

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

May 18, 2011

A regular meeting of the Orange County Industrial Development Agency was convened in public session on May 18, 2011 at 3:00 P.M. at the Orange County Business Accelerator, 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, Robert Schreibeis, Mary Ellen Rogulski, Henry VanLeeuwen, Robert Armistead

ABSENT: All Present

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
Michael DiTullo – OCBA
Don Green – Suny Orange County Government
Bob Glemming – Tracking Systems
Ron Devito
Jill Varricchio
Deirdre Glenn – Newburgh Armory
Bill Fonte – Orchard Hills
Michael Bennett -- Orchard Hills
Michael R. Pillmeier – Legislative Chair
Christian Livermore – Time Herald Record
Andy Komonchak – Purple Heart Hall of Honor, Inc.
Brian & Alison Leentjes – The Castle

Chairman, James Petro calls the meeting for the Orange County IDA, May 18, 2011 (Pledge of Allegiance is recited). Board consists of seven members. There is a quorum.

Review of the prior April 20, 2011 meeting minutes. Motion made by Armistead, seconded by Brescia 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, advises that the only action required is for approval of payments and vouchers. Kleiman distributes the IDA bank account and investment report. There is one CD that is (\$2.3M) 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%. As the

rates get lower and lower, the IDA will consolidate to the accounts that have the highest rates. \$6.9M in bank accounts and money markets. \$300,000 paid out to the OCBA which is the two largest expenses of the year. These are paid out quarterly, \$150,000 each.

Mr. Kleiman goes over the attorneys fees for the Orange County Chopper litigation. Total fees of \$7,151.53 which is going to be invoiced for collection. Orange County Choppers Real Estate Company is the entity to be contacted for reimbursement of legal fees per Mr. Crotty. Steinberg feels that OCCR is a very savvy business entity and perhaps separate time should be taken to analyze how to respond to this type of problem. Perhaps there should be a strategy developed. Chairman Petro advises that Crotty is working on this.

Kleiman discusses the PARIS report which was distributed at the end of last month's meeting. The breakdown of screen shots was printed and if there are any questions, this month or next, he would be pleased to answer them.

IDA has taken in \$40,009.96 of which \$40,000 was a transfer from money market into the checking account. Just received a check today from Mike DiTullo for a little under \$30,000 for the quarterly reimbursement of revenues received which will be in next months deposits. There are 6 Invoices to be approved by the board totaling \$29,030.31.

Chairman Petro advises that the Focus Media invoice for reproduction of the promotional video is included in this, totaling \$7,418. Additional discussions regarding the Nugent & Haeussler invoice for \$13,260 that included the OCBA review of books and recommendations for changes. Petro advises that next year the contract should include the OCBA.

Kleiman states that the Quickbooks has been set up and we will make it consistent and show profit/loss to budget. That will be prepared for next month.

Petro polls the directors to see who will be attending the OCP MVP Breakfast. Agreed to purchase 10 tickets for this event.

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

The Castle

Mr. O'Donnell, Executive Director, provides a synopsis of what The Castle is trying to accomplish. It is an expansion/reconstruction of the 3 acres. Picnic area and additional parking. They are going to enclose 13,000 sq. feet of building. 20 jobs will be created. This is a \$1.5M project of which ½ is labor. Benefits are approximately \$61,000 in sales tax exemption and mortgage tax of \$10,000. IDA fees \$5,000 application check and \$3,750 IDA fee along with bond counsel fees. Full tax benefit of state/county/muni. Also retaining 45 jobs.

Motion made by VanLeeuwen, seconded by Steinberg that the Board approve the resolution as presented and read by Mr. Crotty. Open for discussion. Affirmative votes of all members present resulted in motion carried.

No public hearing required because sales tax exemption is under \$100,000.

Purple Heart Museum

Chairman Petro introduced Andy Komonchak who was present at last month's meeting. This request was handed over to the Governance Committee for review. Mr. Brescia confirms with Komonchak that this is a second running of the coins presented last year. It does meet two of the criteria that are used for grants: beneficial to orange county on a county wide basis and promotes tourism. Governance committee wants to make sure that this is not a yearly request. Komonchak states that this will sunset. This is for the purchase of these coins which would total \$9,000/\$3.70 each. Made in America.

Motion made by VanLeeuwen, seconded by Brescia that the Board approve the \$9,000 Grant request as presented by Andy Komonchak, for the Purple Heart Museum. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Chairman Petro commends Mr. Komonchak for all of his hard work and asks that once the coin is produced, that he visit and allow the board to view.

OCP

Halahan makes the presentation on behalf of OCP.

MVP broker tour will occur right after breakfast to showcase technology. Also the federal reserve luncheon is tomorrow. OCP will host a joint luncheon for the president of the NY Federal Reserve.

Discussions with regard to the value of the IDA and the PILOT offerings. PP presentation was presented and the meeting went off well. It was the first of more to come. Trying to get some of the municipalities on board to be more competitive.

New website is launched. QR codes are on the back of our business cards. Phones can download this application to read QRs and sites can be directly downloaded to website. Maureen suggests that this code be put on the back of the IDA promo DVD.

Recon is this week – largest gathering of retailers nationwide. 1000+ booths. Went with a simple design for their packet. All about ecommerce and OC. One page PP presentation on why orange county. Showcases Stewart Airport.

Marge attended the convention in Chicago. Site selectors are coming in from Chicago.

“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 150,000 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. "Three 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.

Wallkill has another company that OCP is helping with planning board and public hearings. Manufacturing tortilla plant. Another company is looking to own the same building. That company would be 50-60 jobs retention. Chip company found a different building to lease. So this is an example of retaining one company and attracting another.

New Business

Chairman Petro was nominated to replace Mr. Lehey on May 9th. He will take over until the end of his term 12/31/11. Introduction of Mr. Pillmeier.

Susan Jaffee – Mid Hudson State Development Corporation

Makes presentation to the board about what the ESD provides. Encourages everyone to review their website which details the program. She also works on the retention projects with Maureen and Mike. The Excelsior Program is a tool that provides business attraction and retention. Grants, loans, bonds, tax credits.

Main objective is job creation and business investment. Excelsior is discretionary. They personally determine the maximum number of tax credits that a business could receive. It is determined on a case-by-case basis.

Tax credit is 6.85% of gross wages for every new job. Investment tax credit is 2% of qualified investment for anything that is a depreciable asset. R&D tax credit is valued at 50% of the federal tax credit. This number is up from last year by 10%. This is a real property tax credit which is based on the assessed value of the property.

The programs offer two tracks for targeted industries. R&D minimum jobs is 10. Financial services 100. Manufacturer 25. Very reasonable thresholds.

Application comes directly to her office. Review committee study the information and typically get a 2-3 week turnaround. Lifetime maximum amount of loan deposit is increased to \$2M for amount of loan.

Mr. O'Donnell applauds Jaffee's work with Orange County. With regard to healthcare/assisted living, they are probably too large for linkcare. Cap at \$2M. Another challenge with healthcare is that it may be better adapted with Excelsior. Focus on targeted activity.

Executive Director Report

IDA video available. Came out great and cover being made for it. Annual report booklet will be available next month for handout.

Grant application for Newburgh Armory Unity Center is represented by Deirdre Glenn. Armory opened in January. She is running the armory and is the only employee. Activities are going on there. 500 children each week enrolled in programs. Economic engine for the City of Newburgh. Next month she will make a presentation with Mr. Kaplan who has invested in making the site handicap accessible. Drill center needs major reconstruction. Tours will be available at 1 p.m. just prior to the June meeting for anyone who would like. Looking for grant -- \$150,000 per year for two years. Goal is to make the park and armory one project.

Chairman Petro promotes this Grant and hopes that board takes advantage of the tour to become familiar with what is going on there. "Revitalization of Newburgh." Kaplan Foundation has put up \$100,000 for the next 5 years.

Governance Board will review this grant request and make recommendation to the full board.

Ron Devito – Concordia Senior Communities/Hamptonburg

[Another legislature joins the meeting – Mike Anagnostakis]

Devito builds/develops and operates senior communities. Not just housing but also care for those seniors with daily living activities, or who suffer from chronic illness that requires advanced levels of care.

Continuum of Care – Age in place. One of the most traumatic events for seniors is to move their environment. Serious problem for a lot of seniors who are affected adversely by moving from facility to facility. Assisted living residencies so that people can stay in one location for longer periods of time. Three levels of living provided.

Business goal is to make this high end facility affordable for average income people. 65+ age group. Property already selected and he is looking for all exemptions available. Sewer processing system needs to be built. Jankowski feels that most of the board members are in favor of this project. Chairman Petro asks for a letter in support. Formal application should be submitted. Get the process started. 35 acres with 160 units.

O'Donnell advises that the job fair was held at the Gallaria Mall. There were 55 companies present. 2,000 people looking for jobs. Steve Knob doing a good job.

OCBA

Michael DiTullo makes the presentation on behalf of OCBA. Financials included in the board packets. OCBA delivered to the IDA a check for fees collected from clients a little under \$30,000 and to date paid back to the IDA almost \$150,000 with more to come in the second quarter.

Week number 77 – all of the space in the Accelerator is spoken. Presently there are 15 clients. Tracking systems Inc is the most recent company to join. Bob Glemming thanks everyone for the opportunity to join in the meeting today. Emphasizes the importance of keeping local.

Strategy meeting today to attempt to make more space available at the OCBA. Weekly 1000+ people come through the office. Peter Gregory is still working with the FTZ which is stimulating the international growth scene.

Traveled to NYC to visit with Sysco and IBM about a very high tech state of the art telepresence video conferencing system. Central Hudson has given a grant for the purchase of this technology.

Meetings at the OCBA with members that have worked with Ms. Hayworth and put together a task force meeting for Friday at 8 a.m.

Chairman Petro commends Mr. DiTullo for his hard work and great energy at the OCBA.

Continental Organics starts construction in June with financing through Provident Bank. 110 jobs (mostly veterans) and 900,000 sq. ft. facility.

Don Green – Update on Business Solutions & Professional Dev.

Funding was given by the IDA about 10 months ago and he is here today to update the board on the progress of program. Started in 2002 to work for college and private sector. Put together a model of what they want to do. \$54,300 given which started with health care market.

They do corporate training and identify and help solve problems with regard to implementing training programs. Establishing a new corporate training policy in the private sector.

Supervisory and customer service programs were focused on and now expanding client base and training programs. High end provider and canvas CEOs in the county. Market driven, soft skill specialists, signature products, start with market and work backwards. Work directly with CEOs, utilize industry forms, hands on interactive behavior modeling.

This is a work place street smart program. Looks at objectives and hurdles that need to be overcome. Discovered that there is a disconnect with classroom and the skills needed in the work place. In the last 10 months they have addressed this road block.

Fewer than 100 interns in the system. Currently working with entrepreneurship center. Also wanting every student in the system to do community service in order to graduate. Working with Chamber members to mentor students.

Lien 6 Sigma Initiative

This is an intense 2 week program started with Motorola many years ago. Entire county work force will go through this. Pick a project and study it – eliminating processes to make things quicker and more efficient.

Author of “Sustainability” to be hired to keep oversight and measure progress of what is being accomplished. Will also help with potential funding to show progress.

All of this will promote a better prepared work force in Orange County. Seeking \$58,300. Very ambitious initiative and going to change the way colleges do business. Brescia needs to review with Governance Committee and return with recommendation for the board.

GET Grant Application

More research and information required. Banks have agreed to put up money but not finished. M. Rogulski to follow up at next meeting.

4e Productions – Grant Resolution

Mr. O'Donnell working with System of Care to assist 4e. Nothing required by IDA at this time.

I6 Federal Application – TSEC

Grant application working with Richmond and the college. 5 or 6 \$1M grants. Peter Gregory is working with Julie Richmond. 100-400 people on this teleconference. We are in the preliminary stage and trying to move forward. If obtained \$1M grant for two years. For LED lighting.

Orchard Hills – Update

Requesting sales tax exemption. As depicted in application, parts of their project 80% complete. Have submitted a letter to Chairman Petro 5/12/2011, Town of Newburgh requesting IDA assistance in getting this job completed. There was no resistance with regard to sales tax at the public hearing. Some objections to PILOT. School board not the problem -- the town board is resistant.

Steinberg clarifies that sales tax will only apply to remaining 20% of project. \$500,000 in sales tax still to be repaid on materials to finish the project. Construction started last may and should complete early fall. Mr. O'Donnell did cost benefit analysis.

VanLeeuwen doesn't think we should assist builder projects. Chairman Petro points out that we are assisting renters to have affordable housing plus the Town of Newburgh is behind it. HUD will take over if this project fails.

Rogulski clarifies her position -- that this type of project is not what the IDA was created for. .

The Town of Newburgh has asked for the OCIDA to get involved. Crotty reads through resolution. Public hearing still needs to be scheduled. The current resolution would go up to \$100,000 until further measures taken.

Motion made by Steinberg, seconded by VanLeeuwen that the Board approve the sales tax exemption requested by Orchard Hills. Open for discussion. Motion denied with 1 aye and 6 naves. Agreed by the board that the application fee for this project will be returned.

Chairman Report

Rearrangement of Audit and Governance Committee members per Chairman's Petro's request. The committee members are now:

Audit Committee: Armistead, VanLeeuwen, Rogulski (substituted for Petro), Schreibeis (Alternate)
Governance Committee: Brescia, Steinberg, Schreibeis (substituted for Rogulski), Rogulski (Alternate)

Discussions regarding vacation time for employees at OCBA. Agreed that each year of employment adds one additional day of vacation.

Meeting adjourned 5:15 p.m.