they do, it will be easy to accommodate.

### **Chairman's Report**

Chairman Petro advises the room that Sue Weyant, New Windsor Councilperson, passed away at 62 years old. She was a great friend to many people in New Windsor, and Chairman Petro advises that services will be held for her Thursday and Friday.

George Green, Supervisor of New Windsor, is still in the hospital. Chairman Petro and Mr. Crotty have visited him in the hospital.

Lastly, Chairman Petro notes that Mr. Diana, OC County Executive, has been in the hospital and Mr. O'Donnell advises the room that he is doing fine and is getting out of the hospital as we speak.

Chairman Petro thanks the auditors for their hard work.

Chairman Petro then advises the room that, at this time, the Orange County Industrial Development Agency will move into Executive Session to discuss the cancellation of proposed lease of Orange County Business Accelerator second floor and to discuss a personnel matter. He asks everyone present in the room to exit, except for all Board Members, Ms. Villasuso and Mr. Crotty.

Mr. Brescia asks why Mr. O'Donnell is being asked to leave the room, and is advised by Chairman Petro that a Board Member has requested it.

Mr. Steinberg addresses Mr. Crotty and notes that last month's Executive Session was part of the minutes which were approved and then became public information. Mr. Steinberg informs Mr. Crotty that he believes there should not be minutes for Executive Session, and Mr. Crotty advises him that there *must* be minutes for Executive Session.

Mr. Crotty then points out that the By Laws state that the Executive Director has the right to sit in on meetings, but does not specifically note Executive Session, and adds that if there is a personnel matter that pertains to the Executive Director, he may be asked to be excused.

Mr. Crotty reads Resolution Approving Executive Session for the purpose of (1) under real estate negotiations, discuss cancellation of proposed lease with purchase option for entire second floor of Orange County Business Accelerator and potential lease of 3,000 square feet more or less at 4 Crotty Lane; and (2) under personnel, discuss resignation of Orange County Business Accelerator Managing Director Michael DiTullo and replacement. Motion made by Schreibeis, seconded by VanLeeuwen. Open for discussion. Affirmative votes of all members present resulted in motion carried.

### Executive Session

Starting with personnel matters as they pertain to Mr. O'Donnell. It is agreed that Mr. Steinberg and Chairman Petro will discuss the matter with Mr. O'Donnell directly.

Mr. O'Donnell joins the Executive Session. Chairman Petro then advises that the Board must discuss the upstairs of the Accelerator. There will be a resolution to rescind the resolution passed at the last meeting, which approved the lease of the second floor of the Accelerator.

Before rescinding the resolution, Mr. Crotty reminds the Board that he and the Board Members have a fiduciary duty to the IDA Board.

Chairman Petro notes that a German company with approximately forty jobs will take the space upstairs, which is why the resolution will be rescinded, and there may still be a possibility of leasing some space upstairs, which will be discussed at a later date.

The members discuss the departure of Mr. DiTullo.

The members move on to discuss Peter Gregory becoming Managing Director.

Mr. Crotty reads Resolution Closing Executive Session to Discuss Cancellation of Lease with Purchase Option for Second Floor of 4 Crotty Lane and also Orange County Business Accelerator personnel matter. Motion made by VanLeeuwen, seconded by Schreibeis. Open for discussion. Affirmative votes of all members present resulted in motion carried.

### *End of Executive Session*

Chairman Petro welcomes all attendees back to the meeting.

Mr. Crotty reads Resolution Rescinding Resolution Dated February 15, 2012 Approving Execution of Letter of Intent Dated February 10, 2012 Relative to Lease with Purchase Option for 4 Crotty Lane, New Windsor, New York. Motion made by VanLeeuwen, seconded by Schreibeis. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. Crotty reads Resolution Approving New OCBA Managing Director. Motion made by Schreibeis, seconded by VanLeeuwen. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Chairman Petro notes to Mr. Gregory that he will become Acting Managing Director, and that they will revisit the matter at the end of the year.

### **OCBA Report**

Mr. DiTullo points out that the financials have been distributed to the members, and adds that at the end of this quarter, the Orange County Business Accelerator is projected to reimburse the IDA another \$35-38K. Over the course of the 29 months the Accelerator has been open, the reimbursement will have reached approximately \$350K.

The Accelerator has 20 clients, 9 of which are resident and 11 Associate. Continental Organics will graduate in June of this year, and are generating revenue out of their Mt. Airy Rd location. There are 4 prospects in the pipeline for the Accelerator, though the building is 100% full. Cymogen, a current client, does need more space as they are ahead of their plan in terms of revenue and now boasts 8 employees.

Regarding marketing, the Accelerator spent a lot of time revamping the website. Since the website has been renovated, there have been two leads generated. Mr. DiTullo notes that the old website generated 2 leads in the two years it existed, whereas the new website has generated 2 leads in a matter of weeks. Lastly, Mr. DiTullo adds that he discussed the Accelerator on a radio show just this morning.

Lastly, Mr. DiTullo advises the room that leaving the Orange County Business Accelerator was a difficult decision to make, and takes a moment to applaud the team he has worked with. He thanks the group for a wonderful experience, and Chairman Petro thanks Mr. DiTullo for a job well done.

### **Discussions**

Mr. Crotty updates the Chairman and the board on a number of agenda items:

The OCFC micro-loan program will be discussed at next month's meeting, the final version having been updated by Russ Vernon. Additionally, we received a check in the amount of \$108K from Millennium, which has been made payable to and deposited in an OCFC account.

Chairman Petro, along with Mr. Gates from HVEDC, Misters Crotty and O'Donnell, met with the Town of Newburgh board and union representatives with regard to the Marketplace project, which is still a work in process.

OCCDC was addressed by the auditors.

CNC Advanced Manufacturing will also be addressed at April's meeting, as there is some good news regarding grants to share.

There was a decision on the CPV/New Hampton Fire District's Article 78, and it was favorable. Mr. O'Donnell's original decision, along with Mr. Crotty's appeal decision, was upheld and the case was won.

Lastly, Mr. Crotty has prepared a resolution regarding the Annual Report, which was submitted to the authorities via the PARIS system. Mr. Steinberg asks if it has been distributed, and is advised by Ms. Villasuso that the PARIS system is entirely online, but all that was entered into the PARIS system is contained within the audit distributed earlier in the meeting. She also advises him that the glossy annual report prepared by Focus Media will be distributed in the near future.

Mr. Crotty reads Resolution Approving IDA Annual Report for 2011. Motion made by Steinberg, seconded by Schreibeis. Open for discussion. Affirmative votes of all members present resulted in motion carried.

*[Mr. Brescia exits the meeting]*

### **Shamrock Creek/Center Line Studios**

Robert and Shelley Gray of Shamrock Creek inform Chairman Petro that they would like an extension of their Sales Tax Exemption letter, which expired December 31, 2011, and they would also like to postpone their payment of \$20K which has been due to the IDA since year 2011. Mrs. Gray advises the board that they have a pre-approval with Key Bank and will pay their \$20K fee when that loan closes. She notes that Walden Savings came in after the fire that destroyed their present building, and provided \$250K to help them get into their new building even though it's not quite ready. They are at the very beginning for making purchases with their exemption.

She adds that their STE has expired because they had intended to close on their financing in April of 2011, and also intended to pay the fee at that time, but the loan did not close, and then Hurricane Irene and a fire set them back even more.

Chairman Petro advises that a resolution will allow the STE to be renewed, and it will be renewed for an additional three months, expiring on June 30.

Mr. O'Donnell notes that there was a recent article in the Times Herald-Record regarding Shamrock Creek/Center Line Studios, in which it was written that they had \$3.5M in sales, and asks Mrs. Gray to explain that to the Board why the IDA fee wasn't paid with the money they earned in sales.

*[TRANSCRIBE VERBATIM]*

Gray: Well, I spent the year with Walden Savings Bank, basically, because last October they were the ones that showed interest in the project, it was a unique project. Um, we did come out of a bad economic time, even though our credit score is good, we have absolutely no cash flow. None. So that isn't...as you know, banks are looking for cash flow. It's the biggest C in the Credit Credit Cash Collateral. They don't care about it. So we spent the year dancing, doing whatever they wanted. They said "we want you to put money into this building, we want to see you own it," so we put every cent we had that we weren't paying old debt, we put into the building and did whatever we could. I mean, we renovated sections, we tried to get customers into storage which we [garbled] have. Um, and, really spent everything we could, then the hurricane came and we had to spend a hundred thousand dollars moving the Moodna Creek back where it was. And so we're just sitting here now, we're at our slow time, and then we had the fire, so no, we do not have the twenty thousand dollars. But I had always in my mind thought of it....

O'Donnell: Alright, I'm just trying to get my handle on the three-point-five-million dollars in sales, so has the Partnership seen any financial records from the company?

LaPerle: No.

Gray: Oh, I can give you anything you need.

O'Donnell: Well, that would help the Board, if they saw...

Gray: Right, to see. But I would think we're going to close very soon, and then that would be the final payment. I mean, we have a preapproval from Key Bank, that's who we're using now.

O'Donnell: If you could send that to us...

Gray: Well we, you know, they aren't looking for what Walden was looking for. Walden was looking for investment in, in the project. They, they didn't need architectural drawings, they didn't need

anything. Now Key Bank and Greater Hudson, the two banks that we're working with now, made us go get architectural drawings to the tune of ninety thousand dollars that we have to lay out to put out to bid to four separate construction companies. So now, you know, we're starting from scratch again and having to lay that money out. But we do have a preapproval from them and expect to close within a couple of months.

*[END VERBATIM TRANSCRIPTION]*

Ms. Gray agrees to send the bank documents that she has in her possession to both Mr. O'Donnell and the Partnership the next day.

Mr. Crotty reads Resolution Approving Sales tax Letter and IDA Fee Postponement for CenterLine Studios. Motion made by VanLeeuwen, seconded by Schreibeis. Open for discussion. Affirmative votes of all members present resulted in motion carried.

*[Chairman Petro exits the meeting]*

### **OCP Report**

Ms. Halahan begins by discussing OCP's meeting with Goldman Sachs last month. They had a lead with a medical device company broker who can identify companies on the brink of expansion, cost cutting and/or relocation. The broker provided OCP with a list of 16 companies, and OCP prepared a marketing packet, speaking to medical device manufacturers regarding Orange County sites. While the response was underwhelming, Orange County is now on the radar for these companies should they need to expand in our direction.

Ms. Halahan displays this month's OCP ad in Site Selector magazine, which was an issue geared towards airport cities. While Orange County and Stewart were night highlighted in this issue, Ms. Halahan does have an article that OCP wrote about Orange County and Stewart that she will share with anyone who would like to see it. However, in a previous month, Orange County was highlighted, and OCP sent it out as a direct mail piece, along with their ad and a note to check out the article. They were contacted by a site selector from NAI Real Estate, who are international brokers with over 5,000 brokers and site selectors internationally and 350 locations. They invited OCP to their conference yesterday in Manhattan, in which OCP made a lot of contacts. One of the contacts is the head of an international brokerage firm, and invited OCP to their conference as their guest.

Ms. Halahan moves on to address advertising in the Wall Street Journal. While the ads are expensive, and only run for one – and have little shelf life – there is another option for advertising in the WSJ. Once a week, on their real estate day, they offer the option of having companies provide inserts, which can be anywhere from a few pages, to a magazine, to a book. On insert day, there is always one, and rarely more than two. They identified the areas they would like to target specifically, which are Northern New Jersey and Fairfield, CT. That's where OCP believes the largest market of CEOs and Corporate leadership reads the publication. OCP's insert will be 12 pages, and is in the design stages now. They will print about one hundred thousand to distribute in the WSJ, and to distribute at trade shows.

Ms. Halahan also heard from the former County Executive, who knows that OCP is looking to do international outreach. They've been trying to get in with the consulates and attaches in NYC, and while they've had some inroads, it's been a difficult process. The former County Executive informed them about a diplomatic expo twice a year – one in NYC, one in Washington DC – with

about 1000 attendees – ambassadors, diplomats, military leadership through the UN, etc. There are only 80 exhibitors at the expo, and the OCP has secured a table at the NYC show. They have gathered international marketing pieces and will distribute them at the show. Mr. Gregory asked if they would display the FTZ banner.

Additionally, they have 8 trade shows that they're doing throughout the country this year.

Finally, the OCP is embarking on a TV Advertising campaign. They will do ads in the northern NJ and CT areas, and is already in the design phase. They are identifying the networks they would like to be on and the network they'd like to reach.

With no further business, meeting called for adjournment by Mr. O'Donnell; motion made by Mr. VanLeeuwen, seconded by Steinberg, the time being 5:18 p.m.