

**Olean Local Development Corporation
101 East State Street
Olean, NY 14760**

Olean Local Development Corporation Meeting Minutes

Thursday, June 17, 2021

8:30 a.m.

Police Training Room – Olean Municipal Building

Attendance: Members: JR Bennion
Rick Moore
Colleen Taggerty
Bob Ring
Keri Kerper
Meme Yanetsko

Other(s): Tiffany Taylor

1. Roll Call

Colleen Taggerty called the meeting to order at 8:30 a.m. and requested the roll call show all members present except David Carucci, John Crawford, Mayor Aiello, and Fred Saradin.

2. Reading and approval of the March 18, 2021 meeting minutes and April 26, 2021 Audit, Finance & Governance Committee meeting and Strategic Planning Session minutes

A motion was made by Mr. Bennion, seconded by Ms. Yanetsko, to approve the March 18, 2021 meeting minutes and April 26, 2021 Audit, Finance & Governance Committee meeting and Strategic Planning Session minutes. Voice vote, ayes all, Motion carried.

3. Elections

There was no business at this time.

4. Bills and Communications

Ms. Kerper explained that it appears that Mr. Saradin payed BWB and filed for 990-N, the annual electronic filing requirement for tax-exempt organizations.

Mr. Saradin entered the meeting at approximately 8:35 a.m. and Ms. Taggerty explained there are some questions on the balance sheet.

Mr. Saradin explained there is \$1,253.75 in the checking account and he previously sent a statement to Ms. Kerper from Community Bank to that effect. Mr. Saradin explained the OLDC's total equity is in the negative because while the OLDC currently has \$1,253.75 in cash, there is a liability of \$2,000 on the books which causes the equity to be a negative figure. Mr. Bennion explained in February, the OLDC's total assets were \$1,985.40 and if you subtract the deposits and payments from this amount, the total is close to \$1,253.75 but not exact. Mr.

Bennion explained the Restricted Asset – BWB Fees line should also have been decreased by the \$1,000 payment made, but it was not.

Mr. Saradin explained this is a correction that will need to be made, and he is correct in stating that the Restricted Asset line should be \$1,000, not \$2,000. Mr. Saradin explained the cash amount is what it is, and he will rethink this and redo the balance sheet.

Mr. Bennion asked how the numbers wouldn't match if we had \$1,985.40, added \$275 and \$65.35, and subtracted \$78.65 and \$1,000. He explained this equals \$1,247.10, not \$1,253.75 so there is a \$6.65 difference. Mr. Saradin explained that he physically sent a check for \$1,000 to BWB, deposited the reimbursement check for \$275 from prior tax filings, and put \$65.35 of his own money into the checking account. He explained that he will rethink this, and explained if we deduct \$1,000 from the Restricted Asset line that our equity would increase by \$1,000. Mr. Saradin explained he had failed to take into consideration the Restricted Asset of BWB. Mr. Saradin explained going into next year, we have only one year left to cover BWB audit fees moving forward. Ms. Kerper explained this means there is only \$253.75 in available cash.

Mr. Saradin left the meeting at approximately 8:45 a.m. to refigure the balance sheet.

Ms. Taggerty asked for clarification why Mr. Saradin deposited \$65.35 of his own money into the checking account. Mr. Bennion explained that he did ask, and the numbers are still wrong. Ms. Kerper explained Mr. Saradin used money that he shouldn't have, and that after he used restricted funds to pay for some things he put his own money into the account to cover it. Ms. Kerper explained if it was not for the IRS returning \$275 then we would have been in the negative. Ms. Taggerty explained we had no idea that the reimbursement was being sent.

Ms. Taggerty explained that if the checking account is correct, then after the restricted \$1,000 is considered, there is only \$253.75 left in cash. Ms. Kerper explained that this is correct, and Mr. Saradin realizes he needs to stop using this for various filings. **With \$1,253.75 in cash, only \$253.75 is available to be used because \$1,000 is restricted for payment to BWB.**

Mr. Saradin returned to the meeting at approximately 8:55 a.m. with a corrected balance sheet. Mr. Saradin explained when the OLDC closed on the new hotel, there was \$4,000 given to the OLDC. Ms. Kerper explained that is completely inaccurate, and noted this money had nothing to do with the hotel as it was due to the CDBG policy change in program income. Ms. Kerper explained that for one year, the City was able to use the program income rather than returning it to the State. Ms. Kerper explained that approximately \$99,000 was used by the City to demolish four houses to meet a National Objective and help get rid of blight. Ms. Kerper explained that \$4,000 was provided to the OLDC, which was restricted to pay for audit services fees. Ms. Kerper explained the OLDC has now used \$3,000 of those funds and \$1,000 is remaining. Mr. Bennion asked where those funds are held, and Ms. Kerper explained the funding is held in the Community Bank checking account. Ms. Taggerty reiterated that the OLDC only has \$253.75 to spend because \$1,000 is being held for future audit costs with BWB.

Mr. Saradin explained he gave Mr. Bennion a corrected balance sheet that shows that \$1,000 is left in Restricted Asset – BWB Fees, and there is \$253.75 in equity. Mr. Saradin apologized and explained he should have caught this. Ms. Taggerty requested an updated balance sheet be sent to OLDC members.

5. Report of the Treasurer

A motion to accept the Treasurer's Report was made by Mr. Moore, seconded by Ms. Kerper. Voice vote, ayes all. Motion carried.

Ms. Kerper explained Mr. Saradin did get a breakdown of the BWB bill and we owe \$1,000 for getting the 501c3 Tax Exempt status reinstated. Mr. Kerper explained the bill, which she forwarded to members, breaks down on page 2 who did what, as well as how much is charged for the person per hour and how many hours the OLDC was charged for.

Ms. Taggerty explained it is what it is and she understands we have to pay them. Ms. Kerper explained the \$1,000 we have in restricted funds is for audit fees, so there is only \$253.75 available which is not enough to pay them. Ms. Taggerty explained the question then becomes how the OLDC comes up with the funds needed to pay BWB.

Mr. Bennion asked for clarification that the 501c3 status was removed due to non-filing of taxes, and Ms. Kerper responded this is correct. Ms. Taggerty asked for clarification that there are no revenue sources coming in at this point, and Ms. Kerper responded that is correct as well. Mr. Bennion explained the OLDC should discuss the bill with the City and have the City provide the \$1,000 to pay the bill. Mr. Bennion explained the OLDC did not cause the 501c3 status to be removed. Mr. Bennion explained the OLDC should have a different way of handling finances and that it receives the same red marks in every audit that things should be done differently. Ms. Kerper agreed.

Ms. Taggerty explained in order to do this, she will need to have a conversation with the Mayor. Ms. Yanetsko questioned if we are asking the City to cover the bill until the OLDC gets money in, and Ms. Taggerty explained she feels it goes deeper than this. Mr. Bennion explained if BWB is not pushing for the payment right now and we have a couple of days to ask the City to pay the bill, then this will be better. Mr. Bennion explained the OLDC is also still on the hook for \$4,000 for a scoreboard that was never discussed by the OLDC. Mr. Bennion explained he feels the OLDC should not have to pay for the scoreboard, and the OLDC should not pay for the \$1,000 to BWB as the OLDC had nothing to do with it.

6. Report of Committees

There was no business at this time.

7. Unfinished Business

i. HK Olean Hotel, LLC Project Update

Ms. Kerper explained in the grant agreement with the Office of Community Renewal (OCR) and HK Olean Hotel, LLC there are hiring requirements that have almost been met. Ms. Kerper explained there are 24 positions broken down between full-time equivalent and full-time employees with a requirement that 50 percent of the positions go to low-to-moderate-income individuals. Ms. Kerper explained a request to extend the contract through October 2021 was made to the OCR and she will continue to track the hotel's employment status as they continue hiring. Ms. Kerper explained she asked David Hart to collect invoices, bills paid and checks for the \$200,000 for furniture and fixtures. She explained she reached out to the OCR and explained the second/final draw request would be forthcoming, and that she would continue to track and submit hiring information for reimbursement. Ms. Kerper explained it can take up to 30 days for the request to be processed and then when the payment is received by the OLDC, we have seven

business days to get the money out of our account and into the hotel's. Ms. Kerper explained there is then a grace period before repayments start coming back to the OLDC. It ultimately depends, Ms. Kerper explained, when the hotel gets \$200,000 in total expenses to the OLDC.

Ms. Taggerty asked how long it is anticipated it will take for the attorney to go through everything, and Ms. Kerper explained that she actually goes through it all and she turns it around the same day. Ms. Kerper explained that she reviews all expenditures from the company. Ms. Taggerty asked if we are a couple months away from this point, and Ms. Kerper explained that we are. Ms. Kerper added approximately the OLDC will receive \$200,000 in repayments, and that she believes that the amortization is \$3,500 a month.

Ms. Taggerty questioned if knowing this, BWB could wait until the OLDC receives some of this money before we make the \$1,000 payment owed to reinstate the 501c3 status. Ms. Taggerty explained the question is also who owns the obligation, the OLDC or the City. Mr. Bennion explained it is his take the obligation is not on the OLDC. Mr. Bennion explained that the OLDC should be getting its Treasurer Report from the treasurer, and a treasurer needs to be found that will show up to do the job. Ms. Kerper explained she agrees and that she is not sure why she continues to receive reports from Fred that should be going to the Treasurer. Mr. Bennion explained the OLDC Treasurer does not have control of OLDC money and it sits with a City employee. Mr. Bennion asked who the current Treasurer is, and Ms. Kerper responded it is Mr. Carucci. Ms. Taggerty explained she will make an appointment with the Mayor to discuss this.

ii. William O. Smith Recreation Center and OATS Advertisement

Ms. Kerper explained Mr. Hart is working on the policies for advertising. Ms. Kerper explained he sent her a document which she reviewed and responded with suggested changes. Ms. Taggerty asked if there would be something available at the next meeting, and Ms. Kerper responded that she did not know.

8. New Business

i. Policy for Filing Tax Return

Ms. Kerper explained she has included in the members' packets a draft policy for filing tax returns. Ms. Kerper explained she is not comfortable with her name being in the tax return policy, and the wording is just what Mr. Saradin had sent her office.

Ms. Taggerty explained that when the OLDC is looking at updates from the Treasurer and/or Auditor, it needs to be their recommendation as opposed to another committee members' recommendation.

Mr. Bennion explained the policy should state "Per the OLDC" while Ms. Taggerty explained she does not feel the OLDC should have to direct the City Auditor. Ms. Taggerty explained she personally feels the entire policy needs to be rewritten. Members explained they would not accept this policy and request Mr. Saradin rewrite it, and all agreed.

Mr. Bennion asked if we are unable to file taxes until BWB does their audit, and Ms. Taggerty responded that we cannot. Mr. Bennion asked what we do if BWB is backed up and we end up filing late, and Ms. Kerper responded she is not comfortable waiting to file taxes. Ms. Taggerty explained taxes need to be filed either on time or early each year. Ms. Taggerty explained she

does not agree the OLDC should need to motion for things to occur, otherwise they do not get done. Ms. Kerper explained it should be the Treasurer or Auditor's duty to ensure taxes are being filed. Mr. Bennion asked if this is in the By-laws, and Ms. Kerper responded she is not certain. Mr. Bennion explained if this is not in the By-laws, they should be changed to include this. Mr. Bennion explained he would have no problem amending the By-laws to state it is Fred's duty to file the taxes, and then a separate policy would not be needed.

Ms. Taggerty explained she thinks it is a good idea to have the policy in place that states that it is the Auditor's duty to file the taxes, and then once the policy is accepted the OLDC does not have to direct the Auditor to file each year. Ms. Taggerty explained the presented language needs to be reworded to state it is the Auditor's responsibility to file tax returns each year, and then the members will accept the policy.

Ms. Kerper explained she will relay the OLDC's message asking Mr. Saradin to rewrite the policy. Mr. Bennion asked if the By-laws would also be changed to include the role of the City Auditor on the committee, and Ms. Taggerty explained there is a process that needs to be followed in order to amend By-laws. Ms. Kerper explained the OLDC should get the policy right and at the next meeting use the same language to amend the By-laws to read the same. Mr. Bennion explained the By-law amendment requires a 7 day prior written notice so the change can be done at the next meeting. Ms. Kerper explained all changes can be made at the same time once the wording is amended and the members approve.

ii. Housing Rehabilitation Fund

Ms. Kerper explained at a prior work session, the OLDC discussed a Housing Rehabilitation Program. Ms. Kerper explained she put together things that are included in members' packets, including a draft application, for their review. Ms. Kerper explained she is unsure if anyone has had the time to review this information and see if it make sense, but she wonders if this is the direction the OLDC would like to go. Ms. Kerper explained anything can be reworded or revamped. Ms. Taggerty explained it all made sense to her.

Ms. Kerper explained the OLDC will need to place a lien or something similar on properties involved in the program for 10 years, and she included for review an old Mortgage and Note from the City's Olean Homeownership Assistance Program for member's review. Ms. Kerper noted she will need Mr. Hart to review these legal documents and amend them to work for the OLDC.

Ms. Taggerty explained she feels this is a step in the right direction, and she is excited that the committee is actually moving and doing something. Ms. Kerper noted she only included exterior and stabilization in the loan program and explained she did not want to get into electric or plumbing because she wanted the impact to be on the outside of homes. Ms. Taggerty explained this will visually help neighborhoods. Ms. Kerper indicated she did include removal of lead and other safety hazards. She explained the qualified repairs include removal of lead and other health and safety hazards; roof replacement, gutters and downspouts; soffits and venting; chimney repair or replacement; siding repair or replacement; porches, foundations and other structural repairs, and door and window replacement. Ms. Kerper explained that the home needs to be a 1, 2, or 3 unit family residential home in the City that is owner-occupied.

Ms. Kerper explained she has included a requirement that the home must be owned for at least six months prior to applying for the program and the owner must continue to live in the home for ten years after receiving the funding. Ms. Kerper explained that a drawback clause is included in the wording of the program in order to prevent individuals from flipping houses with this funding.

Mr. Bennion explained the Rural Revitalization Corporation already has something drafted, and Ms. Kerper explained that it is in the members' meeting packet as RRC had gotten the language from her.

Ms. Taggerty asked if her house is foreclosed on, if she will need to pay back the \$5,000 deferred portion of the loan. Ms. Kerper explained that although technically a homeowner would have to pay this back, the OLDC would never see the money from the foreclosure and it would be considered a loss in their portfolio. Ms. Kerper explained that one of the things that is considered when reviewing applications is whether or not a homeowner can repay. Ms. Kerper noted the application requires two years of tax returns and two months of paystubs, as well as information on all other income and assistance. Ms. Kerper advised taxes on properties must also be current and applicants have to prove that homeowners insurance is current, in addition to adding the OLDC as an additional insured on their homeowners' insurance policy once the loan is closed on. Ms. Taggerty explained she feels this is all going in the right direction.

Ms. Kerper asked the members review what she has presented to see if there is anything she has missed. Ms. Kerper explained there is some time to work on this between now and the next meeting, so members should take their time to review the documents provided and she will work with Ms. Taylor and Mr. Hart to get the Note and Mortgage revamped.

Mr. Bennion asked if the OLDC would receive the \$5,000 back if the County were to foreclose on the home, and Ms. Kerper explained that we would not. Mr. Bennion asked if this could be received from the tax sale and Ms. Kerper explained that with prior City administered programs the bank was the foreclosure agency and not the County. Ms. Kerper explained that in addition, the eligible items for the program are considered regular maintenance and are not those that would result in an increase in property taxes. Mr. Ring added that the City Assessor does not reassess a home when a permit is issued unless there are structural changes or an addition. Mr. Bennion explained he just wondered if there was a way to recover the money from the tax sale. Kerper responded in all of the years she has been involved in the First Time Homebuyer programs, she has never had a home close for unpaid property taxes. Ms. Taggerty noted this is something to ask Mr. Hart about. Ms. Kerper added that she or another member could always speak with Assessor Piechota to see if this is something they could collect for the OLDC.

Ms. Taggerty asked members reread and really look at and scrutinize the documents provided and provide feedback to Ms. Kerper prior to the next meeting. Ms. Kerper added she will include language that the work must be done by a licensed and insured contractor as she does not want to get involved with homeowners' piecemealed receipts. Ms. Kerper explained that this would also allow the program to aid in economic development for contractors and the community. Mr. Bennion asked if there is a list of contractors to choose from or if there is only a list of licensed contractors in the City of Olean on file with Code Enforcement. Ms. Kerper explained there is only the licensed contractor list with Code Enforcement because the OLDC would not want to recommend certain contractors and have a property owner choose a contractor based on the OLDC's recommendations and run into issues with their work. Mr. Bennion recommended a

sign off sheet that Code Enforcement can complete to show the homeowner checked to see if their contractor is insured as a part of the closing documents. Ms. Kerper explained the contractor should also be pulling permits with Code Enforcement, and there is already wording in the program description that states that work must be done by a licensed contractor.

9. Executive Session

None

10. Adjournment

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