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6-22-21 UCIDA Audit Committee Meeting Part Two <https://www.youtube.com/watch?v=xjwyyv56UxA4>

DATE

July 14, 2021

DURATION

49m 36s

7 SPEAKERS

Rose Woodworth

Diane Eynon

All

Faye Storms

Michael J. Ham

Richard Jones

Speaker2

START OF TRANSCRIPT

[00:00:01] Rose Woodworth

Ok.

[00:00:02] Diane Eynon

All in favor.

[00:00:05] All

Aye.

[00:00:05] Diane Eynon

Great. All right, Rose.

[00:00:09] Rose Woodworth

Ok, thank you. And we're recording it on YouTube.

[00:00:14] Diane Eynon

Ok. Alright, we are back out of executive session. Rose would be the time where we would just actually put forth what we discussed. Or do we want to wait till we get to some other agenda items.

[00:00:27] Rose Woodworth

Well they're next on the agenda so.

[00:00:30] Diane Eynon

Oh good. Ok, there we go. OK. All right. So I would like to have a motion. Go ahead, Rose.

[00:00:30] Rose Woodworth

Sorry. I just want to. We have to say that. No, what's the phrase?

[00:00:46] Diane Eynon

We did not make any decisions or vote on anything in our committee. Yes.

[00:00:50] Rose Woodworth

Thank you. I can't think. (inaudible)

[00:00:55] Diane Eynon

Your welcome. Ok, that we just did that, OK. All right. So what I would like is someone can put forth a motion that we change our labor reporting policy to go to a monthly on site reporting for all of our projects and that we would include language in our agreements with projects that bind all subcontractors to the general contractor, holding them accountable for their labor. And that we will ask Joe Scott to to draft that language for us and that we make a recommendation to the governance committee to have expiration dates on all the contracts, preferably one year contracts. So if I can get a motion.

[00:01:38] Faye Storms

That's one motion for both?

[00:01:41] Rose Woodworth

All of the above.

[00:01:42] Faye Storms

Yeah, all the above, I'll make that motion.

[00:01:48] Michael J. Ham

I'll second.

[00:01:48] Diane Eynon

All in favor.

[00:01:49] All

Aye.

[00:01:49] Diane Eynon

Alright and the next item is to have approval for the staff report. Motion.

[00:02:05] Faye Storms

I'll make a motion for approval for the staff report.

[00:02:07] Michael J. Ham

I'll second chair.

[00:02:09] Diane Eynon

Thank you. All in favor.

[00:02:09] All

Aye.

[00:02:10] Diane Eynon

Alright. Great. Our next item on the agenda is UHY audit invoices paid five. Take a look at those. Rose, anything you want to share about those?

[00:02:26] Rose Woodworth

Yes. So where does this come back to the audit committee? Because the engagement letter and the proposal from UHY had said ten thousand dollars for the audit and this is because of the progress billing, it would be a total of ten thousand seven hundred and fifty dollars. There was some frustration on our end that it wasn't addressed ahead of time. And, you know, Scott had mentioned it to me after the bill was like in and in route, instead of saying, you know, we're coming up on an issue with the fees. Our audit was more work than prior years because of the grants. But we also sent out the RFP this past year. And so that could have been something we would have easily discussed with them. So in the engagement letter on page 10 of our packet at the second the top paragraph, the first full paragraph, every accounting firm has standard language in it that literally says what this does. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate and whenever possible, blah, blah, blah. Right. So our engagement letters for our accounting firm say that if it's going to exceed that, we will let you know ahead of time. There says if it's going to significantly exceed that, they'll let us know ahead of time. It's obviously just seven and a half percent increase from what they had told us. It's not significant. It's frustrating. So, you know, it's I guess Jimmy wanted you all to discuss it before bringing it back to the board for payment.

[00:04:19] Faye Storms

I would let go. It's what, I would let it go. It said they said it right in the verbiage about being significantly, seven hundred and something dollars. Right, more is not that significant to me.

[00:04:39] Rose Woodworth

No, I mean, we could what if we can we draft an email to them and just say something about it and then just send the check or.

[00:04:51] Faye Storms

Yeah, that does read like that paragraph changed or something in the agreement, (inaudible) any increase we'd like to know about.

[00:05:01] Diane Eynon

Yeah, I think Rose, I think we agree with Faye that, you know, we pay it. But I also think there's a way to let them know we're not happy because one is the cost is seven fifty increased and out of nothing, even if it's not significant at a professional courtesy to tell someone that the costs are going to be higher, especially since we just went with the contract with them. Right.

[00:05:23] Rose Woodworth

Yeah.

[00:05:25] Diane Eynon

So a professional courtesy. And I think that there was other issues that you had about timeliness of things and responsiveness. So I think that this is an opportunity. We're all we're early on in the relationship with them and saying, listen, it's the first we're doing this. We did this together. Here are some of my feedback on the experience.

[00:05:44] Rose Woodworth

Ok.

[00:05:44] Diane Eynon

Any time there's an increase in cost, we would appreciate a professional courtesy that you let us know. Also, you know, we're working under tight timelines and timeliness and responsiveness is really important to us. And do that in an email.

[00:05:58] Rose Woodworth

Ok, yeah.

[00:06:00] Diane Eynon

Yeah, Rick.

[00:06:03] Richard Jones

Chair, I know I'm not on the audit committee, but wearing my CFO Hat and knowing what happened in the past, it seems to me that we had a better relationship when they were the previous firm that they were they were more local and they were certainly more engaged with us. And when it went to UHY, it got lost in the ether of a bigger corporation. So I would ask you to consider not paying them the 750, even though I agree with Faye that it's de minimis, but not paying the 750 until they change the contract to read or just not pay it until they have to change the contract to read, get rid of the word significant. And that's in the eye of the holder. Or just simply say any change period to the contract. You have to tell us ahead of time and. So I would suggest you don't pay the 750.

[00:07:01] Diane Eynon

Mike.

[00:07:02] Michael J. Ham

Well, I'm reading at the conclusion of our audit engagement we communicate to the agents audit committee, the following significant findings from the audit and then in it, it just it just repeats itself. Oh, it's such it's so vague. It's unbelievable. I mean, you know, of a significant accounting practices. What is that, Rose? You would know that term. Do you know that now? I don't know it either. Know disagreement with management. OK, what kind of disagreement.

[00:07:35] Rose Woodworth

Well, they have to. So some of this stuff is literally they have to use with the AICPA. OK, so those terms that's what the AICPA is giving them to say, OK, and especially for audits, things like the engagement letters, the management rep letters, all that stuff is very standard. You can obviously make changes so them having their letter say significant amount is their choice. So that is definitely something they could change or says any amount above that. We will let you know ahead of time.

[00:08:12] Michael J. Ham

That's correct.

[00:08:13] Rose Woodworth

And the other accounting firms I've worked at have also worded it that way. Let me rephrase most of the time, worded it that way and sometimes carefully not worded it that way. So..

[00:08:25] Michael J. Ham

I mean, If you're quoted at ten thousand dollars and it's two dollars over, it doesn't matter if it's two dollars, it's significant to what the quote is, regardless of what (inaudible).

[00:08:36] Rose Woodworth

Specially if we just got the quote from them. It's not like we're the third year into this proposal and suddenly decided to do the grants. That's the part that's just really frustrated me. And even those seven hundred and fifty dollars isn't huge. In the grand scheme of things, it is still seven and a half percent.

[00:08:55] Richard Jones

The other thing is, if I may, this was a three year contract. We had a three year contract in order for them to know where their revenue was coming from us and for us to project our expenses. Now, in this three year contract with a promise to certain fee, they were a little bit more. They didn't tell us until after the fact. Again, I don't think we should pay them,

[00:09:16] Diane Eynon

OK?

[00:09:19] Michael J. Ham

And did they contact you, Diane or Rose or...

[00:09:23] Diane Eynon

No.

[00:09:24] Rose Woodworth

No, Scott told me on the phone. He said, you know, the partner I can't think of, Matt, Matt is considering building a little bit more because of the extra work that was done. How would you feel about that? I said, well, I feel that you should have told us ahead of time that there was an issue and then this bill had already been in the mail to us.

[00:09:49] Michael J. Ham

Right. I tend to agree with Rick,

[00:09:53] Faye Storms

So is this something we need to put forth?

[00:09:59] Diane Eynon

Alright, so...

[00:10:00] Rose Woodworth

The board would probably need to say we're not going to pay it or we are. Right.

[00:10:07] Faye Storms

Yeah. Right.

[00:10:09] Diane Eynon

OK, so. Sounds like our what we've come down to here is that we are not going to pay the seven hundred and fifty dollars, which is a seven and a half percent increase into what the estimate was in our engagement letter. And we're asking them to change the letter of the contract to get rid of language using the word significant that instead any increases. That are put in the engagement level, they need to notify us. And then I'm assuming once that language has been changed, we pay the difference, we pay the invoice. Or we just don't pay the differential. I don't. That's the part I'm not sure what we're saying.

[00:10:49] Richard Jones

Don't pay the differential. Let them realize that if we're going to have a change to what was promised on both ends of the contract and they go over it, had they told us ahead of time, it's good practice. It's good managerial practice. They didn't I don't know why I wouldn't pay it, whether they and if they don't sign the contract to get rid of the word significant. Well, that might be a significant reason for us taking to refuse any increase at any point in the next two years of their fees. We're reasonable, and I don't believe they happened in this regard in terms of forewarning.

[00:11:29] Rose Woodworth

Ok, so then we just need to make a recommendation, motion for a recommendation to the board of what you think we should do.

[00:11:39] Diane Eynon

Yeah, so I think where we are is that we are not paying the invoice, we're asking them to change letter in the engagement letter to say that we will any time that there's an increased potential increase in costs, that they notify us beforehand and that once that language is changed, we will pay the original estimate and math that they gave us, which was ten thousand dollars, right, Rose? And that's our recommendation to the to the board, the board,

[00:11:39] Faye Storms

Yeah.

[00:12:12] Diane Eynon

Is that it?

[00:12:13] Faye Storms

Yeah, that's good. OK, close, do we need to make any kind of motion here? Agreement on this has to go forward with this or this is what we're just agreeing to send forward to the board?

[00:12:27] Rose Woodworth

Yeah, I would make a motion to wreck for whatever your formal recommendation is.

[00:12:33] Diane Eynon

Alright. Do I need to repeat that again?

[00:12:37] Michael J. Ham

No.

[00:12:37] Faye Storms

No I'll make a motion to echo what you just said.

[00:12:37] Diane Eynon

OK, second.

[00:12:44] Michael J. Ham

I will second.

[00:12:45] Diane Eynon

All favor.

[00:12:47] All

Aye.

[00:12:47] Diane Eynon

Alright. Great. Thanks, Rick. Helpful as always.

[00:12:48] Richard Jones

I'm sorry, guys, I'm on another call, I'll rejoin you in a second.

[00:12:56] Michael J. Ham

OK.

[00:12:57] Diane Eynon

Ok. Alright. So too many files have been gang, hang on. I'm trying to find our... Here we go. Oh gosh, Rose what's our next agenda item? I can't even find.

[00:13:12] Rose Woodworth

I'm sorry.

[00:13:14] Diane Eynon

It's open.

[00:13:15] Rose Woodworth

It was Bill Kemble calling, so I wasn't sure if he was having trouble accessing our meeting, which is the only reason I answered. So sorry.

[00:13:23] Diane Eynon

No, no, no, that's OK.

[00:13:25] Rose Woodworth

The next item is the first quarter Financial Review on page 17.

[00:13:30] Diane Eynon

Thank you. Alright, everyone, take a look at those.

[00:13:40] Rose Woodworth

So if you look at the I hate the percentages sometimes on the percentage budget use, because if you look at like our total expenses, that's four hundred percent of the budget. But that's because of the PPE grant. That wasn't a budgeted item originally. And we decided to move it the remainder of what we had allocated from 2020 to 2021 when we revised the budget and then work on next year's budget to send to ABO and we can certainly address that forty thousand dollars. But other than that, everything is on track. I know administrative fees is high for the first quarter if you are going to break it up as a matter of one quarter, one quarter. But, the first quarter is always high because there's a lot more work in the first quarter because of annual reporting. So that's not any different than every other year. And then the other thing is we'll have to probably address administrative fees at some point just because of the sheer volume of projects that we've had this year where I know you all know. But last year we had one project that was approved and we had the Kingstonian and happening towards for the last part of the year, this year, we had four new projects come in. So it's a huge difference. And then we're about to have a few more. So there might be some difference there. I find in my experience here, the biggest times sucker for us is actually our meetings and the policy changes. So there's not really much I can do for it. You know, we're doing good stuff, making a lot of positive changes to policies. I worked on that question and answer thing for a couple hours that, you know, for governance last week and some of that stuff. It's just time consuming, but we have to do it and. You know, we're cognizant of it, and I think you guys checking the time our staff time quarterly and just making sure it's not being abused is all we can really do to be...

[00:15:57] Faye Storms

Right and with new projects coming in, there's new funding anyway. So it's just has to be a bigger amount.

[00:16:04] Rose Woodworth

Yeah, that's the way. Right. That's the way it works. If there's you know, if we budget for two projects and then there's four projects, it's just going to be more time. So we just keep being mindful of you guys checking the staff time and just that's it.

[00:16:21] Faye Storms

But is that, Rose, is that something your firm can handle? A lot more of this coming in, in addition to all your other firm responsibilities.

[00:16:30] Rose Woodworth

So I was really struggling last towards the end of last year with the amount of time on the Kingstonian in and also the extra accounting work caused by the nonstop changing tax laws and stimulus type stuff that was being created. But we did hire if you remember, we hired Wendy in February specifically for IDA stuff, because I did need somebody that was able to commit more time to putting together the package. Like every meeting, it's several hours to create the packet. Right. And then it's quite a few it's several hours to do the meeting minutes. Let's say you have a two hour meeting. It's probably four hours to do the minute. Right. And then right now, because all the meetings are live streamed, we have to do transcription. So then she has to sit there through the meeting again. And Sonix is a software that we use. It does a pretty good job, but like it might not spell people's names properly or might misunderstand what somebody said. So she has to go word for word through Sonix. Some of that stuff will be easing up since we're going to start going back to real life a little bit. But every meeting cost a couple thousand dollars.

[00:17:50] Diane Eynon

And I would say to all the time that you are putting into helping and supporting, making the policy changes really important, as we've seen this morning, some of the news, right? I mean, it's yeah, it's important to do these things.

[00:17:50] Faye Storms

We dodged the bullet on that one because that was the pet baby of Randle's to get that company in with us. You were there, Diane, but we had many meetings and they were it came to visit us. They were, hot to trot to have us on board with them.

[00:18:24] Rose Woodworth

You know, I mean, Orange County, one of the things I think is so important with the audit committee meetings is not just that you guys are reviewing the financials here. Right. But our entire general ledger is in this packet and then it's posted on our website. So literally, anybody can see what we're spending our money on. There's no secret here. There's no issue of let me see the checkbook and we're not going to let you see it. There's nothing to hide here and we're happy to share it. So I think we're doing good stuff.

[00:18:58] Diane Eynon

Thank you, Rose.

[00:19:00] Rose Woodworth

So there's nothing really exciting on the profit and loss. Like I said, the only thing over budget really is the grants and then our administrative staff. But it just makes sense time wise. The balance sheet. Is it so hard because now it was from March. I don't really know, there's not much to discuss there. The accounts receivable has been received. I'm sorry. I clicked an email, came through and I clicked on page 19 as accounts receivable. Those have been received. We got what we needed there. Escrow just shows everything that's in and out of escrow. We're still holding on to the fifty dollars from Brooklyn bottling because I'm waiting on their audited financials to compare to their post closing affidavit. Once all that's finalized will likely give them back the 50 bucks. The only other real stuff in here is the escrow money for all those new projects and most of that's been eaten up. And then some the Kingstonian is negative a thousand dollars because that was before we changed the amount of escrow that we got from each project. It used to be a thousand dollars. And as you can see, two thousand was pretty much on the money with what we should be doing. Inness is just the Brooklyn bottling stuff sitting in escrow. And I do the adjusting journal entries on page twenty one just so you can see any, it's an automatic report from QuickBooks's so that you can see any adjusting journal entry specifically that wasn't just like a check we wrote out. The only adjusting entries there are for the grants for the staff time and postage that got moved over and shifted. And then there's the full general ledger.

[00:20:51] Diane Eynon

Thanks, Rose, any questions, discussion?

[00:20:57] Faye Storms

It's pretty it's all right there.

[00:21:02] Diane Eynon

OK, Mike.

[00:21:04] Michael J. Ham

Yes.

[00:21:05] Diane Eynon

You good.

[00:21:06] Michael J. Ham

I have no questions.

[00:21:07] Diane Eynon

Ok, so Rose we need to approve.

[00:21:13] Rose Woodworth

Yes, please.

[00:21:14] Diane Eynon

Ok, motion to approve first quarter financials.

[00:21:17] Michael J. Ham

I'll make that motion Chair.

[00:21:19] Faye Storms

I will second, Chair.

[00:21:20] Diane Eynon

All in favor.

[00:21:23] All

Aye.

[00:21:24] Diane Eynon

Thanks, Rose.

[00:21:24] Rose Woodworth

Thank you.

[00:21:25] Michael J. Ham

Good job Rose.

[00:21:26] Diane Eynon

Alright.

[00:21:27] Faye Storms

Yeah, thank you.

[00:21:27] Diane Eynon

Alright. Our next item is project post closing affidavit, update on page thirty three of your package. All right.

[00:21:44] Rose Woodworth

So this is what the projects fill out when they're done, so it's kind of like the true up. So if you come in and say your project is five million dollars and it actually ends up being 10 million, this is to collect the rest of our fee that would be due back to us. There are a couple of things we had discussed at the end for our certification, we had in the policy that they would send us like the depreciation schedule from their tax return and says that a number 4 on page thirty three. One of the other things we had changed in a prior meeting was that they should send us, if they have them, like their audited financials for us to discuss. I know I told you all, ABO their suggestion is that we need to get a copy of every single canceled check from the entire project and add it up by hand, which is not doable.

[00:22:46] Faye Storms

Right. We talked about that.

[00:22:48] Rose Woodworth

So, you know, I like the idea of the financial statements. If there's somebody that didn't have audited financial statements, I would certainly not recommend that we make them get them, because that could be 10, 20, 30, 50 thousand dollars for one year. And that's just really not, I think, a good practice to make somebody do if they don't have it. And there are other things you can we could compare their tax return. We could do other things. But so far I've been able to just ask for audited financials because they've had them. So one of the things that I know Mike and I had talked about and we've talked about in governance a few times, is part of this certification maybe is making sure that all of the contractors are paid because we are named in lawsuits currently for contractors that were not paid for other projects. There's been talk about projects that we have where we're contractors aren't being paid the, per our application and our closing documents. They're required to defend the contracts. We're not required to pay for legal fees if this stuff happens. But I just think we don't we don't really want to be doing business with people that aren't paying contractors. So maybe that's part of the certification at the end, I think in a Loewke Brill might be able to deal with some of it if it's one that's newer. But for ones that aren't, you know, maybe that's something that's dealt with as the certification. And that's that was my thoughts on this one.

[00:24:31] Michael J. Ham

Yeah, I agree. Rose, I think something should be in there to protect the anybody that's on the site also. So, I mean, like you said, we're going to get protected and we somebody else has got to defend that down the road. But I mean, it's just an added item in there for a little bit more security for us, for the entity, you know. And you know, somebody says, yes, we paid in full every contractor. And they sign this, you know, this affidavit, I mean. It is what it is.

[00:24:31] Richard Jones

Rose, the other suggestion that I have, Diane, Diane, if I may.

[00:25:11] Diane Eynon

Yeah, sure.

[00:25:13] Richard Jones

Is somewhere in this you have a couple of signatories. I would require the signature of either their accountant or CPA and name that very specifically a line, a date and a notary for their accountant or CPA. So if they're playing games, the accountant, a CPA, would know and then they got to put their name and their license on.

[00:25:39] Rose Woodworth

So they are number four at the bottom of page thirty three. Number four, the company is required to provide a CPA certification that the costs in the chart above are accurate. So we do have that.

[00:25:53] Richard Jones

And that's fine. And I want them to sign to see that. I want them to sign the affidavit.

[00:25:59] Rose Woodworth

Well, their certification that they would do is also would also we could do both. They could sign both. But I'm just saying the certification that they do, that's there are certain like attest things that a CPA would have to do in order to write that certification. So...

[00:26:18] Richard Jones

I'm sure.

[00:26:20] Rose Woodworth

That we could have them sign this and do the certification.

[00:26:25] Richard Jones

Yeah, that's fine.

[00:26:26] Rose Woodworth

Ok.

[00:26:28] Diane Eynon

OK, so essentially, Rose, what we're wanting to do here, our conversation here is we want to add to this policy and it sounds like there's two pieces that we want to add to the existing policy. That's there's an affidavit that shows the contractors have all been paid on the project and requiring signature of accountant or CPA and notarized that goes in with the final report. And this is all for certification. So we actually want to add our committees where it seems like we're going is wanting to add those two pieces to existing policy.

[00:27:05] Rose Woodworth

Does anybody did anybody else have anything they thought should be added to this or documentation we should be getting? I think, like I said, I think Loewke Brill does a good job of doing some of the stuff we weren't doing before. So I think that helps. I'm not sure what else. You know one thing sorry, one other thing I thought of because I was going through a bunch of our projects have not actually done this and put we put a firm deadline of June 30th. This is due, once they do once they do this document, the fee is due 60 days from the date this is completed, but I don't think, I couldn't find something that was very clear about when this specific form was due back to the agency. So I was thinking that we should put a firm deadline on this, because if a project was done a year and a half ago, I shouldn't still be waiting on the post quotes an affidavit.

[00:28:08] Diane Eynon

Right.

[00:28:10] Michael J. Ham

The contract should time out.

[00:28:10] Rose Woodworth

(inaudible) 60 days from when when the project is done with construction or? Well, I don't know what's fair, I mean,

[00:28:20] Diane Eynon

I don't know I don't know what's (inaudible).

[00:28:22] Rose Woodworth

About that now because of Loewke Brill, we didn't know before when they were done with construction.

[00:28:27] Diane Eynon

Right. So I guess I would ask Rick or well, anyone, what do you think would be reasonable time to give them to close everything up and get us everything?

[00:28:36] Richard Jones

I don't think any longer than 60 days is.

[00:28:39] Diane Eynon

OK.

[00:28:40] Richard Jones

(inaudible). Second comment is just do we have any projects that are more than 60 days and haven't given us this, Rose.

[00:28:50] Rose Woodworth

Yes, all of them.

[00:28:52] Faye Storms

Yeah.

[00:28:53] Rose Woodworth

There are like five or six of them that are out right now that haven't been completed.

[00:28:59] Richard Jones

And (inaudible) our contract provided for going back and having any kind of financial impact on them.

[00:29:11] Rose Woodworth

I'm sure it does right there. Not completing part of what they were supposed to complete part of the closing.

[00:29:17] Richard Jones

So that's a different matter maybe for Governance.

[00:29:20] Rose Woodworth

Right. Yeah, right. So I gave them until June 30th now because I sent it to them a couple times and now he said, you have until June 30th and then I'll be bringing those names to governance if it doesn't happen.

[00:29:31] Richard Jones

May I ask who in public? So may I ask who they are? Do you know of. Do you remember?

[00:29:40] Speaker2

Yes, I do. So it's. It's PODS. Saugerties Hospitality, which is the Holiday Inn in Saugerties, Henry Stout, Creative Environments, although he does have a meeting scheduled with me now for June twenty ninth with his CPA to and it is only as late as June twenty ninth because I'm away this week. So otherwise they would have made the meeting sooner.

[00:30:10] Faye Storms

That's Full Moon, right.

[00:30:12] Rose Woodworth

That's full moon resort. So yeah they are trying to deal with it and I know there was one more and I just can't think of who it is. OK, so the other thing I'm a 60 day is like a Brooklyn Bottling and got this in, but they didn't get us there audit, but they didn't have their audit yet. Right. Because the year wasn't over. So I think we can be reasonable on the audit part of it or the tax return part of it. But I think they have to get this post closing affidavit in.

[00:30:42] Richard Jones

If you want me at any of those meetings as a CFO. Let me know.

[00:30:49] Rose Woodworth

Ok.

[00:30:50] Diane Eynon

Great. Alright, anything else that we should be taking under consideration in terms of the affidavit, what we want to update and policy, any other thoughts?

[00:31:01] Rose Woodworth

That's all that I have.

[00:31:03] Diane Eynon

Faye, Mike?

[00:31:06] Michael J. Ham

No, I mean, 60 days, I mean, if Rose, you feel as though that's an acceptable timeline, then I'm good with that. I'm not opposed to going to 90. But whatever you feel as though I mean, it doesn't seem that complicated to go to 90, you know, all that information right in front of you. So I'm good with that.

[00:31:27] Diane Eynon

Ok. Faye.

[00:31:29] Faye Storms

No, I'm fine.

[00:31:30] Diane Eynon

OK. Alright. So it seems that what we mean to where we are is that we would like to move forward with making a recommendation to the board that we include several policy changes or include policy in our project closing affidavit that the affidavit shows that the contractor has been paid require a signature of accountant or CPA with line, date, notary and put required deadline for post closing affidavit affidavit to be to the IDA within 60 days of project closing. OK, I have a motion that we agreed to send this forward to the board for consideration.

[00:32:11] Michael J. Ham

I motion we move that to the full board chair.

[00:32:15] Diane Eynon

Second.

[00:32:16] Faye Storms

I will second.

[00:32:16] Diane Eynon

All in favor.

[00:32:18] All

Aye.

[00:32:20] Diane Eynon

OK, thank you. And I'm not good at toggling back and forth on all these. Trying to save trees in the meantime, it's not very.

[00:32:36] Rose Woodworth

I printed mine before...

[00:32:37] Diane Eynon

I know I didn't do it. I try not o do that. But it's not saving us time.

[00:32:43] Faye Storms

Is there anything you can jump to this important that you need my vote on because I do have to leave.

[00:32:48] Diane Eynon

You have to leave. How soon you have to leave Faye?

[00:32:50] Faye Storms

I had said to Rose I could stay until 10:00 today and it's already 10:20. So...

[00:32:56] Diane Eynon

OK, why don't we do this? We need to create policies. I'm just looking through this real quick Rose, I'm sure you are to. I don't know. I think maybe I think we keep talking about the cost benefit analysis policy. So I'm wondering if we spend the rest of our time take a little break in between audit and governance 11 and just start a conversation around cost benefit analysis policy, unless Rose there's something more pressing that you need from your perspective from us.

[00:33:32] Michael J. Ham

No. Do we have to do anything with the UTEP here.

[00:33:37] Rose Woodworth

No.

[00:33:37] Michael J. Ham

Before we go to governance.

[00:33:37] Rose Woodworth

No.

[00:33:40] Michael J. Ham

OK.

[00:33:41] Diane Eynon

Alright sound good, everybody. We'll begin with their cost benefit analysis, policy discussion.

[00:33:48] Faye Storms

Ok, what page is that on?

[00:33:50] Rose Woodworth

There's no there's no pages for two items because is nothing we've done yet and so we don't have a policy for me to say it like it is. Right. So the Kingstonian came to us. It's the largest project that I'm aware of. There might have been one back one hundred years ago, but that I'm not sure of. But I think that's the largest one we've had so far. And there was some discussion actually brought, by a legislator, and I think it was I told that legislator at the time that I thought that they had a good point, perhaps with projects that are over a certain dollar amount or over a certain size, that we should have an external cost benefit analysis rather than using Inforum Analytics Inform analytics, although it was very accurate compared to what the third party cost benefit analysis said done by the project. It is very limited, obviously garbage in is garbage out. I do my absolute best with it, but there's only so much we can do with a simple software. So the idea was that maybe with large projects that we have a third party cost benefit analysis done, but it's going to be at the expense of the project. You're not going to call. You know, we're not going to have a million dollar project to pay ten thousand dollars for an external cost benefit analysis. That doesn't make sense. And yes, that's probably the cost. Seventy five hundred to ten thousand dollars. But if a project is over X amount, maybe it makes sense to really consider or Diane and I had spoken about what if instead of the project size we went by based on what the inducement amounts are. So if you're getting thirty million dollars in incentives, it maybe then does make more sense to be very diligent on whether or not it makes those those incentives outweigh the or the costs. The cost benefit analysis makes sense. Yeah.

[00:36:10] Faye Storms

Yeah.

[00:36:12] Diane Eynon

Rose if I have this correct, I mean, the garbage in, garbage out. The thing is certainly true. We've all experienced that. But I also think is this, am I thinking about this correctly, that if we did not select the third party right to do this and we did not work with the third third party group when it came to the Kingstonian, and so if we did move this way with a third party provider, we could actually potentially minimize garbage in and out. Right. Because we would be working with them to give them really good data because we're closest to the project. So I'm assuming some of the garbage stuff, we get cleaned up a bit, unlike the Kingstonian, because we would be working directly with the third party provider.

[00:36:58] Rose Woodworth

Yeah, it would be our third party. And just like Loewke Brill, our third party, but they pay for it. Our old chair had discussed the idea of having every single project do this. And I just don't think that makes sense. But when you have a very large project, perhaps it does make sense. And it's not just that it's garbage in, garbage out with Inform analytics. It's a really simplified software that I'm not, you know, an economist and I'm not an expert on cost benefit analysis, but I can do it right. So maybe at some point you need somebody with more expertise and now we just have to decide what that means.

[00:37:41] Faye Storms

Well, it's the same thing as having an environmental impact study done or a secret review done. It's worth having the numbers done to make sure that it's a viable project right.

[00:37:57] Diane Eynon

Yeah.

[00:37:57] Richard Jones

Chair.

[00:37:57] Diane Eynon

Yes Rick.

[00:37:59] Richard Jones

A recommendation that I have for you for the audit committee. I agree with you Rose 100 percent determining the thresholds perhaps, and I'm familiar with the program and how it was developed, had a lengthy discussion a year and a half, two years ago with the guys who did it out of Rochester Institute of Technology, I think it was. Maybe what we do, and it could be the share of Governance, Chair of Audit, the CFO and Rose is look at the past projects and look at the components of those projects and say, come up with a list of if this, then that, in other words, if the project has this kind of complexity that we need to go to an outside firm. So instead of either dollar amount of the total project cost or even the dollar amount of the inducements, although that that's a probably a better way, the size of the inducements, but that's directly related to the cost of the project. Maybe it's the components of the project. What does the model not handle well, in a way of getting it, that is just from experience of all the projects that we've looked at. So the Kingstonian is a good example. I think the other one that might be a good example was the one on Schwank Drive. Question mark. It wasn't that big, but the complexity of where the sales tax is being collected or not collected. Are the employee is going to be remote employees out of the county or in county employees. And that's a whole other discussion. So just a suggestion. Look at our past projects, say, and come up with a list of if the project has this. Then it's beyond the ability of the program to handle.

[00:39:54] Rose Woodworth

I mean that, but also it still doesn't make sense. Like, if the inducements are only a couple hundred thousand dollars, it might not make sense...

[00:40:05] Faye Storms

Right.

[00:40:05] Rose Woodworth

Even if it is a little more complicated to do so maybe it's a combination of that.

[00:40:10] Richard Jones

It's a combination rather than one.

[00:40:12] Faye Storms

Right.

[00:40:13] Diane Eynon

You know, maybe we give ourselves some flexibility and parameters. It's not an either or. Right. So either there is some complexity. It could be small, but there's this complexity in it. To your point, which you've been talking about, Rick, is remote employees. Right? That's just going to increase, I think, over time. And we'll have to grapple with that. So maybe it's a small project, but you have remote employees and we've got to really try to figure out what are the implications of that right to the project in terms of inducements. And maybe some of it is. It's just like any inducements are significant. And so that's that's the other trigger. And we just have enough flexibility that we can make decisions per project whether or not we use third party or not. Does that make sense? So we can use either do it because we have a criteria for what if in terms of complexity and or we can do it based on the dollar amount for the inducements.

[00:41:05] Faye Storms

Is there something that goes to Governance that designing that? How does that happen?

[00:41:14] Rose Woodworth

Well, I think you all need to I would think that you should make a recommendation as to what Governance should do for a policy, I think it makes sense to do like a at our discretion, but we don't. We need guidelines still.

[00:41:29] Diane Eynon

Sure. Sure. Sure we do. Absolutely. Yep. Go ahead, Mike, sorry.

[00:41:35] Michael J. Ham

No, no, I was just I was just thinking in my head, moving it over to governance at that time. I mean, it's. It's easy enough to put something together, a template along those lines or, you know, some kind of formula. I mean, we're going to use third party anyway. I mean, I'm not talking about doing the cost analysis, I'm doing it as per what jobs we're going to include that on, you know what I mean? What's the threshold on the jobs? Is it to the discretion of the board? Is it a monetary amount? I mean, how do you want to look at it? I think you've got to look at it as a job by job basis. Once again, that was a very unique project the Kingstonian. You know, so I think that the Kingstonian and merited a third party. I mean, makes.

[00:42:28] Faye Storms

Right.

[00:42:29] Rose Woodworth

It's hard because there's always going to be the Kingstonian and of the IDA, right, like there would be something new that we haven't thought of yet. So it's like how you know.

[00:42:40] Michael J. Ham

And you know, Rose, I know you can attest to this. And I'm sure the rest of the board, Rick and Diane and Faye can too, is that, you know, we've got to be you've got to be very vigilant on who you're talking about doing this third party, because we all read the third party that came across prior to Joe and Rose going back in to become the fourth party. But that show, you know, we have to look at a couple a couple of things. I think it's I think it's a very good idea. And I think it's going to be basically on a job to job consideration.

[00:43:14] Rose Woodworth

We could say no RFPs for it. And we could also contact the company that does Inform Analytics, also does these bigger and bigger and better cost benefit analysis. And to be honest, the person who trained me on it wasn't their typical trainer. He was on vacation. It was the person that created the program. So I had a really I had really valuable insight when we were doing it. And he was extremely knowledgeable. And so I think we would certainly want to look at using them as well.

[00:43:56] Rose Woodworth

I mean, if we look at Schwank Drive with the last project there, the cost analysis, you did those numbers and you know, they were beneficial and you know, I mean, there was other weighing factors on that project that were really, you know, I think pushed it over the edge to kind of do with the with the with the landlord asking the tenant to leave. From our understanding,

[00:44:24] Rose Woodworth

The other think we could consider is do we. Is it that we want a cost benefit analysis or what Pat Ryan had done with the Kingstonian and was not a cost benefit analysis, although it was called that it was more of a, in their opinion, is there more money to be found?

[00:44:45] Michael J. Ham

OK.

[00:44:46] Rose Woodworth

So, I think.

[00:44:50] Diane Eynon

That would be an indirect. So he was really looking at indirect potential, indirect benefits.

[00:44:55] Rose Woodworth

Right. And there was a there was just a disagreement on how much money the project would actually make. So, you know, and that's what created this, the kind of creative pilot that we came up with. But to cover all the bases. But in other projects, I don't think it would necessarily be that complicated.

[00:45:16] Richard Jones

Maybe a quarter financial analysis and then you define what that means, what we're looking for. So we're looking for the cost benefit. We're looking for input as to I can't even think of my head, but three or four things. You want a financial analytic company to come up with, to (inaudible) Everything everything from where is that particular industry going to staffing to and with just a whole host of things.

[00:45:50] Michael J. Ham

Hiring Right. Ratio. Sure.

[00:45:52] Rose Woodworth

So even if governance is the one that comes up with policy or whatever, I think we should come to governance with more with something written out of what we're thinking. So maybe so it takes some ideas. I could also call some other IDA's and see what they do as far as large projects and cost benefit analysis and just get more input and go from there.

[00:46:21] Faye Storms

I'm sorry.

[00:46:22] Diane Eynon

Go ahead. Faye.

[00:46:23] Faye Storms

I was just going to say we should look at long term versus short term effects to, you know, how it can affect the area in a 10 year period versus initially the first two years to see where the biggest bang is going to be and if we're giving out the inducement for too long of a period.

[00:46:45] Diane Eynon

That's a good idea. Alright, so I think for our purposes, we're making a recommendation to move this discussion to governance committee with specifically some ideas and recommendations that we want to engage third party to do cost benefit and or financial analysis of projects. We want to create a criteria on the threshold based on amount of the inducement and or based on the complexity of the project, for example, remote employees. And we would consider third party analysis on a project by project basis using whatever established criteria that comes out of governance, and that we would also recommend governance as they're considering this is that if we do go third party, we send out an RFP to have this work done and make a decision through the RFP process for what third party provider we would use. And so that's our recommendation. Is that an agreement with everyone that this is what we're recommending to governance.

[00:47:52] All

Yes.

[00:47:52] Diane Eynon

Right all in favor.

[00:47:54] All

Aye.

[00:47:55] Faye Storms

Ok, so I'm going to have to run, but I just wanted to check is our next meeting in person.

[00:48:05] Diane Eynon

Probably.

[00:48:05] Rose Woodworth

The next Board meeting in July is, yes, in person.

[00:48:08] Faye Storms

In person. OK. Alright. I'm sorry I have to run, but I have previous...

[00:48:12] Diane Eynon

No thank you for staying longer than you could Faye, appreciate it.

[00:48:15] Faye Storms

OK, have a good 4th, everybody.

[00:48:19] Michael J. Ham

Thanks Faye.

[00:48:19] Diane Eynon

Alright you to. You, too. Alright. Alright. It seems like this might be a good time for us to officially stop audit, take a small break and

[00:48:27] Rose Woodworth

Diane need to know who motioned, was there a motion for that, or

[00:48:32] Diane Eynon

I think Mike did that and Faye second.

[00:48:35] Rose Woodworth

Ok, thank you.

[00:48:35] Diane Eynon

Mm hmm. Thanks for being here, Rick.

[00:48:40] Richard Jones

Yeah, I, I just blew off the other meeting, they can they were fine without me. This was this was much interested.

[00:48:49] Michael J. Ham

Don't don't sell yourself short, Rick. They're not fine. Trust me. I know. I can tell already.

[00:48:57] Diane Eynon

Alright, anything redone recording and we officially completed a motion to adjourn.

[00:49:04] Michael J. Ham

I'll make that motion chair. I second. All in favor.

[00:49:07] All

Aye.

[00:49:10] Diane Eynon

Thank you.

[00:49:11] Rose Woodworth

Ok, Aaron can you turn off the recording of YouTube and then we'll have to start a new one for CRC quickly?

[00:49:20] Diane Eynon

Oh, that's right, CRC. Holy moly. OK.

[00:49:26] Michael J. Ham

It's going to do an overview.

[00:49:28] Rose Woodworth

Yeah, usually, well, you'll have to approve. Aaron can you please turn off the record?

END OF TRANSCRIPT



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