

HVADC Board Meeting

Minutes

March 26, 2015

Present: Todd Erling, Mary Ann Johnson, Iyla Shornstein, Walter Garigliano, Ann Finnegan, March Gallagher, David Colby, Mark Doyle, David Church, Dennis Doyle

Todd introduces new Board members, March Gallagher and Ann Finnegan. Board members make their introductions.

Minutes: Todd reviews minutes from December Board meeting. There had been discussion regarding the Vermont Farm and Forest Viability program. Todd followed up with the program to learn more and described the kinds of technical assistance they offer.

Mary Ann distributes fiduciary information that needs to be signed by new board members.

Church: Which counties are not currently represented on the Board?

Todd says Laura Oswald is pending due to Washington County's three-year contract which is waiting to be renewed this summer. However, Laura has agreed to join.

Colby makes a motion to approve the December minutes. Mark Doyle seconds the motion. March and Ann abstain from voting. Board approves the minutes.

Financials: HVADC staff has been working to close out 2014 projects and obligations. There are still a few outstanding contributions from a few counties. Sullivan, Dutchess, Orange, and Columbia are all current for 2014.

Mark: Is Ronnybrook current?

Mary Ann: They are actually ahead on payments.

Todd: Farm to Table is also current. Battenkill is waiting until they fully draw down their RBEG equipment. It's on the financials as a fixed asset until it becomes a lease and then it will be in the form of a receivable. Farm to Table will finish their lease this year and Battenkill will do a five-year agreement.

Church: Can you give a description of the P/L categories for new board members?

Todd explains different lines on P/L report. Briefs Ann and March on existing projects and funding sources including Farm to Table, Hudson Valley Harvest, LTL Food Hub, RBOG, FINYS SUNY Specialty Crop Block Grant, New World Foundation—technical assistance and food hub.

March asks if the New World grant is new funding for this year, last year, or the same. Todd explains that it is a three-year commitment and we are in the final year. HVADC is having an active dialogue about what 2016 could mean and how to build another multi-year agreement. We need to determine what other foundations will come into the region. Currently, New World feels they are the only group writing checks and think that other foundations need to contribute.

Ann asks if HVADC does draw down as they assist specific customers. Todd explains that HVADC does quarterly draw downs and is reimbursed by our fiscal sponsor on a quarterly basis. We just received the check for last year's fourth quarter and will be submitting a new request soon.

Church asks if new board members received a list of third-party consultants. Mary Ann confirms that they received this information via email.

March: Did this list go out to HVADC member counties? There have been many times where we have forgotten to call you and it may be useful to disseminate this.

Todd confirms that this is a good idea.

Todd: There are two new lines for 2015. USDA NSIIC (Sheep and Goat grant) is built into the Farm Bill. A European yogurt maker based in Columbia County is looking to use domestic product. They need local efforts to be ramped up in order to make this investment, but they do have the market. The company expects an average of 300-500 goat herd per location. The grant is a \$75,000 exercise to fund the project. The consultant who is working on the project has extensive experience in getting start-up funds. Wisconsin and California have similar models to follow. Sullivan County and the Southern Tier are ideal places for these herds. One 500 goat herd facility has already begun in Sullivan. Trying to find the first public partner is difficult, but would help to offset costs.

Walter says that in Sullivan, the Center for Discovery is a partner. They were able to get a grant to purchase a farm with an easement.

The other new project is Stone Barns training. It's a USDA funded project under the Beginner Farmer Rancher program. Stone Barns was one of the first recipients of this program several years ago. They approached HVADC to be a subcontractor to provide technical assistance and business planning to people coming out of their program. Stone Barns is very high profile and well-received in many circles. Good farmers are coming out of that program.

Mary Ann: We've already assisted one and another has made an inquiry.

Walter asks for a detail on the 1201 accounts. Explains that it would be good to know who owes HVADC money so he could leverage that when they approach him for assistance. Board members could help to facilitate outstanding payments to HVADC.

Todd explains to March and Ann that he is referring to IWW where clients are responsible for 25% of the costs. About 80% of clients make good on the promise, but quite a few do not. Todd agrees to supply the board with this information.

March asks if this is a challenge. Mary Ann explains that many of these projects need ongoing assistance. Some are paid because they received a bill and other wait until project is complete. Todd says that it is HVADC policy to not bill until project is complete or client is satisfied with results. Oftentimes, they won't have cash flow until project is complete. March asks how long does HVADC wait until they write it off if someone hasn't paid.

MA: There is not much dead wood. We continue to send letters and invoices.

Walter: I don't think there needs to be a policy change. Just if the board is aware of who owes money so we have the opportunity to encourage the close out of debt before a new project.

March makes a motion to approve the financials. Walter seconds. The Board approves the financials.

Todd disseminates the Confidential Board Performance paperwork for the ABO. March and Ann do not need to fill it out because it is in retrospect to 2014.

Board takes five-minute recess so members can fill out the evaluation. Meeting resumes after five minutes.

Todd: One of the things we got noted for by the ABO was the investment policy. We put N/A because we had no investments. It turns out we need an investment policy. It was reviewed and approved by our auditors. I would ask to move and adopt it.

March makes a motion to approve investment policy. Dave Church seconds. Policy approved.

Todd: We were out of sync with our auditors last year but were told to do our best. This year the review was much more thorough.

Walter asks about new audit committee responsibilities. The law change went into effect in July 2014 requiring an audit committee. Best practices have a separate stand-alone committee.

Mary Ann: Our by-laws state that we have an executive committee and a finance committee. We have now said that the finance committee is the audit committee.

March: I will come back to you with a recommendation. I wouldn't make finance and audit committees the same.

Walter agrees. Todd says that we can come up with a change for the next board meeting.

March: Will we adopt a by-law change today?

Todd: Just a find and replace term. When we filed, we went for 501 c 3 status, but we are actually a 501 c 6. It's not a substantive change- just in terminology.

March: Should there be a consideration for a change to 501 c 3? Is there a barrier?

Todd: We have been told not to try and change it but develop something new internally. We talked about it as the Bounty program or an education component. Colby went through this process with the chamber and set up a foundation. Having a fiscal sponsor has allowed us to maneuver around these barriers.

March: Is there an administrative fee to Hudson-Mohawk RC&D?

Todd: No flat fee but we have agreed to pay any fees incurred in filing or auditing.

Board unanimously approves the financials. Board initials the paperwork and hands them to Mary Ann.

Walter: March and I recommend this addition to the by-laws (hands Todd a handwritten copy with inserted phrase regarding audit committee). It may have to wait 10 days but let's read through it.

Todd: I'm fine with saying we could get it out in writing, or we could do it at the next board meeting.

March: I think we should set up a conference call to vote on it.

March makes a motion to approve the change in by-law terminology. Mark seconds approval. Board passes change to by-laws.

Audit: You received the management letter and financial portion of the audit in your packers. We met with the accountants to review the audit and it was very clean. Management reflected on recommendations from last year and implemented actions from this past year. A new change is the adjustments to the journal entries—we previously didn't have physical evidence of this. We have put together a binder and a system to show we have reviewed the adjusted journal entries. There was also an adjustment in cash because of a grant advance from Ag and Markets that we paid out.

MA: It's just the difference in cash of last year. Advance as sitting in cash until we paid it out.

Colby: The audit was remarkably clean and showed the time and effort on Mary Ann's part.

Walter makes a motion to approve the audit. Church seconds. Board approves 2014 financial audit.

Todd updates on funding applications:

Orange County: has interest from a producer for an LFPP. Cut and pack greens company (clamshells). Cornell Cooperative Extension came to us looking for help with the grant.

Hudson Valley Young Farmers Coalition: talking about putting together a dedicated program for CSA sign-ups. We just partnered with the Hudson Opera House to do two CSA fairs. They want to do a series of membership drives in the region. Looking at a FMPP.

Church: Did we ever settle the CEDs issue?

MA: We took what we wrote as a stand-alone and incorporated part of it into the existing CEDs.

Church: Can you send the link to the board?

MA: Yes.

Dennis asks what are the really big ag-related projects HVADC would like to see funded and what would be HVADC's role.

Todd: If we could come up with a multi-region loan fund that was able to be matched.

Dennis: Identifying potential projects that could not make the CFA deadline.

March leaves meeting.

Todd: Mid-Hudson wants to go for top performer category for Round V. Capital Region wants to go for the \$500 million. Either way, HVADC is in a really good position. Sullivan has unused loan funds to help people file CFA applications. HVADC is currently assisting with this process. Other municipalities don't have unused funds. It is hard to get small businesses funded in Dutchess.

Dennie: Ulster too. There are unrestricted loan funds we could use but there are questions of how to repurpose them.

Todd: The Rudolf Steiner Foundation just made a large loan to Hudson Valley Harvest. They asked about a use for a loan fund in the Hudson Valley.

Church: We had spoken about a board retreat which we haven't had. Board meeting don't get around to covering programmatic issues. What is the CFA going to look like this year?

Todd: Probably one mega-one with a July/August deadline. Expecting a minimum of \$90 million for top performer category. Non-winning regions will have a higher cumulative total than winning regions in the past. Last year, HVADC was not an applicant but we have been previously. We decided to assist businesses with applications so we don't get sucked into administrative roles. In previous year, applications had to flow through a nonprofit applicant. This year, we could see ourselves being an applicant for a loan fund, but not an individual entrepreneurial project.

Walter: Many food producers have a window through the RBEG applications.

Todd: Entrepreneurs are being pre-positioned for the CFA through RBEG applications. HVADC is working with Sullivan County businesses on RBEG applications that are prepositioned for CFA.

Walter: There is an application HVADC may want to consider. A farmer training program grant for a food hub. HVADC has the experience to do it and it makes sense as a CFA project. Could leverage RBEG funds.

Todd: I like that idea. There are also workforce development funds. '

Dennis: Why not have HVADC be the owner of a freezer facility? That's a conversation we could have.

Todd: We have an adaptive re-use study and I have some experience in adaptive re-use and multi-purpose development. We need to look at capacity building from partners to enable something like that.

Dennis: If they are willing to have a discussion, we should have that discussion. Especially if the facility is sitting there unutilized. It's a remarkable facility with a lot of resources to pull funds from.

Mark: It is in our bylaws that we can be the owner of property, but it's not in our core mission.

Todd: We would have to show activity to justify it. It would be good to have March in on this dialogue.

Other Updates

Todd: we handed out a printed PowerPoint to you. LEP asked us to present about HVADC to their staff. It's useful internally so we have material to offer.

We have also been approached by Rural Development to help create a program of value chain facilitators. Should be focusing more on technical assistance and people than on brick and mortar food hubs. HVADC has been help up as a good example of success. A Penn State grad student has been made available to us through the USDA. USDA wants her to be able to justify funding a program to USDA and the White House. We are trying to coordinate having her as a resource.

We are also working with Fair Food Philly as a cohort. They run a market break-even exercise. They to come up with outside funding for technical assistance.

We've gotten great feedback on our new website which allows better interaction around the valley.

Walter: Who created it? Can you send their contact info?

Todd: Dandelion Design. And yes.

Church: You did an internal program audit for Hudson Valley Bounty. Did the board see this?

Todd: We thought it would be good material for the retreat. It's an extensive conversation.

Church suggests we should do the retreat before the CFA round. Requests doing it in early May or late April. Walter offers to help find a location. Todd will have Iyla send out a Doodle poll for availability. Board agrees that it must be scheduled for a full day. Iyla will make Doodle poll for last week in April.

Walter asks if funding partners should be invited and Dennis asks about consultants. Church feels it might be a strange dynamic having both consultants and funders. Mary Ann says we could probably have more than one funder present. Todd suggests David Haight from AFT as well as Joe Eisenberg from Stone Barns.

Dave Colby leaves meeting.

Church agrees to work on an agenda and logistics for retreat.

Church: Anything else?

Todd: Only other big picture item is that Farm to Table and Winter Sun are becoming a B Corp. It's a really exciting new template.

No other issues to discuss at present.

Board Meeting Adjourned.