

DRAFT

Middletown
Community Development Agency
Annual Report

Year ending 12/31/18

**MIDDLETOWNCOMMUNITY DEVELOPMENT AGENCY
BOARD AND MANAGEMENT
2018**

Consistent with the Urban Renewal plan, adopted by the City of Middletown Common Council and the Middletown Community Development Agency, "The (Agency) Board shall consist of the current Mayor and Common Council in any given year, with the Mayor serving as Chairman.

CHAIRMAN: Joseph M. DeStefano

VICE CHAIRMAN: Paul Johnson

BOARD MEMBERS: Thomas Burr
Andrew Green
Jude A. Jean-Francois
Gerald P. Kleiner
Joseph G. Masi
Kate Ramkissoon
J. Miguel Rodrigues
Sparrow Tobin

Executive Director: Maria Bruni
Secretary: Patricia Racine
Treasurer: Donald Paris
MCDA Counsel: Eugene Grillo

**MIDDLETOWN COMMUNITY DEVELOPMENT AGENCY
2018 COMMITTEES**

Established July 1, 2014

Governance: J. Miguel Rodrigues, Sparrow Tobin, Paul Johnson

Finance: Joseph Masi, Kate Ramkissoon, Andrew Green, Paul Johnson

Audit: Jude Jean-Francois, Gerald Kleiner, Thomas Burr

**MIDDLETOWN COMMUNITY DEVELOPMENT AGENCY
ENABLING STATUTE**

N.Y. GMU. LAW § 601-a: NY Code - Section 601-A: Middletown community development agency - A community development agency, to be known as the Middletown community development agency, is hereby established for the accomplishment of any or all of the purposes specified in articles fifteen and fifteen-A of this chapter and in accordance with article eighteen of the constitution of the state of New York. It shall constitute a body corporate and politic, be perpetual in duration and consist of the members of the city council and the mayor who shall be the chairman. It shall have the powers and duties now or hereafter conferred by article fifteen-A of this chapter upon municipal urban renewal agencies. It shall be organized in the manner prescribed by and be subject to the provisions of article fifteen-A of this chapter and the agency, its members, officers, and employees and its operations and activities shall in all respects be governed by the provisions of such article.

MIDDLETOWN COMMUNITY DEVELOPMENT AGENCY
MANAGEMENT'S ASSESSMENT
OF THE AUTHORITY'S INTERNAL CONTROL STRUCTURE AND PROCEDURES
2018

A. Define the Authority's Major Business Functions

The Middletown Community Development Agency reviewed and re-adopted the Bylaws of the Middletown Community Development Agency policies, procedures and guidelines were re-adopted on March 20, 2018 along with a mission statement and performance goals. These documents articulate the mission of the authority, determine its primary operating responsibilities, define its objectives, ensure they are understood by staff, guide staff in the operation of the Agency and provide methods and procedures used to assess the effectiveness of those functions.

B. Determine the Risks Associated with Its Operations

All financial decisions and expenditures are approved by the full board after recommendation by any of the following: a member of the Executive Management Team, Finance Committee, Audit Committee or auditor.

C. Identify the Internal Control Systems in Place

Payment of expenditures: prepared by the secretary, approved by the Executive Director, the Treasurer, Chairman and Agency Board before payment is made. Checks transfers/withdrawals require two signatures.

D. Assess the Extent to Which the Internal Control System is Effective

The Agency's auditor has assessed the internal control structure and has found no issues. (Please see the Auditor's Report on Internal Control included in the audit for the year ending 12/31/2018, page 11, section 19.) "We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Agency's ability to record process, summarize and report financial data."

E. Take Corrective Action

No corrective action is warranted at this time.

This statement certifies that the MIDDLETOWN COMMUNITY DEVELOPMENT AGENCY followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending December 31, 2018. There were no deficiencies evident as corroborated by the Agency auditor.

**MIDDLETOWN COMMUNITY DEVELOPMENT AGENCY
INVESTMENT REPORT
2018**

The Community Development Agency acquired 14 properties from the City of Middletown for consideration with the understanding that the properties would be part of the Agency's Home Ownership Program. Those properties are:

28 Beacon Street	135 Linden Avenue
70 Beattie Avenue	49 Prince Street
182 Cottage Street	13 Ridge Street
7 Genung Street	186 Wickham Avenue
168 Linden Avenue	198 Wickham Avenue
84 Linden Avenue	149A Wisner Avenue

The City of Middletown transferred several properties to the Agency. The value of these properties is equal to the outstanding property tax due the City at time of transfer. This amount totals to \$287,215. The Agency, upon sale of the property, will pay the tax lien on the property. For the purposes of PARIS reporting the auditor has assigned a property value equal to the value of taxes owed on the properties.

A closing was held for 20 Amchir Avenue (January, 12, 2018).

182 Cottage is awaiting sale.

Farr Engineering was hired to inspect the current properties and conduct preliminary environmental testing.

The initial, pre-rehabilitation, appraisal on the 2018 project properties:

13 Ridge Street: \$75,000
49 Prince Street: \$70,000

Bids were awarded as follows:

13 Ridge: \$135,500
49 Prince: \$136,150

The final appraisal, post-rehabilitation, on the properties:

13 Ridge Street: \$160,000
49 Prince Street: \$170,000

MIDDLETOWN COMMUNITY DEVELOPMENT AGENCY

MISSION STATEMENT AND PERFORMANCE GOALS

Mission Statement: (Initially adopted June 03, 2014; readopted March 20, 2018)

The Middletown Community Development Agency's purpose is to plan and implement programs involving the rehabilitation and revitalization of both the residential and commercial sectors of the City of Middletown, foster economic growth, provide assistance to public service organizations, eliminate blight, promoted neighborhood stabilization, and improve housing opportunities for low- and moderate-income residents of the City of Middletown.

The Middletown Community Development Agency will implement its mission by undertaking initiatives principally geared toward the elimination of blighted and deteriorated conditions existing among the City's residential and commercial properties. The Middletown Community Development Agency will acquire blighted properties, provide resources for rehabilitation of acquired properties, and will create financing mechanisms to allow for the acquisition and rehabilitation of properties for homeownership by low- and moderate-income residents.

Funding:

The Middletown Community Development Agency will be capitalized with municipal resources as well as other state and federal financial resources.

History:

The City of Middletown Community Development Agency is a public benefit corporation which was authorized to be reestablished by New York State legislation on July 18, 2012 at the request of the City of Middletown. It functions as an "Urban Renewal Agency" under Articles 15, 15-A, and Section 633 of Article 15-B of the General Municipal Laws of the State of New York and was enacted into law as Chapter 200 of the Laws of 2012, While it is an independent entity from the City of Middletown government, the City of Middletown Common Council and Mayor are the members of the Middletown Community Development Agency Board of Directors pursuant to Section 601-a of the New York General Municipal Law. The Common Council has adopted the City of Middletown Urban Renewal Plan which will guide the operation of the Middletown Community Development Agency.

Middletown Community Development Agency Performance Goals: (Initially adopted June 03, 2014; readopted March 20, 2018)

- Operate in a fiscally conscientious and responsible manner.
- To continually assess the needs of the City's residents, and to strive to apply the Agency's services where they will create the most benefit and community vitality.
- To meet the needs of the community by working to secure state and federal funding for City and community priorities.
- To cultivate community trust and engagement by operating in a transparent and easily accessible manner.
- To meet the needs of the residents of the City of Middletown by supporting local public service agencies and programs.
- Assist City of Middletown municipal departments including Code Enforcement, Office of Economic and Community Development and the Department of Public Works to identify blighted properties and assist in the rehabilitation and repositioning of subject properties through funding programs aimed at the removal of blight in residential neighborhoods and improve the economic development of the City.

Additional Questions:

1. Have the board members acknowledged that they have read and understood the mission of the public authority?

Board members have read and adopted the mission statement and performance goals and have signed the Acknowledgement of Fiduciary Duties.

2. Who has the power to appoint the management of the public authority?

Board members appoint the management of the public authority.

3. If the Board appoints management, do you have a policy you follow when you appoint the management of the public authority?

Yes, the compensation, reimbursement and attendance policy states:

“The officers, employees and agents of the Agency shall serve at the pleasure of the Agency at such compensation levels as may be approved by the Board.”

4. Briefly describe the role of the Board and the role of management in the implementation of the mission.

The role of each management position is described in the bylaws of the Agency, generally to carry out the business of the agency with the specific approval of the board members.

The powers and duties of the board members, as described in the MCDA bylaws “...are set forth in Article Fifteen A (15A) of the General Municipal Law of the State of New York. The members of the Board shall perform such duties as are incumbent upon them by reason of their office and such other duties as are incidental to the office and which may from time to time be authorized by resolution of the MCDA. The MCDA Board may create such committees, and delegate to those committees powers, as it deems appropriate or as otherwise required by New York State law.”

5. Has the Board acknowledged that they have read and understood the responses to each of these questions?

By their vote to adopt each annual report and their signature upon the Acknowledgement of Fiduciary Duties the board members acknowledge that they have read and understood the responses to each of these questions.

**MIDDLETOWN COMMUNITY DEVELOPMENT AGENCY
OPERATIONS AND ACCOMPLISHMENT REPORT
2018**

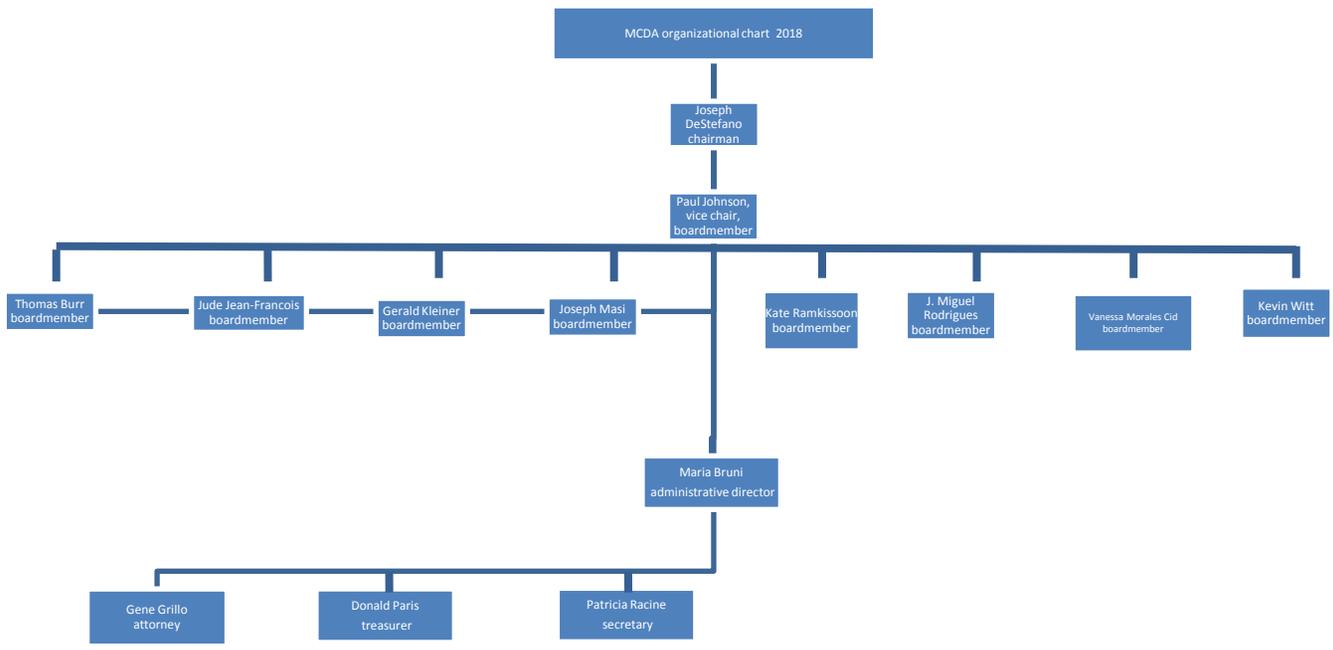
The Middletown Community Development Agency has completed its fourth year of full operations. This year's activities revolved around the rehabilitation of two homes for the Agency's Homeownership Program. Bids were received and contracts were awarded for 13 Ridge and 49 Prince St.

The Agency realized the sale of 20 Amchir Avenue which was rehabilitated during 2017

The 2017 Annual Report and Audit were submitted to New York State.

PathStone continues to conduct homebuyer education and counseling for the Middletown Homeownership Program. The current construction projects already have prospective homeowners.

The 2019 proposed budget was approved.



MIDDLETOWN COMMUNITY DEVELOPMENT AGENCY
PERFORMANCE MEASURES REPORT
2018

The Middletown Community Development Agency in keeping with their mission statement and performance goals has operated in a fiscally conscientious and responsible manner as evidenced by the accompanying financial audit.

The Agency, in accordance with its performance goals, continually assesses the needs of the City's residents and strives to apply the Agency's services where they will create the most benefit through the City of Middletown's CDBG Consolidated Plan, interaction with other City entities and local agencies.

The Agency consistently seeks additional funding for City and community priorities.

The Agency utilizes open meetings, a strong, consistent internet presence and any other method at its disposal to operate in a transparent and easily accessible manner.

The Agency communicates regularly with City departments to identify blighted properties and assist in the rehabilitation and reposition of subject properties through funding aimed at the removal of blight in residential neighborhoods and to improve the economic climate of the City.

**MIDDLETOWN COMMUNITY DEVELOPMENT AGENCY
REAL PROPERTY REPORT
2018**

The Community Development Agency currently owns 12 properties received from the City of Middletown for consideration with the understanding that they would be part of the Agency's Home Ownership Program. The Agency, after rehabilitation and upon sale of the property, will pay the tax lien on the property. The value of these properties, as set by the IDA auditors is equal to the outstanding property tax due the City at time of transfer. This amount totals to \$287,215 per the 2016 agency audit.

The properties still owned by the Community Development Agency in 2018 are as follows:

28 Beacon Street
70 Beattie Avenue
182 Cottage Street
7 Genung Street
168 Linden Avenue
84 Linden Avenue
135 Linden Avenue
49 Prince Street
13 Ridge Street
186 Wickham Avenue
198 Wickham Avenue
149A Wisner Avenue

Prince and Ridge are part of the current 2018 project.

The rehabilitation manager oversees the security of the properties with the assistance of the City of Middletown Police Department and Code Enforcement.

The City of Middletown is responsible for the maintenance per City of Middletown Common Council Resolution Index # 56-16 dated February 2, 2016.

**MIDDLETOWN COMMUNITY DEVELOPMENT AGENCY
SCHEDULE OF DEBT
2018**

Please see the 2018 audit attached to this annual report for full review of the Agency's financial situation.

The Agency has a loan from the City of Middletown totaling \$50,000, as of December 31, 2016. The City of Middletown note is non-interest bearing and callable at any time.

The Agency also has 2 loans from Community Capital of New York ("CCNY") at 6% interest. These loans assisted the Agency with the renovation and redevelopment of:

182 Cottage Street: note due in full in June, 2019, \$111,725

13 Ridge Street: note due in full on October 3, 2019, \$145,800

in accordance with the implementation of the Urban Renewal Plan.