



**ULSTER COUNTY DEVELOPMENT CORPORATION**

**BOARD OF DIRECTORS**

**MINUTES**

**May 13, 2014**

A meeting of the Board of Directors of the Ulster County Development Corporation was held at 4:00 p.m., Tuesday, May 13, 2014, Karen Binder Library, 6<sup>th</sup> Floor, Ulster County Office Building, 244 Fair Street, Kingston, NY.

The following members were present:

|                     |           |
|---------------------|-----------|
| Anthony Campagiorni | Chair     |
| Kenneth Crannell    |           |
| Burton Gulnick, Jr. | Treasurer |
| James Maloney       |           |
| Robert Sudlow       |           |
| Ward Todd           | Secretary |

The following member(s) were absent:

Thomas J. Briggs

Additional Attendees:

|                    |  |
|--------------------|--|
| Linda Clark        | Office of Business Services              |
| Suzanne Holt       | Office of Business Services              |
| Clinton Johnson    | Office of the Ulster County Attorney     |
| Christopher Rioux  | Ulster County Finance                    |
| Geddy Sveikauskas  | Ulster Publishing                        |
| Matthew Vanderbeck | Pattison, Koskey, Howe & Bucci, CPAs, PC |

The meeting of the Board of Directors was called to order at 4:03 p.m.

**MINUTES**

**Motion:** Ward Todd, seconded by Robert Sudlow, moved to approve the Minutes of the February 25, 2014 Meeting. A copy of said Minutes is on file.

**Vote:** The motion was adopted.

### **AUTHORIZING RESOLUTION**

RESOLUTION OF THE ULSTER COUNTY DEVELOPMENT CORPORATION AUTHORIZING THE UNDERTAKING AND THE DISPOSITION OF 300 FLATBUSH AVENUE, KINGSTON, NEW YORK AND AN APPROXIMATELY 7.513 ACRE PARCEL OF VACANT LAND ADJACENT TO THE GOLDEN HILL HEALTH CARE CENTER, LOCATED IN THE TOWN OF ULSTER, NEW YORK

Clinton Johnson, representing the Office of the County Attorney, presented the resolution to the members of the Board of Directors. A copy of said resolution is on file.

Discussion included, but was not limited to the following:

- Straight forward resolution
- The Board of Directors has previously discussed UCDC taking ownership of excess county properties to dispose of. The authorizing resolution essentially authorizes this once the Legislature votes on it later on next month.
- It is right along the lines of 1411 of the Not for Profit law which basically governs UCDC and allows them to do this.
- This will allow the county, through UCDC, basically to get more interested bidders/parties to come to the table and to get the highest possible price that they can get for these properties as opposed to going through bidding which is somewhat limiting. This allows us to market the property to the highest bidder and for the county to benefit in that way.

Discussion of said resolution was suspended as County Executive Hein joined the Board meeting.

County Executive Hein informed the members of the Board of an initiative that was moved forward earlier in the day. He stated that they were trying to figure out the best way to deal with this one basic issue. He thought that the Chambers do a phenomenal job of being able to articulate the importance of why buying local is so important. They do a great job at that. What their perspective was, when you look at the whole spectrum of the entire demographic of the population, there is a segment of the population where that information really moved their buying decisions. But there is another segment that that is not the driving force. We all know that sales tax is driven by that. We asked how we impact this other area. He had not seen other good models anywhere to be able to deal with this. They started working with local financial institutions and said what would it look like if on every single one of your debit cards you put a symbol called the Ulster County Advantage; instantaneously that reaches thousands of individuals within Ulster County. The next step was to partner with the Chambers of Commerce and other business organizations to be able to identify with our local business how they would respond to these cards. What we are basically doing is turning someone's debit card into a discount card. Now there is an economic incentive, a driver if you will, for someone to buy local. So much more than simply saying buy local because it is the right thing for the community; we are saying buy local because it is the right thing to do for the community and the right thing for you as well. That is the economic driver there. We were pleased that at Herzogs earlier today, a local generational hardware store in the plaza, that we were able to unveil this with six or seven of the financial institutions that are local already on board. They have already agreed to do this and we are going to move this to a central process where we will have a database so that everyone knows what businesses are participating. It is designed for local financial institutions and local businesses and really designed to drive more people through the door with an

economic driver behind it. We believe it has the capacity to super charge buy local efforts throughout the county. The other piece, working with the Legislature, is that the county realigns their procurement process to make sure that it is the most local friendly as it can be by law. Then we are going to work on some recommendations for changes to state laws that we believe are important to help further that buy local component. Last, but not least, he is going to recommend to the UCIDA that there be some type of workforce provision that ensures that local economic development dollars stay local. We have wonderful workers here in Ulster County and in the surrounding contiguous counties. The idea of having people receiving significant tax benefits and then have contractors come in from four and five states away seems difficult to swallow for the people of Ulster County and he as well. We are committed to all of those things happening as an initiative designed to really supercharge buy local at every level that we can possibly think. That is where the administration is at this point and he thought that it was important that the Board was aware.

The members of the Board of Directors continued their discussion of the Authorizing Resolution. Discussion included, but was not limited to the following:

- Will the corporation, taking on this property, be able to subdivide this property before it is sold or is that not possible? The answer to the question was yes – you could do anything you wanted. If the county had it you would have to bid it as is. It provides the county with so much more flexibility in how the property is marketed.
- What if the corporation wanted to subdivide 300 Flatbush Avenue; we could do that also. It is possible.
- It gives the corporation the ability to explore all options.
- When the county had transferred the Golden Hill property to the Golden Hill Development Corporation, the Golden Hill Development Corporation sold the main parcel of the facility; a small parcel remains. A right away was retained to give access to that property.

**Motion:** James Maloney, seconded by Burton Gulnick, moved to adopt said resolution.

**Vote:** The motion was adopted. Robert Sudlow abstaining from the vote.

Mr. Sudlow explained that he has property that borders it.

### **FINANCIALS**

Mr. Christopher Rioux presented the financials for the periods ending January 31, 2014, February 28, 2014, March 31, 2014, April 30, 2014 and the monthly loan status reports for each month. His comments included, but were not limited to the following:

- UCDC is “sitting on” a little over \$200,000 in cash;
- In March over \$10,000 was spent – paid auditors, etc.
- Income Statement – Professional Dues – the HVEDC bill
- Loan Funds – there are multiple different types of loan funds
  - CDBG, CDBG98; Section 108, Telecommunications and the USDA

- New World – Section 108 – they are pretty far behind – they are trying to catch up and they are paying more than their normal monthly fees. Right now they are paid up through July of 2013; they are accruing a lot of late fees and interest on top of that.
  - GAMEX just closed in March, 2014. Their payments are due on the 24<sup>th</sup> of the month. GAMEX is Gabby's Restaurant in Ellenville.
  - Oxclove – refinanced their loan – they closed in March as well.
  - Is there continued interest in the loan funds – no. Ms. Holt has been making a lot of recommendations to banks and letting them know that the loan fund is available if they don't get bank financing. They seem to be obtaining financing with the banks.
  - Catskill Watershed was actually closed to Ulster County and they have just re-opened to Ulster County businesses. Whatever they have available has to be used by certain percentages by surrounding counties. When the other counties catch up with Ulster County they open up to us again.
  - Cash balances are included for each one of the funds – money that is available to loan out
  - Are these rates attractive or is bank financing so low that these rates are not attractive. We only loan funds if they have a denial from a bank. They have to bring a denial from the bank. They also have to work with local funds.
- Rental space at DSS. Efforts are underway to get out of the space. Hopefully that rent payment will be gone shortly. Property that is not needed any more will be disposed of and files that need to be saved will be placed in storage.

**Motion:** Robert Sudlow, seconded by Burton Gulnick, moved to approve the financials for the periods ending January 31, 2014, February 28, 2014, March 31, 2014 and April 30, 2014. Copies of said financials are on file.

**Vote:** The motion was adopted.

### **2013 AUDIT**

Matthew Vanderbeck, representing Pattison, Kosky, Howe & Bucci, CPAs, PC presented the 2013 Audit for the Ulster County Development Corporation. A copy of said Audit is on file.

Mr. Vanderbeck's presentation included, but was not limited to, the following:

- The audit was completed and their findings issued by March 31, 2014.
- Financial Statement
  - Independent Auditors' Report - Audit Opinion – Pages 1-3.
    - A clean report was issued in accordance with government auditing standards.
    - Page 3 – Emphasis of Matter – The first thing that shocked him was that the financials were being prepared in accordance with FASB and he was anticipating that they were being prepared in accordance to GASB, which is the governmental accounting statements.

It is clear that the corporation should be following GASB. The basis of accounting was changed from FASB to GASB so it is as if you have a new set of financial statements. That is why you only have one year that you are looking at. The opening net position was changed to reflect that change in accounting.

- Page 7 – Statement of Net Position
  - Total Assets were \$1.87 million; \$1.17 million in current assets.
  - Only \$13,000 in liabilities
  - Unrestricted net position of \$1.29 million; that correlates to the assets listed above primarily in cash
  - About \$800,000 in outstanding loans
  - There is a reserve \$34,000 of the loan balance which was made as a estimated provision for loan uncollectability
  - The restricted funds in the net position - \$194,000 – restricted by an outside party – not restricted internally
  - The only funds that were felt to be restricted by a third party were the \$194,000 primarily for the Telecommunications Fund.
  - Liability to Ulster County – that is the HUD money, the 108. Where in the past you had a receivable, you had a payable for a much larger balance. Upon investigation the only liability UCDC has is to the county. They have no direct liability to HUD. The HUD liability is at the county level. They eliminated the receivable and netted just what UCDC owed to the county at the end of the year.
  - Subject to Federal Law A133 – When you have outstanding loan funds, the loan fund balance is factored into calculating the threshold. The balance was so large in the HUD money, they thought there might be a need for an A133 Audit. A determination was made that that was not the case. UCDC does not have federal money. The money is with the county.
- Page 22 – Statement of Net Position
  - Keeping track of all these funds with the USDA - The only money that you have that is federal is the \$119,000 that you owe them.
  - All the other money that is sitting in the cash account is really at your discretion it has been de-federalized over time. It looks like it is money that is sitting in something that may be restricted in some fashion, but it is really not. That is why we don't restrict it in the balance sheet.
- Page 8 – Statement of Revenue, Expenses and Changes in Net Position
  - Operating loss of \$128,000

- In 2013 there wasn't any real source of revenue; the revenue that was received for The Solar Energy Consortium went back out.
- Page 9 – Statement of Cash Flows
  - There was a \$128,000 loss, but your operating use of cash was only \$38,000
- Page 10 – Notes to Financial Statements
  - Major change was a change in governance and the structure of the board – this is what drove the GASB change
  - The governance accountability is described there
- Page 11 – Notes to Financial Statements continued
  - Change in the Basis of Accounting
- Page 13 – Notes to Financial Statements continued
  - Loans and Allowance for Loan Losses – additional language/disclosure regarding risks, etc. regarding the loan funds
- Page 15 – Notes to Financial Statements continued
  - At the bottom of the page is the Loan Disclosure – Four loans comprise 71% of the balance at the end of the year. One loan in particular was a \$300,000 loan.
- Page 16 – Notes to Financial Statements continued
  - Disclosure on the USDA loan. The way the loan is structured it is a much higher amount than what has been drawn on it. The terms appear to require some type of re-negotiation. The payments are structured in such a way that it is factored as the full amount had been borrowed. Something must be done to adjust the payment schedule.
- Page 17 – Notes to Financial Statements continued
  - Related Parties. The county is now described as a related party. All transactions that are done with the county are described.
- Pages 19-20 – Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on a Audit of Financial Statements Performed in Accordance with Government Auditing Standards
  - Clean Report – No Findings
- Management Letter
  - First Page – No material weakness and nothing of significance to disclose – a clean report.
  - Attachments
    - Emphasize the importance of the accounting of the HUD 108 fund
    - Monitoring Loans Receivable

- The policies that are set to monitor compliance, whether it be to obtain financial statements or assessing the realization of individual loans by analyzing a specific company or collecting information regarding a loan to perform an assessment. There are policies to do these things. It is important that if that is your policy to follow through and collect the information and do the assessments on each loan.
  - Reserve – the allowance for doubtful accounts. Discussion took place last year with reference to the reserve and in particular establishing a reserve....this 4%. His opinion was to not go with that particular approach. It would be to go by a loan by loan basis because the portfolio is only comprised of 13 loans. Applying a global percentage is not an appropriate way. Each loan should be analyzed to see if each loan is impaired, based upon certain circumstances. Such as with New World, if they are paying late, there should be an assessment to see if that loan has been impaired. They came to the conclusion based upon their analysis, that what is in the reserve is actually sufficient at the present time. It was thought that they way it was gone about determining it could be done differently.
  - Financial Reporting to the Board of Directors – When Financial Statements are presented it would be helpful to present a budget analysis of all major expenses.
  - Record Retention Policies and Procedures – Smart to establish a policy about record retention and think about how you are going to keep track of records. Recommendation that it should not be in paper form, but in electronic form.
  - Non-Profit. There is a new Non-Profit Revitalization Act put into law September, 2013 and most provisions are effective July 1, 2014. It specifically says what types of policies and procedures you need to follow. This should be addressed by counsel. This is very important i.e. Conflict of Interest and other procedural issues.
- Required Communication Letter
- Boilerplate language that comes from the standard.
  - Made an adjustment with the Notes Payable when dealing with the HUD situation.
- Draft 990
- Due May 15, 2014 – requesting a 3-month extension
  - Ready to be finalized once the Board approves it
  - Vote on at the next board meeting

Chair Campagiorni requested that Ms. Holt follow up on the recommendations made in the Audit and report back to the Board of Directors at their next regularly scheduled meeting.

**Motion:** James Maloney, seconded by Ward Todd, moved to accept the 2013 Audit as prepared by Pattison, Kosky, Howe & Bucci, CPAs, PC.

**Vote:** The motion was adopted.

### **READY2GO**

Chair Campagiorni requested an update/status of the Ready2Go Program at the next meeting.

### **FOCUS MEDIA UPDATE**

Ms. Holt reported as follows:

- The Board of Directors has contracted with Focus Media to put together a marketing and advertising plan.
- She thought that Focus Media was really close to present their plan to the Board of Directors.
- Three SWOT meetings have been held (Strengths, Weaknesses, Opportunities and Threats) with a host of county stakeholders participating.
- Ms. Holt thought that the decision to hire Focus Media was a great one because Focus Media knows Ulster County really well. Having worked for tourism for so long, they are able to leverage all the information that they have gathered and really get going, not only for the County's Business Services and UCDC.
- They are going to recommend marketing; a brand; goals/objectives to move forward. Hopefully this will be done sooner rather than later.
- Presentation is anticipated at the end of May, beginning of June.

### **REPORT FROM THE OFFICE OF BUSINESS SERVICES**

#### **HUDSON VALLEY ECONOMIC DEVELOPMENT CORPORATION**

Ms. Holt reported that \$10,000 was sent to HVEDC. At a recent HVEDC meeting it was reported that a number of the governmental contributions have gone down. They are hoping to get it back up; they spoke publicly about the different amounts that the counties are paying. They are doing with less but are looking for ways to increase contributions possibly through business sponsorships. Going forward she thought that there would be a more accurate assessment of what everyone was paying.

### **START-UP NEW YORK**

Ms. Holt reported that SUNY Ulster has been approved. She is on their committee to meet with the businesses that apply and to make a recommendation to the President about approval. There are a lot of interesting businesses; they are definitely hearing that businesses that would have only considered Pennsylvania or Connecticut are now considering New York. It has been from tiny 1-2 person businesses, all the way up to a large attraction. That is exciting and good for Ulster County. SUNY Ulster President Katt has really embraced this new economic development role. He feels that it is a part of the college's mission and a lot of the colleges around the state are not doing that. President Katt is a role model to other colleges throughout the state. SUNY New Paltz was just approved. They have a lot of other issues with spacing and whatnot. They are really targeting high-tech; businesses that will compliment their 3-D printing initiative and their other engineering and advanced manufacturing. She plans on working with them as well.

Chair Campagiorni asked when calls come in are they coming into the college, do they have someone at the college handling them first and then transferring them to you or are they trying to handle them and answer questions. How is that working out.

Ms. Holt responded that calls are either going directly to the Governor, or ESD; or they are going to the college. Depending on what the business' needs are, depends on how early the President brings her in. If there is immediate need; he has brought her in at different times. It depends on how quickly they want to look at space; or how quickly they need resources from the county.

Chair Campagiorni asked if he were to go out to the website now will he see what properties are available and how is SUNY New Paltz going to handle that if they are having space constraints.

Ms. Holt responded that anywhere within a mile radius of the college .... a defensible mile; no one is out there with a ruler. She knew that SUNY New Paltz has worked with at least one or more realtors who have made a list of all the available properties that would fit into the criteria and they have that list. SUNY Ulster, so far they have been focusing on Tech-City which is within a mile of the BRC (Business Resource Center) and the new community center. Rosendale Elementary School closed and the Towns of Rosendale and Marbletown have taken it over and it has three wings. Rosendale has a wing; Marbletown has a wing and there is this third wing that they are looking to make into a business incubator or to rent out to various businesses. This is right near the campus. She has taken a few businesses there as well. It actually has the potential to be incredibly nice. We are focusing on that as well. They also could be in Uptown Kingston; as long as it is within a defensible mile of the campus.

Mr. Ward Todd asked if there was any guess as to when we might close on one this year?

Ms. Holt responded yes. SUNY Ulster has sent more than one up to ESD. What happens after it leaves SUNY Ulster it goes to ESD. They have within 60 days to act or else it gets passed. If they don't make a decision within 60 days then "thumbs up". She thought that more than one has gone already.

#### **ROCKING HORSE RANCH**

Ms. Holt reported that the owner of Rocking Horse Ranch, Steve Turck, has proposed the Wildberry Lodge in the Town of New Paltz. She has been working with them on a potential UCIDA Application and CFA Application, although she believed that they will defer until next year on the CFA. They believe that it is too early. This is a high-end indoor water park, located right off the Thruway.

#### **BUTTERMILK FALLS AND SPA**

Ms. Holt reported that she has been working with Bob Pollack of Buttermilk Falls and Spa. He is doing some amazing things in Milton.

#### **CONSOLIDATED FUNDING APPLICATIONS (CFA)**

Ms. Holt reported that this is time for preparing CFAs. She is trying to assist businesses, municipalities and non-profits. There is training at SUNY New Paltz next Tuesday, May 20<sup>th</sup>. The deadline is June 16, 2014 at 4:00 p.m. Last year, Ulster got the most of any county within our region.

#### **PARK POINT, NEW PALTZ**

Ms. Holt reported that the UCIDA incentivized the project. In the UCIDA's Uniform Tax Exemption Policy for Category 5 there is a window that they could do between \$450-\$750. They went for the highest; to charge

Wilmorite the most under their policy. They also defined a unit to be a bed. They did their best to listen to the community. Under their UTEP they may incentivize these types of projects; they feel it is good for economic development and so they picked the highest amount possible to charge them. She did not believe that the New Paltz Planning Board had met yet.

It was reported that the New Paltz Planning Board had met and they denied the SEQR and the project.

Continuing, Ms. Holt stated that the next step would be for either a law suit or for Wilmorite to negotiate a better impact fee with the town.

### **Adjournment**

**Motion:** Robert Sudlow, seconded by Kenneth Crannell, moved to adjourn the meeting.

**Vote:** The motion was adopted.

The meeting was adjourned at 5:02 p.m.

Respectfully submitted,

Ward Todd, Secretary