

Yonkers Industrial Development Agency - Audit Committee
March 17, 2016

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YONKERS INDUSTRIAL DEVELOPMENT AGENCY
AUDIT COMMITTEE MEETING

March 17, 2016
9:05 a.m.
470 Nepperhan Avenue
Yonkers, New York 10701

TRANSCRIPT OF PROCEEDINGS

AGENDA

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1. Roll Call
2. Approval of Minutes for December 2, 2015 Meeting
3. Review and Discussion of Draft Audited Financial Statements 2015
4. Review and Discussion of 2015 Internal Control Letter.
5. Review and Discussion of Investment Report
6. Other Business
7. Adjournment

Reported By:

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A P P E A R A N C E S

COMMITTEE MEMBERS

CECILE SINGER - CHAIRPERSON

MARTIN BALL, SR. - MEMBER

ROBERT MACCARIELLO - MEMBER

IDA STAFF

KEN JENKINS - IDA PRESIDENT

JAIME MCGILL - IDA EXECUTIVE DIRECTOR

DEEPIKA MEHRA - IDA/YEDC CHIEF FISCAL OFFICER

OTHER

PATRICK SERENSON - IDA ACCOUNTANT

CHARLES MANGIARACINA - PKF O'CONNOR DAVIES

ROBERT DANIELE - PFK O'CONNOR DAVIES

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2 MS. SINGER: Call the Audit Committee
3 Meeting of the IDA to order and the first order of
4 business is the Roll Call.

5 MS. MEHRA: Cecile Singer?

6 MS. SINGER: Here.

7 MS. MEHRA: Robert Maccariello?

8 MR. MACCARIELLO: Yes.

9 MS. MEHRA: Martin Ball is excused.
10 We have a quorum.

11 Please let the record reflect we have
12 representatives from O'Connor Davies, Robert Daniele
13 and Charles Mangiaracina as well as our accountant,
14 Pat Serenson.

15 MS. SINGER: And then we have the Minutes
16 of the December 2, 2015 Meeting.

17 MR. MACCARIELLO: Motion to accept as
18 record.

19 MS. SINGER: May I have a second?

20 MR. JENKINS: (Indicated.)

21 MS. SINGER: Okay. The Review and
22 Discussion of the Draft Audited Financial Statements.

23 MR. DANIELE: Okay. I put together a
24 little packet for you. If you turn to the first
25 page.

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Again, good morning and thank you for having us present to the IDA the results. I just wanted to thank the entire IDA team for their input, including Ken, Jaime, Deepika and Pat, who sat, well, up until yesterday, and compiled this information.

On the opening page of the PowerPoint, if you will, just a letter saying that the audit is substantially complete. There was a couple of items that we were waiting for that we'll discuss in a minute. We received a bunch of it last night. And again, we are pleased to be of service to you and the agency. We appreciate the opportunity.

We put together a Table of Contents, the next page. We'll go over the Status of the Audit and Other Services. We'll go through the Financial Statement Highlights. Certain Required Communications. We'll discuss our Communications of Internal Control Matters. We also have the Management Representation Letter. That's in the packet. That's the letter we get at the conclusion of the audit where the management request certain representation on the financials. We also have some pronouncements that are on the Horizon that may or

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2 may not impact the IDA in subsequent years. And
3 then, we also included some information about us.
4 Some other services that we perform as well as some
5 industry recognition from the accounting profession.

6 If you turn to page 1, actually of this
7 presentation, we'll go through the Status of the
8 Audit and Other Services. As I mentioned, the audit
9 fieldwork is complete. The scope of our fieldwork
10 was substantially the same as we outlined in the
11 engagement letter. However, there were some new
12 items in 2015 that did impact the IDA. One would be
13 the new Pension Reporting Requirement. It's
14 called -- not to be technical again, as we state the
15 68 had to be implemented in 2015. Which required us
16 to, you know, amend the notes tremendously and it
17 required the IDA to record a liability for its
18 proportionate share of the New York State Retirement
19 System that's underfunded, if you will.

20 In 2015, also, the Yonkers Pier
21 Development Corp. was dissolved and those operations
22 were taken over by the IDA. That was something new
23 in addition to New Main Street Development Corp that
24 was dissolved and the IDA inherited, if you will,
25 certain liabilities. And also toward the end of the

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year, probably the last week in December, a piece of land was donated to the IDA and sold on the same day. We'll talk about that as well.

As we said, the statements are drafted. They were reviewed by management. There were a couple of outstanding items that we needed in order to release these reports. Two of them were attorney letters that we received last night. So we can cross that off the list. There are two related party questionnaires that are being resolved today. So we can cross that off the list. Deepika did hand me a schedule of lease transactions, that's complete as well. So, I think once we go over the statements and they're accepted, we can date the report today and then release that as final.

Again, the final reports will include our independent Auditors' Report. They will include our report on Internal Control Over Financial Reporting, once again, in accordance with government auditing standards. And we also include an opinion on our compliance with Section 2925(3)(f) of the New York State Public Authorities Law. And then move on to the adoption of investment funds.

If you turn to pages 2 and 3, we've

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2 included a snapshot of your Statement of Net
3 Position, your statement of activities. I'm going
4 to begin on page 3. And again, there's a
5 comparative column for 2014. Under Operating
6 Revenues you'll see three columns, three line items:
7 Agency fees, Management administration fees and
8 Application fees. Again, the agency charges these
9 types of fees based on the amount of financing for
10 each project. In 2015, the IDA closed on six
11 projects. Some of the larger projects included the
12 Mill Creek where the IDA received \$555,000 in agency
13 fees. And then, the other large project was the
14 Yonkers Waterfront Development Properties. It's
15 generated about \$432,000 in fees. Continuing down
16 the line you'll see a line, Donated Rent. As you
17 know, the IDA has been occupying this building which
18 is formally owned by the city. It's since sold the
19 building. However, the IDA is still not paying
20 rent, if you will. A calculation was done based on
21 the square footage and the going rates and of course
22 bottom revenue and expenses recorded in the books
23 and records. The next line is a License Fee.
24 You'll see that's a new item in 2015. That
25 represents the rentals that were assumed from Peter

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2 Kelly or from the Yonkers Pier Development
3 Corporation. And then there's certain Miscellaneous
4 Income.

5 On the expense side, the Operating
6 Expenses are pretty consistent with 2014. Some
7 increases in consulting and professional fees.
8 You'll see the offsetting rental expense that we
9 recorded. And then you'll see a large item of
10 depreciation. And that's really the IDA -- the
11 leasehold improvements of the Yonkers Pier were
12 transferred to the IDA resulting in depreciation.

13 MR. SERENSON: That's two months worth.

14 MR. DANIELE: Two months --

15 MR. SERENSON: Yes.

16 MR. DANIELE: Depreciation.

17 MR. SERENSON: Okay.

18 MR. DANIELE: Yes, it happened in October.

19 And then the last line, Bad Debts, if you
20 recall in 2014, the IDA set up an allowance or
21 roll-off amounts from the Yonkers Baseball. That
22 will go away next year when comparing the
23 presentation.

24 We get to Non-Operating Revenues. In
25 2009, the IDA Board approved and established a

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2 relationship with the Workforce Investment Board.

3 So, these activities of the Workforce Investment

4 Grant are recorded here. And again, grant

5 employees, they're hired to conduct their activities

6 for the Workforce Investment Program. And they're

7 funded solely for grants and that's why you see a

8 corresponding expense. Whatever is billed out is

9 accrued, if you will, at the end of the year. The

10 transaction settlement, you'll see that in 2014, the

11 IDA received \$500,000 at one time, then in 2014.

12 And below it, some of that money was spent in 2015

13 as far as Yonkers Racing Corporation for an expense.

14 The difference between the 500,000 and 269,000 that

15 was spent is set aside and reserved and we'll talk

16 about that in Net Statement Position. As I

17 mentioned before, the New Main Street Development

18 Corporation was also dissolved in 2015 and the IDA

19 did pick up a few liabilities related to that

20 corporation.

21 The large item after that as you see there

22 is a transfer from Yonkers Pier Development

23 Corporation. Again, on October 26th of 2015, the

24 Yonkers Pier was dissolved and associated or related

25 assets and liabilities moved over to the IDA.

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2 There's some interest expense with those assets that
3 moved over. There were some loans that also moved
4 over, those interest expense from 2014. And as I
5 mentioned before, toward the end of the year, the
6 Yonkers Community Development Agency donated a piece
7 of land, I think it's 20 Waters Street, to the IDA.
8 And that land was sold on the same day with the
9 restriction that those funds be set aside to acquire
10 a YEDC bank loan. And that happened subsequent --
11 that happened in February of this year. And we'll
12 discuss that in a subsequent footnote.

13 MS. SINGER: Right. Do you have any
14 questions, Ken?

15 MR. JENKINS: I'm going to wait for him to
16 finish this page and then I'll go back just from a
17 language perspective, just to make sure --

18 MR. DANIELE: Sure.

19 MS. SINGER: Right.

20 MR. DANIELE: Okay. So, as you can see
21 from operating revenues and expenses, the IDA earned
22 just under a \$1,000,000 for the year. When you
23 factor in all the transfers that occurred, the net
24 change in net position now to a little over
25 \$8,000,000 when you move the assets over from the

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2 Yonkers Pier.

3 Under Net Position there, you'll see that
4 we start the year at 1.6 million dollars. We did
5 have a change in accounting principles to account
6 for the new pension reporting. Basically, we had to
7 go back a year instead of running that through the
8 current year's expenses, we had to restate your
9 opening final balance. So, you take the million
10 six, you add the \$8,000,000 and you end the year at
11 9.5 million dollars.

12 Should I answer questions or do you want
13 me to move on to --

14 MS. SINGER: I think because it's so
15 complex, you know, the ins, the outs, the new
16 pieces, I think it's a very good idea to stop because
17 it's right before us.

18 MR. DANIELE: Sure.

19 MS. SINGER: Do you have any questions?

20 MR. JENKINS: Just for clarity, I
21 understand that we say it's "donated rent." From
22 our perspective it's prepaid. Is there a reason that
23 we have to state the way it looks donated versus
24 prepaid? Because that's exactly the way it came
25 across.

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2 MR. DANIELE: We prepaid rent through last
3 year, correct?

4 MR. JENKINS: To this year.

5 MS. MC GILL: Through April of this year.

6 MR. SERENSON: Right. What happened is
7 when we moved over to City Hall, we wrote everything
8 off because we didn't know we were coming back. That
9 was the prepaid stuff. Then we came back -- the way
10 we do it is the estimated rent donated on one side
11 was expensed on the other side. Net zero.

12 MR. JENKINS: Yes, just from an accounting
13 perspective, I just want to make sure, again, when
14 people read and they look and they go "donated rent,"
15 they look at it differently versus whether it's a
16 footnote or whatever that it was prepaid up until --

17 MS. MC GILL: April of -- April. I do
18 believe that they didn't honor it and that the city
19 is actually paying it on our behalf.

20 MR. DANIELE: Okay.

21 MS. SINGER: So, it's actually --

22 MR. JENKINS: So, it's part of the
23 transaction. It was part of the transaction.

24 MS. SINGER: As we go down the list of all
25 of the things that came in and went out, it's

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2 really -- the Yonkers Pier Development, the license
3 fee, is an annual fee? Is that an annual fee?

4 MR. DANIELE: Yes. It's a monthly rental.

5 MS. SINGER: So, now that's now an --
6 that's the annual fee for the Pier Development. I'm
7 just looking at it.

8 The others -- are there any others that
9 have a tail, you know --

10 MR. DANIELE: No. The only thing I would
11 say is the license fees from Yonkers Pier, although
12 you're getting rental income, there were two loans
13 associated with that.

14 MS. SINGER: Right.

15 MR. DANIELE: The IDA is only responsible
16 to pay those if they collect enough rent. So, there
17 is a clause in there to say if for some reason they
18 stop paying, we don't have to pay that money to those
19 loans. It's in the footnote as well. So, I think if
20 you look and I think you have the financial
21 statements --

22 MS. SINGER: Yes.

23 MR. DANIELE: In the packet. If you turn
24 to Note 11, it kind of describes the Pier closed
25 everything that moved over to the IDA as far as cash,

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2 receivables, leasehold improvements.

3 MS. SINGER: I went back and forth with a
4 letter going to Deepika.

5 MS. MC GILL: Page 21.

6 MR. DANIELE: Page 21. And it does state
7 that there are two loans. Those are payable to the
8 staff, limited to sub-license fees that are derived
9 from those payables. But, you know, the New Main
10 Street was a one time thing. Those bills have been
11 paid. You won't see that next year. The Yonkers
12 Racing Corporation was a --

13 MS. SINGER: It's just a
14 self-liquidating --

15 MR. DANIELE: Yes. And you spent more than
16 half of it in '15. And again, that money is set
17 aside until that's liquidated as well. And the
18 contribution of land, as I said, that property was
19 sold, so, you won't have that again next year.

20 If you turn to page 2, just to continue,
21 Statement of Net Position. You can see the agency
22 has 12.3 million dollars in assets now. A large
23 chunk of that was the capital assets from the
24 leasehold improvements from the Yonkers Pier,
25 approximately \$3,000000. Cash and equivalents are

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2 up about \$1,000,000 as compared to last year.

3 Accounts receivable are up again about 150,000 and
4 that relates to the Yonkers Pier as well. We have
5 money, restricted cash, and again, included in the 3
6 million 6 is the 2 and a half million dollars from
7 the sale of property that was used to acquire the
8 YEDC bank loan from Sterling Bank. But again, that
9 happened in February so that's why you still see it
10 on the balance sheet here.

11 We continue and something new again. It's
12 just deferred outflows of resources and inflows of
13 resources. It's just a new reporting requirement
14 based on the new pension standards. Again, it's not
15 a material amount and these will fluctuate every
16 year based on the New York State Retirement System
17 and billing.

18 Your payables are slightly up. And again,
19 these relate to the Yonkers Pier and New Main Street
20 Development. You have monies due to other entities
21 and those are described in Note 9 on Page 29. The
22 595,000 to cover a couple of projects, Austin Avenue
23 Project and the Post Road Reserves. And then what's
24 new here is these Non-current liabilities. You see
25 loans payable, due within a year and due in more

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2 than one year. They aggregate about 1.8 million
3 dollars and those are the loans that were absorbed
4 from the Yonkers Pier Development Corporation, those
5 two loans in particular. There's a Meter Power
6 Authority Loan about \$980,000 that came over and a
7 Section 108 Loan that was on the Yonkers Pier as
8 well about \$950,000. There was also a new net
9 pension liability that was recorded again based on
10 the new pension reporting, 130,000.

11 We get to the bottom there and you'll see
12 that Net Position. We broke it down into several
13 categories. As I stated on Page 3, you ended the
14 year at 9.5 million dollars. However, that money is
15 not all free and clear. You set up some reserves or
16 the IDA set up some reserves. That 9.5 million
17 dollars you'll see 4.4 net investment capital
18 assets. What that is, is the leasehold improvements
19 that came over from Yonkers Pier less the debt from
20 that property on those two loans that I mentioned.
21 And that money is in the brick and mortar, if you
22 will, rather than cash. So, it's set aside in net
23 investment capital assets. The IDA did restrict
24 certain fees. Again, the Yonkers Racing Corporation
25 Grant. The 230,000 is the unspent money and the

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2 \$500,000 dollars that was received in 2014. The IDA
3 did restrict the Yonkers Pier activities. Again,
4 that would include certain accounts receivable, as
5 well as certain payable related to the Pier. And
6 again, the 2.5 million dollars restricted for debt
7 service is the money that was set aside to purchase
8 or to acquire the YEDC note that we'll describe in a
9 minute. And so, the unrestricted monies are just
10 under \$2,000,000 dollars. So, those are up about
11 \$800,000 dollars compared to 2014.

12 So, based on, you know, closing on the six
13 projects, the IDA had a really good year. With the
14 assumption of all these activities, including the
15 Pier, it kind of distorts things but we kind of try
16 to separate them. Even if you back that out, the
17 IDA had a pretty good year. Up about a \$1,000,000
18 dollars.

19 If you turn to page 4, we kind of
20 highlighted the subsequent event. Again, in
21 December of '15, the Yonkers Community Development
22 Agency conveyed certain land to the IDA. This land
23 was sold for 2.5 million dollars. The conveyance
24 had certain restrictions that these funds be set
25 aside to acquire an outstanding bank loan from

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2 Sterling National Bank, formally Hudson Valley Bank.
3 In February of '16, that transaction took place.
4 The agency did purchase the outstanding bank loan.
5 That 2 million 6, that was a note payable on YEDC's
6 books, it's still a payable on their books but it's
7 no longer a payable to a bank. It's a payable to
8 the IDA.

9 Page 5 -- basically, page 5, 6, 7, 8, 9,
10 there's certain required communications and I'll
11 just briefly touch on them. Again, our
12 responsibilities under professional standards and
13 these are documented in our engagement letter that
14 was dated November 19, 2015. And again, our
15 ultimate goal was to express an opinion on the
16 financial statements based on our audit. Again, we
17 would issue an unmodified opinion. Unmodified
18 opinion is the highest level of an opinion that you
19 can receive. Our goal is to obtain reasonable
20 assurance that these financial statements are free
21 from material misstatements. We are required to
22 accumulate and communicate any uncorrected
23 misstatements. Again, there were none. Anything
24 that was opposed was recorded by management.

25 As far as the supplementary information,

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2 that's in the back of the financial statements.
3 Again, we evaluate that supplementary information in
4 relation to the financial statements. We don't
5 offer an opinion on that supplementary information,
6 although, we do send out confirmation to banks.
7 Those schedules are confirmed by banks and third
8 parties. Again, because the audit is done in
9 accordance with government auditing standards, we
10 refer to it as the yellow book, we perform certain
11 tests of the agency's compliance with laws,
12 regulations, contracts and grants. Again, those
13 were performed.

14 Again, the responsibilities of management
15 and TCWG those charge with governance. It's to
16 present the financial statements including the notes
17 and the appropriate accounting policies. Establish
18 and maintain effective internal controls. Comply
19 with the laws, regulations, grants and contracts.
20 And basically provide us with all the financial
21 information so that we can perform the audit. Those
22 charge of governance would be you folks. The audit
23 committee is responsible for communicating with us
24 in overseeing the entire financial reporting
25 process. And basically setting the tone at the top

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2 and design policies to prevent any error or any type
3 of fraud.

4 Again, as far as accounting policies,
5 there were really no changes in accounting policies
6 with the exception of the adoption of the new
7 pension reporting that we discussed in Statement 68
8 and 71. No matters came to our attention that would
9 require us to inform you about any different methods
10 used to account for any unusual transactions.

11 Page seven, again, the financial
12 statements disclosures are, we believe are clear and
13 consistent. There was some significant disclosures,
14 Note 2, we talk about the significant accounting
15 policies. Note 5, that we added, summarizes the
16 long-term liabilities including the two loans from
17 Yonkers Pier as well as the pension obligations.
18 And Note 8, discloses certain relating party
19 activity.

20 Again, there was no difficulties that we
21 encountered with management in performing the audit.
22 There were no disagreements with management. As far
23 as we know, management did not consult with other
24 accountants as far as the accounting treatments on
25 anything we performed. And basically, we are

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2 independent with respect to the agency in accordance
3 with the professional standards.

4 Page 10 and 11 is our communications of
5 internal control matters. There are basically three
6 levels of deficiencies. Material weakness is the
7 highest level of material weakness. Significant
8 deficiencies is the second. And then there are
9 control deficiencies. I'm happy to report that
10 there were no material weaknesses or significant
11 deficiencies. There was one comment that we
12 classified as a control deficiency on page 11. I
13 mean, basically, you know, the agency has certain
14 deposits and investments policies that are governed
15 by their own policies and the New York State
16 statutes. Cash deposits have to be collateralized
17 at one hundred percent whether it's FDIC or a third
18 party. And we noticed that at December 31st, the
19 agency had just under \$300,000 that was not covered
20 by additional depository insurance. We looked into
21 this and I think when Sterling Bank acquired Hudson
22 Valley something was lost in that merger, if will.
23 We've kind of proceeded forward through today and we
24 know that all this collateral was now funded at a
25 hundred percent. So, at that point in time, you

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didn't have the coverage, you are currently fine.

MS. SINGER: So, that's been corrected?

MR. DANIELE: That's been corrected, yes.

MS. SINGER: And your recommendation was to review the collateral and statements?

MR. DANIELE: Just review them on a monthly basis as you do your bank reconciliations, you can --

MS. SINGER: And management has agreed to do this?

MR. DANIELE: Yes. We spoke to him and the bank has also agreed to be on top of this.

Page 12 - 16 is just our management records and presentation letter. There are certain items that require management to validate for us. We will get this once we complete our auditing points on this meeting. It just states that, you know, we were given free access to the financial information and things were reviewed accordingly.

And then just pages 17 and 18 is some new pronouncements that have been approved through Government Accounting Standards Board. One of them has to do with the County and Financial Reporting for Post-Employment Benefits other than pensions. This will not affect the agency in 2016 or going

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2 forward. But it will affect a lot of
3 municipalities.

4 The same thing with 18. I went through
5 this information, and again, I don't believe this
6 will affect the agency because it's just a
7 facilitator of the issuance of bonds. It doesn't
8 really deal with tax abasement.

9 That's really it. The last two pages are
10 just some -- our firm overview. Some industry
11 recognitions and some other services that we perform
12 above and beyond the audit process.

13 That's really it. I just wanted to -- you
14 have the financial statements in your packet, I
15 believe. I just want to walk through the notes
16 because they were expanded tremendously. I'm not
17 going to hit on everything. It should be a brief
18 overview.

19 If you start on page 9. On page 9, Note 1
20 really just describes your organization and that
21 really didn't change from last year.

22 Note 2 is the summary of the significant
23 accounting policies. There were a lot of items
24 added to Note 2. And it really describes what the
25 financial reporting entity -- the accounting

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2 policies that the IDA adopts. And again, it's
3 capitalization and depreciation policies as well as
4 the new pension reporting that was added in 2015.

5 Note 3 on page 12, the agency does have a
6 lot of monies that are restricted for its specific
7 purposes. As you can see at the bottom of page 12,
8 it list those projects. The larger one being this
9 two and half million dollars that was set aside to
10 pay off the YEDC -- to acquire the YEDC note in
11 2016.

12 Page 13, Note 4, capital assets were also
13 expanded. You picked up the activity of the Yonkers
14 Pier. You'll see a lot of activity in 2015 as
15 compared to the 2014 presentation right below it.

16 As well as Note five, the agency picked up
17 the liabilities of the Yonkers Pier. We are
18 required to report the year end balance and then the
19 payments to maturity over the next five years. And
20 that's done on page 14. You can see there's 925,000
21 dollars of this Section 108 loan that the IDA
22 carried from the Yonkers Pier as well as a New York
23 Power Authority Loan.

24 Pages 15, 16 -- pages 15 - 18, describe
25 the new pension plan. I'm not going to go into the

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2 details but there are detailed notes that required
3 certain outflows and inflows of resources and that
4 all came from the New York State Retirement System.
5 It's important to note on page 18, if you look in
6 the middle of the page, you know, all government
7 agencies that are in the New York State Retirement
8 Bill System, you can see they're a total pension
9 liability the New York State Retirement System is
10 \$164,000,000,000. Their net position in the plan is
11 161,000,000,000. So, the New York State Retirement
12 System is funded just under 98 percent. So
13 basically, that liability that you're reporting that
14 you see in that middle column \$130,000 represents
15 your two percent portion of unfunded --

16 MS. SINGER: Our share.

17 MR. DANIELE: Right.

18 MS. SINGER: Our share.

19 MR. DANIELE: Your proportionate share.

20 And what's interesting to note is they're using a
21 seven and a half percent discount rate on the
22 program. They say, "Hey. If we use six and a half
23 percent, your liability would have been \$800,000."
24 So, you can see that when they changed those
25 assumptions, it can rather swing your liability. In

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2 another case, if they increased the rate to a half
3 percent, you would have had net pension asset on your
4 books. So again, although we record these assets and
5 liabilities on the books, you really have no control
6 over them, it's just a liability.

7 And that's it really. 8 -- Note 8
8 describes the related party, the related party
9 including the YEDC. You also have new projects
10 again, no different from the prior year.

11 And that's really it.

12 MS. SINGER: All right. If management
13 would just leave the room.

14 (Whereupon, an off-the-record
15 discussion was held.)

16 MS. SINGER: So, we can ask management to
17 come back in.

18 MR. MACCARIELLO: Before we close the
19 meeting, I have one question that I would like to
20 ask. I don't know if it's relevant for now but I
21 don't know when to ask it.

22 MS. SINGER: Just ask it.

23 MR. MACCARIELLO: It seems that there's
24 almost \$2,000,000 of unrestricted money. What does
25 the IDA do with that money?

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2 MR. JENKINS: Well, we keep it in the bank
3 right now.

4 MR. MACCARIELLO: What is it for?

5 MR. JENKINS: It's for operations. So,
6 that's -- the money we receive from services and
7 fees, we are suppose to utilize to run the operation.
8 And we've been fortunate because we had that prepaid
9 rent that we didn't have to pay that and for salaries
10 and that kind of thing. So, that money is suppose to
11 be utilized for operations.

12 MR. MACCARIELLO: In a perfect world if
13 there was five banner years from that and we were
14 \$8,000,000 over what we needed for operating
15 expenses, what will we do with that money? Would it
16 just sit in the bank or is there a possibility that,
17 that money goes back into the city? Or is it just
18 for the IDA?

19 MS. SINGER: Nothing goes back.

20 MR. JENKINS: It stays in the entity. It
21 stays in the IDA. But certainly the board members
22 may have specific initiatives that would require us
23 to have expenses for -- whether that was looking at,
24 as the Governance Committee is doing right now,
25 looking at the apprenticeship programs and that kind

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2 of thing. We might have to hire consultants to do
3 the analysis and that kind of determination. But
4 that would be the kind of -- it's for operations.

5 MR. MACCARIELLO: Right.

6 Self-supporting --

7 MR. JENKINS: Absolutely. That's the whole
8 idea of any, I guess, local development corporation,
9 that they be self-sustaining. That it is not
10 utilizing any resources from the taxpayers to keep it
11 in operation. That's really the key.

12 MR. MACCARIELLO: None of that would ever
13 go back?

14 MR. SERENSON: Just a point. Two or three
15 years ago, we were really strapped for cash. It was
16 --

17 MR. JENKINS: That's right.

18 MR. SERENSON: It was really touch and go
19 for a while there.

20 MR. DANIELE: The lean years.

21 MS. SINGER: So, it's to provide for also
22 the eventuality that we have several bad years, which
23 we did.

24 MR. DANIELE: And some municipalities are
25 restrictive, if you will, for the amount that they

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can keep in the unrestricted. But here, it's unlimited. But again, there are programs to account for down the road.

MS. SINGER: Right. Right.

MR. MACCARIELLO: Hypothetically, the City Council could change that?

MR. JENKINS: No.

MR. DANIELE: No.

MS. SINGER: No.

MR. DANIELE: This can never be changed.

MR. JENKINS: The state created --

MS. SINGER: Right. It's created in another structure. Because the City Council doesn't want to be responsible for our expenditures either.

MR. MACCARIELLO: I only added to what he had said about unrestricted in other municipalities. Maybe they start seeing that we're profitable and want help with that money.

MR. JENKINS: Again, as Pat was pointing out, we would certainly talk through and say that you can't expect every year to be a banner year. And you know, it's a cycle. Right? It's a cycle. So, you go through the upswing and we're in the good path. Right? We may be in the middle of a down kind of

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2 area. Not down, meaning, that we're not having the
3 same level of development happening with that. We're
4 just not going up in that same kind of development.
5 The opportunities just aren't the same. But we
6 continue to work and with the partners on the other
7 side in City Hall with, you know, Commissioner
8 Kimball and the Mayor and the board that they do to
9 make sure that things -- the structures are in place.
10 You know, the school district, all those things that
11 the city does creates that attraction for businesses
12 to come in. Jaime and Deepika and even Fiona are
13 making sure that, you know, we're at the table for
14 those opportunities, to be able to see what things
15 can develop.

16 But again, the City Council more worries
17 about -- is concerned about the sources of revenue,
18 meaning, the tax pilot agreements, et cetera. And
19 quite frankly, they've been impressed about the way
20 that we as a team have gone about structuring those
21 pilot agreements. Everybody would like to model
22 ours. And I know that based on the GASBY 77
23 Regulation, now people will actually see that from
24 around the county. I know that we had to give our
25 pilot agreements to the county for their copulation.

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So, now for transparency, people will see how we negotiate at least they'll see the end results of that. And they'll see that here in Yonkers, we have an escalated clause and also kinds of things a lot of people don't do. Right? And that helps to make sure that the City Council and the city leaders, the Mayor and the City Council, are making sure that we're not impacting negatively revenue while we move their tax revenue. While we're making sure to move development opportunities forward.

MS. SINGER: Because that's one of the big problems around the state. That's one of the big questions about IDAs that they give away all kinds benefits and then it impacts the municipality deleteriously, you know, going forward. So, there's always a tug and a pull. So, this IDA has been very cognizant of that. And has been a leader in trying to do the most with the least giveaways. So, it's really an important thing moving forward.

All right. Is there any other business?

MS. MEHRA: We need to approve each item separately and then we'll have a motion.

MS. SINGER: May I have a motion to approve the audit, to recommend approval of the audit to the

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2 IDA?

3 MR. MACCARIELLO: (Indicated.)

4 MS. SINGER: Can I have a second?

5 MR. JENKINS: (Indicated.)

6 MS. SINGER: Any objections?

7 (No Response.)

8 MS. SINGER: May I have a motion to
9 adjourn?

10 MS. MC GILL: Item 4.

11 MS. MEHRA: Four and 5, I think,
12 which Robert already covered.

13 MR. DANIELE: Yes.

14 MS. MEHRA: We just need a motion to
15 record.

16 MR. MACCARIELLO: I motion to accept
17 Item 4.

18 MS. MC GILL: I second.

19 MR. MACCARIELLO: I motion to accept
20 Item 5.

21 MS. SINGER: And then a motion to adjourn.

22 MR. MACCARIELLO: I motion to adjourn.

23 (Whereupon, the Board Meeting
24 concludes at 9:50 a.m.)

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C E R T I F I C A T I O N

STATE OF NEW YORK)
) ss.:
COUNTY OF WESTCHESTER)

I, MARGARET PRENDERGAST, Court Reporter and Notary Public within and for the County of Westchester, State of New York, do hereby certify:

That I reported the proceedings that are hereinbefore set forth, and that such transcript is a true and accurate record of said proceedings.

AND, I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of March, 2016.

MARGARET PRENDERGAST

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