

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

April 20, 2011

A regular meeting of the Orange County Industrial Development Agency was convened in public session on April 20, 2011 at 3:00 P.M. at the County Executive Conference Room, Orange County Government Building, Goshen, 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, Robert Schreibeis, Mary Ellen Rogulski, Henry VanLeeuwen, Robert Armistead

ABSENT: [Brescia not present for entire meeting]

ALSO PRESENT: James O'Donnell – Executive Director
Joel Kleiman – Chief Financial Officer
Phil Crotty – IDA Attorney
Jennifer McDaniel – Administrative Assistant
Maureen Halahan – Orange County Partnership
Marge LaPerle – Orange County Partnership
Michael DiTullo – OCBA
Neysa T. Sensenig – Marlboro Central School District
Kristin Coyle – FilBen Development
Joshua Benenson – FilBen Development
R.J. Smith – R.J. Smith Realty
Chris Bette – First Columbia
Michael R. Pilmeier – Legislative Chair
Mark Levy – Nugent & Haeussler
Bill Fonte – Orchard Hills
Roger & Shelly Gray – Center Line Studios
Alison Leentjes – The Castle
Brian Leentjes – The Castle
Any Komonchak – Purple Heart
Michael Barnett – Trifont/Orchard Hills
Christian Livermore – Time Herald Record

Chairman, James Petro calls the meeting for the Orange County IDA, April 20, 2011 (Pledge of Allegiance is recited). Board consists of seven members. There is a quorum. Moment of silence for Mr. William Lahey.

Review of the prior March 16, 2011 meeting minutes. Motion made by VanLeeuwen, seconded by Schreibeis to approve the minutes as presented. Affirmative votes of all members present resulted in motion carried [Brescia Abstains].

Financial Report And/or Request For Payment

Joel Kleiman, Chief Financial Officer, advises that the only action required is for approval of payments. IDA Investments and bank accounts handout circulated. There is one CD that is outstanding and maturing June 15th. The rest of the monies are in a money market account. Informal bidding of 12 banks to see if IDA still getting best rate which is 0.50%. At this point everything is status quo.

There are 9 Invoices to be approved by the board totaling \$162,974.14. First Columbia request for payment is from the Phase III of the Accelerator. Billing went to the subcontractor and was paid by First Columbia.

Prior to the deadline of March 31st, required reports for NY PARIS System were submitted. There are four separate reports that will be handed out at the end of the meeting. Attachments are available on the IDA website. The website has been changed slightly to make it more user friendly. Under "Reports" it is now broken down by year. OCCDC monies came in. Crotty inquires whether that account is still open. Steinberg states that there was some "erosion" so that account was closed and another account opened to terminate monthly draws that were impossible to stop (i.e. phone bills, etc.). Right now there is about \$500.00 in the account which will be left open to deposit any monies that come in.

Chairman Petro discusses attorney's fees that have been paid out on the GE v. IDA/Orange County Chopper litigation. Chairman Petro suggests that these litigation costs get billed back out and not accumulate into a large amount. Kleiman states that he will take the lead on that reimbursement project.

Motion made by VanLeeuwen, seconded by Steinberg that the Board approve the authorization of payments and vouchers for April, 2011 as presented. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Audit Report

Kleiman introduced Mark Levy, of Nugent & Haeussler, who prepared the 2010 Annual Audit Report. Report distributed by the auditor who highlights some of the 2010 points. Levy advises that the audit includes the IDA only, not Capital Development Corporation or Fund #1. Even without those entities, this audit is in accordance with government regulations. Discussions about why the component units were not included in this audit. Levy explains that there were time restrictions, and unavailability of information (due to the death of the bookkeeper). Levy advises that components not material to the IDA; so arguably not needed.

Most important part of the report is listed on page 1; the "Independent Auditor's Report." The IDA got what is called a "qualified opinion." It would be better to get an "unqualified opinion" but since the component units were not included, it is a "qualified opinion." For 2011, Fund #1 will not be reported on since it was dissolved, however, Capital Development Corporation will be included next year.

Discussions regarding "qualified opinion" and the exposure to the board under this categorization. Levy doesn't see a problem. It isn't like the audit noted problems due to "misappropriation of assets, or didn't follow major accounting standard." "Qualified" only because component units not included in audit. Also, if the report was not deemed complete, it would have been rejected by now. A summary review of the Audit was conducted and follow-up responses were provided. Kleiman advises that if the IDA were a "bond" issuing body, there may have been more of an issue. IDA has never applied for a bond rating.

VanLeeuwen feels that this is not a complete audit as requested. Chairman Petro advises that the only component left is OCCDC which had very little activity in 2010. IDA just took over the OCCDC last year from the OCP. The IDA immediately shut down Fund #1. The OCCDC has approximately \$500.00 in its account to finish up business.

Kleiman advises that component units could have engaged an auditor but are no longer active entities. Levy advises that for 2011, OCCDC can be added to the audit for a cost. Rogulski feels that the component units are not material as they relate to the OCIDA from a financial perspective and this audit is in line with common auditing practices.

Levy explains that each component entity has separate tax returns for 2010. Chairman Petro believes that Executive Director, O'Donnell will sign those tax returns. Crotty shares that he has the Roadlock tax return and hands it over to Mr. Levy. Crotty and Steinberg have a copy of this return.

Levy continues the short version review of the Audit Report. Cash is largest portion of assets. Designated net assets (page 11) of \$603,000 is further broken down on page 21. "Opportunity Grants" may not be used but are available as the Board sees fit. Starting on page 16 are the "notes" which describe the audit and are standard. Page 23 to end are required by the NYS Comptroller's Office, bonds that passed through the IDA to help projects get started. Also schedules of each individual project. Some of the projects did not respond to the auditor's multiple requests. There are also two other reports that are required/controls and risk assessments and communications that are required between the auditors and the Board. There are also recommendations from the Auditor that include more oversight (always recommended), more documentation and initialing. Nothing alarming. Internal controls should also be strengthened with regard to the OCBA.

Steinberg asks about the obligation of \$255,000 due from the Port Authority. Chairman Petro doesn't know if that is in writing but it is being worked on.

Mr. O'Donnell, executive Director, advises that PARIS report will be handed out for board review and questions will be entertained next month. Report was completed and turned in timely with nothing kicked back. Chairman Petro advises that everything was submitted on time and an additional review of reports can take place at next month's annual board meeting.

Motion made by Armistead, seconded by Schreibeis that the Board accept the Auditor's Report as prepared and presented for year ending December 31, 2010. Open for comments. Affirmative votes of all members present resulted in motion carried.

Steinberg asks what recommendations could be made to get projects to respond to confirmation letters. Kleiman thinks that confirmations should be sent out earlier with follow ups and phone calls. Less response this year than any other prior year.

Executive Director Report

O'Donnell states that Ron Hicks will be here next month for PTAC. Also with regard to GET, the IDA is going to ask GET to secure something in writing from the banking community on their loan program. Once that is accomplished, GET will return to make a presentation to the Board. Rogulski believes that they are almost complete with the funding part. O'Donnell advises that IDA not guaranteeing them anything but board will review.

Chairman Report

Roadlock was the one investment that was held by Orange County Capital Development Corporation Fund #1. Steinberg will be attending the Roadlock annual meeting on the 21st. Investment total of \$168,000. Roadlock was the company that developed the locks for motorcycle wheels. Attempting to hook up with Geico which would have made this a very prosperous deal.

Purple Heart Museum

Andy Komonchak makes a presentation for the sale of coins. The previous 2500 numbered coins sold out and a second batch being made that have a different design. Orange County is on the face of the coin. Mr. Komonchak is asking the board to sponsor the purchase of these coins which would total \$9,000/\$3.70 each. Made in America. All five branches of the service are represented on the coin. These are called "Challenge Coins" which were initially issued to allow passage past a gate entrance. Mr. Komonchak speaks about the impact that these coins have on those that have served our Country. The coin is also an attempt to promote the tourist attraction of the Purple Heart Museum at Stewart.

Crotty advises that this request needs to get approved by the Governance Committee to receive a recommendation. Chairman Petro explains that this will be put on the agenda for the Governance Committee who will meet at 2:00 p.m. – 1 hour prior to the annual meeting in May.

OCBA

Michael DiTullo makes the presentation on behalf of OCBA. The numbers and financial statement is distributed. First quarter of 2011 with total income of approximately 180,000/\$30,000 in client rents (will be turning over a check to the IDA next week). Biggest expenditure is rents @ over \$41,000/\$200,000 per year. Total expenses nearly \$149,000 with net income of \$31,000 and \$12,000 in checking account at this time.

Activities at the OCBA for week 73: 15 clients/60 people employed. 4e Productions had a ribbon cutting event last week with over 70 people celebrating. They moved from an associate client to a resident client and now have 8 people employed. 100% occupied at the Accelerator.

Eguardian restructuring was completed. Redoing their business plan and changing their name to "Luterra Systems." 7 people hired or retained to produce their product. Spending more time at the OCBA.

OCBA has conducted 7 educational series events over the past month.

Continental Organics got their financing approved and are looking at a ground breaking in New Windsor toward the end of May, 2011. Production expected fourth quarter of this year.

O'Donnell adds that last month the Board approved to give 4e Productions \$25,000 through Boces. Boces is having trouble getting that approved through the State. That money may have to go through the Youth Bureau. There may be a new resolution next month to accomplish that.

"International Outreach" is being developed by O'Donnell and P. Gregory, with the help of Dr. Guven Yalcintas (a former Senior VP at the Suny Foundation in charge of research and commercialization of research). Guven is assisting the FTZ as an ambassador for Orange County.

OCP

Halahan makes the presentation on behalf of OCP. 42 leads last year and already 36 to date for 2011.

“Project Park Place” is a R&D robotics manufacturing company. Average annual income for employees is \$183,000/year. They will be creating 13 jobs. Over 500 employed by this NJ company alone. Looking for 100,000 sq. ft. Cost benefits did not work out for the Georgia Pacific Building in Warwick. \$19.1M capital investment. Application in for Excelsior jobs.

“Project Wind Change” is a company looking for a wind turbine manufacturing plant. They are looking for about 100,000 sq. ft. and expect 124 jobs over three years. Cap. development \$3M. Looking for a very cheap space.

“Project Blue Bird” is the second largest computer storage programming company in the country. Currently a NJ company. Looking to move their entire company. Build to suit 250,000 sq. ft. Average salary per employee is \$93,000. Want to grow to 1200 employees over the next few years. \$40-50M capital investment. Operational by 8/2013. Four sites viewed and looking at three/requesting lots of additional information.

“Project Value” is the Mike Mullis deal. Food distribution center. Site tour occurred last month. Two sites being looked at. Macy’s site is one of those. Megan is customizing an in depth demonstration for next week. 115 jobs, build to suit. Very motivated about Orange County.

“Project Stone” is a lab facility. They want to check out NY incentives. Not looking at the properties or the personnel available here. 200,000 sq. ft. Build to suit. \$50M cap investment. 460 jobs. Waiting to hear back from them.

“Project Shield” is Mullis’ other project. Needs rail. 25-30 acres, 365,000 sq. ft. building to manufacture and distribute building materials. \$27M cap. investment. Not very far along at this time.

Madura Snacks is a female owned business that manufactures tortilla chips – majority to Jet Blue. 81 jobs \$7.4M cap. investment. Almost closed.

Two trade shows that will be in next 5 weeks. Site Selectors Internationally (Chicago) and Recon Show (Vegas).

Newsletter coming out on “Industry Clusters.” New design. Halahan also distributes a PILOT program power point presentation that could be used for any situation. It is a script that can be adapted to individual needs and made by projector or hard handout. Visual Aid for OCIDA.

Focus Media

Crotty explains that with the two trade shows being attended in the next month, the IDA video should be made into DVD for distribution. Still trying to get it out to Chamber of Commerce, legislators, etc. Production of 2,000 DVDs (with covers) for a total package cost of \$7500.00 which is paid for with one hit. Steinberg encourages the duplication of a video that the IDA has already produced and purchased. Have to get it out there.

Motion made by VanLeeuwen, seconded by Steinberg that the Board approve the production of 2,000 copies of OCIDA promo DVD/including packaging, and distribution through Focus Media, Inc. Open for discussion. Affirmative votes of all members present resulted in motion carried.

CRH Realty II

Resolution regarding a traffic light that the Town of Wallkill has agreed to install. In order for the light to be maintained, an easement needs to be executed. IDA needs to consent.

Motion made by Armistead, seconded by VanLeeuwen that the Board approve grant of an easement in the Town of Wallkill, as presented. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Shamrock Creek, LLC – Final Resolution

Roger and Shelley Gray are present for vote on Final Resolution for renovation of an old paper factory for manufacturing Broadway sets. Public hearing went well in Cornwall. Mr. Gray thanks the board for their support. Steinberg asks about business start date. Gray anticipates operations by the end of the year. They are renovating the building in sections. This will be a 10 year PILOT.

Resolution read by Crotty. Motion made by VanLeeuwen, seconded by Schreibeis that the Board approve the final resolution. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Wallkill Partnership, LLC – Final Resolution

RJ Smtih advises the board that there was a public hearing held last month that was well received by the Town of Wallkill for a 200 unit, \$35M assisted living facility. Anticipating a July 1, 2011 construction start date.

Chairman Petro advises that the public hearing was attended by a lot of individuals who spoke in favor. OCIDA feels that there is a niche for this type of facility. The Town of Wallkill and their IDA have fully backed OCIDA's involvement.

Resolution read by Crotty. Motion made by VanLeeuwen, seconded by Schreibeis, that the Board approve the resolution as presented. Open for discussion.

Castle Fun Park – Discussion

Mr. Leenjes makes his presentation for the renovation and expansion of their amusement facility. The expansions would include making the go-kart track larger and more efficient. 20-30 additional employees to be added. Winter employment is 60 people/some part time. Summer employment around 90. Facility attracts people from Westchester and Rockland, including out of state tourism. It has become a tourist destination. Surrounding businesses also happy to have the Castle in Chester. \$1.5M for equipment and construction. They could use the tax abatement to get the project launched. Additions would include the adjacent lot that currently has low income residential buildings. On this additional property, they would like to put in a parking lot and picnic area. Properties are separated by Town/Village Line. Some renovations are on the same parcel so it will have to be separated out. Chairman Petro advises that the removal of the cottages would decrease the school tax roll.

[County Executive Edward Diana enters meeting]

M. DiTullo explains the 4e Productions would be a great asset to The Castle Fun Park and the two of them should get together.

Orchard Hills – Update

Update on project and Town Board. Mr. Barnett describes the project and the status of this construction project. This is a 260 mixed unit development which includes condos and townhouses off 9W in the Town of Newburgh. They have run into some construction hardships. They are currently \$10M over budget. Construction half way done, foundations are in. They have paid over \$1M in fees to the Town who refuse to help them get a PILOT. Over the next couple of months they will have to decide if the project will be abandoned due to the economic climate. This is a HUD project and is fully bonded.

Steinberg doesn't understand why the Town doesn't support this project. Barnett adds that they haven't asked for financials and just aren't receptive. He feels that the Town is hiding from the situation due to the economy.

Crotty asks what they are looking for. Barnett explains that they need the sales tax exemption that would help to keep things moving.

VanLeeuwen asks about jobs created. Barnett believes 10 permanent, other maintenance jobs, combined with the addition of new residents in the area.

O'Donnell asks that Barnett get something in writing from the Town supporting the sales tax exemption.

[Further Discussion regarding Castle Fun Park]

It needs to be determined if the asphalt and construction materials for the addition of the second lot parking and picnic area fall under criteria for sales tax exemption. Crotty to look into it and get back to the petitioners

Chairman Report

The Orange County Choppers application fee was returned. They are working with Town of Newburgh; asking for a 485(b). OCIDA out of the picture.

The OCBA has had discussions with regard to a new building which is in the preliminary phase. Looking at a 2 ½ acre property located to the east of the current building. The land would be donated by First Columbia at zero cost. Second site also being reviewed but not as attractive.

Meeting adjourned 4:50 p.m.