

**HUDSON DEVELOPMENT CORPORATION  
BOARD MEETING  
WEDNESDAY, May 27, 2015  
1 NORTH FRONT STREET**

PRESENT:

Duncan Calhoun  
Don Moore  
Bart Delaney  
Tiffany Garriga  
Chris Jones  
Mayor Hallenbeck  
Eileen Halloran (speaker phone, non-voting)  
Carolyn Lawrence  
Brian Stickle

ABSENT:

STAFF:

Sheena Salvino  
Branda Maholtz

AUDIENCE:

Kristal Heinz, Counsel  
Victor Churchill

1. CALL TO ORDER

The Executive Director called the meeting to order at 12:07 PM.

2. MINUTES

a) Approval of March 2015 Minutes

With edit suggestion from Eileen sent via email prior to the meeting to clarify one of her comments in reference to Ferry Street Bridge Discussion.

Duncan MOTIONS to accept with edits. Seconded by Chris. All in Favor. MOTION PASSED.

Mayor shares additional information on the topic of the bridge: he and the city's lawyer have been working to determine ownership advantages given the public safety risk of not having the bridge, access to the state boat launch. He intends to re-contact state officials to inquire about readdressing the funding for bridge remediation from the state.

3. FINANCIAL REPORT

a) Audit overview.

Victor Churchill presents the board with the final draft of the 2015 Audit (see attached). He points out some key things in draft audit:

As per previous discussion, there are a number of prior period adjustments, 29 adjusting journal entries, which is higher than an auditor would normally anticipate; some adjustments are material to financial statement, not to audit reporting.

He has added the Business Coalition and Mrs. Greenthumbs as they are entities which are fiscally sponsored by HDC.

He points out some comments: HDC's lease with city, which is a no cost lease, but with some requirements. He suggests that we look at it administratively and believes that we need to have renter's insurance. In addition the HDC's longstanding agreement with HCDPA and cost-sharing, from audit standpoint needs to be formalized and documented.

Victor points out that the financial statement with the proposed changes will be a clean opinion. As the format is standard, expenses have footnotes, final pages with comments.

HDC has significant net assets with Kaz property with established fair market appraisal, it had a prior period adjustment, and represents the majority in real estate assets.

The income statement; statement of activities, revenue \$38.5K a year, program costs at \$46k, and \$109k. The total under \$150k, with the burn rate for liquid assets in the next few years.

The cash flow statement, a required statement supposed to represent "concept of cash received and outflow with operation and financing activities" which HDC does not have (referring to financing activities).

Footnotes are the biggest part to note as they explain adjustments.

Victor notes page 8: related parties note 3: HCDPA, a related party listed, had not disclosed in the past how much was due back and forth, and now that is being reported.

Don Moore asks about the agreement with HCDPA already in existence and what it states. The board briefly discusses previous intent to have previous lawyer draft an agreement between HDC/HCDPA/City of Hudson. This draft had never been completed or accepted by the board.

Victor emphasizes the GAP compliance-- properties held for sale, there is a gap short period of time that you can hold it and not depreciated. And Kaz has not been depreciated before.

Duncan asks about whether Kaz needs an appraisal differential with what is land and what is building as it could help us slow down the depreciation with the land as the land does not depreciate.

Don inquires whether this matters to HDC, as we aren't as concerned with depreciation.

Duncan states that it depends on how the land in question ends up being sold or used; we aim to have the best representative value assessment.

Victor states that for the prior year HDC is entitled to recovery for bad debt and have not given up rights to that. This was written off in prior years, and is still a contingent receivable.

As this continues to appreciate because with 9% statutory interest with judgment made, (clarified with Kristal Heinz).

Commitments and contingencies: Contracts with TGW, need footnote, Lease for building is \$0, but does have to continue for 12 years  
Subsequent event, sale of property to HIC.  
Materials items, smaller properties with value not on the books, there was an appraisal at date of donations.

The board inquires if this is the final version of the audit and Victor confirms that it is.

Duncan makes MOTION to Accept audit. Bart SECONDS. ALL IN FAVOR to accept 2015 audit as prepared by Victor Churchill.

The board inquires when would the audit process likely start in the future. Feb 1. Is the new date to start the audit procedure Victor states that many circumstances delayed this audit including being the new auditor and that previous auditor's departure of staff caused some problems in finding the previous working papers.

## 2. NEW BUSINESS

a) Kaz warehouse tenant, Gemma Langley has experienced some financial hardship and missed one month of rent. Her current lease is at \$600, and she has agreed to repay the missed rent over the next 6 months by paying \$700.00.

Mayor Hallenbeck states that we should restate that we are not to be held responsible for any damage to her stored items. Sheena states that the tenant is full aware that we are not responsible.

Duncan also wants to make it clear that should her lease terminate, she is held responsible for the remaining amount in excess. Her lease is month to month.

Sheena asks the board to provide any reputable appraisers that are experienced in working with the elderly as Gemma would like to sell her stored items but doesn't trust many appraisers.

b) Sheena wanted to share with the board that there has been much conversation from the business community that rental market and rates of rent have increased

drastically. There may be an opportunity for a conversation at a city level for rent caps. A long time local business owner called to draw the agency's attention to the increasing rents being charged on Warren Street by landlords. The increased rents cause many of our small businesses to have to relocate.

Ex) 356 Warren St, 1100 sq feet= \$3200/mo

Meeting this morning of Biz Coalition and the Biz Climate survey tells us - focus on level of property tax/assessment causing rents to rise, transferring price burden on to renters and customers.

Carolyn and Brian agree that the current rate is unsustainable. Brian comments that a market correction is in order.

c) Chris Jones introduces Sean Sawyer, the new president of Olana Foundation who is getting settled into the new role and plans to live in Hudson.

Mr. Sawyer states that he wanted to make an official introduction and that he looks forward to work with HDC. As he is new--any introductions are helpful. His previous position was with the Royal Oaks Parks in the city and has much success with community engagement.

d) As Perry Lasher has completed his term, the board has a Vice President position open. Sheena announces that the nomination is open, and asks the board to nominate a new VP.

Duncan nominates Brian. The Mayor seconds the nomination. In an open vote, ALL IN FAVOR. Brian Stickles is the new Vice President.

e) Sheena shared ABO comptroller information (see attached)—to make sure the board has awareness of discussion about local authorities on the state level; Kristal does not believe that we are at risk as we are transparent and small.

Sheena states that the search brief is available as well which shows money that moves the LDC boards.

Don states that the signaling case in Rochester was the purchase of a ferry boat, the project capsized and that has become a poster child from incorrect spending for LDCs.

(Mayor departs for another meeting 1:30PM)

### 3. EXECUTIVE DIRECTOR & TGW REPORT

Locally: Hudson Biz Coalition is reorganizing their mission, purpose and the work that they will be pursuing the future. Several new volunteers have stepped up: Russ Gibson & Carolyn Lawrence.

1st Quarter Community Meeting- approx 20 in attendance. And a few people have reached out about developing CFA projects.

Tourism: All Over Albany is returning to Hudson and is looking for small sponsorships. (July 11) noon to 11pm event.

County: Meeting with Ken Flood on 29th to discuss county priorities for the CFA funding.

Prioritize Hudson Programs and projects.

State: CFA/REDC. Missing the one scheduled for today.

#### 4. OLD BUSINESS

##### a) Day Care Center

Updates: The staff of the Day care has secured two locations. They will be pricing out the cost to move and supplying us with those numbers. The City has elected to cover the costs of the move while the work is being completed.

RFP for Roof is out.

RFP for GC today.

Electrician secured.

Fire Escape secured.

##### b) Bylaw & Policy Recommendations

No new changes have been made to date. One last review of the Bylaws should be done to ensure that all of the recommendations have been included and can be discussed among the Board at the next meeting.

##### c) Website/Platform for Giving

Changes and updates Forthcoming.

7. ADJOURNMENTMOTION to adjourn 2:47 PM by Bart. Seconded by Duncan. ALL IN FAVOR. MOTION PASSED.

Respectfully Submitted by Branda Maholtz