



UCDC BOARD MEMBERS

Anthony Campagiorni

Kenneth Crannell

James J. Hanson

Peter Loughran

James Maloney

Robert Sudlow

Ward Todd

ULSTER COUNTY DEVELOPMENT CORPORATION

BOARD OF DIRECTORS

MINUTES

July 31, 2013

A meeting of the Ulster County Development Corporation Board of Directors was held at 4:00 p.m., Wednesday, July 31, 2013, Karen Binder Library, 6th Floor, Ulster County Office Building, 244 Fair Street, Kingston, NY.

The following members of the Board of Directors were present:

Anthony Campagiorni	Chair
Kenneth Crannell	
James J. Hanson	Treasurer
Peter Loughran	
Ward Todd	Secretary

The following members were absent:

James Maloney	Vice Chair
Robert Sudlow	

Additional Attendees:

Linda Clark	Office of Business Services
Lindley Churchill	Sickler Torchia Sickler & Churchill CPA
Katherine Doran	Teal Becker Chiaramonte, CPAs
Dennis Doyle	Ulster County Planning
Stephen Finkle	S. Finkle Associates
Suzanne Holt	Office of Business Services
Clinton Johnson	Ulster County Attorney's Office
William Kimble	Daily Freeman
Christopher Rioux	Ulster County Finance
Robert Ryan	Harris Beach

The meeting was called to order by Anthony Campagiorni at 4:00 p.m.

APPOINTMENT OF CORPORATE OFFICERS

Chair Campagiorni stated that at the last meeting the Board of Directors the members of the Board appointed the Chair, Vice Chair, Secretary and Treasurer of the Board. It was felt that Ulster County Development Corporation (UCDC) needs leadership people ... i.e. President/CEO, CFO and Secretary. It was thought that it was appropriate to appoint Suzanne Holt to the President/CEO position, Christopher Rioux, CFO, and Linda Clark, Secretary.

Mr. James Hanson stated that for clarification purposes, with these appointments the CEO and CFO will be authorized to sign checks, initiate transfers/deposits, as well as on-going bill payments.

RE-AMENDED BYLAWS AND CERTIFICATE OF INCORPORATION

Mr. Clinton Johnson, representing the Ulster County Attorney's Office, stated that the Executive's Office would like to broaden the scope of what UCDC does. One of the best vehicles to do that is through a LDC. Currently, UCDC is incorporated under the not-for-profit law; under the section that authorizes LDCs is to go ahead and re-incorporate UCDC as an LDC under Section 1411 of NYS Not for Profit Law. This will allow the county to do other things with the corporate entity such as perhaps move other property under the umbrella of the LDC to be able to dispose of it; similar to what was done with Golden Hill.

Chair Campagiorni asked if this would be done next month.

Mr. Robert Ryan, representing Harris Beach, responded that if the Board gave him authorization to start, he could start working on the re-incorporation. Continuing he stated that this organization was actually incorporated before the not for profit law; it was under the membership corporations law. When 1411 was added, which says that any entity that is incorporated under the non-for-profit law, or even before that, under the membership corporations law, can re-incorporate as a 1411; this will provide for some additional powers.

Motion: Kenneth Crannell, seconded by Ward Todd, moved to authorize Harris Beach to move forward with the re-incorporation and amended Bylaws.

Vote: The motion was adopted.

PARIS APPROVALS

The members of the Board of Directors reviewed and discussed the following Reports for publication TO the website and inclusion in the PARIS Report as necessary. A copy of each said report is on file.

Investment Report
Real Property Report

Mission & Goals Measurement Report
Management Discussion and Analysis
Internal Controls Assessment

Motion: Ward Todd, seconded by Peter Loughran, moved to approve the above-referenced documents.

Vote: The motion was adopted.

PRESENTATION OF THE 2012 AUDIT

Katherine Doran, representing the CPA firm of Teal Becker & Chiamonte presented the 2012 Draft Audit to the members of the Board of Directors. A copy of the Draft Audit is on file. Ms. Doran's presentation included, but was not limited to the following:

- The financial statements are the Board's responsibility as management of the organization
- Under the professional auditing standards they are required to communicate certain things to those people charged with governance/audit.
 - Qualitative Aspects of Accounting Practices. Management is responsible for the selection and use of appropriate accounting policies.
 - No new accounting policies were adopted and the application of existing policies was not changed during 2012.
 - No transactions were entered into during the year where there was a lack of authoritative guidance or consensus.
 - All significant transactions have been recognized in the financial statements in the proper period.
 - No sensitive estimates affecting the financial statements were noted
 - Difficulties Encountered in Performing the Audit
 - No significant difficulties were encountered with management
 - Corrected and Uncorrected Misstatements – the following material misstatements were detected as a result of the audit and corrected by management
 - Record additional accounts receivable from Ulster County
 - Record deferred revenue related to Ready2Go Fund Feasibility Studies
 - Reclassify loan proceeds from the USDA Intermediary Relending Program Loan Fund from revenue to long-term debt
 - Disagreements with Management

- No disagreements arose during the course of the audit
- Management Representations
 - They will request certain representations from management in a Management Representation Letter which is dated as of July 25th, 2013. This will need to be signed before a final Financial Statement can be issued.
- Management Consultations with Other Independent Accounts
 - If they became aware of management consulting with other accountants about auditing and accounting matters similar to obtaining a second opinion on the financial statements, they would be required to communicate that. To the best of their knowledge they are not aware of any such consultations.
- Other Audit Findings or Issues
 - Discussions regarding the application of accounting principles and auditing standards were held during the normal course of the relationship
- Annual Investment and Procurement Reports and the supplementary information in the PARIS Report, which are included as part of the financial statements.
 - Certain inquiries were made of management and evaluated the form, content and methods of preparing the information to determine that the information compiles with accounting principles
 - This information was not audited.
 - The information was compared and reconciled to the underlying accounting records used to prepare the financial statements.
- Financial Statements
 - Independent Auditors' Report
 - Report on the Financial Statements – states what the Auditor's did
 - Management's Responsibility for the Financial Statements –
 - Management is responsible for the preparation and fair presentation of the financial statements.
 - Auditors' Responsibility
 - To express an opinion on the financial statements based on their audit.
 - Opinion
 - In their opinion the financial statements present fairly in all material respects the financial position of Ulster County Development as of December 31, 2012 and 2011.

- The changes in its net assets and its cash flows for the years then ended are fairly presented in accordance with the accounting principles generally accepted in the United States of America.
- This is a clean opinion.
- Other Matters
 - Other Information – there is information contained within the Financial Statements that were not subject to their auditing procedures.
 - MD&A – the information is compared with the underlying records, but that information was not audited.
 - PARIS Report – was not subject to audit procedures – not required to be audited; is presented as additional information.
 - USDA Intermediately Relending Program Loan Fund – responsibility of management – this information has been audited as it is required by the USDA – it is presented as a supplemental schedule.
- Other Reporting Required by Government Auditing Standards
 - The Internal Control Report for financial reporting – describes that the organization's internal controls were considered to determine the audit procedures.
 - Auditors would be required to report if during the course of performing the audit a material weakness and/or deficiency in internal control such that there is a possibility of material misstatement of the organization's financial statements were disclosed.
 - No material weaknesses were found during the course of the audit.
 - No instances of non-compliance were discovered during testing.
- Statements of Financial Position
 - Cash balance is up from the prior year
 - In the current liabilities there is an amount of \$126,016 – Due to related party
 - At the very end of December there was a Certificate of Deposit that belonged to the Ulster County Industrial Development Agency (UCIDA) that was renewed at the bank, but when the bank renewed the CD they mistakenly placed it in the name of Ulster County Development Corporation. It is sitting as a cash account in Ulster County Development Corporation as of December 31, 2012. It doesn't belong to UCDC and was resolved in early 2013. Because the Statement of Financial Position is a snapshot as of December 31, 2012, that is why that is showing.

➤ Management Representation Letter

- Management needs to review. It states that management is accepting responsibility for the financial statements that you have provided all the records, etc. The responsible person in management must review/sign and return the document. Because it is an essential part of the audit, only when it is signed can the final audit be issued.

➤ Form 990

- This form needs to be filed every year with the Internal Revenue Service; the original due date was May 15th, 2013. It has been extended until August 15th, 2013. It can be extended again.
- This is public information – every 990 is posted on the Guide Star website.
- This form is filed electronically
- Missing two pieces of information
 - Page 1 – in signature block – who will be signing the report
 - Christopher Rioux will be signing
 - Page 6 – State name, physical address and telephone number of the person who possess' the books and records of the organization
 - Christopher Rioux - PO Box 1800, Kingston, NY 12402

➤ CHAR 500

- This form must be sent to New York State, with a copy of the Audit and a copy of the 990 and there are filing fees in the amount of \$275. This is a hard copy filing and will have to be signed by two individuals The President, or authorized officer and then the CFO or Treasurer.
- The completed signed form with accompanying check will be sent from Ulster County via mail.

Mr. Hanson asked in terms of an affirmative vote of the board, the Audit requires an affirmative vote of the board, but does the 990 actually require a vote; does the board actually vote on that or is it an administrative filing and part of our normal procedures.

Mr. Ryan responded that it is always the independent financial audit that is approved. The 990 is prepared off the independent financial audit. He didn't think that the board would need to vote on a separate resolution approving it, but it doesn't hurt to do it. It is an administrative function.

Mr. Hanson asked and the PARIS filings?

Mr. Ryan replied that needs to be an affirmative vote.

PARIS REPORT
(Contained within the Audit)

Mr. Robert Ryan presented an overview of the PARIS Report. His presentation included, but was not limited to:

- The most important aspect of PARIS is the financial data which is pulled from the audit.
- There are many yes/no questions ... i.e. regarding policies. There is a link to the website; there is no paper physically sent to the Authorities Budget Office (ABO).
- Property held/Investments
- The board members as of December 31, 2012 are listed.

Motion: Peter Loughran, seconded by James Hanson, moved to approve the Ulster County Development Corporation Financial Statements for December 31, 2012 and 2011, the 2012 PARIS Report, and the IRS Form 990 as presented.

Vote: The motion was adopted.

MINUTES

Motion: James Hanson, seconded by Kenneth Crannell, moved to approve the Minutes of the July 8, 2013 meeting. A copy of said Minutes is on file.

Vote: The motion was adopted unanimously.

FINANCIALS

Motion: James Hanson, seconded by Peter Loughran, moved to approve the financials for the period ending June 30, 2013. A copy of said financials is on file.

Vote: The motion was adopted unanimously.

Mr. Hanson stated that he has had discussions with the legislative staff regarding the receivable from the county for the 2012 Incentive Funding. The money that was dedicated to UCDC for 2012 was not encumbered for 2012. As a result they are going to need to appropriate from contingency which will require a legislative resolution to authorize payment to UCDC for that period.

AUDITOR'S RECOMMENDATION – UCRLF RESERVE

The members of the Board of Directors discussed the UCRLF Reserve. Discussion included, but was not limited to

- UCDC has a 2% loan loss reserve; the Auditor questioned if that was sufficient
- Research indicated that the national best practices are between 5-7%
- A recommendation was made to increase the 2% loan loss to 4% this year and then 6% next year.

- Possibly this isn't necessary with what is already in existence ... 2%. There is a possible risk to the organization given that these are grant funds and to the extent that you increase your reserves, you decrease your ability to essentially loan these funds out. There is a required funds reserve under the USDA; that has been identified.
- There doesn't appear to be a strong reason to do it.
- Is the balance sheet fairly presented with a reserve of only 2%; is it likely that only 2% of those loans would be uncollectable or is it the likelihood of 4% of those loans may be uncollectable. Things happen with businesses. It is really about the fair presentation of the financial statements; what amount of allowance is fair.
- It was recommended that more research be performed; bring some numbers to the board. If we went to 4% or 6%, what would that mean on the loan money; what has been the past default rate on these loans.
- Concern was expressed over the Section 108 loans because the county actually borrows the money and there is a payment due every quarter to pay that back. There may be a fee that is put on top of the county's interest. A 108 payment cannot be missed. The regular revolving loan funds are different.
- Before a decision is made there needs to be a better understanding of the repayment histories.
- With reference to Section 108 loans, are we speaking of an established set aside reserve or just keeping an amount in the county's component of the Section 108.
- It was noted that in the financials that when the Section 108 payment was due from the county, it was short in the cash account. It was necessary to take a short term loan borrowing from the other Section 108 loan account in order to cover the county payment. That is because the borrower is behind on their payments.
- It was pointed out that Section 108 money is now restricted from loaning out. There is some money in the bank, but what ended up happening is when NY State took over the program, the original money came from 108 and it was drawn down as a tentative draw down with no projects attached to it. The State of New York did not know about that drawn down and they are telling us that they want the money back and you are not suppose to loan it out again. That money can be returned to the State of New York.

This subject will be revisited at the next meeting of the Board of Directors. No action was taken.

CONTRACT FOR SERVICES BETWEEN OBS AND UCDC

Mr. Johnson presented the draft agreement between Ulster County Office of Business Services and UCDC. A copy of said Agreement is on file. The contract would be retroactive to July 1, 2013.

Motion: Peter Loughran, seconded by Ward Todd, moved to approve the proposed Agreement between the Ulster County Office of Business Services and Ulster County Development Corporation.

Vote: The motion was adopted.

OLD BUSINESS

None.

NEW BUSINESS

BOARD MEMBER TRAINING

The schedule of ABO Board Member Training was included in members' board materials; a copy of which is on file. This is required training. Any member that has completed said training was directed to provide Linda Clark with a copy of their respective certificate of completion.

CONSOLIDATED FUNDING APPLICATION (CFA UPDATES)

Ms. Suzanne Holt provided an update on the CFA filings. The Office of Business Services has been working with numerous businesses and non-profits. The deadline for applying for priority projects was July 30th, 2013; for all others August 12th, 2013. Among others, the following projects requested assistance as priority projects – Nevele Hotel (for training of local unemployed workers); SUNY New Paltz (3D Printing Hub), Health Alliance (merger of two campuses), Hudson Valley Wine Village (water line extension), etc.

POLICIES

The Compensation, Reimbursement and Attendance Policy and the Investment Policy were briefly presented by Mr. Ryan. He requested members review said policies for consideration at the next meeting.

NEXT MEETING

It was agreed that the next meeting(s) of the Board of Directors be scheduled as follows:

4:00 pm - Tuesday, August 27, 2013

4:00 pm - Thursday, September 19, 2013

ADJOURNMENT

Motion: Peter Loughran, seconded by Ward Todd, moved to adjourn the meeting.

Vote: The motion was adopted unanimously.

The meeting was adjourned at 5:20 p.m.

Respectfully submitted,

Anthony Campagiorni, Chair