

# ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## MINUTES

August 17, 2011

A regular meeting of the Orange County Industrial Development Agency was convened in public session on August 17, 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, Robert Armistead, Robert Schreibeis, Mary Ellen Rogulski

ABSENT: John Steinberg, Henry VanLeeuwen

ALSO PRESENT: James O'Donnell – Executive Director  
Joel Kleiman – Chief Financial Officer  
Phil Crotty – IDA Attorney  
Laurie Rendleman – Administrative Assistant  
Meghan Taylor – Orange County Partnership  
Michael DiTullo – Orange County Business Accelerator  
Peter Gregory – Orange County Business Accelerator  
Michael Smith - CRG  
Andrew Porter – Newburgh Advocate  
Alan Seidman – Chairman of OCP  
James Walsh – Times Herald Record  
Mike Finnegan – Continental Organics  
Diana Loman – Bob Logan Runway Realty  
John Capello – Attorney for Mid Hudson Valley FCU  
Wayne Winkler – Mid Hudson Valley FCU

Chairman, James Petro calls the meeting for the Orange County IDA, August 17, 2011 (Pledge of Allegiance is recited). Board consists of five members. There is a quorum.

Review of the prior July 20, 2011 meeting minutes. Motion made by Brescia, seconded by Schreibeis 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, asks the members to refer to the monthly investment and profit and loss statements included in their packets. The first page is the YTD month of July revenues and expenses. He notes that the IDA received \$943,891.15 in July from IBM, which is \$243k in excess of the \$700K the IDA budgeted to receive for the year. The revenue to date \$1,286,000, and expenses are \$939K, and with the IBM check, the revenues exceed the expenses by \$346K. The second page is the bank account and investment review. The IDA has just under

\$7.7M in bank accounts, money markets and CDs. There is one CD up for maturity in December, and the rest of the monies are liquid in Money Market and Checking and Savings Accounts.

Mr. Kleiman advises the Board to refer to the list of Vouchers and Payments for July. We have received checks for the month of June for \$944,116.38, almost all of which is the check from IBM. Vouchers total \$10,387.16, but the amount is revised by adding an additional voucher for Mr. Crotty's recent attendance at a seminar, in the amount of \$470.00, which brings the total for the vouchers to \$10,857.16.

Chairman Petro asks about the voucher in the amount of \$377.16 to Rider, Weiner and Frankel, and clarifies that it pertains to Orange County Choppers litigation, and asks Mr. Crotty if the IDA is paying the bills for said litigation. Mr. Crotty confirms that we must pay the bills and then try to recoup the cost. Chairman Petro also notes that the IDA didn't take in much money this month, aside from the IBM check, and Mr. Kleiman agrees and adds that this year's application fees are below budget. But much of the budget is based upon closing with CPV this year.

Lastly, Mr. Kleiman notes that, regarding the 2012 budget, there will be an Audit Committee meeting before the next board meeting on September 21, to come up with a draft budget, including the Orange County Business Accelerator's budget. It will be presented at the October 19<sup>th</sup> board meeting for review and for any necessary modifications. At that meeting it should be approved, giving us sufficient time to file it with New York State by November 1<sup>st</sup>.

Motion made by Armistead, seconded by Schreiber, that the Board accepts the financial report and authorization of payments and vouchers for August, 2011. Open for discussion. Affirmative votes of all members present resulted in motion carried.

### **Executive Director Report**

Mr. O'Donnell notes first that the 2011 Chamber Expo is upon us, and needs a motion to approve and send in a check in the amount of \$495 for a booth for the IDA, OCBA and FTZ.

Motion made by Brescia and seconded by Armistead to approve the \$495 for the 2011 Chamber Expo. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. O'Donnell refers to the recently received check from IBM, which is usually between \$700-\$750K. When the agreement expired last year, he and Mr. Crotty renegotiated with IBM and based on job retention, the check received this year was for \$943,891.15. But unfortunately, that means that they have less jobs in Sterling Forest now. It's in the second year of a five year agreement.

Lastly, Mr. O'Donnell turns it over to Mr. Crotty to discuss GE Commercial Finance vs. Orange County Choppers. Mr. Crotty notes that Rider, Weiner & Frankel was the firm the IDA engaged to pursue the Choppers litigation, they've been very diligent and have a judgment against Choppers Realty for \$5,391.28. Mr. Crotty notes that a copy of the letter is in the packet. Chairman Petro notes that if OC Choppers is not current with their taxes on the building, and may lose their IDA benefits. If they wish to reinstate their IDA benefits, it may be a time the IDA can recoup their costs.

### **Chairman's Report**

Chairman Petro advises the room that he petitioned the New Windsor Town Board to change the name of the road on which the Accelerator sits, and as a result of the board's unanimous vote, the address is now "4 Crotty Lane," as a thank you to Mr. Crotty for the work he's done for the Town. He was instrumental in acquiring the airport property from the federal government for \$1, which has yielded much development. Mr. Crotty thanks Chairman Petro.

Chairman Petro introduces Mike Finnegan of Continental Organics. Mr. Finnegan notes that there has been a Save the Date sent out to the members for a groundbreaking ceremony at their site. Moving on, advises that Continental Organics is not pursuing bond financing at this time because of a poor bond market and high rates. They are pursuing alternative funding structure and secured financing through Provident Bank, supported by a 504 loan and guaranteed by the SBA. Phase 1 is scaled down slightly, but they are going to have 90k square feet of facilities completed before the end of calendar year 2011. That facility will produce 100k pounds of fish and 240k pounds of vegetables per year. Phases 1-3 are fully approved.

He also notes that there was a release from the Governor's office that was not controlled by Continental Organics. They were called for a quote, and there were folks – such as the County Executive's office, James O'Donnell, Mr. Crotty, the IDA, OCBA, Central Hudson Gas and Electric – who were left out, but should have been thanked for helping Continental Organics succeed.

Mr. Armistead asks Mr. Finnegan the outcome of their hope to use local labor and businesses in their project. Mr. Finnegan advises that, as of a few months ago, they had spent roughly \$776k in Orange County using Orange County labor. Today, they are close to the \$2M mark, including all sorts of OC businesses. During the construction, if there was close call, it went to the best qualified OC business.

Ms. Rogulski asks about the demand for their product. Mr. Finnegan notes that both DOD for West Point and Hunts Point are under contract, and that there is very high demand for the product – almost more than they can produce at this time. He also notes that, by their choice, 50% of their employees will be veterans.

### **OCBA Report**

Mr. DiTullo begins by reiterating that Continental Organics was the OCBA's first client, who began in November 2009, and is a wonderful success story for the Accelerator.

Moving on, Mr. DiTullo notes that this is the Accelerator's 90<sup>th</sup> week. He mentions that July YTD numbers are included in the packet and he will answer any questions. He also notes that he provided a check nearly \$32k. Every quarter the revenue that they receive from their clients, they redistribute to the IDA.

In terms of client news, in addition to the news Mr. Finnegan already shared, Mr. DiTullo notes that Frugaldoo has completed their second expansion at the Accelerator. Every day they are signing up new merchant participants, and they have moved into the 1000 square foot space in the Accelerator. Mr. DiTullo notes that Bill and himself will be on WGNV radio.

Peter Gregory and Mr. DiTullo have been speaking with prospects. One is a resident client prospect, who is a young industrial designer who has already designed and produced a product. He will come to the accelerator, and may use some machines at the airport. They also have one associate prospect at this time.

Regarding marketing, he reiterates that they have reformatted their home page, and now have Google Alerts. The Alerts note that visits have increased by 30%, the page views have increased by 52% and the amount of time that people stay on the website has doubled since the reformatting and addition of content. The OCBA video continues to be popular on the website, and they've added some footage from the IDA video into it. Additionally, the Orange County Business Accelerator's 2<sup>nd</sup> anniversary is in November, and at that time they will be publishing a magazine.

In September, their ads in Hudson Valley magazine will premier. Three half page ads will appear in September, October and November.

Mr. DiTullo notes that he is on the Board of Governors for Empire State College, which is part of the SUNY system. In October there will be a conference for all business and MBA students and they have asked Mr. DiTullo to provide the keynote address, which he believes will be great exposure for the Accelerator and Orange County.

Mr. Crotty asks Mr. DiTullo about the commercial he suggested at the last meeting. Mr. DiTullo explains that he would like to produce a 1 minute commercial specific to the IDA (with some reference to the Accelerator). Working with Focus Media, 1000 spots (on Fox, ESPN, Yes, etc) during the prime television month of September would cost \$15K. For a mere \$3K, Focus Media will produce the commercial within a week, using the already-produced IDA video by extracting appropriate amount of material. Mr. DiTullo notes that we're taking a product that the IDA already paid for and giving it new life. There is an option to expand into other NY counties, as well as into CT in the future, but the area being covered at this point is all of the households in Orange County. Mr. DiTullo explains that the intent here is to create awareness for the IDA. Ms. Rogulski agrees. The ads will go to Cablevision and Time Warner. Chairman Petro polls the board for their support of the \$18k for the ads, and all members present offer their support. The IDA will pay Focus Media directly for the ads.

## **Discussions**

Chairman Petro asks to discuss the Governance Committee's findings.

Mr. Brescia begins with The National Purple Heart Hall of Honor. The Governance Committee's recommendation is to approve the \$5k differential in the misquote for the cost of the 2500 Purple Heart coins. Mr. Crotty reads the Purple Heart resolution aloud. Motion made by Armistead, seconded by Brescia to approve the resolution. Open for discussion. Affirmative votes of all members present resulted in motion carried. Resolution adopted.

Mr. Brescia goes on to note that the Governance Committee's recommendation is to approve the \$13.2k in funds for travel to investigate the \$43k grant that SUNY is requesting for training. Mr. O'Donnell and Mr. Crotty will be traveling to Ohio and Iowa to explore job specific training at community colleges in other states. There is another community college in Maryland that is also using the training program, which may be more beneficial than the Iowa trip; that being said, the trip to Iowa may be exchanged for a trip to Maryland. Ohio in particular has 41 specific programs to address the needs of 41 specific companies.

Mr. Armistead noted that he is in support of the idea of career specific training, noting that there was much success in Crystal Run Village, Crystal Run Healthcare and Orange Regional with training programs that SUNY has offered in the past.

Chairman Petro asks how the amount was calculated. Mr. O'Donnell advises that Mr. Green of SUNY originally requested \$20k for 3 trips with 6 personnel. Mr. O'Donnell said there was no need for 3 trips and 6 personnel, and 1/3 was taken out of the \$20k, arriving at \$13.2k.

Mr. O'Donnell also notes that the \$13.2k is part of the entire \$43K request, and rather than approving the entire request, they are looking to approve a portion of the request to seek out the validity of their request.

Mr. Crotty reads the resolution aloud. Motion made by Schreiber, seconded by Rogulski to approve the resolution. Open for discussion. Affirmative votes of all members present resulted in motion carried. Resolution adopted.

Mr. Brescia also noted that HVADC was before the Governance Committee to discuss their grant. They will fine-tune their request and bring it back to next month's meeting for \$75k over 3 years.

Museum Village is going to County Executive's office to discuss details before it comes back to the IDA.

PTAC was not present at the meeting, but Chairman Petro noted that if they were ready to return to the board at next month's meeting, they will be on the agenda.

Meghan Taylor offers an informal OCP report. She notes that there are a few large, big box sites interested in the Hudson Valley Crossings site, and that OCP is working with the County Executive's office on said projects. She notes that one project is 1.3M square feet with a \$120M capital investment, and the other project is 1M square feet with a \$90M capital investment. Job creation on the two projects is anywhere from 600-1200 depending on which job.

There is a Project Red Box which will most likely be before the IDA within the next month or so. They're looking at land at Stewart to build a 10k square foot facility, and with 30 jobs created.

Ms. Rogulski asks for an update on the Warwick project. Ms. Taylor advises that they were just approved for the ground testing they wanted to do, and should be done within a week and a half. Once the results are obtained, closing should be within a month.

### **Newburgh Armory – Revised Resolution**

Mr. Crotty advises the board that the previously adopted for the Newburgh Armory is being revised because the Newburgh Advocate raised some questions about the disbursement of funds to the Armory. Misty O'Donnell, Petro and Crotty discussed the matter and opted to seek council from former County attorney Rick Golden. He provided the opinion that, especially tourism related projects, which are also in the realm of construction, reconstruction or equipment, are definitely okay to fund, but should be funded in one of two ways. One, provide the money directly to the municipality (which, in this case would be the City of Newburgh) which would then distribute it to the not for profit organization. Two, to make payment arrangements directly with the contractor. In this scenario, the contractor would submit a voucher directly to the IDA, and the IDA would pay the contractor directly, which Mr. Goldman feels is the best option, and is how this IDA would like to proceed. Chairman Petro provides the example that if the Armory installs flooring, the contractor would send the bill to the IDA rather than to the Armory. The IDA Administrative Assist would make the check out directly to the contractor, and keep track of all monies paid and apply it towards the value of the grant.

Mr. Crotty reads the resolution aloud. Motion made by Brescia, seconded by Rogulski, that the Board approve the revised resolution. Open for discussion. Affirmative votes of all members present resulted in motion carried.

### **Mid Hudson Valley Federal Credit Union – Preliminary Resolution**

Wayne Winkler of Mid Hudson Valley Federal Credit Union and John Capello, their attorney, spoke on behalf of MHVFCU. The project is at the Newburg Plaza on Union Ave, there is an existing gas station and convenience store on 300, which will be demolished to make way 3,900 square foot

Mid Hudson Valley Federal Credit Union branch office. They have all of their approvals in place, have all applications in, and expect to obtain a building permit within the next few days.

Chairman Petro asks what MHVFCU is requesting from the IDA, and is advised by Mr. Winkler that they're seeing a 10 year PILOT. Chairman Petro notes that, by getting their permit within the next few days, it seems a little late to approach the IDA. He goes on to explain that he's been asked why businesses that will move to Orange County anyway should reap the benefits of the IDA. Mr. Capello notes that they were in a unique situation where the plaza had approvals to replace the building with another structure. The process of approvals was only about 60 days, which hurried along the process significantly in moving from their headquarters in Ulster.

Chairman Petro advises that they will need a letter of approval from both from the Town of Newburgh, as well as a letter of support from the school board. He explains that if the school board were to speak out against it, it would make it difficult for the IDA to justify the incentives.

Mr. Winkler mentions that they are working on building 3 other projects in the area, and asks how soon they should approach the Board in the future. Chairman Petro advises him that they can approach the Board at any time, and that they will need approval letters for each project, but that he looks forward to the next three projects.

Chairman Petro advises that a public hearing (which is mandatory by law in the town of Newburgh) will be scheduled.

Mr. Crotty reads the resolution aloud. Motion made by Brescia, seconded by Schreibeis, that the Board approve the initial resolution. Open for discussion. Motion carried with four ayes and 1 nay. Resolution adopted.

### **Other Business**

No other business.

Meeting called for adjournment by Chairman Petro, seconded by Mr. Armistead, the time being 4:10 p.m.