

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

Members: Chairwoman Scuccimarra, Legislators Gross & Wright

Monday

6:30PM

March 10, 2014

The meeting was called to order at 6:32 P.M. by Chairwoman Scuccimarra who led in the Pledge of Allegiance. Upon roll call, Legislator Gross and Chairwoman Scuccimarra were present. Legislator Wright was absent. Chairwoman Scuccimarra requested Chairman of the Legislature Albano sit on the committee in Legislator Wright's absence.

Item # 3 - Approval of Minutes – February 20, 2014

Legislator Albano made a motion to approve the minutes as submitted; Seconded by Legislator Gross. All in favor.

**Item # 4 - Putnam County Industrial Development Agency (IDA) Vacancies/
Discussion**

Legislator Albano made a motion to accept all additional; Seconded by Legislator Gross. All in favor.

Chairwoman Scuccimarra stated the Industrial Development Agency (IDA) has a Board that can hold seven members and right now there are only four (4), with one (1) member in Florida for six months of the year. She stated it is important that these vacancies be filled.

Chairman of the IDA Richard Ruchala questioned what the rush on the appointments was.

Chairwoman Scuccimarra stated based on the Audit report sent to the office by the State Comptroller, she believes the vacancies should be filled.

IDA Chairman Ruchala stated he would like to table the appointments since he believes there is no rush on the matter. He stated it is policy and tradition that the IDA appoints members and sends their recommendation to the Legislature for approval. He stated the appointments being considered were not passed through the IDA Board.

Chairwoman Scuccimarra stated the Legislature approves the appointments.

IDA Chairman Ruchala stated the appointments are approved by the Legislature once they are assessed and approved by the IDA Board.

Chairwoman Scuccimarra questioned how the appointments can be assessed with such a small board.

IDA Chairman Ruchala stated the choosing of board members does not need to be done quickly. He further stated there should be one person from each town on the board and those provided for consideration for appointment are not meeting these requirements.

Chairwoman Scuccimarra stated she believes they are.

IDA Chairman Ruchala stated he has other people to look at as well. He also stated those chosen to be on the board are people the existing board must work with.

Chairwoman Scuccimarra stated there is a member on the board who is away for six (6) months out of the year. She questioned how this member is able to vote.

IDA Chairman Ruchala stated to ask the member to resign from the board would be a poor decision as she is a great asset and is away caring for a sick family member.

Chairwoman Scuccimarra stated she does not doubt the member's ability, but is concerned with how involved she can be from so far away.

IDA Chairman Ruchala questioned why this is being brought up now since there are no problems within the IDA.

Chairwoman Scuccimarra stated according to the report received by the State Comptroller, there is a problem.

Legislator LoBue questioned how the Legislature got the appointments if they were not sent by the Chairman of the IDA.

Legislator Oliverio stated Maureen McLaughlin, the member who had been absent for six (6) months, has been an outstanding member and an asset to the IDA and will be back.

Legislator LoBue stated she is unclear on the process. She questioned if the resumes and requests to be on the board did not come from the Chairman, where did they come from.

Chairwoman Scuccimarra stated they came from the CEO of the IDA, Neal Sullivan.

Legislator LoBue stated to her knowledge, according to the by-laws of the IDA, the board needs a minimum of four (4) members, which is what they have now.

Chairwoman Scuccimarra stated in light of the State Comptroller's report on the IDA, she believes it is imperative that these vacancies be filled so they can get back to work.

Legislator LoBue stated the Chairman of the IDA is before the Legislature stating that he does not want to appoint the people being considered.

Legislator Oliverio stated the criticism on the IDA does not only fall onto the IDA, but it falls on the Administration and Legislature as they are responsible for providing oversight. He stated the lack of transparency must be resolved.

Chairwoman Scuccimarra stated nothing is being done backdoor and her faith in the Chairman is questionable after reading the report.

IDA Chairman Ruchala stated he has been Chairman for three months and questioned if Chairwoman Scuccimarra would like to hear what he has accomplished. He also questioned if she would like to hear what CEO Sullivan had accomplished. He also stated CEO Sullivan had a smile on his face throughout this discussion.

Legislator LoBue stated her concern with one of the applicants because a Google search brought disappointing finds.

Chairwoman Scuccimarra stated she is looking at the resume that was submitted and only the resume.

Legislator Albano questioned if Chairman Ruchala had other applicants for the vacancies.

IDA Chairman Ruchala stated he does have other applicants and he does not see the need to appoint anybody right away. He stated he is proud of the work that the IDA has done in respect to job creation. He stated the Legislature should only be approving recommendations of the IDA, not making choices for them. He stated the Legislature should look at the good things the IDA has done.

Chairwoman Scuccimarra stated according to the State, the IDA has done some things that were not so good as well.

Legislator Oliverio stated many of the faults of the IDA falls to the Administration and the Legislature.

Legislator Gross stated the letter received by the Legislature that was requesting the appointments should have come from Chairman Ruchala. He also stated on two occasions in 2012 and 2013 the IDA was forced out of their housing and it is possible the faults found by the State are due to the files being packed up and in boxes due to the moves.

Chairwoman Scuccimarra read from the State Comptroller DiNapoli's audit. She stated one fault was failing to include necessary information to prove the projects would be beneficial to taxpayers.

IDA Chairman Ruchala stated the application was deemed incomplete due to blank spaces where there should have been an "N/A." He also stated this caused multiple counts against them.

Chairwoman Scuccimarra read from State Comptroller DiNapoli's audit. She stated the IDA was not properly monitoring the performance of businesses receiving benefits to determine if goals were being met.

IDA Chairman Ruchala stated monitoring is being done. He questioned how many visitations CEO Neal Sullivan had made.

IDA CEO Neal Sullivan stated appointments have been made for all businesses.

Chairwoman Scuccimarra read from State Comptroller DiNapoli's audit. She stated businesses receiving IDA benefits failed to file reports regarding capital savings and sales tax savings.

IDA Chairman Ruchala stated the IDA was threatened by the State, the OSC and the ABO that they were going to take away the sales tax exemption and give it to the EDC and the State. He stated in the future there will be a time limit on the sales tax. He stated what the IDA was not aware of was that they had to follow the company and go through every year that they are on the PILOT (payment in lieu of taxes), which is ten (10) years.

Legislator Tartaro stated the Legislature will be going through the State's audit point by point in the Rules, Enactments, & Intergovernmental Committee Meeting the following week. He stated this is a board with a maximum of 7 members and questioned if Chairman Ruchala had a time line on when the Legislature would receive the recommendations from the board.

IDA Chairman Ruchala stated he would make the recommendation by April or May at the latest.

Legislator Albano questioned if Chairman Ruchala was only looking at the appointments that he had.

IDA Chairman Ruchala stated all applicants are being looked at.

Legislator Nacerino questioned how long the spaces had been vacant.

IDA Chairman Ruchala stated one has been vacant for a year and the other vacancy was two (2) months.

Legislator Nacerino questioned how long Chairman Ruchala had been the Chairman.

IDA Chairman Ruchala stated he had been the Chairman since December and on the board for ten (10) years.

Legislator Oliverio stated Chairman Ruchala is the third vacancy.

Legislator Nacerino questioned why filling the vacancies wasn't one of Chairman Ruchala's top priorities. She stated having a lesser number of members than allowed shows the board is not running at peak efficiency. She stated the IDA is not operating under the policy and procedure they should be. She stated her philosophy is if you take a commitment, even if circumstances arise, you cover that commitment. She stated she does not think asking someone to resign is the right thing to do, but it is in the hands of the person who is unable to fill their commitment. She also stated, going off of Legislator Gross's previous statement regarding the boxed files due to moving, that their files should be kept electronically, therefore having boxed files should not hinder their efficiency. She questioned why the IDA was not being run at peak efficiency.

IDA Chairman Ruchala stated there were internal issues going on. He stated one was the audit that was taking place and he did not think it was fair to bring someone in the middle of the audit. He also stated their funds were low as well.

Legislator Oliverio questioned if Chairman Ruchala had just become chairman.

IDA Chairman Ruchala stated he became chairman in December 2013. He stated the member who is away for six (6) months is well worth it and has plans to return to her role on the Board for when she returns.

Legislator Nacerino stated the IDA had missed some reports and questioned if their files are kept electronically.

IDA Chairman Ruchala stated the only missed report was the adopted financials and was supposed to be filed by November 30, 2013. He stated this was missed due to a dispute between the CEO and CFO over money. He stated it was recorded that they would make \$0 for 2014 and they were not comfortable signing their name with \$0 for income. He stated he researched what would happen if they filed late and he found that they would be out of compliance.

Legislator Tartaro stated in fairness to the IDA, the audit from the State was within a certain time frame of 2009-2011.

IDA Chairman Ruchala stated the report actually covered 2012 and 2013, which is when the IDA did without a 30-hour CEO and were being moved.

Legislator Tartaro stated there is a seven (7) member board with a minimum of four (4). He stated the sooner the vacancies are filled, the better.

CEO Sullivan stated he resented the fact that Chairman Ruchala stated he was smiling during this conversation. He stated he is taking the audit very seriously. He stated he became CEO in mid-August. He stated a public notice was put into the newspaper requesting that people submit resumes in an attempt to fill the vacancies. He stated the member who has been absent, has been so for the last six (6) months of this year and for the last six (6) months of last year. He stated it is vital to have a fully functioning board. He stated they have received excellent resumes. He stated the IDA is not rushing anything. He stated the resumes sent to the Legislature were approved by the governance committee. He stated the by-laws do not state that the board of the IDA has to approve any board member to be presented to the Legislature. He questioned if the Legislature does not govern the IDA, who does. He stated the law states they should have a board and the Legislature can review and approve who is on the board. He stated there is no rush; the notice went into the paper in September. He stated the board is in need of more members. He stated Bill Nulk is a business person within the community and the other two (2) are attorneys and right now there are no attorneys on the board. He stated opinions are one thing but the facts are the facts.

Legislator Albano stated action should be taken and this needs to be moved, then voted on.

Legislator Oliverio stated it would make sense to wait until April to make any decisions since the audit report is being discussed at the Rules Meeting. He stated there is a house divided within the IDA and he does not want to take sides. He stated a deadline should be set so this can move along.

IDA Chairman Ruchala stated he needs to hold a board meeting. He also stated according to their by-laws the appointments must be approved by the board.

Legislator Oliverio questioned when the next meeting was.

IDA Chairman Ruchala stated the next meeting will probably be mid-April. He stated this is about getting the right people on the board who will work well together. He stated this takes time.

Chairwoman Scuccimarra stated there is not much of a board now.

Legislator Albano stated he recommends appointing one (1) name now to have one (1) extra person so the board can have four (4) voters. He stated he would like to appoint Bill Nulk.

Legislator LoBue and Legislator Oliverio stated the board has four (4) members.

Legislator Albano stated the fourth member is not there to vote.

Legislator Oliverio stated the person in question has still been involved in her absence through phone calls. He stated it would be a big mistake to remove this person.

Legislator Albano stated the member is not being removed, but he feels better having the extra person on the board.

Legislator LoBue stated it is not the role of the Legislature to appoint as the recommendation has always come from the Chairman and the board. She questioned when the last time there was a seven (7) member board.

IDA Chairman Ruchala stated 2008 was the last time.

Chairwoman Scuccimarra stated she is in favor of Legislator Albano's compromise to appoint Bill Nulk.

Chairwoman Scuccimarra made a motion to approve the appointment of Bill Nulk onto the IDA Board; Seconded by Legislator Gross. All in favor.

CEO Sullivan stated there are deadlines to have reports filed with the State, which are board approved by March 31st. He stated the audit found that reports are not being filed in a timely matter. He stated reports cannot be approved without a board. He stated that although the Legislature and Administration is the governing body over the IDA, it is his name that is associated with such reports. He stated there are candidates to do the job, and these candidates are not on the board forever. He stated they need a board so decisions can be made and the audit can be addressed. He stated pushing this matter off will do the IDA no good, especially if they are audited again.

Legislator LoBue questioned if it is fair to say that each member brings a different strength to the board. She questioned if it would be ethical for someone on the board to benefit their own business through their position.

Chairwoman Scuccimarra stated she was unaware of the point Legislator LoBue was making.

Legislator LoBue stated she is speaking of the audit.

Legislator Nacerino questioned how long Chairman Ruchala was Acting Chair.

IDA Chairman Ruchala stated he was Acting Chair for two (2) months.

Legislator Nacerino stated she supports appointing Bill Nulk and will respect the recommendation of the board in April.

Legislator Oliverio stated if it is passed through committee in April, it will not take effect until May when it can be voted on by the Full Legislature.

Legislator Nacerino stated she supports the move to the Full Meeting.

Legislator Albano stated this is not a rush job. He stated he is familiar with one person and next month there will be one more voting member. He stated he does not want to let this sit, especially in light of the report. He stated he believes it is a step in the right direction.

Item # 5 - Putnam County Economic Development Corporation/Business of the Month/Carmel Winwater

President of the Economic Development Corporation Meghan Taylor stated the local Business of the Month for March was Carmel Winwater. She stated this business was selected because they were just awarded the exclusive rights to distribute a new type of LED lighting by an Italy-based company. She stated due to this, there is a possibility the Italian manufacturer will be moving part of their facility to this area. She stated this business is also looking to hire more workers and for a new facility because they are in need of a larger space.

Legislator Albano stated he has dealt with this company and they are a quality business and he enjoyed doing business with them.

President Taylor stated the business is also active within the community.

Chairwoman Scuccimarra stated she thinks it is a great idea to highlight a business each month.

Item # 6 - Unemployment Report/FYI – Duly Noted

Item # 7 - Other Business – Duly Noted

a. Foreclosure Report/FYI

Item # 8 – Adjournment

There being no further business at 7:12P.M. Legislator Gross made a motion to adjourn; Seconded by Legislator Albano. All in favor.

Respectfully submitted by Administrative Assistant, Beth Green.