

# UCIDA

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Ulster County Industrial Development Agency

To: Ulster County IDA Members  
Joe Scott, Agency Counsel

From: Suzanne Holt

Re: Policy for Hosting Potential New Businesses

Date: October 17, 2017

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Recent discussions with UCIDA members about the use of discretionary funds to host representatives of businesses considering opening, expanding or relocating their businesses to Ulster County resulted in the request for staff to review the UCIDA's policy on the use of discretionary funds. This memo outlines that review. In addition to examining and evaluating the UCIDA's Mission Statement and current policy, we reviewed the policies of numerous other IDAs in NYS. Based on this analysis, it appears that the UCIDA's policies currently allow for spending on food and beverages for business attraction with prior approval by the Chair/Chief Executive and this policy is in line with common practices around the State.

As you are aware, "the mission of the Ulster County Industrial Development Agency is to advance the job opportunities, general prosperity and long-term economic vitality of Ulster County residents by targeting tax incentives, bonding and **other assistance** to foster creation and attraction of new business and the retention and expansion of existing business." (emphasis added)

For the purpose of this review, the **other assistance** referred to in the UCIDA's mission statement includes purchasing food and beverages for persons who are considering doing business in Ulster County and thus fostering creation and attraction of new business in order to advance the job opportunities, general prosperity and long-term economic vitality of Ulster County residents. The current Travel and Discretionary Funds policy includes the follows provisions:

Food & Beverages - With the exception of food and beverages purchased during business travel as provided herein, expenditures of food and beverages for the personal consumption of board members, officers and employees should not be considered an appropriate use of Agency discretionary funds. **Provided, however, expenditures for food and beverages purchased for or during the conduct of Agency business with persons that do business with the Agency may be an appropriate expenditure of Agency discretionary funds, provided that the expense is reasonable in light of the circumstances surrounding the Agency activity and is preapproved as set forth herein.** All requests for reimbursement, including receipts and/or vouchers, as they relate to conferences and/or entertainment of clients by UCIDA staff, require the review and approval of the Chairman or Treasurer of the Agency.

**PRIOR APPROVAL - All expenditures of discretionary funds shall be approved by the Chief Executive Officer prior to such expenditure and fall within Annual Budget Allocations.** Provided,

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however, in the instance where the Chief Executive Officer will seek an expenditure of discretionary funds, such expenditure shall be pre-authorized by the Chairman or Treasurer of the Agency. **The Chief Executive Officer or the Chairman or the Treasurer, as the case may be, shall review the proposed use of funds and reasonably determine whether such use (i) primarily benefits the Agency as opposed to an individual board member, officer or employee and (ii) advances the mission and public purpose of the Agency. Scrutiny of all expenses will be guided by judgment relating to the relevance of such costs and the benefits, which may accrue from such activities.** (emphasis added)

There is nothing in Ulster County's policy nor any of the other IDA policies that were reviewed which limits use of discretionary funds to businesses that may eventually come before the UCIDA for incentives. Similar to the UCIDA using its **other assistance** to contact with the Hudson Valley Agri-Business Development Corporation, which assists local farmers and to the Hudson Valley Film Commission, which grows our film making capacity, spending discretionary funds to attract new businesses to the County appears to be a valid use of UCIDA funds.

A few suggestions that the UCIDA may wish to consider include:

- Setting an upper limit for one-time or individual expenses, e.g., not to exceed \$250;
- Establishing a Discretionary Funds Use Request Form, which could include information such as the name of the company (when public), the industry, the nature of the visit to Ulster County, and expected outcomes;
- Requiring that all members be copied on all requests to spend funds to attract new business.

We hope this memo is helpful. Please let us know how you would like to proceed.