

**Meeting of the Olean Urban Renewal Agency
Wednesday, September 18, 2019
8:30 a.m.
Room 119 – Olean Municipal Building**

Attendance: Members - Chairman Charles Corcoran, Nate Smith, Deanna Foster, and Earl McElfresh. Staff - Keri Stephen, Community Development Program Coordinator; Jack Hart, Attorney, Wagner & Hart, and Tiffany Taylor, Managerial Confidential Administrative Secretary. Others: Ed Bysiek, Bysiek CPA, PLLC.

1. Roll Call

Mr. Corcoran called the meeting to order at 8:30 a.m. and asked that the record show that all members were present except John Ash, John Crawford and Mayor Aiello, who were excused.

2. Reading & Approval of the August 21, 2019 meeting minutes

A motion to approve the minutes of the August 21, 2019 meeting was made by Mr. McElfresh, seconded by Ms. Foster. Voice vote, ayes all. Motion carried.

3. August 2019 Financials

Ms. Stephen explained that the August 2019 financials are not available at this time.

Ms. Stephen explained that the smaller CD matures on September 22, 2019, and that the renewal rate is .25% of 90 days. A motion to authorize Ms. Stephen to renew the CD was made by Mr. McElfresh, seconded by Mr. Smith. Voice vote, ayes all. Motion carried.

4. New Business

i. Audit Presentation – Fiscal Year End 06/30/2019

Mr. Bysiek presented the Audit Report to the Agency, and explained that it is still in preliminary draft form. He began by explaining that the Independent Auditor's Report explains that it is his professional opinion that the Agency's financial statements are accurate and presentable. He explained that this is an unmodified, clean opinion, which means that based on the testing done, he feels comfortable putting his stamp of approval on the statement.

Mr. Bysiek explained that in the Statement of Net Position, the balance under "Cash and Equivalents" includes the balance in the Agency's checking account, as well as the balance of two Certificates of Deposit held by the Agency. Mr. Bysiek noted that one CD matures in the next week, while the other matures in December, and he believes that the Agency's plan is to roll over the CDs for an additional amount of time.

Mr. Bysiek explained that the "Property Held for Sale" includes the amount invested in the Manufacturers Hanover Building, as well as the value of the acreage of two parcels on

Constitution Avenue. Mr. Bysiek noted that the value of the property on Constitution Avenue reflects the value at the time that the property was acquired by the Agency from the City of Olean, and that it is an amount that is higher than what the Agency is likely able to sell it for at this time. Mr. Bysiek explained that the “Land” value is split out separately and includes approximately 9 acres which are currently being leased or upon which easements are granted. He explained that this is split out separately because while the parcels can still potentially be sold, he deems the chance of the parcels being sold somewhat remote.

At this time, Mr. Smith entered the meeting.

Mr. Corcoran asked if the value of “Land” should be decreased due to the sale of property to Blue Collar Workwear, and Mr. Bysiek replied that the sale of that parcel is reflected in the “Property Held for Sale” line. Mr. Bysiek explained that property included under “Land” is only property that is unlikely to be sold.

Mr. Bysiek explained that under “Liabilities”, “Contractual Fees Payable” represents 20% of the value of “Properties Held for Sale” as the original agreement between the City of Olean and the Urban Renewal Agency requires that whenever a property is sold by the Agency, 20% of the sale price must be remitted back to the City. Mr. Corcoran asked if the Agency reimbursed the City after the sale of property to Blue Collar Workwear, and Ms. Stephen responded that the Agency did.

Mr. Bysiek explained that the “Overall Net Position” reflects an overall \$3,602 surplus of revenues over expenditures for the year. Mr. Bysiek explained that the “Lease Fees and Rentals” are consistent from the past year. He explained that “Professional Fees” has increased as there has been an increase in legal fees, and also includes accounting and auditing costs. He explained that “Property Maintenance Costs” has decreased significantly as the previous year included a lot of expenses associated with the Manufacturers’ Hanover building.

Mr. Bysiek noted that the expense that stands out is the “Loss on Sale of Property”. Mr. Bysiek explained that the Agency received gross proceeds of \$9,500 from the sale of property to Blue Collar Workwear, while the value of the property was on the Agency’s books as much more than that at the value of the property at the time that it was deeded to the Agency. Mr. Bysiek explained that this is only a loss on paper, and is not a cash outflow loss. He noted that any time a property is sold, it is likely that the Agency will see a loss on this statement.

Mr. Bysiek explained that due to lease fees, there is still a surplus for the year despite the loss. He explained that the lease fees were more than enough to take care of the Agency’s operating costs and the loss.

Mr. Bysiek explained that from a cash balance perspective, there is an increase in the cash balance of \$34,000 without the paper loss. Mr. Bysiek explained that it will be interesting in subsequent years when there are additional property sales to see the difference in the “Change in Net Position” versus the “Net Change in Cash”.

Mr. Bysiek explained that anything that is pertinent in the “Notes to the Financial Statements” he has already gone over. He explained that under “Note 5: Lease Agreements”, the Agency can find the amounts that are to be expected in lease payments in the future. Mr. Bysiek noted that the AT&T payment will no longer be received by the Agency when the Manufacturers Hanover property has been sold to the developer.

Mr. Bysiek explained that the next section of the Audit Report includes a report on internal control over financial reporting, which is a report on internal operating procedures. He explained that this is completed because the audit has been done in accordance with governmental auditing standards, and is a report that assures that the Agency makes sure that cash is being deposited and checks are being cut properly, and that the Agency’s financial reporting is spot on. Mr. Bysiek explained that if anything is deemed to be weak or deficient, this would be the form used for reporting this information. Mr. Bysiek explained that as the Agency’s enterprise is relatively small, accounting is pretty easy; however, financials are still reviewed to ensure that there are no deficiencies on segregation of duties or a lack of a paper trail. Mr. Bysiek explained that he is happy to report that there were no findings of anything that is weak or deficient from a control perspective, so there are no audit findings in addition to the report of the clean opinion on the financials.

Mr. Bysiek noted that the last page summarizes the audit. He explained that with the exception of the loss on the sale of property, it was a pretty straightforward audit to perform.

A motion to approve the Report of Financial Statements for the fiscal year ending June 30, 2019 was made by Ms. Foster, seconded by Mr. Smith. Voice vote, ayes all. Motion carried.

ii. Savarino Companies Project Presentation (101 & 107 North Union Street)

Ms. Stephen explained that Savarino Companies, LLC has asked her to advise the Agency that based on the public feedback received, they are taking time to take the community’s goals into consideration and do not want to share a plan until they have developed one that they are committed to with the Agency and community. Ms. Stephen advised that she will keep the Agency updated as the situation progresses, and noted that she has provided in today’s packet for the Agency correspondence from several community members to Mr. Savarino. Ms. Stephen noted that she is also working as a liaison between the Olean Executive Alliance group and Savarino Companies, LLC and is coordinating a meeting between Mr. Savarino and the Alliance.

iii. Authorities Budget Office – Authority Mission Statement and Performance Measures

Ms. Stephen explained that as a part of the annual reporting in order to be in compliance with the Authorities Budget Office, she has provided for the Agency an updated Mission Statement and list of Performance Goals for the Agency, and noted that there is no change to the Mission Statement, and that the Performance Goals are updated as of September 18, 2019.

A motion to approve the Mission Statement and Performance Measures was made by Mr. Smith, seconded by Ms. Foster. Voice vote, ayes all. Motion carried.

iv. Authorities Budget Office Policies

Ms. Stephen explained that the next four documents in the packets provided for the Agency are reports that she helped prepare with the Ethics, Finance, Audit, and Governance subcommittees, which meet twice a year. Ms. Stephen read each report for the Agency. The Finance Committee report states that the Committee reviewed the authority's financing guidelines and does not recommend any changes concerning criteria for governing its financing, issuance and/or management of debt. The Governance Committee's report states that the Committee has reviewed the best practices in corporate governance and evaluated the principles and practices of the authority, and does not recommend any changes to the Governance Committee Charter or the governance guidelines at this time. The Ethics Committee report from Ethics Officer Earl McElfresh states that upon his review of the policies and performance of the OURA, it is his determination that it is in compliance with all applicable State and local laws and preservation of the public's confidence in the Authority's mission as of the fiscal year end June 30, 2019. The Audit Committee report states that after review of the authority's internal and external audit process, the financial reporting process and the system of risk assessment, the Committee has found the practices are performed as outlined in the Audit Committee Charter, and the Committee does not recommend any changes at this time.

A motion to approve and adopt the four Committee Reports was made by Mr. McElfresh, seconded by Mr. Smith. Voice vote, ayes all. Motion carried.

Ms. Stephen explained that the next item is the Confidential Review of Board Performance, which is done annually and needs to be filled out and returned to Ms. Stephen by each Agency member so that the results can be summarized and submitted to the Authorities Budget Office.

Ms. Stephen explained that a statement that certifies that the Olean Urban Renewal Agency followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending June 30, 2019, and to the extent that deficiencies were identified (there were none), the authority has developed corrective action plans to reduce any corresponding risk. A motion to adopt this statement was made by Mr. Smith, seconded by Mr. McElfresh. Voice vote, ayes all. Motion carried.

Ms. Stephen explained that each year, the Agency must report about the real property that is owned by the Agency. She explained that the report has been updated so that the parcel purchased by Blue Collar Workwear is no longer on the list. Ms. Stephen explained that the list includes the 101 and 107 North Union Street properties, as well as the vacant land which the Agency owns on Constitution Avenue. A motion to adopt the statement of real property owned by the Agency was made by Mr. McElfresh, seconded by Ms. Foster. Voice vote, ayes all. Motion carried.

Ms. Stephen explained that based on Mr. Bysiek's Report on Financial Statements for fiscal year ending June 30, 2019, she was able to prepare the Annual Report for the Agency to be submitted

to the Authorities Budget Office. She explained that includes the summary financial information, as well as a Board Member Summary, and an Employee Summary. Ms. Stephen noted that Mr. Smith needs to complete his training as required per Section 2824. A motion to approve the Annual Report was made by Ms. Foster, seconded by Mr. McElfresh. Voice vote, ayes all. Motion carried.

v. 2015 Upper Story Housing Demand Analysis – Update

Ms. Stephen explained that she has provided for the Agency's review a Consulting Agreement for Professional Consulting Services for a Market Rate Upper Story Housing Demand Analysis update. Ms. Stephen explained that in 2015, the Agency worked with the City of Olean and the Chamber of Commerce to hire Susan Payne to complete the original study. She explained that based on the Agency's conversations at the last meeting, she reached out to Ms. Payne to ask for an update. Ms. Stephen explained that the reason for the update is to be able to help Savarino Companies, LLC show to the Office of Homes and Community Renewal that there is a demand for market rate housing. Ms. Stephen explained that the original study from 2015 showed this demand, and it is believed that there is now a greater demand, so the study should be updated.

Ms. Stephen explained that the City of Olean and the Agency will be partnering on this update. Ms. Stephen noted that Ms. Payne is quite busy, so she will have her partner, Margaret Lawrence, complete this update. Ms. Stephen explained that the quote for the update came in at \$5,000, \$2,500 of which will be the Agency's responsibility, with the other \$2,500 being paid by the City of Olean.

Ms. Foster asked if the study will be completed by November 1, 2019, and Ms. Stephen replied that it will be, and the Agency at that time will have updated numbers in order to show that market rate, upper floor housing would be appropriate for the Manufacturers' Hanover building and other areas within the downtown.

A motion to approve the Consulting Agreement for Professional Services with Margaret Lawrence and Susan Payne, and to authorize Mr. Corcoran to execute the Agreement, was made by Ms. Foster, seconded by Mr. Smith. Voice vote, ayes all. Motion carried.

Ms. Foster asked if this update is necessary, even if Mr. Savarino will be meeting with Olean's Executive Alliance, and Ms. Stephen responded that it is. Mr. Smith asked Ms. Stephen to confirm that the Agency's responsibility is \$2,500, and she confirmed that it is. Ms. Stephen noted that the \$2,500 required from the City of Olean is already committed from her Community Development Consultant Fees line item. Alderman Smith asked if the Mayor supports this update, and Ms. Stephen replied that he does.

Ms. Stephen explained that this study is beneficial to the City of Olean as well, which is why she feels that it is appropriate for the City to contribute to the cost of the update. She explained that she does use these numbers when she is applying for funding from other State agencies.

5. Old Business

i. Manufacturers' Hanover Building

Ms. Stephen explained that the negotiation of the Land Disposition Agreement will continue after Savarino Companies, LLC refines the project for 101 North Union Street. She noted that their proposal is to combine the agreements for the 101 North Union Street and 107 North Union Street properties into one; however, there has been no action on this proposal by the Agency at this time.

Ms. Foster asked for an update regarding the Stabilization Project. Ms. Stephen explained that approximately three days ago, she spoke with Courtney Cox regarding an update on the bid document being prepared by Savarino Companies, LLC for the project. Ms. Stephen explained that she spoke with Bill Zografas in the Estimating and Construction Division, and he has been working diligently with Elise Johnson Schmidt and David Anderson of the architectural firm providing the needed updates. Ms. Stephen explained that the bid document should be complete for the next Agency meeting, and noted that she will continue following up regarding this.

Mr. Corcoran noted that financing for this project is moving along at this time. Ms. Stephen explained that by the next meeting, the Agency will be able to adopt the resolution for financing that is currently being drafted by Hodgson Russ, LLP.

6. Bills

i. National Grid (101 NUS)	up to \$50
ii. National Grid (107 NUS)	up to \$25
iii. Emtton Field Services (payment 5 of 6)	\$457.50
iv. TYCO (quarterly alarm payment)	\$160.92

A motion to approve the payment of bills was made by Mr. McElfresh, seconded by Mr. Smith. Voice vote, ayes all. Motion carried.

7. Next Meeting Date

The next meeting of the Olean Urban Renewal Agency was tentatively scheduled for Wednesday, October 16, 2019 at 8:30 a.m. in Room 119 of the Olean Municipal Building.

8. Adjournment

A motion to adjourn was made by Ms. Foster, seconded by Mr. McElfresh. Voice vote, ayes all. Motion carried. Meeting adjourned at approximately 9:25 a.m.