



RE: The Hudson Valley Startup Fund and Ulster County IDA

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to:

crio@co.ulster.ny.us

05/10/2016 03:51 PM

Cc:

"mhorodyski@wallkill.com", "shol@co.ulster.ny.us", "lcla@co.ulster.ny.us"

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From: abo.sm.info <info@abo.ny.gov>

To: "crio@co.ulster.ny.us" <crio@co.ulster.ny.us>

Cc: "mhorodyski@wallkill.com" <mhorodyski@wallkill.com>, "shol@co.ulster.ny.us" <shol@co.ulster.ny.us>, "lcla@co.ulster.ny.us" <lcla@co.ulster.ny.us>

History: This message has been forwarded.

Mr. Rioux,

We appreciate you providing the requested information.

Please be advised, the Authorities Budget Office is not authorized to issue formal legal opinions, and this response is not intended to serve as a legal opinion.

You have indicated that the Ulster County Industrial Development Agency (UCIDA) has been approached by the Hudson Valley Startup Fund (HVSF) requesting a \$25,000 contract for services. At the April 13, 2016 meeting of the UCIDA, the Board of Directors listened to a presentation from the HVSF and requested further documents, such as pro-forma financial statements among other items, before they make any decision. You provided our office with the proposed contract for services submitted by HVSF to the UCIDA, as well as the draft UCIDA board meeting minutes from April 13, 2016 and indicated that you would welcome any input from our office in regard to HVSF's request.

Based on the proposed Contract for Services, it is our understanding the \$25,000 would be used by HVSF to provide services such as internships, academic programs and partnerships within the county, towards promotion of the area and also provide capital to help the startup companies succeed. These functions and activities appear to fall within the mission of HVSF. We understand the potential economic benefits to be obtained from these services, but it does not appear that the services are being requested by or provided to the IDA itself.

Further, although the proposal is in the form of a contract for services, the content of the proposal is more indicative of a grant proposal. For example, the second paragraph of the Pro-Forma document specifically indicates, "All funds granted for HVSF services by Ulster IDA will be used to offset direct costs". And statements appear throughout the proposal that indicate the \$25,000 will be used to fund the operations of the Fund manager, not to provide direct services to the UCIDA.

In addition, the HVSF seeks to provide funding and mentorship to entrepreneurs in the Hudson Valley region, which includes counties beyond Ulster County. The documents also indicate that HVSF will be seeking funding from other economic entities in the region, which further supports that the HVSF is seeking a grant to fund its operations, rather than providing an arms-length contractual service to the UCIDA.

As such, it is our view that if approved by the UCIDA the funding proposal from HVSF would be properly viewed as a grant from the UCIDA, rather than a contractual service agreement. As a reminder, the New York State Attorney General has opined (Formal Opinion No. 2014-F1) that an IDA does not have the statutory power to provide grants or loans from its own funds to public or private interests. Additional information concerning [grants and loans](#) is available on the ABO website under Policy Guidance.

We hope this information has been helpful.

Mike Farrar
Acting Director
Authorities Budget Office

From: crio@co.ulster.ny.us [<mailto:crio@co.ulster.ny.us>]
Sent: Wednesday, May 04, 2016 3:24 PM
To: abo.sm.info <info@abo.ny.gov>
Cc: mhorodyski@wallkill.com; shol@co.ulster.ny.us; lcla@co.ulster.ny.us
Subject: Re: The Hudson Valley Startup Fund and Ulster County IDA

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Mr. Farrar,

The Ulster County Industrial Development Agency (UCIDA) has been approached by the Hudson Valley Startup Fund (HVSF) requesting a \$25,000 contract for services. At the April 13, 2016 meeting of the UCIDA, the Board of Directors listened to a presentation from the HVSF and requested further documents, such as pro-forma financial statements among other items, before they make any decision. I have attached a copy of the unapproved minutes of the April 13, 2016 meeting, as well as the HVSF's contract for services application to the UCIDA, the HVSF's Executive Summary, and any other documentation that was provided to the UCIDA by the HVSF. We welcome any input from the Authorities Budget Office in regard to the HVSF.

With regard to the UCIDA's 2016 meeting minutes on the website, the UCIDA contracts with Ulster County with regard to staffing and administrative functions, such as maintaining the website. The County's website had a glitch and new materials were not being added to the website. The problem has been corrected and all materials are up to date on the UCIDA's website.

If you have any further questions or concerns, please do not hesitate to contact me.

Thank you,

CJ Rioux, CPA

Deputy Commissioner of Finance
Ulster County Department of Finance
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From: abo.sm.info <info@abo.ny.gov>
To: "mhorodyski@walkill.com" <mhorodyski@walkill.com>, "crio@co.ulster.ny.us" <crio@co.ulster.ny.us>
Date: 04/20/2016 03:50 PM
Subject: The Hudson Valley Startup Fund and Ulster County IDA

Mr. Horodyski and Mr. Rioux,

The Authorities Budget Office has been made aware that the Ulster County Industrial Development Agency (the IDA) has been approached by The Hudson Valley Startup Fund with a request for a \$25,000 contract for services. It is our understanding that these funds would help entrepreneurs obtain funding and necessary skills to start new businesses in New York's Hudson Valley region.

The Authorities Budget Office is interested in learning more about this financial arrangement. If available, we would appreciate it if the IDA would provide any related documentation, such as information on the purpose and structure of the Startup fund, the IDA's meeting minutes for the April 13, 2016 Board Meeting and any agreement or document identifying the proposed services to be provided between the IDA and The Hudson Valley Startup Fund. We would appreciate it if you could provide this information by May 6, 2016.

Lastly, we noted that the IDA's board meeting minutes for 2016 are not posted on the IDA's website. Please be advised that meeting minutes should be available to the public within two weeks of the date the meeting was held. If the minutes have not been approved within two weeks of the meeting, it is recommended the minutes be identified as "unapproved", "draft", "preliminary", or other words to that effect. The ABO Recommended Practice on Board Meetings, including meeting minutes, is available on the [ABO website](#).

Thank you for your attention to this matter.

Mike Farrar
Acting Director
Authorities Budget Office