

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

April 21, 2010

A regular meeting of the Orange County Industrial Development Agency was convened in public session on April 21, 2010 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 Schreiber, Sr.,
Henry Van Leeuwen, Mary Ellen Rogulski, John Steinberg

ABSENT:

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 – Orange County Business Accelerator
William Lahey – Orange County Legislature
Ernie Green - Breonics
Russell Vernon, Richard Montgomery – BVM Capital Partners
Bob Rahn – Management Resources
Jane Johnston – Newburgh Advocate
Josh Sommers – Focus Media
Steven Spiegel – Ondamed
John Sohigian, Henry Kroll, Robert Daly – Orange County Choppers Roadhouse
Julie Richmond – Orange County Grants Coordinator
Maureen Halahan, Meghan Taylor – Orange County Partnership
Mike Finnegan – Continental Organics, LLC
John Sullivan – Times Herald-Record

Chairman, James Petro asked for a motion to approve February 17 and March 17, 2010 minutes. Henry Van Leeuwen made a motion seconded by Stephen Brescia to approve minutes as presented. Affirmative votes of all members present resulted in motion carried.

Chief Financial Officer Joel Kleiman presented the March 2010 financials. He also handed out copies of schedule of investments and Certificate of Deposit bid sheet. He informed members that Catskill Hudson Bank had the best Money Market rate of .99% at present and suggested to transfer \$300,000 from the Chase checking account to Catskill Hudson Bank. \$25.75 was received from Bonacic, Krahulik, Cuddeback et al for a FOIL request. Also presented were the following vouchers and payments: Philip Crotty \$6,510.00 legal fees for February 2010, NYS EDC \$350.00 for dues, Orange County Business Accelerator \$150,000 second payment for 2010, Lorrie Dana \$50.80 reimbursement for tape recorder replacement. Henry Van Leeuwen made a motion to approve \$300,000 transfer to Catskill Hudson Bank Money Market and financials of March 2010 and also vouchers for payment. Motion seconded by Robert Schreiber and affirmative votes of all members present resulted in motion carried.

Recognized was Russell Vernon, Partner of BVM Capital Partners LLC giving a presentation to IDA members as part of the Orange County Business Accelerator report. He talked about a FOCUS Fund for Orange County startups. BVM Capital Partners, LLC have offices in New York and Louisiana, and management team members have worked together since 2000. The investment Advisory Board is comprised of members located in Orange County and New York City. They're choosing Orange County because it is strategically located just north of New York City and between Washington DC and Boston. Also, Orange County has access to a great transport network, is a great Health Care Community with five Hospitals and also is the fastest growing county in New York State. The Orange County Business Accelerator is up and running and a great place for entrepreneurs to live and work. A copy of a letter addressed to Michael DiTullo, Managing Director of Orange County Accelerator, was in members' meeting packets describing specifically what the Orange County IDA agrees to.

Recognized was Mike Finnegan of Continental Organics, LLC giving a presentation of their project. A preliminary application to the IDA was in members' meeting packets with a description of their proposal to build a 900,000 square foot indoor aquaponics farm, which will produce organic vegetables, fertilizer and fish for the wholesale market. Their customers will be the Department of Defense and the wholesale markets at Hunts Point, New York. Their model uses a recirculating closed-loop system to carry water from the fish tanks (containing fish waste and unused feed) through a solids separator/compost house that produces organic

fertilizer to the hydroponics greenhouses where the organic produce is grown while naturally filtering the water before returning it to the fish tanks. The employment opportunities are equally divided between professional and PhD; entry level and mid level management personnel; and, unskilled laborers and drivers. Their total planned expenditure for development will be \$34 million in phases over five years and 50% of hired employees will be veterans. They will be profitable after only 49 months of operation. James Petro told Mike Finnegan the presentation was very well done and very interesting, and when he has sites and plans the IDA will be able to consider a PILOT. The presentation today was more geared towards Capital Ventures.

Phil Crotty informed members that the \$400,000 grant Breonics received could not be used to repay their debt to the IDA. They are willing to extend the convertible note but keep the terms of preferred stocks. James Petro asked Phil to write up an extension of the note to two years and send a copy to members so it can be voted on at the next meeting.

Following was a discussion of IDA members if they would consider deviating from retail projects. Since they do not do retail projects, they would need more detail in writing before entertaining a deviation.

Recognized was Robert Daly of Orange County Choppers Roadhouse, presenting a preliminary application for Sales Tax Exemption and a ten year PILOT for a restaurant and bar in the Orange County Choppers headquarters. This is a continuing tourism improvement project for the 3rd largest tourism draw in Orange County. They are self-financed through a licensing agreement for the planned expenditures of \$3 million of which \$2 million is for construction and \$1 million for machinery and equipment. Total new employees at start up would be 94 up to 150 exclusive of construction labor.

John Sohigian of Orange County Choppers presented a marketing package to IDA members for a custom built bike on their TV show in which Paul Teutul, Sr. and his staff would design, build and then unveil the motorcycle during 12 minutes of airtime. The Choppers have charged other companies several hundred thousand dollars for the same package but would discount the IDA and offer the package for \$75,000 to \$85,000 including the bike. IDA members liked the idea but worried about the public's perception of such an investment by a government agency. Board member Mary Ellen Rogulski said the first thing that pops into her mind is that it is taxpayer money.

Michael DiTullo presented the up-to-date financials of the Orange County Business Accelerator and told members that four suites are rented and two are left for occupancy. He also gave an overview of his trip to New Orleans and Baton Rouge, meeting with key people at LSU involved with their two incubators. Mike had meetings with principals of three other VC funds that VCE Capital (BVM Capital Partners) works with.

Following was a discussion regarding the acquisition of Orange County Capital Development Corp. by the IDA. James Petro feels that the OCCDC should be kept under control of the IDA, and it would not be in the best interest for the IDA to dissolve the OCCDC. John Steinberg gave a history of the OCCDC and Robert Armistead agrees the IDA should control the money, but OCCDC should be kept open and still listen to individuals and see how to help and fund prospects. Presented was a Resolution regarding ownership of Orange County Capital Development Corp., whereas this IDA owns Orange County Capital Development Corp, and certain former or present directors of the corporation have requested to acquire it, convert OCCDC to a not-for-profit corporation, and have further requested that the IDA pay OCCDC expenses in the amount of \$10,000 in connection therewith. Now therefore be it resolved that this IDA has discussed the status of OCCDC and determined not to transfer out OCCDC, and not to take action as to the OCCDC board, and not to fund the \$10,000 request, at this time. Henry Van Leeuwen made a motion seconded by Mary Ellen Rogulski to approve Resolution as presented. Motion carried with five ayes and two nays.

Presented was a Resolution approving \$50,000 IDA investment in Ondamed whereas, by IDA resolution dated June 17, 2009 this IDA approved an indirect investment of \$50,000 in Ondamed, via the Orange County Capital Development Corporation Fund #1, by means of back-filling \$50,000 to OCCDC Fund #1 if Ondamed received investment funding from the fund; and whereas, Ondamed is a former German company which is now based in Orange County, and is a medical device company providing twelve good-paying jobs to County residents and expects to provide fifty or more jobs; and whereas, the IDA now owns Fund #1 outright, and the IDA desires to honor the letter and spirit of the June 17, 2009 resolution. Now therefore be it resolved that this IDA agrees to invest \$50,000 in shares of Ondamed, subject to the business aspect of the transaction being satisfactory to this IDA. Stephen Brescia made a motion seconded by Henry Van Leeuwen to approve Resolution as presented. Affirmative votes of all members resulted in motion carried.

James Petro asked that the April 21, 2010 minutes should state that the Article 78 Special Proceeding called Town of Chester and others vs. IDA has been filed and served, and will be answered by the attorney engaged by the IDA, Rick Golden, Esq.

Maureen Halahan of the Orange County Partnership informed members that an award will be given to the Orange County IDA at their June 2010 event.

John Steinberg made a motion that this meeting be duly adjourned, the time being 4:50 pm.

Edda Elle, Recording Secretary