

**EDUCATION AND ECONOMIC DEVELOPMENT COMMITTEE  
MINUTES  
(REMOTELY)  
FRIDAY, FEBRUARY 19, 2021  
3:30 P.M.**

PRESENT: Paul Ruszkiewicz, Chairman  
Barry Cheney, James D. O'Donnell, Joseph Minuta,  
Joel Sierra, Kathy A. Stegenga, Laurie R. Tautel

ALSO

PRESENT: L. Stephen Brescia, Chairman  
Katie Bonelli, Majority Leader  
Leigh J. Benton, Legislator  
Thomas J. Faggione, Legislator  
Peter Tuohy, Legislator  
John Vero, Legislator  
**Kevindaryán Luján**, Legislator  
Betsy N. Abraham, Legislative Counsel  
Harold Porr III, Deputy County Executive  
J. Daniel Bloomer, Director of Operations  
Langdon Chapman, County Attorney  
Alan Sorenson, Planning Commissioner  
Dr. Kristine Young, President, Orange County Community College  
Paul Martland, Vice President of Admin., Orange County Community College  
Bill Fioravanti, Director, Economic Development  
Vincent Odock, Orange County Industrial Development Agency Candidate  
Mary Eillen Rogulski, Chairwoman, Orange County Industrial Development Agency  
Leonard W. Vona, CPA, CFE, Fraud Auditing, Inc.  
Deborah Slesinski, Budget Director  
Deanna Crawford, Budget Analyst

Chairman Ruszkiewicz opened the committee meeting at 3:31 p.m. by asking everyone to stand for the Pledge of Allegiance. All committee members were present with the exception of Legislator Sassi who was absent.

Dr. Young provided an update on Orange County Community College (see original minutes).

Mr. Fioravanti provided a brief monthly update on Economic Development in Orange County. He mentioned that the food and beverage cluster has been exploding for several years. Orange County is about 50% ahead of the rest of the Hudson Valley in regard to food and beverage. He commended the County Executive and the Health Department in getting out the vaccine distribution. There was a grand opening today for Ready Coffee and they are about efficient quality coffee, no food. They are now on this side of the River, although there are a large number of jobs or large figures but they will grow here. They are finalizing the contract with the Grand Street project Foster Supply Hospitality. They already selected an architect and general contractor and are getting

their finances in order. They received an update from the bidders on Camp LaGuardia and they reissued figures. He mentioned that Senator Skoufis has been looking to eliminate IDAs, specifically the Town of Montgomery IDA, which has been doing great work in his opinion. Senator Skoufis has an IDA Reform Bill which would eliminate all IDAs. Legoland is almost done and they aim to open in April. There is an annual report that came out on the commercial real estate market in Orange County and they highlighted a .8% vacancy rate for industrial property so that shows how much real estate is being purchased. They have video lottery terminals (VLTs) coming to the Newburgh Mall and that will create a few hundred jobs.

Mr. O'Donnell asked if there was any update on a supermarket in Goshen.

Mr. Fioravanti stated that the CVS just opened in that plaza and there are two buildings left which could be a McDonalds, a Chipotle Mexican Grill, or a Starbucks. There are a few possibilities, and of the 40,000 square foot building for the grocer but nothing is finalized yet.

Mr. O'Donnell further asked when in April is Legoland opening.

Mr. Fioravanti responded that they were looking at the middle of April.

Mr. O'Donnell asked how much construction do they have left but it is about 90% to 95% done.

Next on the agenda was Mr. Sorensen and Ms. Abraham with a request to direct the Clerk of the Legislature to publish the Notice of Annual Review of the Continuation of Consolidated Orange County Agricultural District No. 1. Ms. Abraham explained that the purpose of the publication is to provide notice of the annual review. Orange County has designated March 1 through March 30 as the period which landowners can request to be included into the Agricultural District by application. This is only for parcels to be added, not removed, removals would take place during the eight-year review.

Mr. Sorensen added that during the thirty day review they will accept applications from property owners who would like to have their properties included in the Agricultural District. The enrollment form can be found on the county's website. The Planning office will examine the applications and then review them with Real Property and the Agriculture and Farmland Protection Board to review the requests. They want to ensure that the lands that are being requested to be included are viable agricultural lands and they want to make sure that they serve the public's interest by assisting and maintaining a viable agricultural industry within the district.

Mr. Cheney moved the request to appoint Vincent Odock to the Orange County Industrial Development Agency and the Orange County Funding Corp., seconded by Ms. Stegenga.

Chairman Brescia gave a brief description of Mr. Odock's background.

Motion carried. All in favor.

Chairman Brescia recognized the Chairwoman of the Industrial Development Agency, Mary Ellen Rogulski, who wanted to make a few brief comments before the outside auditor addressed the committee.

Ms. Rogulski stated that the IDA continues to be committed to economic development and they are very proud of the accomplishments that they had, especially with the Accelerator over the last few years. They assisted in the creation of hundreds of jobs and they have been very successful. She added that they take their fiduciary responsibility for transparency very seriously. The IDA Board Members decided to hire a high-level auditor to come in and review their books, records and procedures and policies. They wanted him to take a deep dive to make sure that they uncover any issues or problems that may or may not exist and he did that. When he reviewed everything, there were no financial irregularities, there was no fraud, nothing wrong with the financial report, however, things did come up and there are weaknesses in internal controls and those valid issues were raised. Unfortunately, they relied on the former comptroller to guide them through that, so the board was not aware of it. The weaknesses are easy to fix. The IDA is not perfect, and they never pretended to be perfect, but they are honest and truthful. The work they do is very important to the county. She stated that Mr. Vona is the outside auditor who was hired by Special Counsel and he is independent. She encouraged everyone to ask questions to Mr. Vona and added that it is his job to report the facts as they are. She was hopeful that this would put a lot of issues to rest between the county and the IDA. They want to continue to operate the Accelerator and grow it because it is a successful program, especially Accelerators Without Walls.

Chairman Ruszkiewicz thanked Ms. Rogulski for all of her years of service on the IDA. They have been very helpful with the Warwick Accelerator project and many others.

Mr. Vona introduced himself and displayed a PowerPoint presentation. He stated that he understood that documents were provided and he hoped that everyone had them in front of them to review. He referred to the handouts and noted that he planned to provide the committee with a lot of financial data. He wanted to address certain controls that need to be implemented at the IDA. He shared his background in forensic accounting. His focus was payment to vendors that was larger than \$50,000 and payroll, revenue and financial asset changes. They also considered theft of revenue which is a high risk and they did extensive testing in that area. He explained that he started with watching the December 3, 2020 Legislative Session. It was important because he wanted to understand and hear the concerns. He also reviewed the December 14, 2020 document request. He began his review of the documents.

Chairman Ruszkiewicz interjected and advised Mr. Vona that the Legislature was not in receipt of the documents.

Mr. O'Donnell asked when the documents were sent out and Mr. Vona responded that he sent them to the IDA a number of days ago.

Mr. Vona was not sure how to coordinate with the Legislature, the IDA indicated that they would forward the documents. He advised Mr. O'Donnell the documents were sent out Friday, February 12<sup>th</sup>.

Chairman Brescia requested Mr. Vona to email the documents to the Legislature which he did.

Mr. O'Donnell stressed that this was another situation where the IDA is not being transparent. It has been over a week since the IDA was in possession of these documents. He stressed that this was utterly ridiculous. They are withholding critical information preventing the Legislature from doing their duty as public servants. He added that this was an insult to the entire citizenry of Orange County. He mentioned that Mr. Vona will have to come back before the committee again, even if they need to call for a special meeting.

Mr. Vona wanted to address some of the information to the committee. He stated that there was a list of major service providers within his handout noting that they are the vendors that were used over the years. It shows the amount of compensation that the IDA has received over a period of time. There were questions regarding payroll expenditures and based on the payroll records that he reviewed Mr. Cozzolino is not being paid as an employee. He thought that the letter from Brown and Weinraub was a proper response to the audit request. He stated that there were no signs of material wrongdoing but there is plenty of opportunity for control changes. The business relationship between Galileo and the IDA as it turned out is that a Chief Executive Officer and a Board Member were on the payroll for services they provided to Galileo customers, not the IDA. The Chief Operating Officer is also a family member of Mr. Cozzolino and there is the appearance of potential conflict. He was not going to share the actions that the board has taken or will take, that is up to them. There are some blurred lines between the two organizations because sometimes it appeared that he was an employee and other times it appeared that he was a contractor. Stricter oversight should be put in place regarding the roles and benefits of an outside contractor. His concern was that when he reviewed the invoices it only provided a total of hours for the month with a brief description. In his opinion, it should provide a date, hours by client and by line item. When he looked at the invoice he could not tell who was doing the work. When he saw services provided, he questioned if it was an appropriate service to be charged under that contract. You need to look at the language in the contract because maybe it is a bad contract and it needs to be rewritten. These are some of the recommendations that he brought to the board's attention in order to maintain the right types of controls if using an outside contractor. He saw credit card purchases in the travel and entertainment area and he saw airline tickets to a conference in Las Vegas, which he was sure was necessary for what they were trying to accomplish, but on one occasion participants flew first class. He tries to tell people that when the more expensive travel option is used, the reasons must be documented and authorized. There were other things he can share with the committee, not that he thought they were problematic but in the spirit of sharing information. He apologized that the committee did not receive the documents earlier. He was happy to come back and finish the presentation when the committee has all the documents so they can ask questions.

Chairman Brescia explained that the IDA staff misunderstood and did not realize they were supposed to send the documents to the Legislature. Special Counsel was hired and he believed that Special Counsel was supposed to send the information. It is unfortunate that they did not have the documents in advance of the meeting today. Mr. Vona mentioned that there were internal controls that the IDA needs to implement and after speaking with Ms. Rogulski, she has already begun to implement some of the suggestions that were made. There is always room for improvements.

Mr. Vona stated that he typically deals with organizations that spend billions of dollars in one year and has 50,000 active vendors. The IDA is not that large so he wanted to be clear and did not want to mislead anyone.

Chairman Brescia understood and was happy to hear there were no findings of fraud.

Mr. Minuta asked for an estimated cost as to what the expenditures were for air travel, meals, etc.

Mr. Vona recalled it was around a few thousand dollars, nothing excessive or unusual. He did not think there was anything seriously wrong, it is best business practice that says when you have an in-house deal, there should be a receipt, a list of those in attendance and state what the business purpose is.

Mr. Minuta asked if his findings are revealed to the client or if any wrongdoing is discovered, how is that relayed to the client.

Mr. Vona explained that 99% of the time he is hired by Corporate Counsel and there are a lot of good reasons for that. None of the reasons are associated with a cover-up, it is standard protocol. One thing he will never do is participate in any type of cover-up or non-disclosure of information. If he thought that was happening, he has the right to withdraw and he would.

Mr. Minuta stated that it was mentioned earlier that this was a "deep dive" and asked what a "deep dive" means.

Mr. Vona explained that was Ms. Rogulski's wording. The type of work he does is not traditional auditing, it is an evolving field. The ability to go into an organization and find problems that are not known. He would go into a company that is spending \$20 billion a year and he goes in and finds the problem areas. He felt successful in this organization by bringing out issues that needed to be dealt with. He felt that he was also successful in getting data and information that would respond to Mr. O'Donnell's questions. There are some things that need to be fixed, and controls can be implemented. That is something that occurs in almost every organization that he goes into.

Chairman Ruskiewicz thanked Mr. Vona for the information and appreciates his offer to come back for further discussion. The documents were forwarded to them and once they have an opportunity to review it, they would like for him to come back.

Ms. Bonelli stressed that they were at a disadvantage by not having the documents ahead of time. She thought the presentation was good and intriguing, but it opens up for more questions. She was happy that Chairman Ruskiewicz planned to hold another meeting. She requested that they do not wait a month for the next Education and Economic Development Committee meeting, she felt a special meeting was needed. She confirmed with Chairman Brescia that the miscommunication with staff distributing the documents was IDA staff, not the Legislative staff.

Chairman Brescia confirmed it was the IDA staff, not the Legislative staff.

Mr. Cheney requested that Mr. Vona provide the slide presentation to the Legislative office staff so it can be sent to all Legislators. He felt that the information was very important. He asked if the Authorities Budget Office (ABO) or the New York State Office of the Comptroller were to come in and do a review of this agency, would they be likely to find issues that he did not or does he feel he understood the way they do business.

Mr. Vona responded that under the scope of what he was hired to do and what he did, he would be surprised if anything else came out. He stressed that within the context of an audit, it is possible that if someone subpoenaed the information and took all the records, is it possible that Mr. Dowd, for example, billed for certain hours that he did not provide. He does not have access to those types of records so it is possible. His job was to provide them with financial information like where is the money being spent. Hopefully the IDA will make good changes.

Mr. O'Donnell stated that Mr. Vona mentioned the scope of work he was doing. He requested a copy of the scope of what he was hired to do.

Mr. Vona explained that he was engaged by a law firm so it would be up to that law firm to provide that document. He looked at the major vendor and if there were activities that may have been a conflict of interest, which was disclosed. He looked at payroll and there are nine employees and they are technically lease employees because they are on the payroll of staff line. That is a Human Resources issue, not something he would get involved with. There was a question as to who was on the payroll and he advised the committee that Mr. Cozzolino is not paid via payroll records, he is paid as an independent contractor.

Mr. O'Donnell reiterated his question as to the scope of Mr. Vona's work and what he was hired to do. He commented that because Mr. Vona was hired by a law firm, it is up to the law firm to divulge that information. However, if Mr. Vona is the client he controls what he wants disclosed and what he does not want disclosed. He asked Mr. Vona in an effort of transparency, to provide them with a copy of the contract so they know what the scope of his work entails and what it does not entail. He requested that to be emailed to them once he makes that decision and he looked forward to seeing a copy of the contract.

Mr. Vona explained that it is a two-party contract. He was willing to answer questions anyone has as to the work that he has done. He did extensive testing to see if he believed any revenue has been diverted and there was. This project evolved more than any other project he worked on and it is still evolving in a strange way just by the questions that are being asked.

Mr. O'Donnell asked again if Mr. Vona was willing to provide a copy of the contract.

Mr. Vona responded that he did not have the sole permission to do that. He was willing to ask the attorneys if they are comfortable and if they are, he will forward it to him.

Mr. O'Donnell stated that as Legislators, they respond to 380,000 plus citizens. The only way they will get 100% of the information is if they look at the scope of the contract. The IDA Board hired the law firm so they should be able to tell the law firm to release it. He requested that Chairman Brescia bring that request to the IDA Board. Everyone likes to hide behind lawyers, but the public does not need to hide behind lawyers with public money. The public deserves the right to know where every dime went.

Ms. Stegenga asked Mr. Vona to elaborate on the receipts he reviewed.

Mr. Vona explained that Galileo Technology submits an invoice once a month and the invoice shows that he worked for a customer called Ziel and the tasks that he performed and then there is one number that says he worked eight hours this month for that customer.

He suggested that the invoice should list the customer's name, time and date when the work was performed and who did the work. To provide that information would be called, a best practice.

Chairman Ruszkiewicz thanked Mr. Vona for his presentation and he looked forward to having him back within the next few weeks.

Chairman Brescia pointed out that Special Counsel just reached out to him via text message and informed him that he should have coordinated better getting the documents to the Legislature. It is a shame that did not have the information today, but the IDA was trying to bring the information forward.

Chairman Ruszkiewicz addressed the last item on the agenda which was a resolution seeking financial disclosures from the Orange County Industrial Development Agency. He mentioned that it was unfortunate that they did not get the information they were supposed to have for the meeting. That information may answer many of the questions they may have in the resolution. He suggested that they hold off on the resolution until they hold the special Education and Economic Development Committee meeting. They will have time to review the information and discuss with Mr. Vona.

Mr. Minuta requested to table resolution seeking financial disclosures from the Orange County Industrial Development Agency until the Special Education and Economic Development Committee meeting, seconded by Ms. Stegenga.

Mr. O'Donnell commented that they should not wait another few weeks because in the meantime \$25,000 a week goes out the window. To wait for this information is a disgrace. The resolution should go though because there has been a lot of time and effort put into this. He did not know why they would wait for information that they do not know is coming. The resolution specifically asks for certain things. He did not feel the need to delay the resolution.

Chairman Ruszkiewicz interjected and pointed out that he was suggesting that they hold off on the resolution until the special meeting which will occur before the next Legislative Session. At that time, they will put forth the resolution and will be on the floor for before the full Legislative Body. He added that the resolution was on the county website for the public to view.

Motion carried (to table). All in favor with the exception of Legislators O'Donnell, Sierra and Tautel who voted no.

On the motion of Mr. Minuta, seconded by Mr. Cheney, the meeting adjourned at 5:39 p.m.