

# ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## MINUTES

December 21, 2011

A regular meeting of the Orange County Industrial Development Agency was convened in public session on December 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, Robert Armistead, Mary Ellen Rogulski, Robert Schreibeis, Stephen Brescia, John Steinberg, Henry VanLeeuwen

ABSENT: None

ALSO PRESENT: James O'Donnell – Executive Director  
Joel Kleiman – Chief Financial Officer  
Phil Crotty – IDA Attorney  
Laurie Villasuso – Administrative Assistant  
Maureen Halahan – Orange County Partnership  
Michael DiTullo – Orange County Business Accelerator  
James Walsh – Times Herald Record  
Don Green – SUNY Orange County Government  
Kristen Jensen – Office of the County Executive  
Ron Hicks – PTAC  
Patrick J. Berardinelli – Orange County Legislature  
Melissa Bonacic – Orange County Legislature  
Christopher Eachus – Orange County Legislature  
Mike Anagnostakis – Orange County Legislature

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

Chairman Petro welcomes everyone to the meeting and notes for the record that Misters Berardinelli and Anagnostakis of the Orange County Legislature are in attendance at today's meeting.

Review of the prior November 16, 2011 meeting minutes. Motion made by Steinberg, 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, advises that there are two reports and two action items. He asks the members to refer to the Schedule of Bank Accounts, Certificates of Deposit and Money Markets as of November 30. He notes that a CD matured 12/21 for \$2.3M. The November Income Expense Summary

report details that to date the IDA has \$1,609,000 in revenue and \$1,246,000 in expenses, and revenues exceed expenses by \$362K.

Mr. Kleiman then distributes bids for the maturing CD, which details rates solicited from 12 banks for 12 month CD and Money Market accounts. Maturing, \$2.3M at 0.45%, and the highest bid received was 0.50% for a 12 month CD. He notes that the rates have increased, albeit by .05%, for the first time in a year. He and Chairman Petro agreed to accept the 12 month CD at 0.50%, which was at Orange County Trust. Chairman Petro reminds the members that there is no Audit Committee meeting held to discuss the CD rates and investment because, by law, the CD must go to the highest bidder.

Mr. Kleiman moves on to the Vouchers and Payments. The total at listed for November's Vouchers and Payments is \$125,037.84, but Mr. Kleiman notes that there will be one addition in the amount of \$5,313, which is a check to Marshall and Sterling for Directors and Officers Insurance, which brings the total to \$130,350.84.

Mr. Crotty notes that the D&O Insurance is has been increased to \$5M.

Motion made by Brescia, seconded by Schreibeis, that the Board accepts the new CD, the financial report and authorization of payments and vouchers for December, 2011. Open for discussion. Affirmative votes of all members present resulted in motion carried.

Mr. Kleiman adds that the IDA has engaged an audit firm, Judelson, Giordano & Siegel, to audit the IBM payment received by the IDA. Mr. O'Donnell reminds the members that traditionally the IDA received checks from IBM for roughly \$750K, but this year the IDA received a check in the amount of approximately \$940K. IBM claimed that they overpaid the IDA this year by about \$450K. Judelson, Giordano & Siegel is going to find out exactly what we should receive from IBM in the future. Chairman Petro asks what the fee for the audit will be, and Mr. O'Donnell informs him that it will be an hourly rate, as JG&S does not yet know how detailed the audit will be.

The second engagement is for JGS to perform the IDA annual audit for the year ending 12/31/2011. The state allows for a specific timeframe to complete the audit and have it electronically submitted via the PARIS system. Mr. O'Donnell notes that the fee for the annual audit will be \$11K, which is the same fee the IDA paid last year to a different firm.

Ms. Rogulski asks if there is a reason a different firm is being used this year, and Mr. O'Donnell answers that it is recommended that the IDAs change firms every five years.

Chairman Petro notes that one of the vouchers for the Newburgh Armory is Petro Plumbing and Heating, and states for the record that Petro Plumbing and Heating is in no way associated with Chairman Petro, and he has nothing to do with that company or project.

Chairman Petro notes for the record that Ms. Bonacic, Majority Leader of the Orange County Legislature, is attending the meeting.

Chairman Petro then advises the room that he will be moving around on the agenda today, as not all members will be able to stay for the whole meeting.

## **GE vs. Orange County Choppers Resolution**

Mr. Crotty advises the members that GE has cut a deal with Orange County Choppers, to all parties' satisfaction. As part of the deal, Choppers has agreed to pay the IDA's legal fees. Mr. Crotty notes that no jobs will be lost. Mr. Steinberg asks if OC Choppers is deeding the property back to GE, and OC Choppers will now be a tenant, and Mr. Crotty confirms it. Chairman Petro notes that the PILOT will not be affected in any way, and will stay in full force. Mr. Armistead notes that the name has changed, but it is noted that the principles remain the same.

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

### **PTAC Resolution**

Mr. Hicks introduces himself as the president of Rockland County Economic Development Corporation, which has the contract with the Department of Defense, and the Procurement Technical Assistance Center is their tool for the Hudson Valley. PTAC was established in the 1980s by the federal government to encourage businesses to do more business with government. PTAC helps businesses in the lower Hudson Valley contract with government from local to federal levels. PTAC has expanded its service in the county, and now offers office hours along with equipment that allows them to go on location with businesses. Their clients do about \$250M in contracts annually. Orange County represents about 23% of the clients, and provides about 8-10% of the funding. The DoD provides a match to Orange County's funding and PTAC/RCEDC makes up the difference. Mr. Hicks provided the IDA with a contract for counseling services this year which detailed the specific needs and services provided by PTAC for the IDA, which totaled \$23,396.

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

### **Chairman's Report**

Chairman Petro advises the room that he will begin working for the Town of New Windsor on January 23<sup>rd</sup>. His title will be Planning and Zoning Coordinator, with his prime area being the Stewart airport area.

### **Executive Director Report**

Mr. O'Donnell advises that Marketplace is still moving forward, although more slowly than expected. He points out that Kristen Jensen from the County Executive's office is in attendance, and that she will be putting out a press release highlighting the IDA's accomplishments for 2011. He goes on to note that Senator Schumer had a press conference at Continental Organics, and he had high praise for the Business Accelerator.

### **OCBA Report**

Mr. DiTullo begins by noting that Continental Organics was signed to the Accelerator two years ago to the day – they were signed on the 21<sup>st</sup> of December 2009, and began operating on January 2<sup>nd</sup> of 2010. The Accelerator has been operating for 25 months, has had 162 inquiries, he and Peter Gregory have reviewed 72 business plans, and have 18 clients with 62 people currently working out of the Accelerator.

Moving on to the financials, Mr. DiTullo highlights the fact that Orange County Business Accelerator has met their budgeted amount through November. And through the end of the year, the Accelerator will be at

roughly \$145K in revenue, which will go back to the IDA. Chairman Petro asks Mr. DiTullo to explain the Associate Client Program. Mr. DiTullo advises that there are 9 Associate Clients at the moment, and the program offers all of the benefits of being a resident client, without renting square footage. There is a reduced fee based on their requirements and the amount of time Mr. DiTullo and Mr. Gregory will need to spend with the client, and that fee is generally between \$300-\$600 per month. So, while the Accelerator receives an income from associate clients, they do not have to give up square footage.

OCBA events had 3 events in the month of December, and they've had roughly 100 people between the events. They have had 68 events since the opening, and are currently organizing next year's events, and they will cosponsor an event at the Hilton Suites on January 17. The other events, which will take place at the Accelerator, will begin at the end of the month.

The Orange County Business Accelerator Magazine was launched a few weeks ago, in recognition of the 2 year anniversary. Roughly 2,000 copies have been distributed. The IDA commercials finished their run last week, and numerous people commented on seeing the ads in addition to a few soft leads generated from the ads. The focus of the ads, again, was to let the people of Orange County know what the IDA does. At the next status meeting with Focus Media, they will do an evaluation and perhaps make a recommendation for ads going forward. OCBA did book three months of ad space on midhusonnews.com, and when that banner ad is clicked, visitors will be taken to the IDA commercial.

The website continues to see increases: 22% increase of visits, and 50% increase in subscriptions to the blog. There is, additionally, a homepage makeover in the works.

There are 2 new associate clients in the Accelerator. The first is Sugar Websites, and 18 month old company with three employees, has specified times and days for the co-working room. Parallel Media is the second associate client, and it was founded by an ex-executive producer at CNN, and it is a web based newspaper based out of Cornwall, and is looking to go national. A new resident client is in the works as well, and it is a solar company.

Finally, Community Capital Resources, who administer four revolving loan funds, have business hours at the Accelerator every Tuesday from 9 – 12. They've now met with 9 clients of the Accelerator, and have even begun the origination process in some cases.

Chairman Petro asks how the Accelerator is doing on available space. Mr. DiTullo advises him that while they're mostly full, but has reached out to E-Guardian, who has a suite but does not use often at all anymore, if they would be interested in becoming an associate client. If they are, it would free up their space for a new resident client.

### **OCP Report**

Ms. Halahan advises the Board that OCP has had four site tours in the past two weeks. Normally, she says, this is a quiet time of the year, but there has been an definite upswing in activity. Ms. Rogulski confirms that she's noticed an upswing in her industry as well. One site tour was within the last forty-eight hours, with a company for whom OCP is partnering with HVEDC and Empire State Development. It is a distribution facility that must be within one day of shipping to New York City, and is looking for a 300K square foot facility, with the possibility to expand to 500k square feet in the first few years. They were interested in once site and will revisit with members of the corporate team. The project could result in about 150 employees.

Ms. Halahan offers updates on projects:

\*Project Gray: An international company looking to move their manufacturing facility to the US. They manufacture cement structures to build tunnels. Currently, they manufacture in European countries, but now they have a relationship with the MTA. They need to be in a few areas, and are looking in PA now as well as a building in Orange County. Their capital investment is approximately \$1.5-2M and 20-25 jobs.

\*Project Firewater: A manufacturer of an alcoholic beverage, focused on building in the city of Middletown. They're negotiating with the city on a building to host their vodka company, which already sells in seven states. OCP met with them this week.

\*Project Shield: They met with the county yesterday, and have also met with central Hudson, Middletown and New Jersey rail. The capital investment is about \$17M, and is for the Hudson Valley Crossings site, although they only need a portion of the site. They also have a Jan 5 planning board date for the Town of Hamptonburgh. Chairman Petro notes that the site already has a 485b exemption that's been approved.

\*The Newburgh Brewing Company: They will be brewing their beer in February of 2012.

Ms. Halahan passes out copies of Site Selection Magazine, where OCP has placed ads. Their subscription base is about 45,000, and of those subscribers, 71% represent the manufacturing field. Additionally, OCP will be in the January issue, and they are hoping to be in print as well.

Mr. Crotty asks Ms. Halahan about Centerline Studios, as their site was affected by recent flooding, and Ms. Halahan advises that they are doing very well.

Chairman Petro compliments Ms. Halahan on the speaker at the recent OCP event, and moves on to echo the sentiment that there has been a noticeable upswing in the borrowing, purchasing and building climate of late, and hopes that the trend continues.

Mr. DiTullo adds that New York State changed its laws last year with regard to distilleries and breweries, noting that it may have an impact on the recent increase in distillery/brewery inquiries.

*[Misters Brescia and Schreibeis exit the meeting]*

Chairman Petro notes for the record that Mr. Eachus has joined the meeting.

## **Discussions**

### **CPV Article 78**

Mr. Crotty reminds the Board that the IDA has been negotiating with CPV, the power plant in Wawayanda, for a number of years. Apparently, CPV now has the Host Community Agreement negotiated with the town, and they are now negotiating their PILOT with the IDA. The local fire district is aware that the IDA is moving forward with CPV, and they would like to see the Girasole Report, which the IDA commissioned for \$25K some years ago. The fire district has requested the report via the Freedom of Information Law (FOIL), but as Mr. Crotty explains, there are some exceptions to FOIL. Mr. O'Donnell, the IDA's FOIL officer, declined their FOIL request, citing the ongoing negotiation between the IDA and CPV. The fire district's attorney appeal to Mr. Crotty, the FOIL Appeals Officer, and Mr. Crotty reiterated that they were not entitled to the report because of the negotiations. Now they have submitted an Article 78, and Mr. Crotty, Mr. O'Donnell and Chairman Petro decided to turn it over to Attorney Rick Golden, who has acted as counsel to the IDA in the past. Mr. Golden's opinion was that it would make sense to provide the Girasole report, but to redact the conclusion because of the ongoing negotiation. Meaning that all information, the raw, in the report would be provided to the fire district. As of yesterday, a redacted Girasole report was sent to fire district's attorney.

Mr. Steinberg asks why they would want the report, and Mr. Crotty notes that, while the fire district on the other side of the negotiation table, he has no idea why they would need it.

Chairman Petro notes that the PILOT is not yet defined. He adds that the good news is that CPV is in town and in talks with the IDA, and hopefully soon a deal will be reached.

### **Micro-Loan Program - OCFC**

Mr. Crotty advises the members to refer to the analysis for the Micro Loan program provided in the monthly packets. In February, the Millennium funds will be directed to the Orange County Funding Corporation. The IDA Board Members are also the Board Members for the OCFC, but it is an entirely separate corporation. It has been determined that, to stay within ABO regulations, the funds will come directly from Millennium rather than having the Millennium funds come to the IDA and then given by the IDA to OCFC. As long as this is approved at the January Board Meeting, February's payment from Millennium in the amount of \$108,000 will be available to make loans. The loans will be for \$25K, at a rate of 1-2% per year, and be offered for one or two years.

Mr. Steinberg asks if we are limited to \$25K per client, and Mr. Crotty informs him that we are not. Mr. Steinberg believes that there will not be significant interest in the amount of \$25K. Ms. Rogulski suggests that \$25K is a good deal of money for a start up, and also that \$25K is an amount that a business would not be able to request from a bank. For the banks, too much time and energy is required to invest in a loan as small as \$25K. She goes on to suggest that Mr. Crotty find out if the OCFC is subject to compliance laws. Mr. DiTullo offers that there is criteria in place, but Ms. Rogulski clarifies that criteria is not the same as compliance; compliance refers to federal regulations which prevent discriminatory behaviors. She suggests that the IDA discuss these issues with established loan funds.

Mr. DiTullo adds that through the years, he has seen many clients who would have been very interested in \$25K, for a multitude of reasons.

Mr. Steinberg notes that at one time, \$55K was granted to SUNY Orange, with the understanding that it would be given back to the IDA. When that money comes back, he and Mr. Crotty agree that it would qualify to add to the loan fund.

Chairman Petro notes that the IDA may not lend its funds, but it may lend funds that it has received as a grant, an umbrella under which the Millennium funds fall. The IDA receives \$108K from Millennium every year, and while we cannot go back and make the \$108K from years past available, the funds going forward will be directly applied to the loan fund. This year's payment, the fourth in a series of ten, will be combined with the \$55K that SUNY Orange returns, and those funds will be available to loan.

Mr. Steinberg asks if the loans are secured. When it is confirmed that they are not, he suggests that the IDA add some future access to ownership as part of the loan agreement. Mr. Crotty advises that a lending board will evaluate risk and make decisions on whether or not to lend funds. Misterys DiTullo and Gregory will evaluate loans at the outset, and loans that they believe are viable will then go on to face a five person committee for approval. Ms. Rogulski adds that the IDA would take a security position so that, in the event of a bankruptcy, the IDA would be in line a secured creditor.

### **Advanced Manufacturing Update**

Chairman Petro begins by thanking Misterys Crotty, O'Donnell and Green for their hard work in coming up with and pursuing this inventive, "outside-of-the-box" plan for Orange County and the Industrial Development Agency.

Mr. Crotty gives a brief overview of the Advanced Manufacturing program, which began in June when Mr. Green visited the IDA, looking for funds to develop a program to teach students how to look for, interview for, and ultimately be offered jobs. At that time, Mr. Crotty had seen articles in the Wall Street Journal detailing the supply of two million jobs in the country that are going unfilled because people aren't trained for them. The available jobs entailed programming computers and software that ultimately fed instructions to machines to create intricate instruments and mechanisms. It was discovered that a need exists for individuals qualified to operate the machines to produce such items. The machines that create the instruments are called CNC Machines, which stands for Computerized Numerically Controlled machines. Mr. Crotty calls attention to an item in the packet from Ethan Allen Staffing, where Ethan Allen confirms that the need exists for CNC operators.

Mr. Crotty also notes that there is a bad image of manufacturing in this country. Young people don't typically look to enter the manufacturing industry, because of the general assumption that manufacturing means smokestacks, not high tech careers. The goal of Advanced Manufacturing is to illustrate that "it's not your grandfather's manufacturing company," it's more closely related to smartphones and technology.

There are a numerous jobs in CNC fields, while there are fewer to no jobs available for people with degrees in literature and philosophy. That being said, there is also a need for additional tutelage in math – geometry, algebra and so forth – in order to even begin the schooling to operate CNC Machines. Hudson Valley Community College believes in a 2 year program, but the plan for Orange County at this time is a one year certificate program, as offered in Lorain County Community College. Perhaps, down the road, it will become a two year program.

Ms. Rogulski offers that, in her experience as a commercial lender, there are manufacturers all over the Hudson Valley using these machines. Mr. Armistead echoes that sentiment. Mr. DiTullo adds that he's discussed forming a focus group with Ethan Allen, and eventually developing an apprenticeship program, where employers can find their future employees through the program.

With regard to marketing the program, Mr. Crotty adds that Orange County Choppers is a company who has the machines, and has offered to promote the program with the IDA, which would bring a level of coolness to the program. They even offered to have students intern at their shop.

Mr. Crotty also notes that there are training dollars available in the form of grants. The plan is to run the program somewhere within the Stewart footprint while it is a one year certificate program. The next step, Mr. Crotty says, is to put together a focus group, and then to set up a meeting with the machine distributor to find how many machines are needed and what restrictions there could be with housing them.

Mr. O'Donnell notes that, at Hudson Valley Community College, of their 45 students who graduated last year, 44 had jobs before they graduated, and one was going on to higher education. Mr. O'Donnell, Mr. Green and County Executive Diana will meet with Dr. Richards to have this program in place, possibly at Stewart, by September. Mr. O'Donnell believes that, by that time, specific companies with specific job offers will be identified.

## **Other Business**

Meeting called for adjournment by Chairman Petro, seconded by Mr. VanLeeuwen, the time being 4:31p.m.