

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

May 19, 2010

A regular meeting of the Orange County Industrial Development Agency was convened in public session on May 19, 2010 at 3:00 P.M. at the Orange County Government Center, 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, Robert Schreibeis, Sr.
Henry Van Leeuwen, Mary Ellen Rogulski, John Steinberg

ABSENT: Robert Armistead

ALSO PRESENT: James O'Donnell – Executive Director
Edda Eller – Recording Secretary/Bookkeeper
Joel Kleiman – Chief Financial Officer
Phil Crotty – Attorney
Lorrie Dana – Administrative Assistant
Michael DiTullo, Peter Gregory – Orange County Business Accelerator
Ed Diana – Orange County Executive
William Lahey – Orange County Legislature
Katelynn Dougherty, Don Green, David Kohn, Michael Gentile – SUNY Orange
Russell Vernon – BVM
Robb Daley, Henry Kroll – Orange County Choppers
Richard Grace – Roadhouse Newburgh, LLC
Richard B. Golden – Burke, Miele & Golden, LLP
Maureen Halahan – Orange County Partnership

Chairman, James Petro asked for a motion to approve April 21, 2010 minutes. John Steinberg asked that the April minutes did not mention that Steve Spiegel volunteered to help with the Breonics issue. He would like it to be in the May minutes. Henry Van Leeuwen made a motion seconded by John Steinberg to approve minutes as presented and the correction be in the May minutes. Affirmative votes of all members present resulted in motion carried.

Chief Financial Officer Joel Kleiman presented the April 2010 financials. He also handed out copies of schedule of investments and Certificate of Deposit sheet. Also presented were the following vouchers and payments: Philip Crotty \$6,125.00 legal fees for March 2010, Edda Eller \$1,875.00 2nd quarter, Nugent & Haeussler \$10,000.00 for 2009 annual financial audit, Orange County Partnership \$52,500.00 2nd quarter. John Steinberg made a motion seconded by Mary Ellen Rogulski to approve financials of April 2010 and also vouchers for payment. Affirmative votes of all members present resulted in motion carried.

Don Green of SUNY Orange handed out a Business Solutions and Professional Development Grant-Funded Training Initiative draft document to members. Both Don Green and Katelynn Dougherty gave a presentation of it. The IDA gave SUNY Orange a 555,269 grant in 2005 to be paid back in 10 payments and by June 30, 2010 any money remaining should be returned to the IDA. The first payment was received in 2009 and the College is asking the IDA to forgive the remaining 9 payments to continue their training initiative. IDA members said to stay with the original agreement but would consider a new grant. Jim Petro and Stephen Brescia thought the document and presentation was very well put together. John Steinberg and Mary Ellen Rogulski said they need a little more time to look over the grant. Jim Petro suggested for the College to send a letter with attachment and present it to the Governance Committee and the IDA will give an answer at the next meeting. Also, Don Green asked to extend the remaining amount until September 30, 2010.

Presented was a Resolution approving Orange County Community College Grant Extension to 9-30-2010. A motion was made by John Steinberg to approve that the November 2005 grant to OCCC be extended until September 30, 2010. Motion seconded by Henry Van Leeuwen and affirmative votes of all members present resulted in motion carried.

The Governance Committee reported that a \$30,000 grant request from the Goshen Historic Track, Inc. for a drainage improvement project was reviewed. It was discussed among the Board members and will be voted on at the June meeting.

Chairman James Petro made members aware of a retail project in the Town of Deerpark. The members should at least entertain an

application and to let the Town Supervisor know to apply before any foundation goes up. Also the IDA is receiving the MVP Award from Orange County Partnership at a breakfast on June 8th with 6 seats given to the IDA. James Petro also informed members that the Orange County Choppers motorcycle acquisition is off the table. Stephen Brescia feels it would have been a great deal.

Recognized was Russell Vernon of BVM asking IDA members to make a 5-year commitment of \$2 million in the Focus Fund and the Fund would raise an additional \$6 million. This would create a Center of Excellence and attract businesses and growth, which Orange County would like to see.

Presented was a Resolution approving IDA \$2 million investment in Focus Fund. Whereas, the mission of this IDA is to promote economic development in Orange County, and to that end has established the Orange County Business Accelerator; and whereas, the IDA has determined the best way to accomplish the mission of the business accelerator is to engage an investment fund dedicated to Orange County, of which one of the principals is a long-term Orange County resident; and whereas, a team from the IDA has visited New Orleans where the proposed fund conducts similar, on-going operations, and the team has provided an affirmative report and recommendation to the IDA; and whereas, Focus Fund officials made a presentation to the IDA at a regular meeting on April 21, 2010, and following that IDA board members have reviewed the Focus Fund material and met with Focus Fund member Russell Vernon at workshops on 5-13-10. Therefore be it resolved that the IDA Chairman is authorized to sign a Letter of Intent with the Focus Fund, indicating as follows: Commit \$2,000,000 to the Focus Fund. (1) Initial closing would be at \$8,000,000, which is 25% of the fund. As additional capital is raised, the percentage would decrease. (2) This capital is not to be called down more than 20% per year. For budgeting purposes, the amount is \$400,000 per year for five years. (3) The capital is to be spent in businesses located or headquartered in Orange County, New York. (4) The Focus Fund will be audited on an annual basis by a Big 4 accounting/audit firm. (5) No expenses or fees will be paid or owed unless or until there is an initial closing. Once the fund has raised its capital and is closed, the management fee is paid by all investors at an industry standard 2.5% on committed capital. (6) The Focus Fund will have an office at the OCBA unless OCBA consents otherwise. Stephen Brescia made a motion seconded by John Steinberg to approve Resolution as presented. Affirmative votes of all members present resulted in motion carried.

Before presenting an Inducement Resolution for Roadhouse Newburgh, LLC Project, James Petro stated that a letter of support from the Town of Newburgh Supervisor should be sent stating it as a tourist destination. Presented was an Inducement Resolution authorizing the Orange County Industrial Development Agency to take title or retain a leasehold interest in a portion of the improvements located at 14 Crossroads Court in the Town of Newburgh, Orange County, New York; appoint Roadhouse Newburgh, LLC as its agent to undertake a certain project; hold a public hearing with respect to the project; negotiate a Lease Agreement, Leaseback Agreement and related Payment-in-Lieu-of-Tax Agreement; provide financial assistance to the company in the form of a Sales Tax Exemption for purchases and rentals related to the acquisition, construction and equipping of the project, and a partial Real Property Tax Abatement through the PILOT Agreement; and execute related documents. Henry Van Leeuwen made a motion seconded by John Steinberg to approve Resolution as presented. Motion carried with 5 ayes and 1 abstain.

Presented was a Resolution to engage special counsel for Breonics, Inc. Whereas, this IDA has a judgment against Breonics, Inc. that was converted into a note dated October 15, 2008 in the amount of \$233,083; and the note contains a default provision that says if Breonics "does not consummate a Qualifying Financing on or before October 15, 2009, then the outstanding principle on the Note shall be converted immediately into shares of the common stock, \$.01 par value per share, at a price of \$3.00 per share, such conversion to occur as soon as reasonably practicable after the delivery of such written election;" and Ernie Green, President of Breonics, appeared before this IDA on April 21, 2010 at its request to discuss Breonics' situation and outlook. Therefore be it resolved Steven Spiegel, Esq. be retained to negotiate the optimal outcome for the IDA with Breonics at the rate of \$275 per hour not to exceed fifteen hours. John Steinberg made a motion seconded by Robert Schreiber to approve Resolution as presented. Affirmative votes of all members present resulted in motion carried.

Michael DiTullo, Managing Director of the OCBA, presented the April financials showing revenues are increasing. So far they have 7 tenants and 2 associate clients paying \$450 a month. A new prospect is E-Guardian System. Next week they are having a working luncheon to set the early stages of drafting a newsletter, first of two per year.

Stephen Brescia made a motion to go into Executive Session regarding pending litigation of Town of Chester vs. OCIDA. John Steinberg seconded motion.

A motion was made by Henry Van Leeuwen and seconded by Stephen Brescia to end Executive Session.

Phil Crotty discussed Ondamed's Investment Memo presented to the IDA at last month's meeting. Henry Van Leeuwen made a motion seconded by Robert Schreibeis to get more information on what exactly is the investment value for the IDA before taking any further action.

John Steinberg informed members of the resignation of board members from the Orange County Capital Development Corporation.

Henry Van Leeuwen made a motion seconded by Robert Schreibeis that this meeting be duly adjourned, the time being 4:55 pm.

Edda Eller, Recording Secretary