

**HUDSON DEVELOPMENT CORPORATION
BOARD MEETING
APRIL 23, 2014
1 NORTH FRONT STREET**

PRESENT:

Seth Rapport
Don Moore
Mayor Hallenbeck
Bart Delaney
Ohrine Stewart
Duncan Calhoun
Chris Jones

ABSENT:

Victor Mendolia
Perry Lasher

STAFF:

Sheena Salvino

ALSO PRESENT:

John Duchessi

1. CALL TO ORDER

The meeting was called to order by the Executive Director at 12:10pm.

2a. EXECUTIVE DIRECTOR'S REPORT

Sheena welcomes the Board and thanks them for their attendance. Sheena states that the mandatory ABO training, available online, has vacant seats available 5/7, 5/21 and 6/6. She urges all that have not taken the training to do so as soon as possible.

Sheena states that each board member may serve up to two consecutive, three-year terms. As of April, Victor Mendolia has served his first term of three years. She reports that according to HDC bylaws, his second term will begin pending board approval. She states that an anonymous ballot is required; the same protocol for electing new members.

The Mayor questions whether or not this position would be filled immediately or will remain vacant. Seth explains that this was not a question of either/or. Seth further clarifies that there are currently five vacancies on the Board. The Board may have up to 15 members, but does not require a full 15 members; although it is ideal to keep an odd number.

There is discussion regarding the qualifications of the board members. The Mayor asks for clarification on who may be appointed to the Board. Sheena explains that there is a brief

orientation process for interested board applicants to discuss the role and responsibility of members. The interested applicant may then fill out an application, write a letter of intent and submit it to the Board for vote. The Board will vote via anonymous vote, typically, at the annual meeting. Though, the Board may elect new members any time.

MOTION to go into executive session to discuss the matter of Board membership made by Mayor Hallenbeck, seconded by Duncan Calhoun. All in favor. **MOTION PASSED.**

MOTION made by Duncan Calhoun to exit executive session, seconded by Mayor Hallenbeck. All in Favor. **MOTION PASSED.**

Sheena explains that the small paper given for the meetings is for Members to cast their vote for the renewal of Victor Mendolia to serve his second term; fold and hand to her for count and record.

The votes are read as follows:

4 votes no

2 votes yes

Based on the majority vote, Victor Mendolia's tenure will not be renewed. Sheena states that she will alert Victor that he has been removed from the Board by vote.

2b. EXECUTIVE DIRECTOR & TGW REPORT

Sheena reports that the months of March & April were busy: Full review and reports for existing projects had to be filed and new projects are being developed to compliment those efforts and address the priorities of the residents, businesses, and administration.

To accomplish this task, TGW staff and she have been working in concert. Therefore, those reports have been combined.

Sheena refers everyone to the Board packet. (See attached spreadsheet of projects.)

Sheena reviews the status and notes on the spreadsheet.

Notes on Workforce: Ohrine thanks Sheena for the review and asks if there has been a formal request made by Bliss Towers for help. Sheena says that she and Duke have met with Jeff First, Director at Bliss Towers. Duke summed that the two projects that Mr. First had discussed that could receive support through NYS CFA might be the elevator and trash compacting facilities. Ohrine opines that the building has significantly more needs than elevator and trash compactor.

Duke states that those projects brought forward by Mr. First are significant problems, but that the Federal cutbacks are universal and resources to make those updates are very limited.

Duncan asks if there is a lifetime for Bliss Towers—he asks if the intent is to refurbish or to rebuild. Don states that there is not a simple answer to that; while the building has significant structural issues it does not have serious enough detriments that prohibit occupancy. He provides a short recap of a now decade old-project where Omni Developers, City and the Housing Authority were looking to partner and plan to take down Bliss Towers and replace it with more appropriately scaled dwellings. There were significant difficulties finding temporary housing and places to build new housing so the momentum for that project fizzled. Meanwhile, the building is still aging and continues to need maintenance.

Sheena adds that she too had discussed that project with Mr. First and that there is some interest though she feels it is a very heavy lift and will require serious dedicated leadership and financial assets to bring a project of that magnitude to fruition.

Sheena reports that she is meeting with Ken Flood, after the Board meeting, to discuss CFA projects and his thoughts on supporting the replacement of Ferry Street Bridge. She also states that she has discussed with Promise Neighborhoods/AmeriCorps Volunteer Director Joan Hunt, about the notion of develop a schedule for doing a volunteer led parking study. She estimates this to be a Summer 2014 project.

Sheena shares that there will be a City Wide Volunteer Clean Up day- May 1 (Thursday) that the Board members are welcome to participate in. She also mentions a City Wide Tag Sale set for May 24.

3. OLD BUSINESS:

a. HUDSON ISLAMIC CENTER [HIC]

Sheena asks that the Board please review correspondence from ABO on the matter of an LDC transferring, gifting, selling property to a house of worship (correspondence on file).

Seth states that, as we have learned from the ABO, the LDC may dispose of property by sale for Fair Market Value. He adds that the law bars an economic development agency from making a charitable donation to a religious organization, or using a government "pass through" to circumvent the law. According to the opinion provided by the ABO, HDC can sell the property to a private party, including a religious organization if it is surplus property, which does not have a real economic development purpose, and the LDC gets fair market value for the property. Or the LDC can sell property to a not for profit, including a religious organization for less than fair market value if the organization has an economic development component incorporated into the use. For example, if the organization provides job training to the community and or day care to allow members to work, these factors could make transfer of the property legal.

Seth confirms that Sheena has pushed to get the appraisal for the meeting however at this point; we do not have a Fair Market Value. He says that the task now is that HDC must have clear documentation about what economic development impact this project will have.

Sheena says that she has spoken with Abdus Miah and suggested that such a report be written to be presented to the Board. Seth adds that the report should include something other than a floor plan that meets some of the criteria for what is consistent with LDC.

The Board discusses the land and building transaction of River Loft with Rob Kalin. Siting that his organization had to develop a similar report whereby the Board required a synopsis of work to be done and purpose of work and the economic impact. HDC also included a five-year reverter clause, which included heavy penalties for not achieving what the developer said he would achieve. Back track of that transaction- document of economic development.

Seth states that right now we still have to establish what the FMV is. Once that is established the HIC may decide to buy it outright. However, if they want to purchase for less than FMV we will require additional documentation about the project and impact.

Don Moore states that it would behoove the HIC to come up with a rationale report as to how and why this is important community institution.

Seth says that we are treating this proposal with the same care we treat all land transactions. In 2011, HDC tasked Mr. Kalin with composing a similar report and added a claw back to the final agreement. Seth emphasizes that Kalin had every layer applied to him and his project; and the state has been clear about what we can and should do.

Cheryl states that to circumvent this process by transferring to the city is unacceptable and the initial transaction was illegal.

The Mayor states for the record, at present, the Board cannot legally act. Duncan asks if it is necessary or our position is to have a claw back.

Cheryl states that she understands that the Board wants to be as generous to the HIC as possible, but to be cautious, she opines that HDC should add necessary layers to ensure that we are responsible with assets. Cheryl states that the ABO gave you the minimum requirements—HDC can exert more control as an Economic Development Agency. She wants HDC to be aware that it has options.

Seth states that as a courtesy we are trying to work toward their [HIC] interest.

Mayor states that he appreciates what Seth and Cheryl have done and making the determination about what the law requires of us—no matter how sympathetic we are to a cause.

Abdus asks to speak. He says that in 2002—whatever the HDC decision—that was the HDC's problem, not the HIC. He hopes the HDC will help us move forward the project. He informs the Board that, John Connor, has constructed a room that is job training center and community center. He shares that there is zero unemployed in Bangladeshi community and he attributes it to the support and resources they share.

The Board thanks Abdus and returns to the agenda.

b. COOPERATIVE AGREEMENTS

Duncan asks how does an agreement in a 3-party agreement work? That is, if one party breaks—can the other parties renegotiate? Further he questions, if we really want to have a three-way agreement.

Cheryl states that the HCDPA and City must have an agreement.

Seth clarifies the question: What is that we gain or secure by entering into an agreement with the City?

Cheryl provides some context for the pre-existing power struggle between the city and agencies.

Seth: What I see, is that you are iterating goals that are specific to each and then in the second that both are able to engage in the list of activities. For example, 3.2 and 3.3 seem like parallel activities.

Cheryl says that all of this is a matter of resources for staff. The agencies and the City have been sharing the costs associated with staff because neither has the resources to sustain full time employees.

There is a discussion regarding the merits of codifying an agreement between the three agents: HDC, HCDPA and the City. Seth and Duncan focus on Sections 4 and 5 of the draft. (See attachment.)

If HDC were to go for it's own agenda—the big concern is the resources shared between HCDPA and HDC. It is implicit that the City and HCDPA have a cooperative agreement because one agent administers contracts for the other. In all cases, the city is the beneficiary of the work done by the agencies.

The Board agrees:

- That the City and HCDPA should have an agreement.
- There should be an agreement between HDC and HCDPA regarding staff and the financial resources shared
- HDC should develop project specific agreements on an as needed basis.
- Boilerplate contracts with vendors need to be developed.

Don suggests that there may be or that there should be a template and an archive. Saying that administrations change so frequently, that there should be an archive.

Duncan points out the HDC grant for the Day Care Center. Don and Cheryl agree that a draft agreement between City and HDC for this project needs to be developed.

c. TGW CONTRACTS

Sheena states that the HCDPA Board has not met to discuss the Agreements and that TGW Contracts have not been renewed as of this date. The Board continues to be in favor of paying TGW for services on a month-to-month basis.

4. NEW BUSINESS:

a. EXECUTIVE ASSISTANT

Sheena states that she has selected her candidate to become the new Executive Assistant. She would like to discuss the salary and benefits to be extended to the candidate.

MOTION to go into executive session to discuss the compensation package for the new Executive Assistant- Made by Don, Second Duncan, all in favor.

MOTION to exit executive session made by Don Seconded by Duncan.

She states that as a result of Board discussion, the new hire will be reviewed after 30 days and 90 days. The Agency may offer a merit increase after one-year of employment where the full-time salary will be \$33,000 with 2 weeks of paid vacation.

Motion made by Seth Rapport to accept to compensation package at \$33K per year with 2 weeks paid vacation and to extend said compensation package to Branda Maholtz. Seconded by Christine Jones. All in favor, **MOTION PASSED**.

5. FINANCIAL REPORTS:

a. APPROVAL OF MARCH 2014 FINANCIAL STATEMENTS

Sheena presents the financial statements and asks for questions. Ohrine asks if the \$626,000 how much money HDC has. Duncan states that this is all of our Equity and Liability.

Duncan asks why HDC carries Washington Hose as a liability?

Seth responds that typically if you carry an asset—you own it; but, in this case—the organization has \$330K invested in the leasehold and redevelopment of it. Therefore, we carry it as a liability.

Duncan raises another question about whether we can do any tax credit to swap outs—that is can we sell a depreciable asset? Perhaps we can sell our tax credit to for profit companies.

After a general discussion about nonprofit tax credits and leasehold improvements being converted into an assets it is determined that a discussion with the accountant maybe warranted.

The Board also questioned why we are aren't showing KAZ on our fixed asset.

Sheena states that she will discuss those questions with the Accountant and or Auditors if necessary and report to the Board.

6. MINUTES:

a. APPROVAL OF MARCH 2014 MINUTES.

Sheena has asked that all have reviewed the minutes for March. With no changes to be made Bart makes a **MOTION** to accept the minutes as presents. Seconded by Duncan Calhoun. All in Favor. **MOTION PASSED.**

7. BOARD ADJOURNMENT at 1:43pm.

With no more business before the Board, Bart makes a **MOTION** to adjourn. Seconded by Ohrine. All in favor. **MOTION PASSED.**

Minutes respectfully submitted by
Sheena Salvino

