

MICHAEL P. GALIME, MAYOR
CITY OF UTICA

UTICA INDUSTRIAL DEVELOPMENT AGENCY
1 KENNEDY PLAZA
UTICA, NEW YORK 13502
PHONE: (315) 792-0195
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Agenda

Utica Industrial Development Agency
Regular Meeting – Wednesday, April 3, 2024 @ 9:00am
Utica City Hall, Utica, New York and via WebEx

- I. Call to Order
- II. Approval of Minutes (March 22, 2023 - Committees) and (December 20, 2023 – Regular)
- III. Old Business
 - A.
- IV. New Business
 - A. **Governance Committee** - ABO documents – Approval
 - B. **Audit Committee** – 2023 Audit – Approval
 - C. **Update on annual project review** – Scheduled for May
- V. Executive Session (if required)
- VI. Adjourn

Members of the public may listen to the Governance Committee meeting by calling 1-408-418-9388, Access code: 2630 556 8546 or joining the meeting at Meeting link:

<https://cityofutica.webex.com/cityofutica/j.php?MTID=m30aefd92390234ab0390e05ec5f4a78f>

Meeting password: egPw3y7V62K

The Minutes of the Agency meeting will be transcribed and posted on the UIDA website.



ROBERT M. PALMIERI
MAYOR

CITY OF UTICA

Utica Industrial Development Agency
1 Kennedy Plaza, Utica, New York 13502
(315)792-0195 fax: (315)797-6607

VINCENT GILROY, JR
CHAIRMAN

JACK N. SPAETH
EXECUTIVE DIRECTOR

December 20, 2023 9:00a.m.
Utica Industrial Development Agency Regular Meeting
City Hall, Utica, NY – WebEx Conference Call/In-Person

Members Present: Vin Gilroy, Mark Curley, John Zegarelli, John Buffa, Emmett Martin

Excused:

Also Present: Jack Spaeth (Executive Director), Laura Ruberto (Counsel)

Others: Andy Patel, Namrata Patel, Dominick Pavia (Utica Harbor Lodging Group)

1) CALL MEETING TO ORDER: The meeting was called to order by Mr. Gilroy at 8:58a.m. The Finance, Governance and Audit Committees, as they consist of sitting Agency members, meet as a committee of the whole, and in doing such, meet at every meeting.

Mr. Gilroy abstained from running the meeting as he sits as President of the Utica Harbor Point Development Corp, and as such, Mr. Buffa, made a motion, seconded by Mr. Martin, to appoint Mr. Curley to act as Chairman.

2) APPROVAL OF MINUTES: A motion was made by Mr. Zegarelli, seconded by Mr. Curley, to approve the minutes of the December 6, 2023 meeting. All in favor.

3) EXECUTIVE SESSION:

Mr. Curley made a motion, seconded by Mr. Buffa to enter Executive Session at 9:00am to discuss a proposed contract.

Mr. Curley made a motion, seconded by Mr. Zegarelli to exit Executive Session at 9:18am.

4A) NEW BUSINESS – Utica Harbor Lodging Group, LLC

Mr. Patel gave a brief description of the project as a 120-unit apartment building, two hotels and an entertainment center. Mr. Curley asked where the gross sales numbers come from? Mr. Patel stated they are based on other hotel operations. Mr. Pavia described the overall impact the development will

have on the harbor area and the City to compliment other activity over the past 15 years. Development in this location is risky due to potential unknown environmental and other factors.

With some discussion, Mr. Buffa made a motion, seconded by Mr. Martin to approve an inducement resolution relating to the Utica Harbor Lodging Group LLC Facility, providing preliminary approval for financial assistance in the form of exemptions from sales tax (valued at \$4,375,000.00), exemptions from mortgage recording tax (valued at \$375,000.00) and reduction of real property tax for a period of 22 years during which time the Company will pay as PILOT Payments (a) 100% of taxes for a period of two (2) years and (b) an annual fixed amount of \$70,000.00 for a period of twenty (20) years (estimated value \$22,510,886.00), which financial assistance is a deviation from the Agency's Uniform Tax Exemption Policy and authorizing the Agency to conduct a public hearing. All in favor.

Ms. Ruberto provided information pertaining to the SEQR process, to which Mr. Zegarelli made a motion, seconded by Mr. Martin to approve a SEQR Resolution relating to the Utica Harbor Lodging Group facility. All in favor.

5) NEW BUSINESS – Mark Curley

Mr. Curley provided a resignation letter to the Board a few weeks ago to which everyone wished him well and thanked him for his years of service.

6) ADJOURNMENT: There being no further business brought before the Agency, Mr. Buffa made a motion to adjourn, seconded by Mr. Martin and the meeting was adjourned at 9:47am.

The next regular meeting of the Utica Industrial Development Agency is scheduled for Wednesday, January 10, 2023 at 9:00am at City Hall via WebEx and in-person.

MICHAEL P. GALIME, MAYOR
CITY OF UTICA



UTICA INDUSTRIAL DEVELOPMENT AGENCY
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Agenda

Utica Industrial Development Agency
Audit Committee – Wednesday, April 3, 2024 @ 9:10am
Utica City Hall, Utica, New York and via WebEx

- I. Call to Order
- II. Approval of Minutes (March 22, 2023)
- III. New Business

Review 2023 audit report
- IV. Executive Session (if required)
- V. Adjourn

Members of the public may listen to the Governance Committee meeting by calling 1-408-418-9388, Access code: 2630 556 8546 or joining the meeting at Meeting link:
<https://cityofutica.webex.com/cityofutica/j.php?MTID=m30aefd92390234ab0390e05ec5f4a78f>
Meeting password: egPw3y7V62K

The Minutes of the Audit Committee meeting will be transcribed and posted on the UIDA website within the Regular meeting minutes.



CITY OF UTICA

Utica Industrial Development Agency
1 Kennedy Plaza, Utica, New York 13502
(315)792-0195 fax: (315)797-6607

ROBERT M. PALMIERI
MAYOR

VINCENT GILROY, JR
CHAIRMAN

JACK N. SPAETH
EXECUTIVE DIRECTOR

March 22, 2023 9:10a.m.
Utica Industrial Development Agency Regular Meeting
City Hall, Utica, NY – WebEx Conference Call/In-Person

Members Present: Mark Curley, John Zegarelli, Emmett Martin

Excused: Vin Gilroy, John Buffa

Also Present: Jack Spaeth (Executive Director), Laura Ruberto (in person) and Linda Romano (via telephone) (BSK – Agency Counsel)

Others:

DUE TO TECHNICAL DIFFICULTIES, NO TRANSCRIPT OR VIDEO IS AVAILABLE

1) CALL MEETING TO ORDER: The meeting was called to order by Mr. Curley at 9:10a.m. The Finance, Governance and Audit Committees, as they consist of sitting Agency members, meet as a committee of the whole, and in doing such, meet at every meeting.

2) APPROVAL OF MINUTES: A motion was made by Mr. Zegarelli, seconded by Mr. Martin, to approve the minutes of the February 8, 2023 meeting. All in favor.

3A) OLD BUSINESS – Impact Utica – Chancellor Broad LLC (Chancellor Apartments)

Mr. Spaeth noted that due to provisions in the banking documents for this project, the dates for construction commencement and completion have been moved to March 2023 and March 2025. No resolution is needed.

3B) OLD BUSINESS – Impact Utica – Chancellor Broad LLC (Broad St. Apartments)

Mr. Spaeth noted that due to provisions in the banking documents for this project, the dates for construction commencement and completion have been moved to March 2023 and March 2025. No resolution is needed.

3C) OLD BUSINESS – 1900 Bleecker LLC

Mr. Spaeth informed the Agency members that 1900 Bleecker, LLC has not paid their annual administrative fee (due in November 2022), have let their insurance lapse (on March 3, 2023), and have

not submitted their Annual Report for this project.

As such, Mr., Zegarelli made a motion, seconded by Mr. Martin to enter Executive Session at 9:17am to discuss legal proceedings.

Mr. Curley made a motion, seconded by Mr. Zegarelli to exit Executive Session at 9:27am.

Upon exiting Executive Session, Mr. Zegarelli made a motion, seconded by Mr. Martin to consider a resolution to terminate the Leaseback and PILOT for the 1900 Bleecker, LLC project. All in favor.

4A) NEW BUSINESS – Governance Committee – ABO Documents

Mr. Curley made a motion, seconded by Mr. Martin to start the Governance Committee meeting at 9:28am.

Mr. Curley made a motion, seconded by Mr. Zegarelli to approve the following ABO required documents: Annual, Procurement and Investment Reports, Effectiveness of Internal Controls, Mission and Measurement Report, Operations and Accomplishments and By-Laws along with the Procurement and Investment Policies. All in favor.

Mr. Zegarelli made a motion, seconded by Mr. Martin to end the Governance Committee meeting at 9:29am.

4B) NEW BUSINESS – Audit Committee – 2022 UIDA Audit

Mr. Zegarelli made a motion, seconded by Mr. Curley to start the Audit Committee meeting at 9:29am.

Mr. Zegarelli made a motion, seconded by Mr. Curley to approve the 2022 Audit. All in favor.

Mr. Martin made a motion, seconded by Mr. Zegarelli to end the Audit Committee meeting at 9:30am.

4C) NEW BUSINESS – Update on Project Review

Mr. Spaeth informed Agency members that he has been accumulating the employment data and getting responses from project operators that are below the Agency's 85% acceptance measure and will present at the April meeting.

5) EXECUTIVE SESSION:

Noted above

6) ADJOURNMENT: There being no further business brought before the Agency, Mr. Curley made a motion to adjourn, seconded by Mr. Zegarelli and the meeting was adjourned at 9:32am.

The next regular meeting of the Utica Industrial Development Agency is scheduled for Wednesday, April 5, 2023 at 9:00am at City Hall via WebEx and in-person.

CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the City of Utica)

Financial Statements as of
December 31, 2023 and 2022
Together with Independent
Auditor's Reports

Bonadio & Co., LLP
Certified Public Accountants

CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the City of Utica)

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INDEPENDENT AUDITOR’S REPORT

March 12, 2024

To the Board of Directors of the
City of Utica Industrial Development Agency

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Utica Industrial Development Agency (Utica IDA), a discretely presented component unit of the City of Utica, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Utica IDA’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Utica IDA, as of December 31, 2023 and 2022, and the respective changes in financial position, and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Utica IDA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utica IDA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utica IDA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utica IDA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2024 on our consideration of the Utica IDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Utica IDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Utica IDA's internal control over financial reporting and compliance.

**CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the City of Utica)**

**Management's Discussion and Analysis (Unaudited)
For the years ended December 31, 2023 and 2022**

This section of Utica IDA's Financial Statements presents management's overview and analysis of Utica IDA's financial performance for the years ended December 31, 2023 and 2022. This section should be read in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

Utica IDA's net position increased by \$273,461 in 2023 and \$137,988 in 2022, respectively. In 2023, agency fees increased due to increased activity during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statements of net position and the statements of revenues, expenses and changes in net position report information about Utica IDA as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Revenue and expenses are recorded when earned and incurred, respectively, regardless of when cash is received or paid.

These two statements report Utica IDA's net position and changes in them from one year to the next. Utica IDA's net position, the difference between assets and liabilities, are one way to measure the Organization's financial health, or financial position. Over time, increases or decreases in Utica IDA's net position is one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in Utica IDA's income and the fluctuation of Utica IDA's expenses, to assess the overall health of Utica IDA.

NOTES TO THE FINANCIAL STATEMENTS

The financial statements also include the notes to the financial statements, which explain certain information in the financial statements. They are essential to a full understanding of the information provided in the financial statements.

FINANCIAL ANALYSIS

This section summarizes information and data as related to the Statements of Net Position as of December 31, 2023 and 2022, and the Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2023 and 2022.

CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the City of Utica)

Management's Discussion and Analysis (Unaudited)
For the years ended December 31, 2023 and 2022

Statements of Net Position

The analysis below summarizes the statements of net position (Table 1) and changes in net position (Table 2) of the Agency as of and for the years ended December 31:

Table 1
Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current assets	\$ <u>1,843,126</u>	\$ <u>1,457,455</u>	\$ <u>1,319,467</u>
Current liabilities	\$ <u>112,210</u>	\$ <u>-</u>	\$ <u>-</u>
Net position	\$ <u>1,730,916</u>	\$ <u>1,457,455</u>	\$ <u>1,319,467</u>

Statements of Revenues, Expenses and Changes in Net Position

Table 2 shows the expenses and revenues of Utica IDA and is presented on the accrual basis of accounting. Revenues vary from year to year based upon economic activity within the City of Utica. Revenue for 2023 was greater than 2022 due to a significant increase in property sales and administration fees income. Revenue for 2022 was less than 2021 due to a significant decrease in property sales and administration fees income.

Expenses for 2023 and 2022 were predominately contractual.

Table 2
Statement of Activities

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenue	\$ 418,750	\$ 153,569	\$ 192,166
Operating expense	<u>155,577</u>	<u>19,702</u>	<u>20,018</u>
Operating income	263,173	133,867	172,148
Other income/expense	<u>10,288</u>	<u>4,121</u>	<u>5,342</u>
Change in net position	\$ <u>273,461</u>	\$ <u>137,988</u>	\$ <u>177,490</u>

**CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the City of Utica)**

**Management's Discussion and Analysis (Unaudited)
For the years ended December 31, 2023 and 2022**

ECONOMIC FACTORS AND FUTURE OUTLOOK

The City of Utica continues to pursue demolition of blighted buildings and the remediation of environmentally challenged sites. Gains in these two areas translate into construction and development opportunities resulting in more agency activity as additional developable parcels of land materialize.

CONTACTING UTICA IDA'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Utica IDA's finances for all those who have an interest in this agency's finances. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to:

Jack Spaeth, Executive Director
Utica Industrial Development Agency
One Kennedy Plaza, Utica, New York 13502

CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the City of Utica)

Statements of Net Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,842,126	\$ 1,457,455
Accounts receivable	<u>1,000</u>	<u>-</u>
Total current assets	<u>1,843,126</u>	<u>1,457,455</u>
Total assets	<u>\$ 1,843,126</u>	<u>\$ 1,457,455</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	<u>\$ 112,210</u>	<u>\$ -</u>
Total liabilities	<u>112,210</u>	<u>-</u>
NET POSITION		
Unrestricted	<u>1,730,916</u>	<u>1,457,455</u>
Total liabilities and net position	<u>\$ 1,843,126</u>	<u>\$ 1,457,455</u>

The accompanying notes are an integral part of these statements.

CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the City of Utica)

Statements of Revenues, Expenses and Changes in Net Position
For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES:		
Administration fees	\$ 418,240	\$ 152,319
Other income	<u>510</u>	<u>1,250</u>
Total operating revenues	<u>418,750</u>	<u>153,569</u>
OPERATING EXPENSES:		
Marketing and other expenses	10,683	11,099
Professional fees	7,500	5,344
Conferences and seminars	8,562	3,259
Contracted services	126,737	-
Repairs and maintenance	<u>2,095</u>	<u>-</u>
Total operating expenses	<u>155,577</u>	<u>19,702</u>
OPERATING INCOME	263,173	133,867
NONOPERATING REVENUES (EXPENSES)		
Interest income	<u>10,288</u>	<u>4,121</u>
Total nonoperating revenue	<u>10,288</u>	<u>4,121</u>
CHANGE IN NET POSITION	<u>273,461</u>	<u>137,988</u>
NET POSITION - beginning of year	<u>1,457,455</u>	<u>1,319,467</u>
NET POSITION - end of year	<u>\$ 1,730,916</u>	<u>\$ 1,457,455</u>

The accompanying notes are an integral part of these statements.

CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the City of Utica)

Statements of Cash Flows
For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 417,750	\$ 157,569
Cash payments to suppliers for goods and services	<u>(43,367)</u>	<u>(19,702)</u>
Net cash flow from operating activities	<u>374,383</u>	<u>137,867</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	<u>10,288</u>	<u>4,121</u>
Net cash flow from investing activities	<u>10,288</u>	<u>4,121</u>
NET CHANGE IN CASH and CASH EQUIVALENTS	384,671	141,988
CASH and CASH EQUIVALENTS - beginning of year	<u>1,457,455</u>	<u>1,315,467</u>
CASH and CASH EQUIVALENTS - end of year	<u><u>\$ 1,842,126</u></u>	<u><u>\$ 1,457,455</u></u>
Reconciliation of operating income to net cash flow from operating activities:		
Operating income	\$ 263,173	\$ 133,867
Change in accounts receivable	(1,000)	4,000
Change in accounts payable	<u>112,210</u>	<u>-</u>
Net cash flow from operating activities	<u><u>\$ 374,383</u></u>	<u><u>\$ 137,867</u></u>

The accompanying notes are an integral part of these statements.

**CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the City of Utica)**

**Notes to Basic Financial Statements
December 31, 2023 and 2022**

1. REPORTING ENTITY

The City of Utica Industrial Development Agency (Utica IDA) is a public benefit agency created under the mandate of Article 18-A, "New York State Industrial Development Agency Act," of New York State General Municipal Law for the purpose of encouraging economic growth in the City of Utica. Utica IDA is exempt from Federal, State, and local income taxes. Utica IDA is a discretely presented component unit of the City of Utica.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Utica IDA's financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board for proprietary funds.

Basis of Presentation

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and equivalents include demand deposits, money market funds, and certificates of deposit with original maturities of twelve months or less. Utica IDA maintains its cash and cash equivalents in bank accounts. Interest and dividend income from cash and cash equivalents is reported in other income in the statements of revenues, expenses and changes in net position.

Industrial Development Bonds

Utica IDA issues tax-exempt bonds and special issue bonds to provide financial assistance on behalf of certain not-for-profit organizations for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers back to the not-for-profit organization served by the bond issuance. Utica IDA is not obligated in any manner for repayment of the bonds at any time. Accordingly, related property is not reported as assets, and the bonds are not reported as liabilities in the accompanying financial statements.

**CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the City of Utica)**

**Notes to Basic Financial Statements
December 31, 2023 and 2022**

Revenue Recognition

Fees are assessed by Utica IDA for project applications received during the year. These fees are recognized as revenue when received.

Contributed Facilities and Services

Utica IDA, with the consent of the Common Council of the City of Utica, is authorized to use and has shared City employees, facilities, and equipment and may reimburse the City an agreed upon proportion of the compensation or costs of the services provided. For the years ended December 31, 2023 and 2022, the City did not request any reimbursement and no such reimbursement was made.

Net Position

GASB requires the classification of net position into three classifications defined as follows:

- Invested in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. At December 31, 2022 and 2021, Utica IDA had no investment in capital assets.
- Restricted net position - This component of net position consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At December 31, 2022 and 2021, Utica IDA does not have a restricted net position.
- Unrestricted net position - This component of net position consists of net position that doesn't meet the definition of invested in capital assets or restricted.

When both restricted and unrestricted resources are available for use, it is Utica IDA's policy to use restricted resources first.

**CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the City of Utica)**

**Notes to Basic Financial Statements
December 31, 2023 and 2022**

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Policies

Utica IDA follows its investment and deposit policy, the overall objective of which is to adequately safeguard the funds of Utica IDA and funds under the control of Utica IDA; to provide sufficient liquidity of invested funds in order to meet obligations as they become due; and to earn the maximum yield possible given the objectives previously listed. Oversight of investment activity is the responsibility of the Executive Director. Utica IDA's monies must be deposited in Federal Deposit Insurance Agency (FDIC) insured commercial banks or trust companies as designated by the Board of Directors. Permissible investments include: a) obligations of the United States or of federal agencies whose principal and interest payments are fully guaranteed by the federal or state government, b) obligations of New York State or in general obligations of the State's political subdivisions, c) certificates of deposits or deposits with banks with an investment grade rating by a Rating Agency, d) commercial paper rated Prime-1 and/or A-1, and e) money market funds with AAA ratings.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. Utica IDA's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Utica IDA's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. Governmental Accounting Standards direct that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are not covered by collateralization.

**CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the City of Utica)**

**Notes to Basic Financial Statements
December 31, 2023 and 2022**

At December 31, 2023 and 2022, all of the Agency’s deposits were covered by FDIC insurance or collateralized with securities held by the pledging financial institution's trust department.

	2023		2022	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Cash and cash equivalents	<u>\$ 1,842,126</u>	<u>\$ 1,828,248</u>	<u>\$ 1,457,455</u>	<u>\$ 1,454,224</u>
Collateralized with securities held by the Agency or by its agent in the Agency's name		\$ 1,328,248		\$ 954,224
Covered by FDIC Insurance		<u>500,000</u>		<u>500,000</u>
Total deposits		<u>\$ 1,828,248</u>		<u>\$ 1,454,224</u>

4. RELATED PARTIES

Utica IDA’s governing body is appointed by the Mayor of the City of Utica. In addition, Utica IDA’s assistant secretary is an employee of the City. Utica IDA does not carry its own director’s and officer’s insurance, as it is covered through its relationship with the City.

Utica IDA and Utica Harbor Point Development Corp. are both component units of the City of Utica and share the common goal of economic development within the City.

5. CONTINGENCIES

Utica IDA is subject to litigation in the ordinary conduct of its affairs. Management does not believe that such litigation, individually or in the aggregate, is likely to have a material adverse effect on the financial condition of Utica IDA.

6. PENSION PLAN

The City of Utica participates in the New York State and Local Employee’ Retirement System, a cost-sharing multiple-employer retirement system. The retirement contributions for personnel of Utica IDA covered through the system are provided by the County at no cost to Utica IDA. Therefore, no costs associated with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*, were included in these financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

March 12, 2024

To the Board of Directors of
City of Utica Industrial Development Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Utica Industrial Development Agency (Utica IDA) a discretely presented component unit of the City of Utica, New York, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Utica IDA's basic financial statements, and have issued our report thereon dated March 12, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Utica IDA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Utica IDA's internal control. Accordingly, we do not express an opinion on the effectiveness of Utica IDA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Utica IDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Utica Industrial Development Agency's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Utica IDA's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Utica IDA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the City of Utica)**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023**

Section 1 - Financial Statement Findings

2023-001 Accounting and Financial Reporting

Criteria - Utica IDA is required to prepare its financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP).

Condition - Utica IDA did not record certain transactions in the proper period or reconcile certain general ledger accounts on a timely basis. As a result, material adjustments were required in order to prepare Utica IDA's financial statements in accordance with GAAP.

Cause - Utica IDA did not properly record certain transactions or properly reconcile certain general ledger accounts on a timely basis.

Effect - General ledger account balances may not be accurate and not reflect current activity. Without accurate financial statements, Utica IDA may make decisions based on erroneous information.

Recommendation - Utica IDA should establish internal controls to ensure that transactions are recorded in the proper period and that the related general ledger accounts are properly reconciled in a timely manner.

Views of Responsible Officials - Utica IDA is implementing policies and procedures to ensure accurate records are available for audit.

MICHAEL P. GALIME, MAYOR
CITY OF UTICA



UTICA INDUSTRIAL DEVELOPMENT AGENCY
1 KENNEDY PLAZA
UTICA, NEW YORK 13502
PHONE: (315) 792-0195
FAX: (315) 797-6607

Agenda

Utica Industrial Development Agency
Governance Committee – Wednesday, April 3, 2024 @ 9:10am
Utica City Hall, Utica, New York and via WebEx

- I. Call to Order
- II. Approval of Minutes (March 22, 2023)
- III. New Business
Annual review of policies, procedures and Authority Budget Office compliance matters
- IV. Executive Session (if required)
- V. Adjourn

Members of the public may listen to the Governance Committee meeting by calling 1-408-418-9388, Access code: 2630 556 8546 or joining the meeting at
Meeting link:
<https://cityofutica.webex.com/cityofutica/j.php?MTID=m30aefd92390234ab0390e05ec5f4a78f>
Meeting password: egPw3y7V62K

The Minutes of the Governance Committee meeting will be transcribed and posted on the UIDA website within the Regular meeting minutes.

**City of Utica
Industrial Development Agency**

2023 Performance Goals

Goals:

- To create new employment opportunities through the attraction and creation of new businesses;
 - a. Contact local/national developers/brokers (1 contact /month)
 - b. Contact local bankers and financial institutions (1 contact/month)
 - c. Cold call various retail/commercial/manufacturing businesses (10 contacts/year)
- To create/retain new employment opportunities through the expansion of existing businesses;
 - a. Contact/communicate with 30 local businesses per year through Business Outreach Visits or office visits
 - b. Target financial assistance to key industrial clusters critical to the City's economy, including manufacturing, health care, education, tourism, energy, and high-tech related businesses
- To communicate with government, education, labor, business and economic development agencies to maximize development potential and sustainability of the economy in the City of Utica
- To work cooperatively with City administration to further economic development progress;

Objectives:

- Issuing Private Activity Bonds (tax-exempt or taxable bonds) to finance eligible manufacturing and commercial projects. Issuing of tax-exempt bonds for projects that are eligible for financing in compliance with federal and NYS legislation.
- Providing to eligible and qualified businesses exemptions from real property taxes, sales and use taxes, and mortgage recording taxes consistent with the City of Utica's IDA's Uniform Tax Exemption Policy.
- Facilitating the securing of public and private grants for economic development projects through the NYS Consolidated Funding Application process and others available.
- Complying with the State Environmental Quality Review Act (SEQRA) on all projects assisted by the City of Utica IDA.
- To improve the quality of life in the City of Utica;
- Collaborating with City planning and zoning departments to ensure proposed development opportunities meet the overall goals of the City's development plans.
- To increase the City of Utica's tax base



CITY OF UTICA

Utica Industrial Development Agency
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ROBERT M. PALMIERI
MAYOR

VINCENT GILROY, JR
CHAIRMAN

JACK N. SPAETH
EXECUTIVE DIRECTOR

MEMORANDUM

December 31, 2023

TO: New York State Authorities Budget Office

FROM: Jack Spaeth, Executive Director

RE: Utica Industrial Development Agency

New York State Local Public Authority Mission Statement and Measurement Report

Local Public Authority Name: Utica Industrial Development Agency

Fiscal Year: January 1, 2023– December 31, 2023

Enabling Legislation: General Municipal Law § 927-d. City of Utica Industrial Development Agency

For the benefit of the city of Utica and the inhabitants thereof, an industrial development agency, to be known as the CITY OF UTICA 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 consist of five members who shall be appointed by the mayor of the City of Utica, and its chairman shall be designated by such mayor. It shall have the powers and duties now or hereafter conferred by title one of article eighteen-A of this 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. 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.

Added. L.1981, e. 710, § L

Effective Date. Section effective July 21, 1981 pursuant to L.1981, c. 710. § 2.

Mission Statement: The Utica Industrial Development Agency, a public benefit corporation organized in 1981 under the laws of New York State, was created to assist business development and to advance opportunities and the economic welfare of the people of the City of Utica.

The UIDA provides financial assistance to companies, including low-cost financing through sale-leasebacks or lease-leasebacks, PILOT agreements, mortgage recording tax exemptions, and sales tax exemptions and the issuance of Industrial Revenue Bonds.

2023 Measurements:

Goals:

- **To create new employment opportunities through the attraction and creation of new businesses;**
 - a. Contact local/national developers/brokers (1 contact /month)**
 - b. Contact local bankers and financial institutions (1 contact/month)**
 - c. Cold call various retail/commercial/manufacturing businesses (10 contacts/year)**
- **To create/retain new employment opportunities through the expansion of existing businesses;**
 - a. Contact/communicate with 30 local businesses per year through Business Outreach Visits or office visits**
 - b. Target financial assistance to key industrial clusters critical to the City's economy, including manufacturing, health care, education, tourism, energy, and high-tech related businesses**
- **To communicate with government, education, labor, business and economic development agencies to maximize development potential and sustainability of the economy in the City of Utica**
- **To work cooperatively with City administration to further economic development progress;**

Objectives:

- **Issuing Private Activity Bonds (tax-exempt or taxable bonds) to finance eligible manufacturing and commercial projects. Issuing of tax-exempt bonds for projects that are eligible for financing in compliance with federal and NYS legislation.**
- **Providing to eligible and qualified businesses exemptions from real property taxes, sales and use taxes, and mortgage recording taxes consistent with the City of Utica's IDA's Uniform Tax Exemption Policy.**
- **Facilitating the securing of public and private grants for economic development projects through the NYS Consolidated Funding Application process and others available.**
- **Complying with the State Environmental Quality Review Act (SEQRA) on all projects assisted by the City of Utica IDA.**
- **To improve the quality of life in the City of Utica;**
- **Collaborating with City planning and zoning departments to ensure proposed development opportunities meet the overall goals of the City's development plans.**
- **To increase the City of Utica's tax base**

Authority Stakeholder(s): City of Utica, New York

Authority Beneficiaries: City of Utica residents

Authority Customers: All eligible business entities

Authority self-evaluation of prior year performance: To be provided by December 31, 2023 and related to 2023 performance.

Governance Certification:

1. Have the board members acknowledged that they have read and understand the mission of the public authority? Board of Directors Response: **Yes**
2. Who has the power to appoint management of the public authority? Board of Directors Response: **Mayor of the City of Utica**
3. If the Board appoints management, do you have a policy you follow when appointing the management of the public authority. Board of Directors Response: **N/A**
4. Briefly describe the role of the Board and the role of management in the implementation of the mission.

Board of Directors Response: **The role of the Board regarding the implementation of the public authority's mission is to provide strategic input, guidance, oversight, mission authorization, policy setting and validation of the authority's mission, measurements and results. The role of management is to collaborate with the board in strategy development / strategy authorization and to implement established programs, processes, activities and policies to achieve the public authority's mission**

5. Has the Board acknowledged that they have read and understood the response to each of these questions? Board of Directors Response: **Yes**

Utica Industrial Development Agency 2023 Operations and Accomplishments

Operations:

Maintained conformity to PAAA – updated website, implemented needed reports
Continued to engage local business owners and developers as to expansion possibilities and new construction opportunities

Accomplishments:

Assisted the following business with expansions utilizing IDA benefits:

Hotel Street Owner, LLC

HSO purchased three properties on Hotel St and will connect them as one which will house limited commercial space on the first floor and residential on the upper floors. Project costs are approximately \$20M to which a minimum of 10FTEs will be employed.

Lahinch Utica III LLC

Lahinch purchased the former Mayro Building on Genesee Street for the purpose of redeveloping it. The first floor along Bank Place has a number of small retail shops and the remaining 4 floors will be residential. 17 FTEs will be hired and project costs are around \$23.6M.

Uniform Tax Exemption Policy

The UTEP is being revised to reflect the number of new project types being developed in the City of Utica. Housing projects ranging from affordable housing to mixed-use/loft style apartments to market-rate housing in the form of garden apartments and townhouses are being developed throughout the City due to Nano-Utica and the hospital being constructed downtown. Other areas of the UTEP will also be revised as to PILOT structures.

Application

Reviewed and revised IDA application to conform to best practices and expand scope of needed information.