

**ECONOMIC DEVELOPMENT & ENERGY COMMITTEE MEETING
HELD IN ROOM #318
PUTNAM COUNTY OFFICE BUILDING
CARMEL, NEW YORK 10512**

Members: Chairman Gouldman, Legislators Addonizio & Scuccimarra

Wednesday

6:00PM

August 5, 2015

The meeting was called to order at 6:08 P.M. by Chairman Gouldman who led in the Pledge of Allegiance. Upon roll call, Legislators Addonizio, Scuccimarra and Chairman Gouldman were present.

Item # 3 – Approval of Minutes- May 13, 2015

Chairman Gouldman made a motion accept the minutes as submitted; Seconded by Legislator Scuccimarra. All in favor.

Item # 4 – Industrial Development Agency (“IDA”)

a. Presentation/IDA Funding/IDA Chairman Richard Ruchala

IDA Chairman Richard Ruchala stated the Economic Development Corporation (“EDC”) received \$75,000 from the County to fund their organization. He stated the EDC has not been active without an EDC President and therefore, he has had to do a lot of work on his own. He stated it would be very beneficial for the \$75,000 allocated to the EDC be transferred to the IDA to provide funding for them.

Legislator Scuccimarra stated she understands IDA Chairman Ruchala’s predicament with funding however, at this time she does not believe the Legislature can expend any funds. She stated she believes with the budget process coming up this matter should be discussed more in depth. She stated she has been made aware that in other counties the IDAs and the EDCs are merging, which something that the County should be explore.

IDA Chairman Ruchala stated according to New York State Law the IDAs cannot be disbanded until 2042.

Chairman Gouldman stated he believes that the IDA is a very important organization for the County’s economic development. He questioned if IDA Chairman Ruchala can explain the additional information that he provided the Committee with.

IDA Chairman Ruchala stated he provided the Committee with ten (10) years of financials from the IDA that illustrates their financial decline. He stated he believes that the IDA is much more important than the EDC because there are other organizations that can do the same tasks as the EDC and the programs that the EDCs have that are considered beneficial are actually government programs. He stated in regards to the New York State Comptroller Program Bill S.5867/A.7915, it will force the IDA to change their By-Laws and procedures.

Legislator Gross stated in regards to the initial loan agreement, in order for the IDA to receive the loan the County would have certain “strings” attached, which is why the IDA declined to sign the agreement.

IDA Chairman Ruchala stated yes, that was one (1) of the reasons for the stalemate in signing the loan agreement. He stated the IDA is currently in desperate need of funding.

Legislator Scuccimarra stated perhaps the IDA would have benefited from accepting the loan agreement even with the certain “strings” attached.

IDA Chairman stated the he and the IDA Board would not accept the agreement under those terms and conditions. He stated the IDA is not a county organization and works for the public.

Chairman Gouldman questioned if the “strings” attached to the agreement were removed, would the IDA Chairman and IDA Board accept the loan agreement.

IDA Chairman Ruchala stated due to the new regulations placed on the IDA, such as the New York State Comptroller Bill, he would not accept a loan because he cannot guarantee that he would be able to pay it back.

Legislator Scuccimarra stated it may be beneficial to create a sub-committee to discuss ways to fund the IDA during the budget season.

Legislator LoBue stated as a legislative body, we appropriate the funding. She stated the EDC receives funding from the County without any terms and conditions attached. She stated she does not understand why the IDA would be offered a loan agreement with stringent terms and conditions attached to the agreement. She stated in the past the IDA and the EDC used to work together as a team and share services. She stated she requested for the EDC financials and according to their balance sheet they are in possession of a huge amount of money. She stated she recalls when Legislator Scuccimarra was the Chairwoman of the Economic Development & Energy Committee (“Committee”) and stated there was a need to intervene with the IDA because she felt the IDA was not meeting and running at top efficiency. She stated therefore, she would like know when the last formal EDC meeting took place.

Chairman Gouldman requested for the matter of the EDC Expenditures be discussed after the previous agenda item has been discussed. *(Discussed further at Item # 5 –FYI/Economic Development Corporation (“EDC”) Expenditures)*

Legislator Addonizio stated at the last Committee meeting IDA Chairman Ruchala stated traditionally the IDA received funding in bonds.

IDA Chairman Ruchala stated that is correct.

Legislator Addonizio stated in 2007 the IDA has approximately \$235,000 but in 2008 State Mandates placed on the IDA created a negative financial impact. She stated at this time the IDA is requesting to receive funding in the amount of \$125,000.

IDA Chairman Ruchala stated that is correct.

Legislator Addonizio questioned if that funding would be used to hire a CEO, CFO, auditors and training the IDA Board members.

IDA Chairman Ruchala stated the funding would cover what Legislator Addonizio mentioned and other expenses needed for the IDA to function. He stated due to the low interest rates and the State Charges, bonds are not very competitive.

Legislator Addonizio stated the IDA is important in creating jobs and helping small businesses grow.

Legislator Nacerino stated for clarification you sent a correspondence to EDC Chairman Jeffery Kellogg on July 8, 2015 and have not received a response.

IDA Chairman Ruchala stated he has received a response and the EDC did not believe it would be beneficial for the EDC to give their funding to the IDA because they are in the hiring process for a president.

Legislator Nacerino stated funding the IDA can be something reviewed during the budget process. She stated she does not believe the Legislature has to ability to transfer the funds allocated to the EDC.

Legislative Counsel Clem Van Ross stated the Legislature does not have to the power to transfer funds between entities. He stated the transfer request would have to originate from the Administration. He stated during the budget process the Legislature can address this matter.

Legislator Nacerino requested for IDA Chairman Ruchala elaborate on why the IDA and the EDC cannot be merged.

IDA Chairman Ruchala stated the IDA is part of the Public Benefits Corporation. He stated due to new regulations from the State Comptroller's Office IDAs, EDCs and other agencies can no longer transfer funds to each other. He stated in the past it was common for the agencies to loan money to each other and share services.

Legislator Gross stated the contract written by the Administration that would provide a loan was setting the IDA up for failure. He stated he suggests the Legislature write to the Administration requesting for them to modify the contract so the IDA can be given the funding they need.

Legislator LoBue stated as pointed out by Legislator Nacerino and Legislative Counsel Van Ross, the Legislature does not have the power to transfer money during the year and only during the budget process. She stated she thinks it would be beneficial for the Legislature to send a letter requesting for the Administration provide the IDA with "emergency funding" around \$10,000 so they can pay their bills for the end of the year. She stated the County Executive is a strong believer in economic development and therefore she does not believe they Administration would decline the request. She stated then during the budget process, funding the IDA can be discussed and vetted out completely. She stated the County cannot attract economic development without incentives and the only agency that offers incentives is the IDA.

Chairman Gouldman questioned if \$10,000 to \$15,000 would assist in funding the IDA.

IDA Chairman Ruchala stated that would not be enough funding. He stated the IDA will need approximately \$25,000 to change the uniform tax exempt policy to comply with the State Mandates.

Chairman Gouldman questioned if the IDA Board would accept a loan.

IDA Chairman Ruchala stated he cannot guarantee that the IDA Board would be able to pay back the loan, and he has a legal document that states the IDA Board under no circumstances shall they be responsible for any of the money related to this loan or they not be responsible in paying back for the loan. He referenced the additional backup, "Possible Funding Alternative" that he provided to the Committee and then furthered the discussion with potential ways for the County to fund the corporations that assist in economic development.

Chairman Gouldman made a motion to waive the rules and accept the additional; Seconded by Legislator Scuccimarra. All in favor.

Legislator Scuccimarra stated this matter needs to be looked into and discussed in depth during the budget process and have the Administration, EDC, and the IDA discuss funding.

Legislator Addonizio questioned if the Legislature can send a letter of request to the Administration requesting they transfer funds to provide the needed funding to the IDA.

IDA Chairman Ruchala stated to run properly the IDA Board will need approximately \$40,000.

Legislative Counsel Van Ross stated the IDA Board should send a letter to the Legislature stating that they need funds and what the funds would be used for. He stated based on the correspondence from the IDA Board the Legislature can forward the IDA's request to the Administration to make a budgetary amendment of \$40,000.

IDA Board Member Bill Nulk stated he agrees with IDA Chairman Ruchala that the IDA needs and deserves funding as an agency under the County and operating with the County's authority. He stated the past opportunities that existed for the IDA to "self-finance" themselves has significantly changed; bonding is no longer the preferred method for a commercial developer. He stated the County in general is still struggling to recover from the economic down turn of the past several years. He stated business is tough and the County is a "hard sell" for industries. He stated from his perspective from actively participating the Putnam County Chambers of Commerce, it is important to keep in mind of current commercial districts when developing economically. He stated in Putnam County small business is big business.

b. Discussion/New York State Comptroller Program Bill S.5867/A7915

Chairman Gouldman stated NYSAC provided the Legislative Office with information on the New York State Comptroller Program Bill, which would enplace more requirements for the IDA. He stated the Bill would improve the efficiency and transparency of the IDAs.

IDA Chairman Ruchala stated it will require for the IDAs to comply with more unfunded mandates.

Legislative Albano stated it appears the IDAs are being required to comply with more work and more unfunded mandates.

IDA Chairman Ruchala stated it appears the Governor would like to control the economic development within the State; however he has been unsuccessful. He stated the mandates are now more restrictive for IDAs.

Item # 5 –FYI/Economic Development Corporation (“EDC”) Expenditures

Chairman Gouldman stated this information was originally requested from Legislator LoBue to provide a breakdown of expenditures for years 2013, 2014 and 2015. He stated the Legislative Office received information on June 29, 2015.

Legislator LoBue stated she would like to discuss this matter more in depth next month. She stated the EDC has a lot of funding for their corporation and therefore she believes this matter needs to be addressed.

Legislator Scuccimarra stated it would be beneficial for EDC Chairman Jeffery Kellogg to come to the next Committee meeting to discuss the EDC expenditures and the funds the Corporation has.

Item # 6 – FYI/Unemployment Report- Duly Noted

Item # 7 – Foreclosure Report-FYI- Duly Noted

Item # 8 – Other Business-None

Item # 9–Adjournment

There being no further business at 6:50 P.M. Legislator Scuccimarra made a motion to adjourn; Seconded by Legislator Addonizio. All in favor.

Respectfully submitted by Administrative Assistant, Lisa Sommers.