

# ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## MINUTES

September 21, 2011

A regular meeting of the Orange County Industrial Development Agency was convened in public session on September 21, 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, John Steinberg

ABSENT: Henry VanLeeuwen

ALSO PRESENT: James O'Donnell – Executive Director  
Joel Kleiman – Chief Financial Officer  
Phil Crotty – IDA Attorney  
Laurie Rendleman – Administrative Assistant  
Maureen Halahan – Orange County Partnership  
Meghan Taylor – Orange County Partnership  
Marge LaPerle – Orange County Partnership  
Alan Seidman – Chairman of OCP  
Michael DiTullo – Orange County Business Accelerator  
Peter Gregory – Orange County Business Accelerator  
Michael Smith - CRG  
Andrew Porter – Newburgh Advocate  
James Walsh – Times Herald Record  
Christopher Eachus – Orange County Legislature  
Tom Fitzgerald – Provident Bank  
Fred Flitsch – FutrFab  
Christine Sadowski – YWCA Orange County  
Dominick Fiorille – Times Herald Record  
Richard B. Golden – Special Counsel to IDA  
Pat Berardinelli– Orange County Legislature  
Donald Green – SUNY Orange  
Jacob Markowitz – Superior Packaging  
Chris McKenna – Times Herald Record

Chairman James Petro calls the meeting for the Orange County IDA, September 21, 2011 (Pledge of Allegiance is recited). Board consists of six members. There is a quorum.

Review of the prior August 17, 2011 meeting minutes. Motion made by Schreibeis, seconded by Rogulski 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 he would like to review three items: Approval of vouchers/payments, the cash and investment portfolio and the proposed budget. Mr. Kleiman distributes cash and investment statements. Total cash and investments total just under \$8M. Mr. Kleiman then calls attention to the voucher and payment schedule in the packets; the IDA received \$250,163.90 in August, which includes the Application Fee from Mediacom in the amount of \$213,850.00. Mr. Kleiman then advises the Board that the terminology of "Application Fee," as it applies to final fees paid to the IDA, will be changed to "Closing Fee." One more invoice, in the amount of \$1282.50 for Burke Miele & Golden, LLP, is added to the statement.

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

Mr. Kleiman then distributes the 2012 Proposed Budget. Chairman Petro advises the Board that the Budget must be filed by October 31, and would like to approve the proposed budget today, which was reviewed by the Audit Committee prior to the regular IDA meeting. Mr. Kleiman met with Chairman Petro to prepare a draft budget and made several changes to the budget at the Audit Committee meeting, which he then details. The first revision is in verbiage: "Application Fees" refer to the amount of monies expected at closing; "Fees" denotes monies from IBM. Going forward, Application Fees will be referred to as "Closing Fees." Mr. Kleiman then notes that there was a change in the Fees column, due to the fact that IBM has claimed they overpaid the IDA this year, and the agreement is that, if there was an overpayment – which is being researched now – the IDA will not refund IBM, instead, IBM will reduce next year's payment to the IDA. Including what's anticipated from the Accelerator, the approximate revenues are \$1.9M. Additionally, the word "Grants" as it appears in the budget will now be replaced with the word "Projects." And the Projects field includes \$100K for the Newburgh Armory. After detailing all changes, the total expenses now are \$1,518,630 and the revenues exceed expenses by approximately \$400K.

Chairman Petro notes that he has reviewed the budget, as has the chairman of the Audit Committee, and he recommends to the Board that the budget be accepted as presented. Chairman Petro goes on to advise that it is not *necessary* to accept the budget today, as it does not have to be submitted until October 31.

Motion made by Steinberg, seconded by Brescia, that the Board approve the budget for 2012 as presented by Mr. Kleiman. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Chairman Petro commends Mr. Kleiman on his work; Mr. Kleiman advises that he will issue the adopted budget to all members for review, prior to his submitting the budget to New York State through the PARIS system.

## **Chairman's Report**

Chairman Petro introduces Christine Sadowski from the Orange County YWCA. Ms. Sadowski advises the board that she is visiting the IDA today to tell the Board about exciting business developments that involve women and families across the county. The YWCA has opened a window cleaning franchise. One of the YWCA main focuses is to work with women and families to

move into jobs with more self-sustaining wages, particularly in the area of skilled-labor employment. There is a preparatory course of 8 weeks to teach women skills with tools, language around the unions, and what their opportunities are, among other things. Currently, they are also working with Steve Knob at Employment and Training to also do workforce development, job shadowing and mentoring. They are two months into operation, and have roughly 80 customers; The YWCA retains the profits.

### **Executive Director Report**

Mr. O'Donnell notes first that he met with the Deputy Commissioner of DOT and the Port Authority – also with Senator Larkin present – on the \$255K owed to the IDA by the Port Authority for the property at the airport. The issue will be presented to the new Commissioner, and Mr. O'Donnell believes to have progress before the next meeting.

There have been two ribbon cuttings since the last meeting. Mediacom is well on their way to building their \$41M headquarters in Blooming Grove, and Continental Organics has made progress as well. Additionally, Mr. O'Donnell advises that the Mid Hudson Regional Economic Development Council will be having a Public Forum at the 911 center in Goshen, and encourages the Board members to attend. Lastly, Mr. O'Donnell would like to inform everyone that the Orange County Government is running smoothly, with the only department still missing being the DMV office in Goshen. That department is still displaced due to the flooding and subsequent closure of the government center, but there are 3 other DMV offices in the county.

Mr. Crotty then advises that, with regard to CPV, the Hamptonburg fire district is looking for information on the Girasole report. They filed an appeal to their original FOIL request. Mr. Crotty considered their appeal, but denied it and issued a letter – which was included in the packet for the month. Chairman Petro notes that the PILOT agreement with CPV is still in negotiations. Mr. Crotty then moves on to address the Focus Fund – a venture capital fund for the IDA, which had an OK to proceed in July 2009. Mr. Crotty and Mr. O'Donnell met with Russ Vernon this week, and then Mr. Crotty set up a meeting between Mr. Vernon and an investor and advised him that the IDA would like conclusion on the project by December 31.

### **OCBA Report**

Mr. DiTullo explained that all members have copies of the budget and financials, and advised the members to contact him if they should have any questions. Regarding marketing, the OCBA and the IDA had a booth at the Orange County Chamber of Commerce Expo, which yielded some leads and a lot of good feedback from other Expo attendees. Additionally, there have been two Hudson Valley Magazine ads that have run, with one more running next month, which will also reflect the updated address for the Accelerator. OCBA magazine should be published in early November. Lastly, OCBA provided a guest column to the Times Herald Record, detailing the DNA of a successful entrepreneur.

In terms of client news, there was a new client signed last Friday: Two veterans who comprise a new business called ITS3, which is a training program for Veterans specifically in cyber-security. ITS3 works with two major data centers in New Jersey, and Mr. DiTullo believes that this new business relationship will provide a new contact within those data centers. Additionally, new resident client, John Anthony Gargiulo, who made a name for himself in Hollywood, is now working on a \$15M project called the Hudson Valley Brewery.

Chairman Petro asked Mr. DiTullo to detail his availability in the Accelerator at this time. Mr. DiTullo advised that Hudson Valley Brewery will share one suite with Connected Contractors. There is also a co-working room, where associate clients can meet. There is also always a possibility of using the co-working room as a suite (and associate clients can meet in any of the conference rooms) and also the option to expand upstairs. Chairman Petro also inquired the status of the planned commercial and when it will air. The commercial should be launched in the middle of November – on or about November 15 – to the middle of December. Finally, Mr. DiTullo advised that the road sign identifying Crotty Lane has been erected.

Mr. DiTullo then introduced Fred Flitsch of FutrFab. Mr. Flitsch advised the Board that FutrFab has a portfolio of patents – in progress and established – which have to do with the design of industrial fabricators that are used to make high-tech products, such as semi-conductors and computer chips. FutrFab is developing business plans, and is focused on building test facilities for the product, which will allow for small-volume manufacture. In terms of Orange County, Mr. Flitsch would like to be located within the Stewart Airport grounds, due to the existing transportation logistics as well as the space available.

### **OCP Report**

Ms. Halahan offers updates on projects:

\*Project Shield: A firm seeking 25-30 acres, 360K square feet, 100-110 jobs for manufacturing and distribution. They will be back the first week of October to meet with the developers of Hudson Valley Crossings. The County Executive and Mr. O'Donnell have met with the site selector for that project, and it will likely be an IDA project.

\*Project Park Place: A Warwick research and development company should close on October 20. Average salary for the 13 jobs they are creating is roughly \$183K, with a \$19M capital investment. Environmental testing is taking place now.

\*Project Rocky: 1.3M Square foot distribution center looking at Hudson Valley Crossing, but has been very quiet. Ms. Halahan will advise if anything surfaces.

\*Project Blue: Beverage production facility, in the Echo Lake area, is still active, and likely an IDA project.

\*City Waste: A 10K square foot facility looking to build on the Stewart Airport property. 30-35 jobs created. They are going through their DEC application, and will be an IDA worthy project.

\*Project Yellow: 1M square foot distribution center with 1200 jobs created and a \$90M capital investment which is also interested in the Hudson Valley Crossings site.

Ms. Halahan then advises that 6 projects have closed to date, and they have worked more than 60 leads. They average about 12 site visits per month. She goes on to report that, unfortunately, Savannah pulled out of Montgomery, which was a huge loss for the town. They had compiled several sites along 17k, but they were unable to get local approvals due to new setbacks and regulations. When they lost the scale they were able to develop, the Planning Board had the national company start all over, and the company decided to leave.

Ms. Halahan offers a marketing presentation, which was to the OCP's Board of Directors. The presentation highlights the OCP's efforts to target site selectors and commercial brokers, as well as new businesses. Additionally, Ms. Halahan points out the OCP's trade show presence, as well as their print, direct marketing and international campaigns. There is an OCP newsletter, and they have a strong Facebook presence, as well as banner ads on the Wall Street Journal website, among others. There is also a TV commercial which will launch shortly.

### **Discussions**

Mr. Crotty addresses the Board with regard to IDA Grants and disbursing of funds. He advises that this began with the Newburgh Armory situation a few months ago, and the IDA - along with Attorney Golden - has determined two categories of disbursement of monies: One is *projects* – brick and mortar construction, reconstruction or equipping something (e.g. Newburgh Armory with a new roof, or the Montgomery Firefighters Museum which needed construction). The second category is for softer costs. For example, The Orange County Partnership, HVEDC, Pattern for Progress, PTAC, and Hudson Valley Agribusiness would all like funds to run their operations, and the IDA has been trying to make sure that they don't just get operating money, but that they get funds toward specific projects. Mr. Crotty then invites Attorney Golden to discuss how the IDA will channel its funds to those entities in a more restricted fashion.

Attorney Golden passes out to the members and refers to McKinney's General Municipal Law 858, and explains that it relates to IDAs in that it makes sure the IDA uses its funds to carry out its rather broad, but not unlimited, powers as described in state law. Recently, it has been made clear by the Comptroller that they don't want to see unfettered grant monies being handed out for generalized aspects of various organizations. And the reason behind the concern is that many of the organizations have *some* of the same purposes of the IDA, but they also have different purposes than the IDA. The comptroller wants to make sure the IDA funds are being used only for the purposes the IDA also has, which the IDA is *allowed* to fund. The purposes, as detailed in the Municipal Law 858, are: *to promote, develop, encourage and assist in the acquiring, construction, reconstruction, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research and recreation facilities including industrial pollution control facilities, educational or cultural facilities, railroad facilities, horse racing facilities and continuing care retirement communities*. Attorney Golden notes that it is important that the purpose of the funds fall within those guidelines. The next important part is, of course, how those funds are disbursed. The comptroller has taken a position that it is not acceptable to write a check as an unrestricted grant. There are various solutions to this, one of which being that an agent can be appointed by the IDA to carry out these particular functions within the receiving organization, and the compensation would be fixed by the IDA; As long as agent is carrying out the purpose of the IDA, it is perfectly acceptable. Attorney Golden suggests that the applications need to be more specific as to how they will be utilizing the funds, and how they will be consistent with the purpose of the IDA; And then what person would be designated as an agent of the IDA to carry out those purposes.

Mr. Crotty then offers Maureen Halahan and the OCP as an example: The IDA knows how aggressive the OCP is in drawing business to Orange County. If Maureen's salary, for example, was \$150K with benefits, and the IDA determined that 2/3 of her time is being dedicated to IDA purposes, then the IDA could write a contract for that \$100k per year, in which she certifies that she'll be attracting business to Orange County as the IDA's agent, and the IDA disburses the funds accordingly. Attorney Golden advises that, minus a few details, that is a good example of the structure going forward. Mr. Crotty then clears up that "educational facilities" are still an allowed purpose. Attorney Golden agrees, but reminds the board that it must be along the IDA's purpose. It can be an educational facility, but the work must be done to promote, develop and encourage growth. Attorney Golden notes that a request as broad as "money to apply for more grants" is not specific enough. Ms. Rogulski notes that, while the IDA has always granted monies to fund the IDA's purpose, the disbursement is now the area to which attention must be given. For example, she says, if the Armory needs money for a roof, the IDA would not just give them a check for the full amount; Now after the expense is incurred, the IDA will give monies for those particular expenses. Mr. Brescia and Mr. Crotty then note that, going forward, "operating expenses" are not sufficient requests.

Moving on, Chairman Petro notes that Ron Hicks from PTAC is not present, nor is HVADC.

Chairman Petro asks Mr. Crotty to go over Orange County Choppers Real Estate. Mr. Crotty advises the room that Choppers has defaulted on their payment to GE Capital, the IDA was named on the lawsuit because of its involvement in the title process. There is no risk to the IDA, but the Town of Newburgh has taken an aggressive position against the company, and there is a 30 page summons to the County Clerk and the IDA will be getting a copy of it for informational purposes.

Chairman Petro also notes that Mid Hudson Civic Center Ice Time wanted to attend, but failed to show. Chairman Petro gives a brief overview of the project: the individuals who wanted to come in own the Mid Hudson Civic Center in Poughkeepsie, and are looking to purchase the Ice Time rink and pavilion in Newburgh and reopen it, and wanted to see what the IDA could do.

### **SUNY/Orange – Advanced Manufacturing Program**

Don Green advises the Board that, since funding was approved last month, Don Green, Mr. O'Donnell and Mr. Crotty, along with Steve Knob, will be going to visit Lorraine County Community College on November 3<sup>rd</sup>. The Advanced Manufacturing Council of America referred Mr. Green to Lorraine County Community as an example of the program. Mr. Green will be making day trips and doing more research to gather even more information for the project. Mr. Green then clarifies that the program will produce qualified workers for manufacturing that Orange County needs.

### **Tuxedo Place – Revised Resolution**

Mr. Crotty advises that the Bond Counsel requested the resolution to change the trustee from an institutional trustee to an individual banker trustee.

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

### **Superior Packaging – Preliminary Resolution**

Jacob Markowitz of Superior Packaging introduces himself, and goes on to advise the Board that Superior Packaging is a food packaging company in Cornwall, which was devastated by Hurricane Irene; a small, dry creek bed filled and took out a wall of their building, filling the business with “millions” of gallons of water. Their business is with some of the largest candy companies in the country – Hershey's, Mars, etc. – and during the height of their season employs 350-500 local people. Irene cost them \$3M of inventory, which belongs to their customers, \$2.5M-\$3M in machinery, along with 350-500 Orange County jobs. Mr. Markowitz contacted Mr. O'Donnell – who visited the site – and has also tried to negotiate a new lease on another building in Orange County (the new building sits in both Harriman and Monroe counties). Mr. Markowitz advises the board that the insurance company has denied coverage because of lack of flood insurance, and though they have contacted FEMA and the SBA for assistance, those processes are long and will not kick in quickly enough. In order to save the jobs – and create more jobs – Mr. Markowitz would like to move as quickly as possible to retrofit the new site so that his business can start again as soon as possible.

Chairman Petro reminds Mr. Markowitz that the IDA does not give loans, and because he is a for-profit organization, project funds wouldn't apply to him. A PILOT would only be applicable if there

was new construction, or created increase of assessment on an existing site. Chairman Petro then advises Mr. Markowitz that, because of the fees involved with coming to the IDA, he would need to do a cost benefit analysis, to ensure that working with the IDA would be a sound financial decision for the company.

*[Mr. Brescia exits the meeting]*

Mr. Markowitz advises that they will be taking an old plumbing supply warehouse and upgrading it to a food-graded facility – an air conditioner, new floors, electricity, drainage, etc. They will be purchasing new equipment due to the damage done to their existing equipment. They will also have the ability to add an additionally 100k square feet – if they get assistance from the county, state and federal government.

Mr. O'Donnell addresses the Board and notes that he visited both the old and new sites, and has been in touch with the mayor. He advises Mr. Markowitz that he will help him do the cost-benefit analysis and help determine the benefit and the PILOT, and how they can help. He advises Mr. Markowitz that the IDA will help as much as possible.

Mr. Markowitz then informs the Board that Superior Packaging might be responsible to recover the \$3M in inventory due to their customers; if they're asked for \$3M, he says, Superior Packaging will just close its doors. The deal currently being negotiated with the customers – the candy companies – is that the customers will double the business given to Superior last year, and Superior will credit them to recover the part of the loss that they are responsible. That being said, it is not only a job retention issue, it is also a job creation issue, as they will need more employees to cover their doubled work load. Additionally, four of their biggest companies, are all located between New Jersey and Pennsylvania, and they are working with *their* local towns to find a place for Superior to create and satisfy their doubled business, and if Orange County New York can't offer assistance, Superior will look into alternatives that the candy companies offer.

Mr. Markowitz asks if there is a way to waive or postpone the \$5K IDA fee. Superior Packaging is very cash-strapped at the moment, and hope that down the road they will get the SBA loan they've applied for, but as of now, every penny counts. He would like to be back in production within the next 2 weeks. Chairman Petro says that normally there is no option to waive or postpone the fee, but because it is hurricane related, and after a quick discussion with the Board – who all agrees – Chairman Petro advises Mr. Markowitz that the fee will be postponed. He also notes that a public hearing will be necessary.

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

### **Other Business**

No other business.

Meeting called for adjournment by Chairman Petro, seconded by Mr. Steinberg, the time being 4:55 p.m.