

**HUDSON DEVELOPMENT CORPORATION
BOARD MEETING
JUNE 25, 2014
1 NORTH FRONT STREET**

PRESENT:

Seth Rapport
Don Moore
Perry Lasher
Bart Delaney
Christine Jones
Mayor Hallenbeck
Duncan Calhoun

ABSENT:

Ohrine Stewart

STAFF:

Sheena Salvino
Branda Maholtz

AUDIENCE:

John Duchessi
Eileen Halloran

1. CALL TO ORDER

Meeting called to order at 12:02 PM by the Executive Director.

2. EXECUTIVE DIRECTOR AND TGW REPORT:

Sheena states that the Executive Report and the TGW report are being delivered together again as the consultants and she have been working together to submit to NYS funding applications and to develop new and ongoing projects.

John Duchessi states that all applications went in on time on June 16th as required.

The three project applications were:

- City of Hudson, CDBG a storm water separation for \$600,000
- City of Hudson, OPRHP application for 7th street park at \$325,000
- HDC application to ESD on behalf of Hudson Opera House for an elevator for \$500,000

Duke reported that all applications were very solid because of the extensive development prior to their delivery.

Duke reported specifically that the 7th Street Park came to together nicely, working on it well in advance with one public forum meeting already.

Duke notes that there was one planned application that was not submitted for the

Promenade Hill Park as part of the historic parks funding because it was evident that we needed more research and development.

Duke states that we should hear about the approvals in October 2014.

Duncan asks if the intent is to have public forums between now and when receive funding for the 7th Street Park Project.

Duke states that it is a necessary and a good thing to involve the public.

Duncan responds that regardless of whether we get the full grant or not we need to have a progressive plan in place.

Chris inquires about the first 7th Street Park forum.

Duke reports that it was a positive, good public input and that Catherine Dwyer's proposal laid the foundation for conversation and was pointed at improving the park.

The Mayor asks if the proposal focused on park utilization. He shares concerns regarding the small independent projects, such as the one to start another farmer's market. He notes that they only need a permit, but no mass gathering.

Sheena states that she reached out to all businesses around the park and the farmers market group, and is collecting their comments. She has already reached out to establish a second meeting. She is working with the Landscape Architect to host a second informational and conceptual planning meeting for late July.

Sheena also submitted a project for continued funding from Market New York for the Wayfinding project while we are still reaching out independently for support for the walking guide and signage for parking, etc.

The Mayor states that there is additional money available for smaller things like beautification and cosmetic updates. He suggests banners representing the business district, like Hyde Park.

Sheena opines that the ideas and design cannot come from the mayor's office, but from those out of the business district, those that might be represented. The Mayor suggested that the idea could be something along the lines of, "live, learn, play, shop." He suggests that Duncan, as a business owner, may be interested in spearheading it.

Duncan states that it is definitely the right step to include the business, reach out through business coalition. It's important that the signage is in tandem with wayfinding, as we want the signage to match design-wise.

The Mayor states that the city's position is to welcome these potential designs, and

would like to represent and be respectful of the city's history in some way.

Duncan asks for clarification about the banner project: one single banner or design, or 6 different types, repeating, different blocks—Duncan suggests a diverse set might add interest.

Chris opines that they should be different to reflect the individual character of the block or neighborhood.

Duncan suggests that maybe he and Chris can meet with the Mayor and see where to begin.

Sheena says that it would be best to solicit feedback from business coalition about this and see where it goes.

The mayor asks about the potential to fund informational stickers on parking meters.

Don reports that this has been accomplished already.

Sheena encourages the board members and elected officials to call and support our projects, following up with application and discussing potential returns on investments. She will provide the relevant contact information to anyone who needs it.

Sheena met with Assemblywoman Barrett, discussed said proposals and garnering support. She shared that the Assemblywoman was supportive of each project.

Sheena recaps the work of the staff over the past three years. She states because the City has few municipal resources with regard to tourism, planning and economic development that HDC has been put to task. She states that our approach has been one of layers; developing a system of economic development that anticipates where we are going as a community. She identifies the layers as:

- 1- Protection and planning for natural resources including parks, trails, open spaces & waterfront.
- 2- Business/Main Street Liaison for resources, information and technical assistance
- 3- Maximizing tourism potential by working with our local businesses and media outlets.
- 4- Work-Force Development through support of education and the "Out of School Action Team"

Sheena gives an update for ongoing-projects and important meetings:

She suggests working with the “Out of School Action Team” and Workforce Development at college, Chamber & local businesses to host semi annual job fairs in Hudson.

Staff recently had a meeting with Workforce Development/Out of School Action Time to discuss the potential of the “team” to work comprehensively on workforce development.

Sheena defines the “team” as a working group of more than 30 individuals to develop a vision and mission for a consortium of individuals working to provide meaningful opportunities for youth and young adults to engage in to improve lifecycle well being.

Sheena added that this might be a really great CBO [community based organization] for HDC to act as an umbrella for through our 501c3. Through education, recreation and skills development to enter into meaningful career area components.

Sheena states that the Transportation and Land development and planning is the next frontier she would like to pursue.

Sheena has also begun with research and encourage everyone to look at the resources and information related to Transportation Oriented Design. She has set a meeting with a peer working at transportation, planning and engineering firm to build a relationship and foundation for moving forward.

Mayor adds that wants to be involved in the transportation conversations in the future and that he too is having many discussions with different business reps for future transportation plans within the city and to/from the waterfront.

Sheena recaps a meeting with a hotel development group from New York City on June 12th. She was introduced to the group via a local business; reviewed their project portfolio and reached out. She states that the primary objective was to showcase the waterfront with a specific focus on KAZ. Simultaneously, she learned Stageworks has also been put on the market. Deborah Kinney is the agent for Stageworks and is pursuing the KAZ property to represent as well.

Sheena states that the group was interested in Hudson, though the group felt, in general, that a project site at KAZ might be too big of a project.

Seth states that it’s also important to engage developers with the town and properties that we don’t own; so to engage them in building in Hudson for what’s coming next.

Sheena also states that she met with an architect to focus the waterfront and Dunn warehouse. Though, she shares, without direction from the City regarding development and planning of the Dunn Site and the adjacent 3 acres, she was

hesitant to engage further.

Seth inquires about what size of hotel or project.

Sheena states that it was for a hotel with no more than 100 rooms including a restaurant.

The Mayor refers to a group of people that came 1 year ago said that no one will be interested until you can have 100 room hotel, etc.

Seth states that maybe it could start smaller scale.

Don states that maybe we should shift focus, and think about Omni Developing mixed-use housing and shopping 25-50 units; where the return might be greater for the city.

Seth agrees and thinks that this doesn't mean the conversation ends, but helping them [developers] work through what would be the best for the entire city.

Seth states we need to reach out to the Warren Street Hotel group to find out who are they and be an ambassador to the city.

Don brings up another point about Kaz development and transportation: while planning for the future, determining a marketing strategy for Kaz, if building there is interest, the transportation may become more clearly defined in relation to it.

Sheena points out that with the other property for sale, and KAZ and the CSX lot-- could be timed quite well.

Seth agrees that we need to develop a strategy.

Don states that this development has to do with the development of the organization, it strengthens the organization.

Sheena states that we also had interest from a light manufacturing company. They are interested in a purchase, but can do a lease with them instead. Again, this requires some planning and thought towards the future.

Seth states that a ground lease could become our annuity.

Sheena establishes that a real estate planning meeting should happen soon. She will schedule with the Committee.

The Mayor asks the group about how HDC will want to proceed. He shares concerns that these pieces of real estate are important pieces of the city—a developer may not want to do what we want them to and we should tread carefully.

Sheena agrees that the development of the waterfront, specifically, will be done with great care, she states that she is confident that anything HDC does in terms of project/site development will have the same level of research, scrutiny and criticism as any other project we have endeavored upon.

3. OLD BUSINESS:

Sheena states that the boards received 2 application and at the last meeting we heard from Marie Balle. She introduces Eileen Halloran, the second applicant is present to answer questions if the board has any.

She states that Eileen Halloran, the 2nd applicant to be voted on, is present to answer questions the Board may have.

Don asks Eileen to tell the board about her interests.

Eileen states that she has been very interested in the information shared during this meeting thus far—waterfront planning, education and transportation are all interests of hers. She feels that her prior work experience and volunteer work makes her a great candidate. She has a particular interest in jobs, training for jobs, and transportation connections as she feels these are necessary for future development. She also states that she feels the future of the Waterfront is critical. She states that she now as the time and can bring experience from the private sector as the treasurer of the city.

Sheena asks if the board is comfortable voting on the two applications to join the board.

MOTION to go in to executive session to discuss the candidates is made by Don Moore, Seconded by Bart Delaney. ALL IN FAVOR. MOTION PASSED.

Board enters into Executive Session at 12:39 PM.

1:07

Duncan Calhoun makes a MOTIONS to return from executive session. Seconded by Don Moore. All in FAVOR. Motion Passed.

Board exits Executive Session to vote on the applicants before the Board at 1:07 PM.

Sheena states that there are two pieces of paper. She instructs the Board to write the name of the candidate on one side and a vote of yes (in favor of the applicant joining the board) or no (not in favor of the applicant joining the Board).

After the anonymous votes are counted the results are:

Eileen Halloran is ACCEPTED.

Marie Balle's application is DECLINED.

Duncan asks about the procedure and wonders if can someone apply again after being declined saying that it is fine to reapply, but do not want to readdress every single month. Sheena states that the Bylaws do not address the question, though it is something that the Executive Committee may want to discuss and develop a procedure for.

Sheena reminds the group about ABO training, July 9th and 10th. Bart and the Mayor need to complete.

Sheena points out the Hudson Islamic Center HIC proposed motion in the packet. She also met with Bart and, reached out to Ohrine, to discuss the motion.

The Mayor asks if this motion has this been conveyed to the pertinent party.

Sheena states that she has not yet discussed with HIC. She feels the Board should review and make any changes before presenting this possible solution to the HIC for consideration.

Perry states that it is a great solution, but questions how the numbers were calculated. Duncan responds that yes, an equation has been developed based on current FMV and will share the details with Perry at the end of the meeting.

Sheena addresses the board and asks if they feel that this is a proper solution. The Mayor makes a MOTIONS to approve the resolution as presented. Seconded by Bart Delaney. ALL IN FAVOR. MOTION PASSED.

MOTION:

The Board of HDC authorizes the executive director to instruct legal council to construct a long term lease between HDC and The Hudson Islamic Center (HIC) for the leasing of the property at 23 North Third Street. This lease should contain the following conditions:

1. The term of the lease will be for 99 years, beginning on August 1, 2014 continuing thru July 31, 2113.
2. For the first seven (7) years of the lease, the rent for said property will be \$10/year payable annually on August 1st of each year.
3. At the end of seven years (July 31, 2021), should there be no operational Building for the Islamic Center on said property, the lease will be terminated. Operational Building is defined as fully functioning building in keeping with plans presented to the HDC on March, 2014, complete with Certificate of Occupancy

4. At the end of seven years (July 31, 2021), should there be an operational building for the Islamic Center on said property, the lease will continue until its termination date above. At that time, rent for said property will be \$1,525/year payable annually on August 1st of each year
5. Should there be an operational building for the Islamic Center on said property prior to July 31, 2021, a monthly rent of \$125 will be paid each month to the HDC until August 1, 2021, at which time the annual payments outlined above will be made.
6. Starting with the rent due on August 1, 2022, the annual rate will be increased over the prior year by the standard CPI rate for the prior calendar year.
7. Failure to pay rent will entitle the HDC to place a lien on the building on the property.

Sheena will reach out to the HIC to make the Board's intention known and work with them to move forward.

Mayor departs for another meeting.

4. NEW BUSINESS

Sheena discusses the need for legal representation. Cheryl Roberts was our most recent legal counsel. Sheena shares that in a recent conversation with Cheryl revealed that she may not have the capacity of the time to continue to do work for HDC. The last project for Cheryl was to develop language for cooperative agreements between the two entities. Although she is happy to help out, the board may want to consider taking on a different legal counsel.

Seth states that with all due respect to her, we should find a new legal counsel. Do we use the city attorney or use someone else? He suggests that Krystal Heinz is an option.

Sheena reports that Whitbeck is the city counsel. She opines that Gif is retained by several agencies and feels that HDC would be better served by someone that will be able to devote time and energy to HDC.

Seth says that he has worked with her [Krystal] on many occasions. He opines that Krystal is smart and efficient with her time.

Duncan makes **MOTION** to enter into retainer with Crystal Heinz.
Chris SECONDS.
ALL IN FAVOR.
MOTION PASSED.

Sheena introduces the topic of HDC's real estate holdings and says that staff did a lot of research to make sure everything is represented clearly.

Kaz was not represented properly on the financial sheets, but should appear in July.

Seth asks if it does us any good to grieve the tax assessments, as most people know that appraisals are different than market value. Sheena recalls that she did it in 2011, though to not much success.

Don says that a grievance may make it difficult for elected officials.

Duncan asks about previously tax-exempt property and how that has worked.

Seth states that when you try to market a property, it could make a difference. For example this appraisal is \$900k, when the assessment is at \$2 million. A lower assessment would be better for potential developer coming into Hudson.

Perry adds another question about strategy and if it would help we want to push down something that could have a benefit to the city, because the sale price becomes the assessment.

Sheena concludes that a meeting of the planning and real estate committee would be a good place to discuss the challenges and solutions to the questions the Board is bringing up.

5. FINANCIAL REPORT

Perry inquires about the trouble with straightening out the financial statements and wonders why our prior audits have not captured these glaring omissions. He asks if we have confidence in the work of the auditors.

Duncan states that HDC and HCDPA pay a total of \$18k [collectively] for auditors for required auditing each year. Duncan also states that he asked Sheena to reach out to the peer groups, who are required to submit the same documents as we are. He concludes that the yearly audits are expensive and we should ensure that this is the best price for the level of work we expect.

She relays to the Board that HDC bases its accounting on the GAAP historical cost principle. She says that this is generally accepted as the most reliable/stable method of accounting. Historic cost means the original monetary value of an item. This original monetary value is based on the stable measuring unit assumption, which states that there is no such thing as inflation and money is stable. For HDC, the

amount of money or the assets exchanged during the time of acquisition of a piece of property are what would be represented as the value for the acquisition. For KAZ, a tax benefit was given to the KAZ Corp at the appraised value of \$929K.

Duncan adds that there are other development corporations that report their fixed assets like we desire to.

Seth states that he also used to have to do these (audits) for his other boards. He shared that if he had a question or a dispute it was resolved, with sometimes a footnote was added to the statement.

Sheena reports that when she spoke with her peers they confirmed that this price was legit for auditing.

Duncan feels that the accountants did not work with staff as much as required in order to increase the transparency. He feels that the age-old reason of "that's not the way we have done it" is not good enough.

Sheena states that the research shows that we need to discern as to whether or not HDC should use property holdings as a "financial instrument".

Seth suggests that we look for other firms in Columbia County and even though it may makes look frugal-- HDC should investigate a cheaper rate.

Sheena refers the list in the packet (attached) as well as the financials.

Branda has been working with the Treasurer to prepare more efficient workflows that are easily reflected on the balance sheet.

Duncan points out the change in the Executive Director line on the sheet. In essence, the amount of money in your assets account should be the same as payroll expenses. The money is set aside to pay those liabilities.

Branda states that it has also been discovered that HCDPA was not reimbursing HDC for other agreed to payments. HCDPA has paid (9530.49) in amounts owed for 2014. She will be doing some forensic research into 2013 to make sure that the reimbursements were accurate.

Sheena also reached out for an additional insurance cost for KAZ and the quote forthcoming on the property insurance.

Sheena asks for a motion to approve to create a petty cash account when Sheena is the signer on this specific account.

Proposed Motion:

The Board of HDC authorizes the Chairman and the Treasurer to set up a "Petty Cash" checking account with The Bank of Green County (TBOGC). Furthermore, the Board authorizes the Executive Director to be a signer on this account and to carry a VISA debit card in the HDC's name.

This account have a balance of up to \$250 at any given time. Amounts higher than that require a motion from the Board.

Perry states that we need to make sure the overdraft privilege is turned off.

Bart MOTIONS to accept and Perry SECONDS. All in favor. MOTION PASSED.

Duncan MOTIONS to accept the financial statements. Perry SECONDS. All in favor. MOTION PASSED.

6. MINUTES

Perry asks to add Abdus Miah to the attendance for May 2014's minutes and then MOTIONS to accept. SECONDED by Bart. All in Favor. MOTION PASSED.

7. ADJOURNMENT

MOTION to adjourn by Perry. Bart SECONDS

MEETING ADJOURNED at 1:57PM

Minutes respectfully submitted:
Branda Maholtz