

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

March 17, 2010

A regular meeting of the Orange County Industrial Development Agency was convened in public session on March 17, 2010 at 3:00 P.M. at the Orange County Government Center, Goshen, NY.

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, Henry Van Leeuwen, Robert Schreibeis and John Steinberg

ABSENT: Mary Ellen Rogulski

ALSO PRESENT: James O'Donnell – Acting Executive Director
Joel Kleiman – Chief Financial Officer
Phil Crotty – Attorney
Mike Pillmeier – Orange County Legislator
Lorrie Dana – Administrative Assistant
Maureen Halahan and Andy Komonchak – Orange County Partnership
Michael DiTullo and Peter Gregory – Orange County Business Accelerator
Dennis Barnett, Michelle Rider, Steven Spiegel and Antonio Varano – OCCDC
Don Minichino – Focus Media
Steve Neuhaus and Langdon Chapman – Town of Chester
Mike Levensohn – Times Herald-Record

A plaque was presented to Daniel Coleman in recognition of his service on the IDA Board for 28 years. County Executive Edward Diana commended him for his service to the IDA and Orange County. Mike Pillmeier also thanked Dan on behalf of the Orange County Legislature.

Minutes of the February 17, 2010 meeting were not available due to the hospitalization of Edda Eller.

Chief Financial Officer Joel Kleiman reported that the Audit Committee met prior to today's meeting. \$2.8 million in CDs matured today, and \$1.4 million was put in a 6-month CD at 0.65% and \$1.4 million was put in a 12-month CD at 0.70%. \$45,000 was received from President Container for closing fees. Also presented were the following vouchers and payments: GET \$35,000 Grant to foster entrepreneurship opportunities, Philip Crotty \$6,457.50 legal fees for January 2010, Pattern for Progress \$17,000 for 2010 Grant to improve quality of life in the Hudson Valley, and Tax Collector of Minisink \$133.33 for late fees for Millennium Fire District Taxes. Robert Armistead made a motion seconded by Steve Brescia to approve vouchers and payments as presented. Affirmative votes of all members present resulted in motion carried.

Chairman Jim Petro discussed the \$120,758 Cost Recovery Assessment that is supposed to be paid by March 31. Empire State Development is pursuing legal action regarding the assessments of New York State IDAs. Presented was a resolution to authorize the Executive Director to remit \$5,000 to NYSEDC to fight the IDA tax by legal process. Stephen Brescia made a motion seconded by Robert Armistead to approve the Resolution as presented. Affirmative votes of all members present resulted in motion carried.

In the event that the Cost Recovery Assessment will need to be paid by March 31, a motion was made by Henry Van Leeuwen and seconded by John Steinberg to approve the voucher for \$120,758 for New York State Department of Taxation and Finance but to not remit payment until necessary. Affirmative votes of all members present resulted in motion carried.

Joel Kleiman presented copies and gave an overview of the draft version of the IDA's financial audit, which was completed by Nugent & Haeussler. Orange County Capital Development Corporation's Fund #1 is a component unit and is reflected in the audit. The assets of Orange County Business Accelerator are also included as personal property. The Audit Committee met prior to the IDA Board meeting, and Robert Armistead, a member of the Audit Committee, said that the committee agreed it was a good, clean and favorable audit. Henry Van Leeuwen made a motion seconded by Robert Schreibeis to approve the draft financial audit. Affirmative votes of all members present resulted in motion carried. Lorrie and Joel will complete the Annual Report in PARIS to satisfy the PAAA requirements.

Stephen Brescia gave a report from the Governance Committee, which met prior to the IDA Board meeting. The Procurement Policy was reviewed and they will be updating the bylaws in the future. They also will be looking at board member attendance.

A grant request from the Purple Heart Museum was reviewed, and the Governance Committee recommended it be approved under the tourism category. Recognized was Andy Komonchak from the Purple Heart Hall of Honor to describe the commemorative challenge coin project, which will be made in America to raise awareness of the Hall. He also informed the board that General Petraeus will be attending the June 25 National Purple Heart Hall of Honor Tribute, where the coins will be distributed. Presented was a resolution approving a \$9,000 grant to the National Purple Heart Hall of Honor to purchase military-type coins which shall be available for the organization's 2010 celebration event. It was also decided to purchase a table for 10 for \$600 for the event. Henry Van Leeuwen made a motion seconded by Stephen Brescia. Affirmative votes of all members present resulted in motion carried.

Andy Komanchak from Orange County Partnership presented draft copies of the IDA annual report to the board members. The report still needs financial information from Joel as well as copy-editing. Presented was a resolution to adopt the 2009 annual report and request that the Executive Director deliver a copy as required to the County Executive, the Legislative Chairman and appropriate New York State office; and that a courtesy copy be distributed to each Orange County Legislator and State Legislator representing Orange County. Robert Armistead made a motion seconded by Henry Van Leeuwen. Affirmative votes of all members present resulted in motion carried.

Phil Crotty updated the Board on Breonics, a former IDA project which goes back around five years. The IDA made a loan to them, which wasn't repaid, resulting in a lawsuit and \$233,000 judgment against them. The judgment was converted to a note. Recently the Executive Director, James O'Donnell, read an article describing Breonics receiving a grant of \$400,000 and having a presence near Albany. Phil Crotty contacted Ernie Green regarding the judgment owned the IDA, and Ernie explained that the \$400,000 grant is survival money and the IDA can't take the judgment from those funds. The Board decided to hold off on a vote regarding Breonics and to ask Ernie Green to attend the next IDA Board Meeting.

The Orange County Business Accelerator officials have become aware of a \$100,000 Rural Business Enterprise Grant available from the USDA to develop an entrepreneur development program, which will focus on entrepreneur mentoring and the development of a social media marketing studio. The Director of Grants for the Orange County Planning Department is willing to submit the grant application on behalf of the business accelerator. A resolution was presented to authorize the business accelerator to apportion existing budget allotments as matching commitments under the application and that the Orange County IDA authorizes the Chairman or Executive Director to submit an application to the USDA for a Rural Business Enterprise Grant for the Entrepreneur Development Program and execute all documents related to the application, subject to review of form and content by the IDA attorney. Henry Van Leeuwen made a motion seconded by Stephen Brescia to approve. Affirmative votes of all members present resulted in motion carried.

Discussion followed regarding the formation of a Local Development Corporation. This would allow the IDA to work with non-profit entities, and Jimmy recommends that we begin the formation process. Presented was a resolution that the Executive Director be authorized to request that the Orange County Legislature authorize formation of a Local Development Corporation for the purpose of financing civic facilities, and that upon such legislative authorization the IDA bond counsel, Harris Beach, is authorized to form a New York State not-for-profit corporation, to be known as the Orange County Funding Corporation, and that \$5000 be appropriated for bond counsel fees. John Steinberg made a motion seconded by Henry Van Leeuwen to approve. Affirmative votes of all members present resulted in motion carried.

Lorrie asked the Board for permission to email meeting notices rather than send them through the mail. The meeting packets would continue to be mailed. There was a consensus to email the meeting notices.

Recognized was Steve Neuhaus, supervisor of the Town of Chester, indicating his desire to work with the IDA. Coach USA is coming to Chester, and he needs to be in the loop on IDA matters.

Chairman Jim Petro presented the next item, Orange County Capital Development Corporation. Presented was a resolution requesting approval of grants to OCCDC in the amount of \$155,000, \$500,000 and \$350,000 respectively for the years 2010, 2011 and 2012. Henry Van Leeuwen made a motion seconded by Robert Armistead. Negative votes from all members present resulted in motion failing.

Dennis Barnett asked permission to speak. He said that at their February Board Meeting, the strategy committee gave a report to the Board. OCCDC in the past had been operated by part-time volunteers. They presented an event on March 2 with over 100 people attending, and they will have a dinner tomorrow evening. Michelle Rider indicated that there was a follow-up meeting to plan how to move forward as a not-for-profit entity. They would like to keep \$37,000 of the operating funds to promote the purpose of OCCDC. She requested that a six-month timeframe be given them to implement their plan, and then any unused funds would be returned. The OCCDC Board desires to continue their mission and would like to be able to continue funding two projects through Fund #1. Jim Petro had set a deadline of March 31 and indicated he is against the six-month timeframe and wants Fund #1 returned. Steven Spiegel has been working with Ondamed for funding if an investor steps forward since the IDA agreed to fund up to \$50,000. Steve met Ondamed at an IDA meeting and wants Angels to get involved ahead of OCCDC. He indicated he has put in a lot of personal time and money, and he would like the IDA to give authority to invest in Ondamed to satisfy a

review committee. Jim indicated he would like the Ondamed investment settled before March 31. Jim asked Dennis Barnett to get the minutes of OCCDC's December 2009 meeting regarding a decision for additional funding of RoadLok from Fund #1.

Presented was a resolution terminating Orange County Capital Development Corporation, or transferring ownership, and terminating OCCDC Fund #1, LP. Whereas, this IDA desires to wind up the affairs of OCCDC, or transfer the ownership of OCCDC to its interested directors or others, provided OCCDC's funds and assets are first transferred to this IDA except for current dues paid by Angel investors, and OCCDC has been so advised of the pending IDA action; and whereas, this IDA also desires to terminate OCCDC Fund#1 LP, created on March 22, 2006, in which the IDA is 80% Limited Partner, per the Limited Partnership Agreement. Now therefore be it resolved that this IDA authorize the Chairman, Executive Director and Attorney to transfer the ownership of OCCDC to a qualified interested party for \$1.00, or wind up the affairs and close down OCCDC, and direct that by March 31, 2010 in either case all funds and assets of OCCDC be transferred to this IDA, except dues; and be it further resolved that OCCDC Fund #1 L.P. be terminated in accordance with the Agreement, Section 1.05, and other sections, and that all monies and fund assets, including but not limited to the shares and other rights in New Hampton Technologies identified in the Fund's audited annual report for December 31, 2008, be turned over to this IDA by March 31, 2010. Henry Van Leeuwen made a motion seconded by Robert Armistead. Motioned carried with five affirmative votes and one nay by John Steinberg.

Jim Petro gave an update on the Business Accelerator. Presently four more office suites are being constructed in Phase 2. Presented was a resolution authorizing a payment of \$11,014 to First Columbia for the Phase 2 build-out and fit-up to cover the shortfall. They were given a \$300,000 allowance for building fit-up by First Columbia. Henry Van Leeuwen made a motion seconded by Robert Schreibeis. Affirmative votes of all members present resulted in motion carried.

Recognized was Mike DiTullo giving a report on the Orange County Business Accelerator. He distributed a packet of marketing material and press releases to each member. He explained the Associate Client Membership, where for \$450 a month a person or a business can take advantage of the amenities of OCBA without the need of an office. They have one member signed up and another is in the pipeline. Mike is also reaching out to colleges. Marist could possibly hold some classes at the Accelerator, and they will be meeting with SUNY/New Paltz.

John Steinberg made a motion seconded by Robert Schreibeis to extend Peter Gregory's employment at OCBA for the next three months. Affirmative votes of all members present resulted in motion carried.

Stephen Brescia made a motion that this meeting be duly adjourned, the time being 5:00 pm.

Lorrie Dana
IDA Administrative Assistant