# **AUDIT REPORT**

# HERITAGE FINANCIAL PARK (FKA DUTCHESS STADIUM)

JANUARY 1, 2020-DECEMBER 31, 2022



OCTOBER 2023



OFFICE OF THE

DUTCHESS COUNTY COMPTROLLER

Robin L. Lois, Comptroller

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Dear County Officials and Taxpayers,

The Dutchess County Comptroller's Office has completed a follow-up audit from our last report on the Dutchess Stadium for the period January 1, 2020 to December 31, 2022. The objective of this audit is to review and report on the current lease agreements with the tenant, provide an update on capital projects including funding sources, and to examine the Stadium's revenue and expenditures since our last review published in November 2020 for the years 2015 to 2019.

The Stadium ownership, lease agreements, and naming rights have all changed since our 2020 review. The Stadium name has been sold to Heritage Financial Credit Union in March of 2023 and the Stadium is now called Heritage Financial Park. The Hudson Valley Renegades, owned previously by the Goldklang Group, were sold to their current owner, DBH Hudson Valley, LLC in December 2021. The lease arrangement between the Renegades and the County has been updated three times between June 2021 and September 2023.

Our audit has found that the Stadium's net operational cost to the County has increased since our last review, with the subsidy more than doubling from (\$134,008) in 2017 to (\$320,325) in 2022 and an estimated subsidy of (\$422,594) in 2023. Although our prior audit recommended that the administration negotiate a more equitable lease arrangement in order to protect taxpayer dollars, this renegotiation did not result in a more favorable outcome for the County. The most recent lease amendment executed in September 2023 for the full year beginning January 2023 and expiring December 31, 2046, still does not ensure revenues cover current operating expenses, including the cost of debt service for Stadium improvements.

Although the Stadium is budgeted and managed under the County Department of Public Works Parks Division, residents do not have free access to the stadium and its amenities as with a public park. The Stadium is not managed by the County as a public park but operated by a for-profit organization and should therefore be held to a different and higher standard for its tolerance of taxpayer funding. Our audit continues to recommend that the administration, as stewards of taxpayer funds, renegotiate a more equitable lease arrangement with the tenant to ensure taxpayers are not subsidizing a for-profit entity.

The County has committed over \$30 million in capital improvements to the Stadium beginning in 2018. Current construction of a new home team Clubhouse with a conference/event space and additional premium seating is underway with completion scheduled for use beginning in the 2024 season. This project was funded with a \$25 million last minute amendment to the 2023 operating budget by the County Legislature.

The Comptroller's Office will continue to monitor and report on the revenue, expenses, and capital expenditures of the Stadium. We thank the Commissioner and Deputy Commissioner of the Department of Public works and their staff for their assistance and support in gathering the necessary information to conduct this audit.

Respectfully submitted,

Robin L. Lois

**Dutchess County Comptroller** 

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# **Background**

Dutchess Stadium is located at 1500 NY-9D, Wappingers Falls in the Town of Fishkill, New York and is primarily used as the minor league baseball home of the Hudson Valley Renegades. The facility began operations in 1994 and is situated on approximately 33+ acres of land now owned by Dutchess County. The stadium is part of the County's Park system and is under the auspices of the Department of Public Works. The Stadium also hosts other recreational, entertainment, and public events.

# **Notable Changes Subsequent to 2020 Review**

This is a follow-up review of the Comptroller's November 2020 audit report. The ownership of the Hudson Valley Renegades (the tenant), the ownership of the land, and the lease arrangement between the tenant and the County has changed since our 2020 review:

- The land was purchased by the County in June 2021 from the Beacon City School District for **\$634,082**, making the park a wholly County-owned asset.
- In December 2021, the Hudson Valley Renegades were sold by the Goldklang Group to DBH Hudson Valley, LLC, a Delaware limited liability company.
- In September 2022, DBH Hudson Valley, LLC sold the Hudson Valley Renegades and nine other minor league baseball teams to Silver Lake Partners & Alpine. "Silver Lake is a global technology investment firm with more than \$88 billion in combined assets under management and committed capital and a team of professionals based in North America, Europe and Asia." DBH's name, management, and mission will remain the same under Silver Lake's ownership.
- A long-term partnership between the Hudson Valley Renegades and Heritage Financial Credit Union was announced in March 2023. The Stadium originally opened in 1994 with the name "Dutchess Stadium." Upon the transfer of naming-rights the Stadium is now known as "Heritage Financial Park." Terms of the arrangement are unannounced and unknown to the Comptroller's Office.





Updated welcome sign and entrance to Heritage Financial Park, September 2023

<sup>1</sup> https://www.silverlake.com/diamond-baseball-holdings-announces-partnership-with-silver-lake/

# **Brief History of Stadium Operations**

The County assumed ownership of the Stadium facility from Hudson Valley Stadium Corporation (HVSC) in 1995. HVSC continued to oversee the Stadium operations until September 2006.

In December of 2006, the County entered into its first lease agreement with Keystone Professional Baseball Club (Keystone) d/b/a The Hudson Valley Renegades for a 10-year term (1/1/2007-12/31/2016).

- On 12/13/2016 the Keystone lease was extended for one year, ending 12/31/17.
- On 7/20/2018 the Keystone lease was extended for one year, ending 12/31/18.
- On 4/1/2019 the Keystone lease was extended for 5 years, from 1/1/19 to 12/31/23.
- On 6/17/2021 the County received authorization to enter into a new lease agreement with Keystone from 1/1/2022 to 12/31/2046 via Resolution No. 2021088.
- On 6/18/2021 the County entered into the new 25-year lease agreement with Keystone (Contract #22-0001) for 1/1/2022-12/31/2046. This lease never went into effect as the below lease superseded this lease prior to the start date.
- On 12/21/2021, the County signed a new lease agreement with Keystone (Contract #22-0257) for a 25-year period from 1/1/2022-12/31/2046. A summary of the lease agreement can be found in **Exhibit I**.
- On 12/21/2021, the same day the above lease was signed, all lease amendments through 12/31/2021 and the new lease agreement (1/1/2022-12/31/2046) were assigned to DBH Hudson Valley, LLC (DBH & the Club). A summary of the lease agreement can be found in **Exhibit II**.
- On 9/29/2022, the Club's parent entity, DBH Hudson Valley, LLC was acquired by Silver Lake Partners.
- On 3/1/2023, DBH entered into an agreement in which it granted ballpark naming rights, advertising, and promotional rights to Heritage Financial Credit Union.
- On 7/11/2023 Resolution No. 2023142 was passed to approve the amendment of lease Contract #22-0257 with DBH. The amendment included changes to Base Rent, the County's share of the Club's special events, the naming rights/Route 84 sign arrangement, Parking, and Banquet/Event space. A summary of changes to the 2021 Lease are included in Exhibit I.

# **Scope & Objective**

Our review included the lease arrangements, revenue and expenses, and capital projects for the Stadium from January 1, 2020, to December 31, 2022. The objective of this audit is to review and report on the current lease agreements with the tenant, provide an update on capital projects including funding sources, and to examine the Stadium's revenue and expenditures since our last review in 2019.

# **Methodology**

This audit included a review of:

- Lease and Lease Amendments between County and Tenant
- Contract Agreements between County and Vendors
- Review of Operating Revenue and Expenses
  - DPW Parks Division Revenue Collection
    - Rental of Real Property
    - Parking Tickets & Special Events
  - DPW Parks Division Review of Expenses
    - Maintenance in Lieu, Salary & Fringe Benefits, Judgements & Claims
    - Net Cost/County Cost
- Capital Improvement Projects
  - Budgets & Budget Amendment Tracking
  - Funding Sources
    - Serial Bonds, Empire State Development Grant, Fund Balance
  - Review of Details and Expenditures for Various Capital Projects
    - Detailed Review of Expenditures

Information for this report was derived from resolutions, contract agreements, County financial records, interviews, and correspondence.

# **Organization and Oversight**

The Department of Public Works (DPW) Commissioner is the overseer of the Parks Division under the direction and oversight of the County Administration. In addition, supervision of the Parks Administration is provided by the Deputy Commissioner of Public Works. The Parks Director provides oversight of the day-today operations including general maintenance. Collaboratively working with the tenant, the County establishes goals and objectives which are made a part of the contract agreements. During the audited period, capital improvements were made to the Stadium. Oversight of capital projects is primarily conducted by the DPW Administration.

# Comptroller's Observation & Opinion

The Stadium's net operational cost to the County has increased since our last review with costs more than doubling over the last five years. Our prior audit recommended that the administration negotiate a more equitable lease arrangement to ensure that taxpayers are not subsidizing the lessor. The most recent leases from 2021-2023 do not ensure revenue covers County expenses.

During the reporting period of 2015-2022 and audit period of 2020-2022, net costs for the operation of the stadium were as low as (\$134,008) in 2017, and as high as (\$479,711) in 2020. Revenues are not sufficient to compensate for the full costs of the Stadium. Detailed expenses by line item can be found in the Expense Detail section below. The increase in total expenses is driven mainly by increases in building repairs and debt service

Although the Stadium is budgeted and managed under the County Department of Public Works Parks division, residents do not have free access to the stadium and its amenities as with a public park. Resident access to the stadium requires a parking fee of \$5-\$10<sup>1</sup> per car and the purchase of baseball game tickets ranges from \$6-\$67<sup>2</sup> per seat. It should also be noted that the Stadium is not operated by the County in the same manner as a County Park. It is operated by a for-profit organization that leases the Stadium for their operation of hosting Minor League Baseball.

It is the opinion of the Comptroller that this for-profit operated park should be held to a different and higher standard for its tolerance of taxpayer funds on covering the Stadium shortfall.

We recommend that the administration, as stewards of taxpayer funds, renegotiate a more equitable lease arrangement with the minor league tenant and focus on cost savings measures to lower expenses. Stadium operations should strive for no or little subsidy from taxpayers to the tenant as a for-profit entity.

<sup>1</sup> https://www.milb.com/hudson-valley/tickets/know-before-you-go

<sup>2</sup> Renegades General Manager

# **Summary of Findings**

- The County Sheriff's Office is providing police protection at the Stadium without a current contract. The most recent agreement included the services to be provided between May 1, 2021 and April 30, 2022.
- The Capital Project budget for stadium improvements was not reduced from \$11.6 million to \$2.3 million, reflecting the reallocation of American Rescue Plan (ARP) funds from the Stadium to the Housing Trust Fund. This resulted in the Stadium's budget of \$11.6 million being available to spend.
- Proof of Commercial General Liability Insurance coverage for the period 1/25/2020-1/25/2021 was not submitted by Keystone as required by the lease.
- Utility revenue was not billed and collected from the tenant for 2021 as required by the lease.
- The Club/Tenant did not submit a calendar of events or pay the County's share of 2022 special event revenue timely as dictated by the lease arrangement. Interest for late payment was also not paid as required by the lease.

# **Summary of Recommendations**

- The Sheriff's Office should have an executed contract to provide protection at the Stadium. The County Attorney's Office is working on the contract execution as of the writing of this report.
- Budget reductions should be reflected in the capital general ledger and project account with the changes
  authorized by Resolutions. DPW has indicated that this project is scheduled to close at the end of this year,
  releasing the budget authority.
- It is crucial to have commercial General Liability insurance coverage for events occurring at County-owned assets like the Stadium. Proof of liability insurance must be monitored and obtained annually.
- The County's lease administrator must ensure all terms of the lease are adhered to and that all revenue
  is collected in accordance with the lease terms. The 2021 utility invoice was generated and billed to the
  tenant in October 2023.
- The Club/Tenant must submit the calendar of events and the County's portion of event revenue on the schedule as dictated by the lease arrangement. The Tenant should pay the County the interest payments for the late payment on the 2022 special event revenue.

# **Summary of Operations**

# **Operating Funds**

The Stadium's operational expenses are budgeted in General Fund account A.7110.66, as a sub department in the DPW Parks Division. Additional expenses include Maintenance in Lieu of Rent (MILR), which is incurred and paid out of DPW Buildings and administrative departments for occupancy related costs for the maintenance of county-owned buildings. Salary and Fringe expenses for some DPW employees working at the stadium is tracked and recorded in this account.

# **Operational Net Cost**

The net cost for operating funds represents the County costs incurred for each year after operational revenues were applied. This chart trends the net cost from our prior review to current.

OPERATIONAL NET COST	2015	2016	2017	2018	2019	2020	2021	2022	2023 Estimate***
Tenant Lease Contract #	07-0026	07-0026 A1	07-0026 A2	07-0026 A3	07-0026 A4	07-0026 A4	07-0026 A4	22-0257	22-0257
Revenue Stadium	\$262,918	\$265,049	\$283,256	\$281,514	\$274,106	\$37,203	\$267,425*	\$1,020,774**	\$588,000
Expenses Stadium	(293,878)	(287,767)	(306,179)	(376,422)	(320,327)	(431,172)	(456,518)	(1,251,169)**	(965,629)
Net (Cost) Surplus - Dept. Only	(\$30,960)	(\$22,718)	(\$22,923)	(\$94,908)	(\$46,221)	(\$393,969)	(\$189,093)	(\$230,394)	(\$377,629)
Expenses MILR	(\$102,609)	(\$91,657)	(\$72,839)	(\$107,523)	(\$92,577)	(\$55,705)	(\$70,774)	(\$62,820)	(\$31,410)
Expenses Highway and Parks estimated Salary and Fringe Benefits	(19,408)	(24,520)	(38,246)	(41,307)	(27,702)	(30,037)	(73,227)	(27,110)	(13,555)
A1910 Judgements & Claims	-	-	-	(13,176)	-	-	-	-	-
Total Non-Department Expenses	(\$122,017)	(\$116,177)	(\$111,085)	(\$162,006)	(\$120,279)	(\$85,742)	(\$144,001)	(\$89,930)	(\$44,965)
Net (Cost) Surplus	(\$152,977)	(\$138,895)	(\$134,008)	(\$256,914)	(\$166,500)	(\$479,711)	(\$333,094)	(\$320,325)	(\$422,594)

<sup>\*2021</sup> Revenue includes one-time payment of damage to stadium lot (\$7,025).

# Observations:

- Serial bond principal and interest payments are included in expenses for the Stadium. In 2020-2022, a total of \$3,424,000 in new debt has been issued and principal and interest expenses are scheduled to go up. These expenses will contribute to the future net cost to the County, with the projected net cost for 2023 at (\$422,594).
- Based on a review of the net cost from 2015-2022, the most significant change in net cost occurred in 2020. In 2020, the County only received partial annual base rent in the amount of **\$30,000**.
- In 2020 the Stadium did not have any events due to the pandemic, which resulted in no revenue received for Sales & Permits. However, there was still a significant number of expenses & financial obligations including the debt principal and interest payment.
- There is an understatement in MILR allocated expenditures and net cost in 2020-2022. There was a change
  in the DPW Parks Division Department personnel, and records were not kept allocating the Parks Division's
  Department salary and fringe benefits for the time worked at the stadium. See MILR expense detail chart below.
- A 25-year lease agreement was renegotiated in 2022 under a new contract (#22-0257) which stipulates the County's commitment to invest in multiple capital improvements.

<sup>\*\*2022</sup> Revenue & Expenses includes one-time payment of FEMA assistance for COVID (\$1,050) and transfer to cover land purchase (\$634,082).

<sup>\*\*\*</sup>Estimates thru year-end, with operating expenses based on 2023 budget.
Estimated 2023 MILR, Highway and Parks expenses - 1/2 of prior year.

### **Revenue Detail**

Revenues recorded predominantly represent the contracted lease agreement with the Hudson Valley Renegades to operate at the Stadium.

REVENUE	2015	2016	2017	2018	2019	2020	2021	2022
Rental of Real Property	\$233,000	\$233,000	\$258,000	\$258,000	\$258,000	\$30,000	\$258,000	\$308,000
Sales/Permits	19,400	19,600	9,800	8,200	2,000	-	2,400	4,800
Other Revenue	260	3,014	-	833	960	-	7,025	-
Utility Revenue (Water, Sewer, Heating)	10,258	9,436	15,456	14,482	13,146	7,203	-	72,842*
Emergency Disaster Assistance	-	-	-	-	-	-	-	1,050
Federal Aid-American Rescue Plan (ARP)	-	-	-	-	-	-	-	634,082
TOTAL REVENUE	\$262,918	\$265,049	\$283,256	\$281,514	\$274,106	\$37,203	\$267,425	\$1,020,774

<sup>\*2022</sup> parking revenue.

## Observation:

- The increase in federal revenue from ARP (American Rescue Plan) funding in 2022 was for the purchase of land from the Beacon City School District.
- 2022 Utility Revenue in the amount of **\$72,842**, represents parking revenue related to special events in the amount of **\$5,260** and **\$67,582** in parking revenue for the remainder of the 2022 season. In prior years, Utility Revenue was for the reimbursement of water and gas which is now paid directly by the tenant.
- In 2022, a one-time payment in the amount of \$1,050 was received from FEMA for COVID testing.

# **Rental of Real Property**

Contract #07-0026 dated December 21, 2006, and Contract #22-0257 dated June 14, 2021, between Dutchess County and the Club, gives the Club exclusive rights to occupy and use the Stadium and all its facilities for the purpose of operating a professional baseball team and conducting or arranging other events. Additional details of the contract may be found at **Exhibit I**. After 30 days, in which any payment is past due, the amount owed shall bear interest at double the prime rate as then published in Wall Street Journal but not to exceed 8%.

### Observation:

• The 2020 baseball season was canceled due to the COVID pandemic and only partial payment of the rent was received. The 2021 lease prorated the balance of the 2020 rent into the annual base rent increase. The years and amounts of the proration are not detailed in the lease agreement.

# **Additional Rent**

Contract #07-0026 provides for the Club to pay additional rent for mass gatherings that are non-baseball events with more than 1,500 attendees.

Contract #22-0257 provides for the County to receive 17.5% of gross revenue received by the club for "Special" non-baseball events. More details of the contract can be found on **Exhibit I**. After any payment is past due for 30 days, the amount owed shall bear interest at double the prime rate as published in Wall Street Journal not to exceed 8%.

Additional Rent	2015	2016	2017	2018	2019	2020	2021	2022
Fireworks	\$4,400	\$4,600	\$4,800	\$3,200	\$2,000	\$0	\$2,400	\$4,800
K Fest	10,000	10,000	-	-	-	-	-	-
Mass Gathering	5,000	5,000	5,000	5,000	-	-	-	-
TOTAL ADDITIONAL RENT REVENUE	\$19,400	\$19,600	\$9,800	\$8,200	\$2,000	\$0	\$2,400	\$4,800

# Finding:

• Interest charges for late payment were not collected as dictated by the lease agreement. For 2022, the calendar of special events was not submitted to the County by January 1st and updated by the 1st of every month thereafter. The payment schedule was not followed and the County's share of 5% of gross revenue was received in December 2022.

### Recommendation:

• The Club/Tenant must submit calendar updates of special events by January 1st and update to add newly scheduled events by the 1st of every month as dictated by the lease arrangement. The payment provision must be followed to submit the County's portion of 5% of the gross revenue. The Club must submit payment by July 31st for all the events occurring between 1/1-4/30; October 31st for all the events occurring between 5/1-8/31; January 15th of the following year for all the events occurring between 9/1-11/30, and February 28th of the following year for all the events occurring between 12/1-12/31. Interest charges (double the prime rate but not to exceed 8%) should be calculated and billed to the club for late payments.

# **Utility Revenue**

Contract #07-0026 requires for the reimbursement of utilities for the years through 2021. The County paid water and gas for the Stadium directly during that period. The Club is then billed for these utility costs upon an annual utility reconciliation. Electric utilities are paid directly by the Club.

Contract #22-0257 for 2022 now provides that the Club is responsible for paying all utility costs directly to the utility provider.

Below is the cost of Utilities and Reimbursement Revenue received from 2015-2022.

UTILITIES	2015	2016	2017	2018	2019	2020	2021	2022
Gas-Public Utilities	\$3,802	\$3,314	\$7,790	\$5,657	\$4,894	\$4,689	\$5,293	\$0
Water	6,456	6,122	7,666	8,541	8,421	2,514	8,070	-
TOTAL UTILITY EXPENSES	\$10,258	\$9,436	\$15,456	\$14,198	\$13,315	\$7,203	\$13,363	\$0
TOTAL UTILITY REVENUE	\$10,258	\$9,436	\$15,456	\$14,482	\$13,146	\$7,203	\$0	\$0

# Finding:

• For year 2021 the County did not receive the revenue for utilities.

### Recommendation:

• A reconciliation must be done to bill the Club for utilities and interest for late payment (an invoice was generated and sent to the tenant in October 2023).

# **Expense Detail**

Appropriations for operating costs are budgeted annually for the Stadium in the general fund account A.7110.66, a sub department in the DPW Parks Division. Expenses for the time period reviewed follow:

ACCOUNT	EXPENSES	2015	2016	2017	2018	2019	2020	2021	2022	2023 (Budget)	Total YTD Exp. through 9/30/2023
2001	Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$634,082	\$0	\$0
2500.05	Other Equipment 5 YEAR	-	-	-	-	-	-	12,451	-	-	-
2800	Building Improvements	-	-	-	28,187	-	-	-	-	-	-
4102	Parts & Supplies - Auto, Equip	-	-	-	-	-	-	12	72	1,000	-
4105	Building & Maintenance Parts, Supplies & Tools	4,623	4,944	6,840	11,187	11,155	4,500	14,282	10,152	15,000	7,561
4108	Bituminous Concrete	-	-	-	-	519	-	488	-	2,500	-
4118	Field Supplies	-	-	-	-	-	2,000	374	30	500	430
4123	Safety supplies	-	-	-	-	-	-	-	-	1,300	-
4133	Gravel, Fill & Stone	44	893	-	130	-	-	6,189	176	3,000	1,862
4160	Office Supplies	208	208	-	-	39	-	-	-	-	-
4210	Gas-Public Utilities	3,802	3,314	7,790	5,657	4,894	4,689	5,293	-	-	-
4240	Water	6,456	6,122	7,666	8,541	8,421	2,514	8,070	-	-	-
4401.105	Professional Services	1,875	1,125	1,875	1,875	517	6,435	11,913	23,158	11,200	3,130
4570.62	Rental/Lease - Equipment	685	-	3,000	298	7,525	-	-	92	2,000	268
4571.63	Rental/Lease - Real Property	30,000	30,000	30,650	30,650	29,400	29,400	29,400	10,149	-	-
4606	Janitorial Supplies	-	-	-	-	2,250	-	-	-	-	-
4607	Professional License & Permit Fee	200	200	200	200	200	200	200	310	200	-
4609	Maintenance-Service Contracts	7,436	6,617	11,899	11,751	10,171	13,690	12,798	10,908	15,000	7,206
4610.71	Advertising Legal	-	-	-	-	-	121	-	281	-	-
4611	Refuse Removal	-	-	-	-	-	400	1,368	-	-	-
4612	Repairs/Alt To Equip	170	-	-	-	-	-	-	-	-	-
4613	Repairs/Alt To Real Prop	19,930	13,948	18,203	58,572	27,083	46,043	32,469	174,363	509,875	463,987
4625	Pest Control	1,950	900	900	450	1,250	125	125	4,625	5,000	2,000
4650	External Postage	184	173	507	2,026	256	17	46	-	-	-
4670	Subscription Dues	-	-	-	250	-	-	-	-	-	-
4680	Taxes on Property	-	-	-	-	-	-	-	-	2,500	-
4750	Other Equipment-ND	-	2,675	-	-	-	-	-	-	-	-
6903	Principal-Serial Bonds	150,000	167,000	167,000	167,000	167,000	211,000	219,226	304,255	287,258	224,300
7903	Bond Interest - Ent Funds	66,315	49,648	49,648	49,648	49,648	110,038	101,812	78,516	109,296	109,296
TOTAL EXP	PENSES	\$293,878	\$287,767	\$306,179	\$376,422	\$320,327	\$431,172	\$456,518	\$1,251,169	\$965,629	\$820,039

# **Explanation of Certain Notable Expenses**

## **Serial Bonds: Principal and Interest Expense**

Capital projects H0214, H0372, H0450, H0526 and H0559 were funded by issuing bonds to cover expenses related to stadium improvements. A total of **\$6,755,582** was spent out of the County's general fund to pay for principal and interest from 2008-2022. **\$4,328,779** is outstanding debt that will need to be paid out between 2023-2039. These payments will be made from the County's general fund and will contribute to future net costs for the Stadium.

Bond Issue & Project #	Issued Amount	Total Principal Paid	Total Interest Paid	Total Principal & Interest (2008-2022)	Principal Balance as of 12/31/2022	Interest Balance as of 12/31/2022	Total Future Debt Liability (2023-2029)
H0214 - 1995 Construction Cost	\$3,479,500	\$3,479,500	\$0	\$3,479,500	\$0	\$0	\$0
H0372 - 2006 Parks Plan	1,500,000	1,500,000	516,000	2,016,000	-	-	-
H0450 - Stadium Improvements	1,010,000	603,000	188,502	791,502	407,000	41,213	448,213
H0526 - 2018 Stadium Improv/ Rpr	2,424,000	243,249	225,331	468,580	2,180,751	549,665	2,730,416
H0559 - Stadium Improvements	1,000,000	-	-	-	1,000,000	150,150	1,150,150
TOTAL	\$9,413,500	\$5,825,749	\$929,833	\$6,755,582	\$3,587,751	\$741,028	\$4,328,779

Scheduled Debt Payment	2022 Debt Payment	2023 Debt Payment	2024 Debt Payment	2025 Debt Payment
Principal	\$291,809	\$291,300	\$313,236	\$314,172
Interest	78,516	121,184	97,066	86,697
TOTAL	\$370,325	\$412,484	\$410,302	\$400,869

### Observation:

• The scheduled debt payment for 2023 will increase by **\$42,159** which will contribute to the 2023 projected net cost of **(\$422,594)**.

### Land, Account 2001:

• The Stadium is built on 33+ acres of land which was purchased by the County from the Beacon City School District in June 2021 for **\$634,082**.

# Professional Services, Account 4401.105:

- 2020: Grease Trap Design
- 2021: Purchase of Land Town of Fishkill Subdivision Escrow
- 2022: Town of Fishkill Escrow for the purchase of Land, Elevated Walkway, Building Inspection & Partial Topography Survey

# Repairs/Alteration to Real Property, Account 4613:

- 2020: Purchase & install 1250-gallon pre-cast concrete grease interceptor, repairs to existing gate, purchase & install 8" chain link fence, unclog grease blockage from sewer pipe with camera inspection, clean vacuum system for each water pump
- 2021: Panel repair, replace valve for water pump, new coil and contactor, concrete cleaning, purchase & maintenance of fire extinguishers and emergency light repairs
- 2022: Upper concrete walkway repairs, new hot water heater in locker room, cushions for seats, club house roof repair, purchase & install new gas water heater

# **Maintenance in Lieu of Rent Expenses**

Maintenance in Lieu of Rent (MILR) expenses represent actual and allocated costs for the Stadium by the DPW Administrative and Buildings Division. MILR is a procedure for computing occupancy related costs for the maintenance of County-owned properties processed through the DPW Buildings Division. The data below provides an account of expenditures incurred by the Stadium.

MAINTENANCE IN LIEU OF RENT	2015	2016	2017	2018	2019	2020	2021	2022
Direct Personnel	\$45,219	\$33,350	\$17,535	\$44,326	\$30,558	\$13,149	\$25,365	\$17,890
Direct Personnel Fringe Benefits	23,518	17,239	9,304	23,715	16,235	6,935	13,773	\$8,833
Direct Supplies Utilities Contracts	330	-	7,565	2,085	1,610	2,530	3,744	4,554
In-Direct Personnel	11,514	15,186	13,985	14,911	17,601	9,835	8,664	9,734
In-Direct Personnel Fringe Benefits	4,450	7,850	7,420	7,978	9,351	5,187	4,705	4,806
In-Direct Supplies Utilities Contracts	-	-	-	-	-	36	30	\$66
Shop, Cleaning & Office Stock	3,595	2,552	2,515	-	2,752	3,246	2,762	3,078
Property Insurance	2,775	4,851	5,071	4,931	4,227	3,531	2,671	2,418
Liability Insurance	11,206	10,629	9,444	9,577	10,244	11,257	9,062	11,441
TOTAL MILR EXPENSES	\$102,609	\$91,657	\$72,838	\$107,523	\$92,577	\$55,705	\$70,774	\$62,821

# **Capital Fund Improvements**

Capital funds represent major improvements and related costs for each capital project. The Stadium's capital budgets, revenues, and expenses are incorporated in H0214, H0372, H0373, H0450, H0526, H0559 and H0605. Capital projects related to H0372, H0373 and H0450 have been completed and closed out in the County's financial system. Details for these accounts can be found in the previous audit on the Comptroller's page of the Dutchess County website.

Capital funds for major improvements at the Stadium are approved by the Legislature via Resolutions and are assigned for specific projects. The below chart includes total capital expenditures for the Stadium since its inception, which includes construction, improvements, professional service consultants, furniture, fixtures, and equipment purchases.

### Observation:

H0605 was funded with operating funds added as a last-minute budget amendment on 12/8/2022 for **\$25,000,000**. This amendment was unconventional and circumvents the County's Capital Project Policy, diluting proper oversight and transparency.

# **Capital Fund Improvements Cont.**

Capital Project #	Resolution Date	Resolution #	Purpose of use	Total Appropriation	Serial Bond	Base Rent+ Stadium holding account	ESD Grant**	ARP funding	Fund Balance	Other
H0214	3/13/1995	950127	Construction of baseball stadium	\$8,300,000	\$3,479,500	\$0	\$0	\$0	\$0	\$4,820,500
H0372	12/6/2006	206327	field renovations, improvements to entry way, fencing, drainage for clubhouse building, flooring in main concourse, new roofing system for rear concourse, new site entry sign & improvements to landscaping	1,500,000	1,500,000	-	-	-	-	-
H0373	10/30/2006	206248	Improvements to Sound system, HVAC replacement, chain link fence/gates, Group Re-lamp lighting, install drainage system, Re-Sod field, new Air conditioners, Roof repairs	431,050	-	431,050	-	-	-	-
H0450	3/11/2013	2013037	artificial Turf Field Replacement, electrical upgrades and repairs, new entry sign and clubhouse drainage system improvements	1,000,000	1,000,000	-	-	-	-	-
H0526	12/3/2018	2018288	New Seating, Repair of concrete seating structure, repair & resurface parking lot with new lighting & drainage	3,000,000	2,400,000	-	600,000	-	-	-
H0559	2/8/2021	2021017	Design and Install New LED field Lighting system; Design phase 2: new home team clubhouse, remodeling of existing clubhouse, bullpen improvements, adding outdoor batting cage facility	1,425,000	1,425,000	-	-	-	-	-
H0559	6/14/2021	2021089	New team Clubhouse, Renovations to existing clubhouse, New Conference/event space, Premium seating area above the clubhouse, New sign structure on I-84	12,500,000	-	-	900,000	11,600,000	-	-
H0605	12/14/2022	2022217*	New home team Clubhouse, New conference/event space with additional premium seating, New Restroom building, New Sign structure along I-84, Parking, connect driveways, Landscaping at new facilities and required utility improvements	25,000,000	-	-	-	-	25,000,000	-
Total Coun	ty Funding			\$53,156,050	\$9,804,500	\$431,050	\$1,500,000	\$11,600,000	\$25,000,000	\$4,820,500

<sup>\*</sup>Funded from Operating funds through budget amendment.
\*\*Empire State Development Grant (ESD) part of the Consolidated Funding Application (CFA).

# **Capital Fund Improvements Cont.**

The below chart represents budgets, expenditures, and remaining funds for each Capital project:

Capital Project	Description	Original Budget	Budget Amendment	Revised Budget	YTD Encumbrances through 9/30/2023	Expenses through 9/30/2023	Total Encumbrances & Expenses through 9/30/2023	Available Funds
H0214 - Construction of Baseball Stadium	Construction of Baseball stadium	\$8,300,000	\$(5,735)	\$8,294,265	\$0	\$8,294,265	\$8,294,265	\$0
H0372 - 2006 Parks Plan	Planning & Design Landscaping to Stadium field and Right field Corridor, Field Replacement, Monument Sign, Design Drainage & Irrigation system for field turf Electrical Power Upgrades, Install Carpet & Mound Clay, Sound Reinforcement system renovation	1,500,000	(11,971)	1,488,029	-	1,488,029	1,488,029	-
H0373 - Stadium Capital Improvement	Improvements to Sound system, HVAC replacement, chain link fence/ gates, Group Re-lamp lighting, install drainage system, Re-Sod field, new Air conditioners, Roof repairs	431,050	(19,216)	411,834	-	411,834	411,834	-
H0450 - Stadium Improvements	replacement of existing grass field with synthetic turf	1,000,000	-	1,000,000	-	1,000,000	1,000,000	-
H0526 - 2018 Dutchess Stadium Improv/Rpr	Concrete repairs to stadium bowl & railing, install new seating, Parking lot improvements	3,000,000	-	3,000,000	-	2,936,431	2,936,431	63,569
H0559 - Stadium Improvements	Design and Install New LED field Lighting system, New home team locker room, Renovation to existing home team locker room, relocate bullpens, new batting tunnel, new high-mast monopole stadium sign, Lighting and electrical work, Batting cages	13,925,000	-	13,925,000	228,968	2,503,186	2,732,154	11,192,846
H0605 - Stadium Improvements	new hometeam Clubhouse, renovations to existing clubhouse, Seating Bowl, new Restroom Bldg, bull pen lighting, Inspections, Clubhouse drainage design, netting design	25,000,000	-	25,000,000	14,716,578	7,785,169	22,501,747	2,498,253
Grand Total		\$53,156,050	\$(36,922)	\$53,119,128	\$14,945,546	\$24,418,914	\$39,364,460	\$13,754,668

<sup>\*</sup>Capital project accounts H0372, H0373, & H0450 are closed.

# **Capital Fund Improvements Cont.**

Budgets for Revenue and Expenses Stadium Capital Funds:

CAPITAL FUNDS	H0214 Construction of Baseball Stadium	H0372 Parks Plan Stadium Improvements	H0373 Stadium Improvements	H0450 Stadium Improvements	H0526 Stadium Improvements	H0559 Stadium Improvements	H0605 Stadium Improvements
Resolution #	127-1995	206327	206248*	2013037*	2018288*	2021017* & 2021089	2022217*
Resolution Date	3/13/95	12/6/06	10/30/06	3/11/13	12/3/18	2/8/21 & 6/14/21	12/14/22
EXPENSES							
Stadium Improvements	\$8,300,000	\$1,500,000	\$431,050	\$1,000,000	\$3,000,000	\$12,835,000	\$25,000,000
Other Expenses	-	-	-	10,000	24,000	1,090,000	-
TOTAL EXPENSES	\$8,300,000	\$1,500,000	\$431,050	\$1,010,000	\$3,024,000	\$13,925,000	\$25,000,000
REVENUE							
Serial Bonds	\$3,479,500	\$1,500,000	\$0	\$1,010,000	\$2,424,000	\$1,425,000	\$0
Grant	2,500,000	-	-	-	600,000	900,000	-
ARP Funds	-	-	-	-	-	11,600,000	-
Contributions + Rental Income	-	-	431,050	-	-	-	-
Fund Balance	-	-	-	-	-	-	25,000,000
Other: Gifts & Donations, Skybox Reimbursement, IDA	2,320,500	-	-	-	-	-	-
TOTAL REVENUE	\$8,300,000	\$1,500,000	\$431,050	\$1,010,000	\$3,024,000	\$13,925,000	\$25,000,000

<sup>\*</sup>Includes Bond Issuance Costs not included in this report.

Capital Expenditures for period 2015-2022 by project:

	Construction of Baseball Stadium	2006 Parks Plan	Stadium Capital Improvement	Stadium Improvements	2018 Dutchess Stadium Improv/Rpr	Stadium Improvements	Stadium Improvements
	H0214	H0372	H0373	H0450	H0526	H0559	H0605
Stadium Improvements	\$8,294,265	\$1,415,085	\$411,834	\$925,035	\$1,666,891	\$641,741	\$22,224,190
Professional Service Consultants	-	60,440	-	74,966	1,047,479	1,562,886	-
Furniture, Fixtures & Equipment	-	-	-		222,060	693,375	-
Total 2015-2022	\$8,294,265	\$1,475,525	\$411,834	\$1,000,000	\$2,936,430	\$2,898,002	\$22,224,190

# **Capital Funds Improvement Cont.**

# Finding:

 There have been classification inconsistencies noted where expenses for Professional Services Consultants are incorrectly charged to the Stadium Improvements line.

### Recommendation:

• Expenses related to architect and engineering services should be charged to the Professional Service Consultant line (4401.105).

# Detail for Capital Projects H0526, H0559, and H0605

# **Capital Project H0526**

Resolution No. 2018288 signed 12/5/2018 established funding of \$3,024,000 for the creation of Capital Account H0526, with the Stadium Improvements line receiving an appropriation of \$3,000,000, and \$24,000 for bond issuing costs. Revenues for this project were approved as \$2,424,000 in serial bond proceeds and \$600,000 from an Empire State Development (ESD) Grant. DPW requested an extension of the ESD grant in March of 2022 and was granted the extension until May of 2024.

This project included improvements to the parking lot, including paving and new lighting, as well as new stadium seating, repairs to the concrete stadium bowl and railings.

This 2018 Stadium Improvements/Repairs project was completed in December 2020, and is scheduled to be closed out in the County's financial system in December 2023.

H0526	2018	2019	2020	2021	2022	Outstanding Encumbrance	Total Expenses and Encumbrances	Remaining Balance
Stadium Improvements	\$0	\$866,698	\$698,430	\$101,764	\$0	\$0	\$1,666,892	\$29,438
Parking Lot	-	-	1,047,479	-	-	-	1,047,479	31,631
Professional Services	21,823	155,363	39,874	5,000	-	-	222,060	2,501
Total	\$21,823	\$1,022,061	\$1,785,783	\$106,764	\$0	\$0	\$2,936,430	\$63,570

## **Description of Expenditures by Vendor**

Below is a detailed description of payments made to vendors for Capital Improvements, Parking Lot, and Professional Service Consultants.

Project H0526 - Stadium Improvements					
Vendor	Description	Amounts Paid (as of 9/30/2023)			
Giacorp Contracting Inc	Concrete repairs, sealing and railing replacement (Stadium bowl & rail)	\$815,391			
Irwin Seating Company	Purchase and install seating	773,134			
Dant Clayton Corp	Stadium Seating	72,429			
Royal Carting	Removal of Debris	5,558			
NYS Vendors	DEC Spdes permit	110			
Lowe's	Supplies	103			
Southern Dutchess News	Advertising	75			
Poughkeepsie Journal	Advertising	61			
Fedex	Postage	31			
TOTAL Stadium Improve	ments H0526	\$1,666,892			

# Stadium Improvements Observation:

Stadium Improvements from 2019-2021 expended \$1,666,892. There is an open balance of \$29,438 on this capital project.

	Project H0526 - Stadium Parking Lot	
Vendor	Description	Amounts Paid (as of 9/30/2023)
A Colarusso & Son Inc	Parking Lot Improvements	\$1,047,258
NYS Vendors	DEC Spdes permit	110
Southern Dutchess News	Advertisement	67
Poughkeepsie Journal	Advertisement	45
TOTAL Stadium Parking L	ot H0526	\$1,047,480

# Stadium Parking Lot Observation:

Stadium Parking Lot from 2019-2021 expended \$1,047,480. There is an open balance of \$31,631 on this project.

Project H0526 - Stadium Professional Service Consultants					
Vendor	Description	Amounts Paid (as of 9/30/2023)			
MJ Engineering and Land Surveying PC	Design Services for Parking lot Improvement	\$115,500			
CHA Consulting Inc	Design Services for stadium seating, seating bowl repairs and parking lot repairs	74,366			
MD Architecture LLC dba Ballpark Design Associates	Owners Representative Services. Removal and replacement of the stadium seating; repair and sealing of the concrete seating support structure and walkways	32,194			
TOTAL Professional Service Consultant	s H0526	\$222,060			

# Stadium Professional Service Consultants Observation:

Stadium Professional Service Consultants from 2019-2021 expended \$222,060. There is an open balance of **\$2,500** on this project.

# **Capital Project H0559**

Resolution No. 2021017 & 2021089 were approved and signed on 2/8/2021 & 6/14/2021 respectively, establishing total funding of \$13,925,000 for the creation of Capital Account H0559. The Stadium Improvements line received an appropriation of \$12,835,000, \$940,000 for Professional Service Consultants, and \$150,000 for Furniture, Fixtures and Equipment. Revenues for this project were approved at \$1,425,000 (excluding the bond issuance cost of \$14,250, not tracked in this report) in serial bond proceeds, \$900,000 from an Empire State Development Grant, and American Rescue Plan funding appropriation to the stadium for \$11,600,000. The resolution stated the period of probable usefulness of the bond was 10 years. The estimated payment schedule including principal and interest can be found in **Exhibit III**. This project is still open and \$10,631,169 is available to be spent.

H0559	2021	2022	2023	Outstanding Encumbrance through 9/30/23	Total Expenses and Encumbrances through 9/30/2023	Remaining Balance
Stadium Improvements	\$95,988	\$75,692	\$210,019	\$0	\$381,700	\$11,121,573
Professional Service Consultants	985,373	256,929	103,873	211,298	1,557,473	5,414
Furniture, Fixtures & Equipment	693,375	-	81,936	17,670	792,981	65,859
Total	\$1,774,736	\$332,621	\$395,828	\$228,968	\$2,732,154	\$11,192,846

# **Description of Expenditures by Vendor**

Below is a detailed description of payments made to vendors for Stadium Improvements, Professional Service Consultants, and Furniture, Fixtures & Equipment from January 2021 through September 2023. Open encumbrances totaled \$228,968 and \$11,192,846 remains unspent on this project.

	Project H0559 - Stadium Improvements	
Vendor	Description	Amounts Paid (as of 9/30/2023)
C&S Engineers	Construction Manager	\$287,048
JTS Construction	Install Batting Cages and Slabs	33,335
Davey Tree expert Co	Tree removal	22,937
Coppertop Enterprise Batting Cage	Purchase batting cages	13,632
Mercury Pain	Purchase new turf	10,457
PSH Corp	Install turf	4,365
Chemung Supply	18" x 20' Bell end solid Pipes (Qty 400)	4,020
Tilcon NY	3/8' Stone & gravel	2,514
HVEA Engineers	On-Call Engineering Services	1,961
Scott Excavating	3/8 -3/4 Stone & gravel	640
Southern Dutchess News	Advertising	350
Durants Tents & Events	Tool Rental	184
Poughkeepsie Journal	Advertising	171
Expanded Supply	18" N-12 Split coupler - used to connect pipes	84
TOTAL Stadium Improvements H05	559	\$381,698

# Stadium Improvements Finding:

The Stadium Improvements line was charged \$381,698 from January 2021 through September 2023; there is an open balance of \$11,121,573 on this capital project. The majority of this funding comes from using American Rescue Plan funds, a total of \$11.6 million was allocated for improvements to the Stadium. \$9.3 million was then allocated to fund the Housing Trust Fund, however the budget for the Stadium was not reduced and remained available to spend on this capital project.

# Stadium Improvements Recommendation:

The authorized resolution must be followed in reflecting the available budget for the stadium improvements and should reflect the true balance available to spend.

Project H0559 - Stadium Professional Service Consultants					
Vendor	Description	Amounts Paid (as of 9/30/2023)			
DLR Group Architecture & Engineering, PC	renovations to Home Team Locker Room, Relocate Bullpens, new Home Team Locker Room, new batting tunnel, construction of new high-mast monopole stadium sign	\$1,293,191			
Tectonic Engineering * Surveying Consultants	On-call professional engineering services	25,800			
Arace & Co Consulting	PLA Feasibility study	18,000			
Greenman-Pedersen Inc (GPI)	Engineering services- Elevated Walkway	4,595			
Chazen Engineering	Code Inspections	4,537			
Poughkeepsie Journal	Advertisement	52			
<b>TOTAL Professional Service Consultants</b>	\$1,346,175				

# Stadium Professional Service Consultants Observation:

Expenses charged to the professional service consultant line totaled \$1,346,175 from January 2021 through September 2023, open encumbrances totaled to \$211,298 and \$5,414 is the available balance on this project.

Project H0559	- Furniture, Fixtures, and Equipment	
Furniture, Fixtures & Equipment	Description	Amounts Paid (as of 9/30/2023)
NGU Sports Lighting	Stadium Lighting	\$671,936
Upstate Electrical, LLC	Electrical	116,392
Refund of 2021 Exp posted to 2022 for Batting Cages	Reimbursement for any parts of batting cages not re-used	(13,018)
TOTAL Furniture, Fixtures and Equ	\$775,310	

# Furniture, Fixtures, and Equipment Observation:

Resolution No. 2021089 authorized \$150,000 for Stadium furniture, fixtures, and equipment. This account went over budget by \$625,311, as funds were transferred from the Stadium Improvements expense line to cover the overage. Open encumbrances totaled \$17,670 and \$65,859 is the remaining balance on this project.





Interior of current home team locker room.

Batting tunnel.

# **New Club House Architect Renderings**





Exterior of new Club House and Event Space (field view). Exterior of new Club House and Event Space facing Rt. 9D.



Interior of Event Space on upper level of new Club House.

# **Capital Project H0605**

An appropriation of \$25 million from the County's fund balance was approved on December 8, 2022 via Budget amendment (Resolution No. 2022217) for the creation of capital account H0605 with all of the funding being allocated to the Stadium Improvement line (3130). This \$25 million project includes:

- A new conference/event space with additional premium seating.
- A new restroom building.
- A new sign structure along I-84. (While originally identified in this funding request, the subsequent lease renegotiation moved the cost of the sign structure to the Renegades, and a revenue sharing model was developed in this lease. NYSDOT has since indicated that a new billboard sign is not going to be approved.)
- Other improvements: Parking areas, connecting driveways, site landscaping at new facilities and required utility access to the improvements.

Project H0605 - Stadium Improvements					
Stadium Improvements Capital Projects (3130)	Description	Amounts Paid (as of 9/30/2023)			
Piazza Inc.	Stadium Clubhouse, Seating Bowl & Restr Bldg	\$7,658,371			
C & S Engineers, Inc.	Stadium New Clubhouse Const & Exist Imprv thru 8/25/23	44,350			
NGU Sports Lighting, LLC	Stadium Bullpen Lighting - TIPS Contract #200201JOC	30,394			
Atlantic Testing Laboratories	Spec Inspection of Phase 2 & 3	12,111			
Sportsfield Specialties, Inc.	Stadium netting design	4,895			
MJ Engineering and Land Surveying, PC	Assn #1 Clubhouse Drainage	16,500			
Geiger Engineers	Netting system tie off	5,900			
Labella Associates, PC	DC Stadium Imprv Phase II thru 3/24/23	4,383			
USIC Holdings, Inc.	Locate underground utilities DC Stadium	3,876			
HVEA Engineers	Assn#1, DC Stadium Deck Repairs	4,354			
Poughkeepsie Journal	Advertising	19			
Wapp Falls shopper d/b/a Southern Dutchess News	Advertising	16			
TOTAL Stadium Improvements H06	05	\$7,785,169			

As of September 30, 2023, **\$7,785,169** was expensed and there are **\$14,716,578** in open encumbrances. **\$2,498,253** is the remaining balance on this project.







Construction of new Club House, September 2023 (Approx. 60% Complete)

# Capital Investments by DBH Hudson Valley, LLC

As provided by Hudson Valley Renegades General Manager

## 2022

- Invested in upgrades to the interior of all suites, including new cabinets, countertops & furniture within each suite.
- Updated all the outdoor furniture utilized in various group areas around the ballpark.

# **2023**

- Fully renovated the current clubhouse building and umpires area as well as building a structure over the existing batting tunnels.
- Built a brand-new outfield wall and batter's eye.
- Increased the footprint of the ballpark by building out the patio area that is open to all fans, adding multiple points of sale to create a better food & beverage fan experience.
- Painted the entire exterior of the facility to freshen and clean up the look of the ballpark.
- Updated the digital entry sign and has taken ownership of maintaining the sign moving forward.

The exact cost of these renovations and investments is unknown but estimated to be in the multi-million dollar range.

# Exhibit I: Lease Between Dutchess County and DBH Hudson Valley, LLC

Contract #22-0257 represents the Occupancy agreement between Dutchess County and Keystone DBA Hudson Valley Renegades (Club) for the time period 1/1/2022-12/31/2046. This lease was assigned to DBH Hudson Valley, LLC on December 21, 2021. The lease agreement gives the Club exclusive right to occupy and use the Stadium and all its facilities for the purpose of operating a professional baseball team and conducting or arranging other special events.

An amendment to the lease was approved via Resolution No. 2023142 on 7/11/2023.

As per the lease, 12.5 million must be secured from the County within 5 months from the date of execution of this lease agreement or it is agreed by both parties that this agreement shall automatically and immediately terminate, and renegotiation of the terms shall commence. The potential projects to be included using these funds are as follows:

- Building of a new home team clubhouse space.
- New batting tunnel adjacent to new home team locker room.
- New home team parking lot with security fencing, automatic gates and sidewalks.
- New banquet event space above home team clubhouse/batting tunnel space.
- New chair rail seating down the left field line.
- Renovations of the existing right field team locker room building (per DPW, the Renegades funded this improvement).
- New enclosed batting tunnel adjacent to the existing right field team locker room building (per DPW, the Renegades funded this improvement).
- Relocated bullpens in left field and right field behind the outfield (per DPW, the Renegades funded this improvement).
- Renovation of 3rd base dugout for video coaching equipment.
- Construction of a new high-mast monopole stadium sign capable of supporting a future LED display near the Interstate I-84 corridor. (The Renegades offered to fund this improvement. NYSDOT has declined to permit this work.)
- List of potential projects to utilize use of the remainder of funds:
  - · Outfield concourse boardwalk.
  - Expanded Building A: team administration office, ticket office, fan shop and related service areas.
  - Expanded upper level, new Stadium Club, expanded press box and suites and new rental suites.
  - Other premium group seating areas throughout the stadium.

Both parties agree that the substantial Improvements and Repairs are necessary to comply with Major League Baseball Professional Development League requirements and acknowledge that further investment may be required together with the identification and realization of additional stadium generated revenue sources. Precise terms and conditions will be negotiated at a relevant time to identify and realize additional revenue sources.

# Exhibit I: Lease Between Dutchess County and DBH Hudson Valley, LLC Cont.

# **Pertinent Provisions of Contract #22-0257**

- Rent: Annual Base Rent for Calendar year 2023 is \$500,000, and \$600,000 for 2024 with \$15,000 escalator every 5 years. Base Rent includes County payment share for parking, naming rights and base Route 84 sign revenue. Annual Base Rent is paid in 3 installments payable on or before June 30th, September 30th, December 15th of each year.
  - After 30 days, in which any payment is past due, amount owed shall bear interest at double the prime rate as then published in the Wall Street Journal, not to exceed 8%.
- Club Special Events: The Club must provide a special events calendar by the 1st of each year, 1st of every month thereafter for newly scheduled events, County's Share is 17.5% of Gross Revenue due on December 31 of each year.
- **Banquet/Event Space:** County is entitled to receive 17.5% of Gross Rental fees received by the Club for non-baseball game rentals of this space.
  - **Note:** The Lease contract has no mention of receiving calendar of scheduled Banquet/Event space or a set date that the payments should be submitted by.
- **Naming Rights:** County is entitled to receive additional fees for Naming Rights, which has been rolled into part of base rent through the lease amendment.
  - \$125,000 from 2023-2026
  - \$100,000 from 2027-2046
- **Billboard Signage:** County is entitled to receive 20% of the portion of gross revenue received by the club for Billboard Signage due by January 15th
  - Portion in excess of 1 million for Digital signage
  - Portion in excess of \$500,000 for Analog signage
- Utility Cost: The Club is responsible for paying all utility costs directly to the utility provider.
- Electric Costs: The Club is responsible for the payment of all electric costs attributable to its usage.
- **Concessions:** The Club has exclusive right and obligation to operate food, beverage and other concessions for baseball games and other activities at the Stadium.
- Security & Traffic Control: The Club is responsible for providing security and traffic control.
- Advertising: The Club is entitled to receive and retain all revenues from advertising, sponsorships, and
  promotions related to baseball games, events, and other activities at the Stadium provided they adhere to all
  requirements listed in the contract.

# Exhibit II: Approval to Assign All Lease Agreements to DBH Hudson Valley, LLC



Marcus J. Molinaro
County Executive

December 21, 2021

Marvin S. Goldklang Keystone Professional Baseball Club, Inc. 1500 Route 9D Wappingers Falls, NY 12590

RE:

Assignment of Lease Agreements
Our File Nos. G-1068-G and R-1034

Dear Marv:

In accordance with NYS General Municipal Law Section 72-p (Lease of real property by a municipality) and the Assignment provisions in the existing Lease Agreements between the County of Dutchess (the "County") and Keystone Professional Baseball Club, Inc., (the "Club"), the County consents to the proposed assignment (the "Assignment") by the Club to DBH Hudson Valley, LLC ("DBH"), which Assignment shall include the following Lease Agreements:

- The current Lease Agreement dated December 21, 2006 (County File No. G-1068-G), including all amendments and extensions, which is currently effective through December 31, 2021; and
- 2. The fully executed Long-Term Lease Agreement dated December 21, 2021 (County file No. R-1034), which commences on January 1, 2022.

This Assignment between the Club and DBH shall in no way be deemed a waiver of the County's rights under the Lease Agreements referenced above as they currently exist.

Please indicate the Club's acceptance of the County's terms with respect to the Assignment of the abovementioned Lease Agreements.

Very truly yours,

Marcus J. Malinaro
County Executive

OFFICE OF THE DUTCHESS COUNTY COMPTROLLER

By: Mil H

Marvin S. Goldklang

Keystone Professional Baseball Club

22 Market Street, Poughkeepsie, New York 12601 • (845) 486-2000 • Fax (845) 486-2021 dutchessny.gov

# Exhibit III: H0559 Bond Funding as Estimated for Resolution No. 2021017

Year	10
Amount Requested	1,425,000
Estimated Issuance Costs	14,250
Amount	1,439,250

Estimated Interest Rate 1.29% (1)

\$1,439,250 @ 1.29%

# 2021 Stadium Improvements

Year	PRIN O/S	PRIN PAYMENT	INTEREST	TOTAL
1	\$1,439,250	\$188,365	\$18,637	\$207,002
2	\$1,250,885	\$188,365	\$16,342	204,707
3	\$1,062,520	\$188,365	\$14,047	202,412
4	874,155	\$188,365	\$11,752	200,117
5	685,790	\$188,365	\$9,458	197,823
6	497,425	\$99,485	\$7,163	106,648
7	397,940	\$99,485	\$5,730	105,215
8	298,455	\$99,485	\$4,298	103,783
9	198,970	\$99,485	\$2,865	102,350
10	99,485	\$99,485	\$1,433	100,918
7	TOTAL	<b>\$1.439.250</b>	<u>\$91,724</u>	<u>\$1,530,974</u>
			<del></del>	
ı	AVG. PER YEAR	\$143,925	\$9,172	\$153,097

### **FISCAL IMPACT STATEMENT**

TOTAL PRINCIPAL \$1,439,25		
ANTICIPATED INTEREST RATE (Weighted Average)		1.29%
TERM	10 YEARS. ANTICIPATED FEES:	\$14,250
ANTICIPATED ANNUAL COST (PRIN + INT):		\$153,097
TOTAL PAYBACK (ANNUAL COST x TERMS):		\$1,530,974

44 400 050

PREPARED BY HEIDI SEELBACH

TOTAL DOINGIDAL

<sup>(1)</sup> Rate is subject to change based upon a) maket conditions at time of debt issuance and b) term of financing which may increase if a portion of the project is rolled into a project which can be financed over a longer time period.

# **Department Response: Department of Public Works**

WILLIAM F.X. O'NEIL COUNTY EXECUTIVE



ROBERT H. BALKIND, P.E.

DAVID C. WHALEN
DEPUTY COMMISSIONER

October 19, 2023

Robin Lois, Comptroller County Office Building, 4<sup>th</sup> Floor 22 Market Street Poughkeepsie, NY 12603

RE: 2023 Heritage Financial Park (FKA Dutchess Stadium) Audit Report

Dear Comptroller Lois:

Thank you for the opportunity to provide comments on the 2023 Heritage Financial Park Audit report. Under general oversight by the County Administration, the Department of Public Works, through its Parks Division, is responsible for maintaining the facility, managing both operational and capital expenditures and revenues. Over the past ten years, the Department in conjunction with the Administration has made many improvements to the facility and has negotiated a sound lease with Silver Lake Partners, the current owner of the Hudson Valley Renegades. Most recently, the Renegades sold the stadium naming rights to Heritage Financial Credit Union and the facility was renamed from Dutchess Stadium to Heritage Financial Park. The positive impact has been immediate with the enhanced new look to the stadium and Renegades fans, both local and visitors from outside the county, eagerly look forward to the additional improvements that are underway.

With continued support from the County Administration and Legislature, there has been a strong financial commitment from the County to improve, modernize and upgrade the facility so that it will continue to meet the professional standards that are required by Major League Baseball. In addition to the financial commitment made by the County, the Hudson Valley Renegades' professional baseball affiliation was changed in 2021 from the Tampa Bay Rays to the New York Yankees, and this has increased both the baseball club's stature and the facility's stature within Minor League Baseball and among baseball fans in the Hudson Valley. You correctly noted in your report that Silver Lake Partners have demonstrated a strong financial investment in the facility, funding millions of dollars of improvements at their own expense. Coupled with the County's commitment to improve the facility, a new affiliation with the New York Yankees, and Heritage Financial Credit Union's investment in the stadium, Heritage Financial Park will remain a strong and viable economic engine in Dutchess County, providing affordable, family-friendly entertainment in the Hudson Valley for decades to come.

Page 1 of 2

626 Dutchess Turnpike, Poughkeepsie, New York 12603 (845) 486-2085 • Fax (845) 486-2940 www.dutchessny.gov

# **Department Response: Department of Public Works Cont.**

Your Audit report is generally accurate and captures the relevant data over the audit study period. The following specific comment is offered in response to one of the findings within the report:

Page 12 – Observations regarding Capital Fund Improvements: While an unconventional method for funding the capital project, the Legislature is charged with authorizing such expenditures, and chose to proceed in the manner described. The authorization of these funds was via Legislative action and thus was a proper process. The purpose of the Capital Building Policy is to make sure the Department has obtained professionally prepared schematic designs and specifications, along with a well-developed project cost estimate before funding is requested from the Legislature. When the Department sought this capital funding, the Department was in possession of the fully developed design plans, specifications, and estimate, in addition to actual bid results from contractors. With this information in-hand, the Department honored the intent of the Capital Building Policy when funding was requested. The expenditure of these funds is being done with the typical oversight by the Department that we do with all capital projects.

Generally, the audit appears to be complete and accurate. As with all audits, the Department will use your report as an opportunity to improve its performance in managing operation and financial stewardship of the County's Heritage Financial Park.

I wish to acknowledge DPW Director of Fiscal Services Mary Aldrich, Deputy Commissioner Dave Whalen, and DPW Parks Director Susanne O'Neil for their efforts to improve and oversee management of the facility. Thank you for the opportunity to offer this response to the 2023 Heritage Financial Park Audit report.

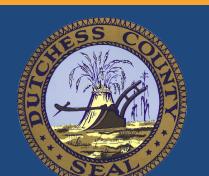
Sincerely,

Robert H. Balkind, P.E.

Commissioner

c: David C. Whalen, DPW Deputy Commissioner
 Mary F. Aldrich, MA, CPFO, DPW Director of Fiscal Services
 Susanne O'Neil, DPW Parks Director

# OFFICE OF THE DUTCHESS COUNTY COMPTROLLER ROBIN L. LOIS, COMPTROLLER



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