

DATED: January 22, 2022

UCIDA

Ulster County Industrial Development Agency

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY AUDIT COMMITTEE MINUTES January 6, 2022

A meeting of the Audit Committee of the Ulster County Industrial Development Agency was held on Thursday, January 6, 2022 at 12:00 P.M. via Zoom.

Roll Call:

The following committee members were present:

Dr. Diane Eynon	Committee Chair
Faye Storms	Member
Michael J. Ham	Member

The following committee members were absent with notice:

The following additional Agency members were present:

James Malcolm	Chair
---------------	-------

Additional Attendees:

Rose Woodworth	Chief Executive Officer
----------------	-------------------------

The meeting was called to order at 12:23 P.M. by Committee Chair Diane Eynon. The meeting started late due to unexpected technological issues.

PLEDGE OF ALLEGIANCE

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

ROLL CALL

Roll was called, and a quorum was present.

MINUTES

Motion: Michael J. Ham, seconded by Diane Eynon, moved to approve the minutes of the August 25, 2022 meeting. A copy of said minutes is on file.

Vote: The motion was unanimously adopted (3-0).

PUBLIC COMMENT ON AGENDA ITEMS ONLY

There was no public comment.

EXECUTIVE SESSION

Motion: Michael J. Ham, seconded by Faye Storms, made a motion to enter Executive Session for the purpose of discussing personnel matters.

Vote: The motion was unanimously adopted (3-0).

The Committee entered Executive Session at 12:26 P.M.

Motion: Diane Eynon, seconded by Faye Storms, made a motion to come out of Executive Session.

Vote The motion was unanimously adopted (2-0).

The Committee came out of Executive Session at 12:30 P.M.

No action was taken during Executive Session.

OLD BUSINESS

Project Post Closing Affidavit Update

The CEO, Rose Woodworth, provided an update on the status of Projects that need to finish their post-closing affidavits. PODS has sent in their documentation. They have done their annual site visit. The CEO will go through and reconcile their information, and she does not believe they will owe more money to the IDA. Holiday Inn Express authorities owed and paid \$50,000 more in fees to the IDA. Last meeting, the CEO had reported that Saugerties Hospitality had submitted their affidavit but not the payment which was due. They have now submitted the payment on time. Brooklyn Bottling has made their payment but they were waiting for audited financials. Their site visit is finally being set up as their hasn't been a response from them. The deadline was going to be today, and they would get a letter that they

would go to Governance for non-compliance if they were not going to respond to the IDA about the site visit. We are still waiting on the audited financials. Star Estate is almost done, but they were waiting on one more piece of equipment that fell under the phase that was part of their PILOT agreement.

UHY Audit Update

The CEO provided an update. UHY said that they had sent over some information because the Agency asked them to do it a little earlier but had gotten behind. This week the Agency will be sending over all the documents to UHY. They did not ask for proof of any expenses that we had, except for grants disbursed. The CEO wrote them back to make sure they had everything they need, and they have been responsive.

Annual Site Visits/Year End Reporting Update

The site visits have been moved to a remote format due to the Omicron and the surge. Several visits have happened prior to the holiday season. Committee Chair Diane Eynon thanked everyone who participated. She has participated in four so far and said that it is very interesting and helpful to connect with the people involved and to give a sense of where the projects are. The site visits give valuable insight into what can be anticipated moving forward. Some organizations have done well this past year despite the pandemic. Many are continuing to face challenges especially with finding and hiring people. The amount of incentives, pay increases, and benefits offered is showing they are trying but still having significant challenges. The CEO said that the Agency has a few more site visits left. It has been taking a lot longer than last year to get them scheduled because many have not been responsive. It is very helpful to have the Board members involved with the site visits so that when the numbers come in, the Board can make educated decisions about who is taking incentives and jobs seriously. If the projects are putting out incentives and raising the pay rate and still not finding anyone then it is not that they are not putting in the effort. The CEO and Dr. Diane Eynon were discussing asking the projects who were not meeting their numbers to prove the job postings. The CEO asked how the Agency could hold people accountable when these issues are happening across all different sectors, and it is not that they are trying to hire at minimum wage. Chair James Malcolm added that they are getting the same tax benefit from the PILOT program even if they are not providing the jobs, so the issue is if the PILOT agreement needs to be adjusted or to check in with them in the next year. Dr. Diane Eynon said that it is interesting that in the site visits that she has seen that projects that are struggling have exceeded their numbers. James Malcolm provided an example of an industry whose disposable income has been going down but based on the fact that they have an outdoor environment, it has grown. However, there are other things that the industry hasn't grown in. Faye Storms said that the Agency should look at possibly doing a moratorium instead of claw-backs which involve many fees because COVID has systemically affected everything. The CEO said she had been talking about this because Full Moon Resort didn't meet their employment for 2020 during the pandemic's shut-down because they are a wedding venue. However, she said the Agency has to look at each project on a case-by-case basis and will have to wait and see what the numbers are. It is important and good insight to see the challenges that the employers are facing and whether they are meeting their numbers or not. James Malcolm wanted Faye to clarify what

she brought up. She said that since these are very unique times so she doesn't think they should be held to having their numbers come through when many people are out sick or can't be in the workforce because of COVID. James Malcolm asked her if she meant that there is nothing punitive if they are not meeting their numbers. She agrees with looking at each on a case-by-case basis to see if they are meeting their numbers or what they are doing to meet their numbers and take it from there. Michael Ham added that it would be good to have the proof of incentives so we can put it in their file. He agreed that the PILOTs were established based on a certain amount of jobs and so the question is if the pilot needs to be readjusted. Dr. Eynon added that this is unprecedented times, and not every project is the same. She said that the Agency likes to put a clause in its policies, so this too should be at the discretion of the Agency. She brought up a client, who, at the beginning of the pandemic, had numbers that weren't inadequate and they blamed COVID. However, their numbers were inadequate for three years prior. That shows that they are not exhausting all avenues and possibilities to reach their numbers. There were other cases that had clear evidence they were exhausting their efforts and still can not hire people. She said the Agency should work with the projects who have extraordinary circumstances whereby it is a temporary situation and not much in their control. The Chair said to get it and write it down and put it in the PILOT application "at the discretion of the Board for unforeseen circumstances." The CEO added that there was something similar last year when the Enforcement Policy was being changed and the Board was memorializing the steps that they already take. One of the things added was if there was a natural disaster or pandemic, or something of that kind, that those types of circumstances would be considered and that it would be at the discretion of the Governance Committee, and then there are the state laws. Diane Eynon added that there was a manufacturing company that was doing very well and looking for more employees to expand. They added a second shift, but everyone had to go into furlough because that was what they were required to do. Some of this was out of their control despite their best efforts to keep things moving. The Chair said to keep urging people to document their best efforts to secure employees and send it quarterly.

There was discussion regarding some of the Board members signing up to join the site meetings. Due to technical issues, and in the interest of saving time, the Committee Chair agreed to move back to this agenda item.

NEW BUSINESS

3rd Quarter Administrative Staff Time

Motion: Michael J. Ham, seconded by Faye Storms, made a motion to approve the administrative staff time for the third quarter of 2021.

Vote: The motion was unanimously adopted (3-0).

3rd Quarter Financial Review

The CEO reviewed financial reports for 2021. The revenue that came in was a little different than had been anticipated due to the additional project closing fees that were received for Holiday Inn Express Saugerties which was over \$50,000. The funds for Romeo Kia were anticipated to have been received through the IDA. However, that is not going to be the case, so the budget that was approved for the rest of the year through October will be off for the IDA and the CRC because the funds were expected to be in. The operating revenue which will be seen in the fourth quarter reports will be very different because we will have recognized the full amount through the IDA for the Kingstonian's closing. The administrative staff fees are right on target for the year. It is at 72%, and at three-quarters of the year, they should be around 75% so it is a little bit under. but the Committee should remember that the fees are usually higher in December because of all the site visits which take up a lot of time. The other expenses were a bit down because the Agency didn't pay for the cost benefit analysis software last year. The CEO and the Agency's Counsel were looking at the engagement letter for what had been approved. The Agency's Counsel sent back comments on the engagement letter before the CEO signed and sent it. There were only a few minor changes, and it should be finished this week and then will be an expense for 2022. There were no expenses for travel and meals, but the CEO will be going to the EDC conference in-person in January, so those expenses will be different for this year. Dr. Eynon and Ms. Storms also plan on attending the EDC conference on January 19, 2022 in Albany. The total money in the bank for the end of September was just shy of \$770,000. It had increased over the quarter. There is money kept in the Bank of Greene County that is not needed to operate because that is where the highest interest rate is. Accounts receivable was minimal. There were some fees and escrow issues with the Kingstonian. The Agency used to escrow \$1,000, which is not enough so it has been increased for all projects moving forward. The Agency had billed RBW, Inness, and for any negative balances. Accounts receivable as of September includes the fee for Amthor which was subsequently written off. Inness owed \$500 as of September for the adjustment to their plans which has been paid. RBW owed escrow for Loewke Brill, which has also been paid since September. There was an article in the Daily Freeman and some comments about writing off Amthor's fees. The CEO wanted to be clear that the Agency does not take taxpayers' money. The only reason those fees were written off is so that the Agency doesn't spend \$10,000 to collect a couple thousand dollars because the Project is no longer a project of the IDA due to refinancing. There was much consideration for that decision to make sure it really was the best step. The Chair asked what is being done with Regis. The CEO said the Agency hasn't moved forward with him because they are working on dealing with the RFP. James Malcolm and the CEO agreed that someone like Regis is an asset. To inform that Committee members that were not familiar with the conversation, it was explained that this gentleman had graciously sent over a list of common misconceptions and things that aren't really clear for the public. That has been shared with the group that is working on the communications and public relations. There was a sample RFP sent to some of the board members for what we are looking to do and to see if any changes are needed. The full general ledger is in the materials also to be transparent with all the transactions.

Annual Site Visit/Year-End Reporting

The CEO shared her screen so that the Board can read over the year-end Reporting sheet on Google Forms before she sends it out to the clients. The questions are the same as last year, and they are required to answer them before they can move forward. The forms are due by January 31, 2022. The CEO said she is there to help with any questions. She will do a zoom meeting for anyone that needs help and to walk them through the reporting. There is a late fee if the forms are not turned in on by the deadline of January 31, 2022. Michael Ham asked if the late fee included the administrative costs to pursue the late fee. The CEO said it did not and that in the first year, there were many late fees issued. However, there weren't nearly as many last year. The projects have about one month to complete the form. She said the fourth quarter NY-S45 is not due to New York State until January 31, and that is sometimes a problem for some of the projects because their payroll provider won't give them the information until it is filed. However, the CEO may be able to work with that. The sales tax and mortgage tax are mostly only for projects who are still building. There are some legal questions. The annual fees and Invoices are being sent out today.

Review of Current Policies

Local Construction Labor Policy - The CEO said that the three points for using local labor will be changing to one point. The members of the committee agreed to address this topic again during the Governance Committee meeting.

The frequency of monitoring for Loewke Brill has been changed and the contract has been signed. It was one of the first contracts signed since the changes to the procurement policy so she had also signed the Code of Ethics so that there are no conflicts. These changes will be in effect with the next project starting. The Procurement Policy and the non-disclosure agreements will be addressed during the Governance Committee meeting.

ADJOURNMENT

Motion: Faye Storms, seconded by Michael J. Ham, moved to adjourn the meeting.

Vote: The motion was unanimously adopted (3-0).

The meeting was adjourned at 1:12 P.M.

Respectfully submitted,

Diane Eynon, Committee Chair