

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MINUTES

September 15, 2010

A regular meeting of the Orange County Industrial Development Agency was convened in public session on September 15, 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, Robert Armistead, Mary Ellen Rogulski, John Steinberg, Henry Van Leeuwen, Robert Schreibeis, Sr.

ABSENT: Stephen Brescia

ALSO PRESENT: Joel Kleiman – Chief Financial Officer  
Phil Crotty – Attorney  
Melanie Tanner – Acting Administrative Assistant  
Edward A. Diana - County Executive  
John McCarey – Director, Orange County Real Property  
Michael DiTullo – Orange County Business Accelerator  
Maureen Halahan - Orange County Partnership  
Marge LaPerle - Orange County Partnership  
Kevin O'Reilly – Satin Fine Foods, Inc.  
Christian Livermore – Times Herald-Record

Chairman Petro informed the members that Steve Brescia had been hospitalized. He updated the members on Edda's condition and informed them she would not be returning. Chairman Petro asked Melanie Tanner to send a card to Edda on behalf of the IDA and he also asked for the status of her position with the IDA, which she stated was temporary.

Chairman Petro asked for a motion to approve August 18, 2010 minutes. Robert Armistead then made a motion seconded by Mary Ellen Rogulski. Affirmative votes of all members present resulted in motion carried.

Chief Financial Officer Joel Kleiman presented the July 2010 financials. He informed the Board that two CDs matured today totaling just under 2 million dollars giving the IDA a cash balance of \$7,552,843. A checking account has been opened for the Orange County Funding Corporation at Chase Bank with \$25,000. Chairman Petro stated he had reviewed the financials earlier and had a discussion with Joel, and ½ of one percent on a one year CD is pretty frustrating, and the money market account is .6% which is not much better. It was decided to leave the money in OC Trust at .6%, which is a little bit more than .5%. Chairman Petro advised he was in OC Trust yesterday and noticed that 1 year CD rates were at 1.02% and the CD rate shown on our financials is .5%. Mr. Kleiman explained that by law, 102% of all deposits have to be collateralized resulting in a lower return rate due to the high cost to the bank to collateralize. He stated he thought it was more prudent to stick with the money market account at a .6% rate. Minimum interest is being earned on the OC Funding Corp checking account. Also presented were the following vouchers for payment: Nixon Peabody, LLP \$438.00 for legal fees with regard to Orange County Capital Development Corporation; Orange County Community College \$54,620.00 Grant for Business Solutions and Professional Development Training Initiative; Philip Crotty \$6,510.00 legal fees for July 2010; Burke, Miele & Golden \$6,715.58 for legal fees, Orange County Business Accelerator \$145,000.00 from IDA to OCBA checking

account. A discussion amongst the Board resulted in the OCBA voucher for \$145,000.00 being removed. Robert Armistead made a motion seconded by Henry Van Leeuwen to approve the payment of four vouchers totaling \$68,283.58. Affirmative votes of all members present resulted in motion carried. Robert Armistead made a motion seconded by Henry Van Leeuwen to approve financial report as presented. Affirmative votes of all members present resulted in motion carried.

Mr. Kleiman reviewed with the members a draft of the proposed 2011 Budget.

Chairman Petro advised that OC Partnership received \$210,000 last year but would be receiving \$200,000 this year. Chairman Petro commended Maureen Halahan and the Partnership for doing a great job but asked that she understand that the County needs to cut back. Maureen Halahan stated she was very surprised at the cut in funding to the HVEDC down to \$10,000. She stated the membership fee for the HVEDC is \$20,000, which is what the IDA had paid last year. Steinberg suggested funds not be cut to HVEDC to continue to have them investing in the IDA marketing. Steinberg made a motion to amend the line item of the Budget to HVEDC for an additional \$10,000, seconded by Armistead. Affirmative votes of all members present resulted in motion carried.

Chairman Petro recommended increasing Attorney Crotty's hourly rate by \$10.00 per hour to \$185.00 since he has been receiving \$175.00 per hour for the past five years. Attorney Crotty advised he charged approximately \$70,000 last year. VanLeeuwen made a motion to raise Attorney Crotty's salary to \$185.00 per hour, seconded by Schreibeis. Affirmative votes of all members present resulted in motion carried.

John Steinberg and Chairman Petro recognized Joel Kleiman for the great job he did preparing the proposed budget. Chairman Petro raised the point that Joel Kleiman goes above and beyond what he needs to do with the financials and budgets for the IDA with no compensation other than his county pay. Chairman Petro informed the members he had a discussion with the County Executive about compensating Joel for the work he did but the County Executive did not consent. Chairman Petro asked the members for their input. Mary Ellen Rogulski suggested that any compensation be paid directly to the County for the time Joel spends doing the IDA work. Chairman Petro and Attorney Crotty both informed the members that Mr. O'Donnell is employed by the County yet he receives a stipend for his work with the IDA. The work that Mr. O'Donnell and Mr. Kleiman perform for the IDA is not part of their job description with the County. Armistead stated perhaps the Board can pass a resolution given that Mr. Kleiman is pro-active, does a great job, is professional and very valuable to the IDA and he believes it is worth compensation. Steinberg asked how to make this proper. VanLeeuwen suggested making a motion to compensate Mr. Kleiman, subject to the approval of the County Executive. Chairman Petro said the Audit Committee will meet again to discuss this further. VanLeeuwen asked that some resolution be passed so it can be presented to the County Executive. Steinberg suggested a resolution to support compensation to Joel pending approval of the County Executive and proper venue. VanLeeuwen made a motion seconded by Streibeis. Affirmative votes of all members present resulted in motion carried.

The following budget amendments were discussed, increase HVEDC by \$10,000 and change the billing rate of Phil Crotty to \$185.00 per hour. Crotty brought up the investment in the Focus Fund which would commit the IDA to \$400,000 and suggested amending the budget to increase the opportunity Grants to \$750,000 to include the Focus Fund Investment. Motion to accept the proposed Budget was made by Van Leeuwen and seconded by Steinberg. Affirmative votes of all members present resulted in motion carried.

Joel advised he will take the adopted budget and submit it electronically to PARIS at the end of October.

Attorney Crotty gave an update on Breonics. He advised that Breonics received additional grant funds but those funds cannot be used to pay the IDA. He stated Steve Spiegel is continuing to negotiate with Ernie Greene and Spiegel was instructed to take a hard line approach. Chairman Petro asked Mr. Steinberg if New Hampton Technologies can make a presentation at the October or December board meeting at the OCBA.

Chairman Petro asked the members if they would like to have all of the IDA meetings at the OCBA. The members decided to keep the meetings between the County Government Center and the OCBA.

Mike DiTullo reviewed the OCBA budget and advised that at the end of this month the OCBA will reconcile with the IDA and will do so on a monthly basis thereafter. He advised that there is one suite left at the OCBA. With regard to marketing he advised that a billboard ad is being shipped to Stewart next week. The plan is to also place ads at the Westchester and Albany Airports. He informed the members about his Guest Column in the Times Herald Record. Regarding trade shows, they were at the Chamber Expo today and in two weeks will be at the NYS Business and Council Trade Show in Lake George, have been asked to moderate a panel discussion. Chairman Petro asked Mike about signage. Mike gave an update on Array Optics and advised that things have been delayed for a week but should begin their fit up next week and move in by the end of the year. Mike was asked about the Associate Program and he explained that clients in the Associate Program receive all of the benefits of the OCBA for a cost of \$450 per month, but they don't lease space. The OCBA has a co-working room with 8 stations.

Chairman Petro brought up Peter Gregory who is receiving \$1,000 a week and receives a 1099 at the end of the year. He stated the Focus Fund is supposed to compensate Mr. Gregory once they are up and running. Chairman Petro doesn't want to lose Gregory and wants the Board to consider increasing his fees. Gregory spoke with Mike DiTullo and expressed his frustration that the Focus Fund isn't up and running yet – which might not close till the end of the year. DiTullo feels Gregory is worth more than he is receiving and stated that he does receive some consulting fees from the clients at the OCBA. Mary Ellen said it was a fair statement that without Gregory's contribution the OCBA would not be as successful. Van Leeuwen suggested the members think about this and revisit it at another time. DiTullo asked if he could submit a written recommendation to the Board for their review. DiTullo stated that Gregory charges \$125.00 per hour as a consulting fee.

Attorney Crotty gave an update on the Town of Chester lawsuit and informed the members that he recently appeared before Supreme Court Justice Jeffrey Cohen for oral argument and in essence, what the Judge said, is that the case will come down to whether or not the IDA acted rationally. All the evidence has been presented to the Court and a decision will be coming in due course. If the IDA wins the case they should be able to recover legal fees from CNS pursuant to the contract.

Attorney Crotty informed the members that the Public Authority Accountability Act was revised in 2010 to require further oversight of IDAs. Phil has begun making revisions to the by-laws which will need to be completed by March 31, 2011.

VanLeeuwen told the members that over the weekend he had been to the Orange County Fire Museum and it looked beautiful. He knows the IDA previously donated to the museum but he stated that the horse stable in back needs about \$50,000 in work to get the fire training school up and running. Chairman Petro will refer this to the Governance Board and asked Attorney Crotty how to go about granting the funds. He suggested along the lines of the Goshen Historic Track. Schreiber said he was at the parade on Saturday and hundreds of people went through the museum. Attorney Crotty asked Melanie Tanner to send a grant application to Ed Devitt for submission to the Governance Board.

Attorney Crotty gave an update on the lawsuit against NYS and advised that the IDA got their money back from the State. The attorney handling the lawsuit still has \$5,000 on retainer.

Recognized was Kevin O'Rielly of Satin Fine Foods which manufactures a specialty cake icing which is sold all over the county and overseas. In 2001 he set up a 2,500 sq. ft. business in Chester which has grown to 10,000 sq. ft. He is now looking to move the business so he can expand to include making his product available in the grocery stores. He looked at relocating in Florida since his main ingredient is sugar and he is currently looking at the old Amscan building in Chester. He is looking to buy 92,000 sq ft of the building.

He is looking for \$7.5 million in financing – \$2.6 million for the property, \$3.3 million for improvements and the balance for equipment. He currently has 22 employees and is hoping to grow to 85 employees. He has applied to the IDA for the PILOT program. He has had discussions with Town of Chester Supervisor Newhouse and he is looking to start renovation work in October and move in in early 2011. Chairman Petro informed Mr. O’Rielly about the three PILOT programs available. Attorney Crotty informed Mr. O’Rielly that Satin Fine Foods may be able to apply for tax exempt bonds. Chairman Petro advised Mr. O’Rielly that the IDA is currently involved in a lawsuit with the Town of Chester which would have no reflection on his application. Bond Counsel and Attorney Crotty will arrange for the public hearing. Melanie Tanner will notify the members of the public hearing date.

Presented was an Inducement Resolution authorizing the Orange County Industrial Development Agent to (i) take title or a leasehold interest in the land and existing improvements located at 32 Leone Lane in the Town of Chester, Orange County, New York; (ii) appoint Satin Fine Foods, Inc. As its agent to undertake a certain project; (iii) hold a public hearing with respect to the project; (iv) negotiate a lease agreement, leaseback agreement and related Payment-in-Lieu-of-Tax Agreement; (v) provide financial assistance to the company in the form of (A) a sales tax exemption for purchases and rentals related to the acquisition, construction and equipping of the project, and (b) a partial real property tax abatement through the PILOT Agreement; and (vi) execute related documents. VanLeeuwen made a motion seconded by Robert Armistead to approve the Inducement Resolution as presented. Affirmative votes of all members present resulted in motion carried.

Chairman Petro informed Mr. O’Rielly of the need for a mandatory Public Hearing in the Town of Chester.

Mary Ellen asked about the grant application for GET. Chairman Petro advised that he will be meeting with J. O’Donnell and Dave McFarland to get specifics on how successful the program is before going back to the County Executive. Mary Ellen advised that she would be willing to oversee the micro loans if the IDA decides to go that way. County Executive Edward Diana stated he doesn’t want to fund questionable businesses. He asked why Orange County is the only county putting money on the table. Mary Ellen explained that mico loans are very successful for small businesses and she believes it can be worked out so that funds can be paid back to the IDA. Any money the IDA gives will only be given to Orange County businesses. Consider giving less funding, have Mary Ellen on the Board and work in a re-payment to the IDA. The County Executive’s understanding is that Get gets all the funding, earns interest on the funding and nothing comes back to the IDA. The County Executive suggested making funds available to all of Orange County, including the Cities of Middletown and Port Jervis, not just the City of Newburgh.

Chairman Petro asked Mary Ellen to meet with James O’Donnell and Mr. McFarland to get answers to the County Executive’s questions.

Chairman Petro asked the members if there were any other items to discuss.

Henry VanLeeuwen made a motion seconded by Robert Armistead that this meeting be duly adjourned, the time being 5:25 pm.

Melanie Tanner  
IDA Acting Administrative Assistant