

**Ulster County Industrial Development Agency  
Minutes  
March 14, 2012**

A regular monthly meeting of the Ulster County Industrial Development Agency was held at 8:00 a.m., Wednesday, March 14, 2012, Conference Room 108, Business Resource Center, Development Court, Kingston, NY.

The following agency members were present:

Paul Colucci	Assistant Chair/Assistant Secretary
Robert Kinnin	Assistant Chair/Assistant Secretary
Michael Horodyski	Assistant Chair/Assistant Secretary
James Malcolm	Assistant Chair/Assistant Secretary
John Morrow	Secretary
David O'Halloran	Chair
Steve Perfit	Treasurer

The following agency member was absent:

None.

UCDC Staff:

Linda Clark  
Lisa Fadelici

UCIDA Attorney and Bond Counsel:

A. Joseph Scott                      Hodgson Russ LLP

Additional Attendees:

Michael Burke	Hudson Valley Film Commission
Katherine Doran	Teal Becker and Chiaramonte
Heidi Johnson	Hudson Valley Film Commission
James Quigley	Supervisor – Town of Ulster
Laurent Rejto	Hudson Valley Film Commission
Dean Tamburri	Laborers' International Union of North America, AFL-CIO Local Union #17

Chair David O'Halloran called the meeting to order at 8:00 a.m.

**PLEDGE OF ALLEGIANCE**

The members of the Agency participated in the Pledge of Allegiance to the flag.

**PUBLIC COMMENT**

Chair O'Halloran opened the meeting for Public Comment. There being no individual(s) requesting the privilege of the floor, Chair O'Halloran closed the Public Comment segment of the Agenda.

### MINUTES

**Motion:** John Morrow, seconded by Steve Perfit, moved to approve the Minutes of the February 8, 2012 meeting. A copy of said minutes is on file.

**Vote:** The motion was adopted.

### FINANCIALS

**Motion:** John Morrow, seconded by Michael Horodyski, moved to approve the financials for the period ending February 29, 2012. A copy of said Financials is on file.

**Vote:** The motion was adopted.

### 2011 AUDIT

Katherine Doran, representing Teal, Becker and Chiaramonte, presented the 2011 Preliminary Audit Report to the members of the Agency. A copy of said Preliminary Report is on file.

- The audit is nearly complete – field work has been completed
- Preliminary Report is before the Agency – the Management Discussion and Analysis has yet to become a part of the report.
- The financial statement belongs to the UCIDA
- The only part of the audit that comes from Teal Becker Chiaramonte is the Independent Auditor's Report
- The Auditor's Report is a clean opinion; there are no exceptions in this opinion. The audit was conducted in accordance with auditing standards generally acceptable in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The financial statements referred to are presented fairly the respective financial position of the governmental activities and the business-type activities of the Agency as of December 31, 2011 and 2010, and the respective changes in financial position and, cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards
  - This is a clean report. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.
- Management is responsible for selection and use of appropriate accounting policies. No new significant accounting policies were adopted during 2011 and no transactions were noted entered into by the Agency during the year where there was a lack of authoritative guidance or consensus.
- Accounting estimates are an integral part of financial statements – there were no sensitive estimates affecting these financial statements which would be required to be disclosed separately.

- There were no significant difficulties dealing with management while completing the audit
- There were no misstatements that were material to the financial statements
- There were no disagreements with management as to any financial accounting reporting or auditing matters.
- Management will supply a representation letter prior to finalizing report

**Motion:** Steve Perfit, seconded by Paul Colucci, moved to accept the 2011 Preliminary Audit prepared by Teal, Becker and Chiaramonte.

**Vote:** The motion was adopted.

## **PRESENTATIONS**

### **Hudson Valley Film Commission**

Laurent Rejto and Heidi Johnson, representing the Hudson Valley Film Commission, addressed the members of the Agency. A copy of said Application for Grant and presentation is on file. The presentation included, but was not limited to:

- Hudson Valley Film Commission supports sustainable economic development and job creation.
  - 2011 direct economic impact topped \$5.5 million
  - Indirect secondary spending magnifies economic benefits exponentially as individuals and businesses re-spend locally.
- In 2011 the film commission attracted and facilitated productions that would have otherwise filmed elsewhere
- The film commission receives no direct payments for productions
- Various case studies were presented which highlighted how the film commission assisted producers to secure local financing, primary locations, local crews, vendors and cast; the production benefits to the local economies and the revenue generated in direct spending.
- The film commission works to increase the number of certified soundstages so that productions can be eligible for the NYS Film Production Tax Credit Program.
- The film commission works to publicize the Hudson Valley's virtues and capabilities to filmmakers and companies in the feature film, television and media industry.
- The film commission's website includes a free directory promoting regional businesses and individuals that serve the film/video industry. Work opportunities are posted as they become available.

### **Motion 1**

**Motion:** Steve Perfit, seconded by John Morrow, moved that the Hudson Valley Film Commission be initially funded in the amount of \$20,000.

Mr. Perfit stated that the reason for the motion was to allow time for the film commission to meet with other counties within the Hudson Valley. It will provide some funding to the film commission until the meetings have been concluded.

Chair O'Halloran stated that the Agency respects and understands the value of this industry to the community. The film industry is one of the few industries that we are involved in that has universal support of our community. Additionally, the film commission works with for-profit companies (caterers, hotels, etc.); it does not appear that they are participating in funding – there did not appear to be an ask. Are these donations going to the film commission?

Mr. Rejto responded that Markertek did donate \$20,000 last year. The “asks” are happening – they don't seem to be responsive. The film commission tries not to solicit.

Chair O'Halloran stated that the film commission has to raise money to operate and for-profits are the first target. The local monies that are being generated; they are the primary beneficiary. It is in their best interests.

Paul Colucci remarked on the multi-year grant in the amount of \$160,000 beginning in 2007. He was concerned about the motion on the table regarding granting the film commission in the amount of \$20,000 rather than the requested amount of \$40,000. He fully supports the \$40,000 request.

Mike Horodyski stated that he thought that this was a measured motion.

James Malcolm stated that activity is going on in Dutchess, Orange, etc. and the UCIDA is driving the revenue.

Mike Horodyski asked what the meeting schedule was.

Mr. Rejto responded that the only meeting scheduled was with Dutchess County.

Chair O'Halloran stated that he supports the film commission, but there needs to be a way of trying to assist with getting funding from outside organizations. It is valuable, has a great return, and it is an industry that this community wants and needs. He was game for a multi-year structure, or just a temporary \$20,000 and meeting with them again in several months.

Mr. Malcolm was not opposed to giving them the \$40,000; but that it was contingent on meeting with other IDAs and other revenue streams. He did not see the Agency continuing to fund it, with no one else “jumping into the mix” – public or private.

John Morrow stated that we have had this same discussion for the past five years; no progress has been made with other IDAs.

Chair O'Halloran stated that previously Lance Matteson was asked to work with Mr. Rejto to “knock on doors” and visit the other IDAs.

Mr. Matteson responded that was done and it went no where. This is a sexy sector and everyone believes that it can do it themselves. There are a lot of little film festivals popping up. People want to own it and have their name on it. Now, Mike Oates, of the Hudson Valley Economic Development Corporation (HVEDC) knows that we are having an issue about continually contributing to the HVEDC and not seeing enough ROI on it. He has assigned Brian Gates to schedule these meetings.

Mr. Rejto stated that he has had a serious issue with HVEDC; they funded an advertising campaign about how they are bringing film to New York without including the film commission.

Mr. Perfit stated that in the past the Agency has tried to incent Mr. Rejto. It was his opinion that the Agency should give them \$20,000 now and give the meetings a chance and see what other money could be raised.

Chair O'Halloran suggested that the Agency consider the plan that was had five years ago – a \$40,000, \$30,000 and \$25,000 grant over three years; it self imposes the responsibility to the Hudson Valley Film Commission to get this done. We grant a three-year declining grant.

John Morrow suggested that a sub-committee of the UCIDA be created to go out and get it done and report back to the full committee.

Robert Kinnin fully supports the \$40,000 grant. It is incumbent upon the UCIDA to raise the flag as an endorsed supporter going back to the other IDAs that this is the best thing for the Hudson Valley.

#### **Motion 1 (continued)**

**Vote:** The motion was defeated. Agency members Colucci, Horodyski, Kinnin, O'Halloran, and Malcolm, voting noe.

#### **Motion 2**

**Motion:** David O'Halloran, seconded by Robert Kinnin, moved that the Ulster County Industrial Development Agency (UCIDA) grant the Hudson Valley Film Commission (HVFC) \$40,000 for 2012 and in addition, establish a sub-committee of the UCIDA on the Hudson Valley Film Commission.

Paul Colucci requested that, not as part of the motion, that there would be a timeline for both the committee to coordinate meetings with whoever they need to and have the film commission report back with that sub- committee some 4-5 months from now.

Chair O'Halloran stated that at the next meeting of the Agency he would develop a mission and a committee list for the sub-committee.

Michael Horodyski remarked that this is now four years and we are doing the exact same thing...we are "driving the bus" for the entire Hudson Valley Film Commission. It was his suggestion to wait to see what the fruits of the labor would be over the next several months. Once the \$40,000 is out there, the incentive for the year is not so great as if there was no money. He could not understand why the UCIDA is the most "illuminated group" in the Hudson Valley with regard to the film commission.

James Malcolm stated this puts the onus upon the film commission to create a stream of funding outside of the UCIDA. The film commission will have to help themselves.

Lance Matteson stated that we do not have the sustainability to support the film commission ourselves if we continue at this pace. We have a 2011 \$80,000 operating deficit. Our own ability to contribute is an issue.

**Vote:** The motion was adopted. Michael Horodyski voting noe.

## **COMMITTEE REPORTS**

Governance Committee. Committee Chair John Morrow, on behalf of the Governance Committee, recommended that the following documents be approved as submitted. Copies of said document(s) are on file.

- 2011 Annual Report – Management Discussion and Analysis
  - It was unanimously agreed that a footnote should be added to indicate that the \$75,000 was a really extraordinary item as oppose to normal operating revenue
- Internal Control Assessment as of 12/21/11
- 2011 Authority Mission and Goal Measurement Report
- 2011 Real Property Report
- 2011 Investment Report
- No Extension of Credit
- Confidential Evaluation of Board Performance

**Motion:** Robert Kinnin, seconded by Michael Horodyski, moved to approve the above referenced documents.

**Vote:** The motion was adopted.

Audit Committee. Committee Chair Steve Perfit reported that the committee had met with the CPA firm. They were very pleased that there was no management letter. The preliminary results don't vary much from the final. The final quarter for 2011 was also reviewed/approved.

Ready2Go Committee. Lance Matteson reported that the committee will meet via conference call on March 20, 2012. The first project contracts are in front of the developer; legal counsel is engaged and a consulting agreement in place. The funds have yet to be received from the private partner.

## **PROJECTS**

### **Stavo Industries – Wolf-Tec**

Lance Matteson reported that the real estate contract for both of these firms has been signed. The next step is to have the taxing authorities review and approve the proposed PILOT agreements that were negotiated. The Public Hearings are scheduled for March 19, 2012 (7:00 p.m. for Stavo/7:45 p.m. for Wolf-tec). The April meeting of the Agency has been proposed to be moved to April 18, 2012, instead of April 11, 2012. It accommodates the meeting of the Ulster County Legislature on April 17, 2012.

Chair O'Halloran remarked that if the taxing authorities are not in 100% agreement regarding the Deviated PILOTs, these projects will not close.

### **Hudson River Valley LLC**

Counsel Scott reported that the mortgage documents have been agreed to by the town and Hudson River Valley and they have gone on to SONYMA for their consideration. He will have a report at the next meeting of the Agency.

### **Birchwood Village**

Chair O'Halloran reported that he was still in discussion with the applicant and initial discussions with the City of Kingston. Even though the Agency will be successful in making the City whole for what is in default, there is still an unsuccessful part of the PILOT process with Birchwood and the City of Kingston. That comes in the form of the exemption percentage of the current PILOT. He was recommending a fixed dollar PILOT amount going forward. The problem is currently even the monies collected have a zero benefit to the taxpayers of Ulster County. The certiorari argument costs exceed the revenues brought in. If we could eliminate that going forward while we have all this stuff going on, it would be beneficial to the City of Kingston and Ulster County and it would be certainly be a good task for this IDA. He could not give an estimate of whether or not it will be successful or not. At this point they have to pay the bill in full with interest and penalties by the April date or they go into default.

### **CEO Report**

Lance Matteson reported that there was a very important manufacturing retention project that he was working on. He would be back to the Agency with further details.

### **Old Business**

#### **Hudson Valley Economic Development Corporation**

**Motion:** Robert Kinnin, seconded by James Malcolm, moved to approve the expenditure of \$10,000 as the Ulster County Industrial Development Agency's portion of 2012 dues for marketing support and economic development to the Hudson Valley Economic Development Corporation.

**Vote:** The motion was adopted.

#### **Hudson Valley Center for Innovation**

**Motion:** James Malcolm, seconded by Robert Kinnin, moved to approve the outstanding grant expenditure of \$25,000 to the Hudson Valley Center for Innovation with the stipulation that audited financial statement(s) be submitted prior to the issuance of the check.

**Vote:** The motion was adopted.

### **ABO Training**

On April 3, 2012 at 8:00 am the City of Kingston will be holding Authorities Budget Office Training for those individuals that still need to take the course. Chair O'Halloran stated that he committed the UCIDA to \$900 in shared training costs. The members of the Agency concurred with the Chair's decision.

### **NEW BUSINESS**

Chair O'Halloran stated that he is requesting a Waiver of Conflict of Interest for Bond Counsel and his law firm. Counsel Scott explained that a potential private developer, Wilmore out of Rochester, is going to build a student

housing facility at the SUNY College at New Paltz and they are going to get financing from a lender. A partner from his Buffalo office informed Mr. Scott that they were looking at representing the lender on this transaction. We now know through some of the due diligence that he has done on behalf of the lender that the IDA may be involved on the straight-lease side of the transaction. The only document that the IDA will be signing that relates to the lender is the mortgage, because the IDA has an interest in the real estate as part of any straight-lease transaction and will be granting, joining with the company, granting a mortgage to the lender. There is a technical business conflict in that situation. Counsel raised the issue with the Chair as to whether or not the IDA would be willing to waive the conflict in terms of being comfortable with Hodgson Russ as acting as Agency counsel on the straight-lease documents which essentially relate to us and the Wilmorite developer and our firm acting as lender's counsel on the borrowing by the Wilmorite developer and the lender.

**Motion:** John Morrow, seconded by Robert Kinnin, moved to issue the appropriate Waiver.

Steve Perfit spoke against the motion. In his business even if there is a perceived conflict by the individual, it was his opinion that they should step aside.

**Vote:** The motion was adopted. Steve Perfit voting no.

#### **ADJOURNMENT**

**Motion:** John Morrow, seconded Paul Colucci, moved to adjourn.

**Vote:** The motion was adopted.

Meeting adjourned at 9:31 a.m.

Respectfully submitted,

John Morrow  
Secretary