

City of Newburgh Industrial Development Agency

ANNUAL REPORT -- January 1 to December 31, 2008

The following report is based on a review of:

1. Agency Minutes and resolutions
2. Financial reports generated in 2011 that detail QuickBooks and bank statements to the 2006

Agency and Mission:

The Agency was re-established in 1982 under New York State General Municipal Law 18A, section 913:

For the benefit of the city of Newburgh and the inhabitants thereof, an industrial development agency, to be known as the CITY OF NEWBURGH INDUSTRIAL DEVELOPMENT AGENCY, is hereby established for the accomplishment of any or all of the purposes specified in title one of article eighteen-A of this chapter. It shall constitute a body corporate and politic, and be perpetual in duration. It shall have the powers and duties now or hereafter conferred by title one of article eighteen-A of his chapter upon industrial development agencies. It shall organize in a manner prescribed by and be subject to the provisions of title one of article eighteen-A of this chapter. Its members shall be appointed by the governing body of the city of Newburgh. The agency, its members, officers and employees, and its operations and activities shall in all respects be governed by the provisions of title one of article eighteen-A of this chapter. It shall be the successor in interest to the agency created by chapter three hundred four of the laws of nineteen hundred seventy-one.

Principal Address: City Hall, 83 Broadway, Newburgh, NY 12250

Membership:

The Agency consists of seven member appointed by the governing body of the City of Newburgh. The agency's bylaws states that any one or of the members may be an officer or employee of the City. A member may continue to hold office until a successor is appointed and has qualified. On January 1, 2006, the Council appointed the following members to the Agency:

Members of the Agency -January 1 to July 21, 2008.

Nicolas Valentine, Mayor/Chair
Regina Angelo, Council Member/Vice-Chair;
George Bowles, Jr. Councilman/Secretary;
Martin Boone, City Marshall
Mary Ann Dickerson, Council Member
Salvatore Cracolici, Council Member

Darren McCurry,

Attendance at Agency Meetings:

<u>Date</u>	<u>ABSENT</u>
June 2	Salvatore Cracolici, Mary Ann Dickerson
July 15	No Minutes or attendance taken

Independent Members: **Darren McCurry**

The members of the Agency also serve as members of a local development corporation: City of Newburgh Local Development Corporation. Historically, a number of the development projects involving the Agency also involve the local development corporation.

ABO Training:

There is no record that any member participated in any ABO approved training sessions.

Actions of the Board:

The Acts of the Board require a quorum of four members and majority vote of four (4) on any action. Meeting notices are sent to the Media and Agency Members.

Policies of the Board:

None

Committees of the Agency:

Governance and Audit Committees were formed in late 2008 by the newly appointed members of the Agency.

Fiscal Management:

The Agency operates and a unit of the City. Records indicate that bills were reviewed and approved by the Administrator, and then forwarded for approval by the City Manager or City Comptroller. Only one signature that of the Administrator, was required on checks. No 2008 Agency Budget was adopted.

AUDIT:

The 2007 audit was submitted in May of 2008. There is no record to indicate that the audit was reviewed or adopted by the Agency. It should be noted that the audit

raised serious questions concerning the Agency's fiscal policies and controls. It also made numerous recommendations.

Procurement Practices/ Competitive Bidding:

No policy or competitive bidding was applied in the first half of 2008.

Executive Officer, Personnel and Agency Operations:

Since its inception, the City of Newburgh Industrial Development Agency operated as an integral part of the City's Department of Planning and Development. The Administrator of the Agency, a part time position, is appointed by the City Manger and also serves as the Director of Planning and Economic Development and Director of the Newburgh Local Development Corporation. The position also oversees the Newburgh Community Development Agency. The coordinative/integrated role is established by the **City Charter** as follows:

ARTICLE XIV

Department of Planning and Development

[Added 1-27-2003 by L.L. No. 1-2003]

§ C14.00. Establishment; head.

There shall be a Department of Planning and Development, headed by a Director of Planning and Development, who shall be appointed by the City Manager and who shall serve at the pleasure of the City Manager.

§ C14.01. Director of Planning and Economic Development.

The Director of Planning and Development shall be appointed on the basis of his education and experience in carrying out the duties of the position. Among the Directors functions and duties, but not by way of limitation, shall be the following:

A. To act as a full-time administrator of the Department, the Newburgh Local Development Corporation and the Newburgh Industrial Development Agency offices to ensure a coordinated and comprehensive approach to community and economic development within the City of Newburgh.

B. To develop and administer a combined and integrated staff to support the Newburgh Community Development Agency, Newburgh Local Development Corporation and the Newburgh Industrial Development Agency and other community-based programs recognized by the Council.

The mission of the Agency has been expanded by virtue of the City Charter provision allowing for the city to transfer properties to the IDA for the purposes of undertaking commercial and housing real estate transactions that foster economic and community development that also address the pervasive blighted conditions of the city.

ARTICLE XVI of the City of Newburgh City Charter provides for the following.

§ C16.04. Transfer of municipal property to Industrial Development Agency. [Added 8-11-1986 by L.L. No. 4-1986]

Notwithstanding any other provision of this Charter or of any statute, law, rule Or ordinance, but subject to the provisions of § C16.03 of this Charter, real property Held by the city for a municipal purpose and, in the opinion of the Council, no longer Needed for any municipal purpose may be sold or conveyed to the City of Newburgh Industrial Development Agency without public auction for the purpose of industrial Development as defined in the General Municipal Law of the State of New York.

Agency Staff: Compensation and Benefits (no salaries exceeded \$100,000).

The City determines salaries and benefits of its personnel assigned to the Agency for administrative and programmatic services. No annual budget or service contract with the City were initiated or adopted.

Agency Staff: (IDA Salaries were under \$100,000).

100% of time: Robert McKenna, Director of the Department of Planning and Development

100% of time; T. Miller, Secretary to Director

100% of time: I. MacDougall, City Planner

100% of time: J.Mranda, Business Services Coordinator

100% of time : K. Henry/M. Zola, Cultural Economic Coordinator (PT)

Activities/Operations -- January 1 to July 21, 2008

ABO Compliance:

At the June 2, 2008 meeting, Agency Chairman and Mayor Nicholas Valentine advised the members that this would be their last meeting as the Agency membership and operations must comply with the Public Authorities Accountability Act of 2006.

The City Council advertised openings and conducted interviews of applicants.

The Agency approved a resolution for assignment of leases and transfer of title for a parking lot and underlying land of Key Bank Building and the Maple Building to Orange County for \$650,000 and \$100,000 to Orange County. (The transaction did not comply with the model Disposition of Property prepared by the Authority Budget Office.)

The Agency authorized a contract with Urban Design Associates for \$50,000 to provide design services (Master Plan) for the Newburgh Liberty Street Initiative

Newly Appointed Board Members As of July 21, 2008

<u>Name</u>	<u>Profession</u>
Richard Bedrosian	College Professor, retired
Michael Curry ,	Regional Businessman
Spencer Gulliver,	Local Businessman and Maritime Officer
Jerry Maldonado	Ford Foundation Executive
Sean O'Shea	Bouillon Inventory Accountant for the US Mint
John Penney,	Retailer and retired Public Safety Officer and
Union Representative.	
Joshua Smith ,	College President, (New York and California)Administrator, Foundation Executive

Independent Membership: All members are independent

Meetings:

The Administrator advised the new board members that meetings are taped and that the cost of secretary to take minutes would cost roughly \$3,500 a year. Therefore, the members volunteered to take notes of their meetings.

<u>Meeting</u>	<u>Absent</u>
September 2	
September 15 Work Session	
September 29 Work Session	Sean O'Shea. Michael Curry*,
Jerry Maldonado*	
October 20 Work Session	
November 17	
December 1	
December 15	

*participated by phone (no actions were voted on)

Activities/Operations

The newly appointed board encountered numerous difficulties in attempting to fulfill their responsibilities. Agency staff did not facilitate the transfer of information requested.

- Questions on compliance information as required by GML Article 18A, PAAA of 2005 went unanswered.
- The Board was advised that the Agency's files were located in the offices of the Department of Development and Planning and that the members could arrange to view them by appointment.
- Staff did not provide assistance in preparing minutes of meeting when they were held.
- The Agency's Counsel resigned in September 2008

Therefore, the Members of the Agency began familiarizing themselves with compliance and transparency requirements utilizing the ABO website and by contacting the ABO and State Comptrollers office.

The Board established the following Committees:

Governance Committee: Spencer Gulliver, Jack Penny, Joshua Smith and Jerry Maldonado,

Audit Committee: Michael Curry, Richard Bedrosian , Sean O'Shea, Jack Penney

No resolutions or formal actions for projects, or related actions were brought before the new Board by its Administrator.

The new Board members decided to elect officer following Governance Committee review of the exiting by-laws and recommendations for revisions as required by the Public Authorities Accountability Act of 2005.

The Agency prepared an RFP for legal services.

ABO approved Board Training was planned for 2009 at CUNY and Albany Law School.

Several members of the Board meet with a representative of the State Comptroller concerning their rights to access IDA financial records. The Agency was advised to set strict parameters going forward as the Board's efforts for transparency were being resisted by city staff.

The Agency's Administrator executed a contract for the services of an auditing firm to conduct an audit for 2007 without the authorization of the Board.

The Agency's Administrator, resigned/retired from his position as City of Newburgh's Director of Planning and Development in December 2008. He advised the Agency that that Lourdes Zapata, Director of the Community Development Block Grant program would assume the vacated city and agency positions.