

MINUTES



BOARD OF DIRECTORS REGULAR MEETING

Wednesday, October 24, 2018

Present: Tim Dean
Mark Doyle
Stacey Langenthal
Don Sagliano
Alfred Torreggiani

Unable to Attend: Charles Daniels III

Also Present: Sarah Lee, CEO
Marilyn Yerks, CFO
Elizabeth Cappillino, Counsel
Mary Kay Vrba, Dutchess Tourism
Lisa Stencel, The Community at Brookmeade

On Wednesday, October 24, 2018, the Dutchess County Local Development Corporation [DCLDC] Board of Directors Meeting was called to order by Vice Chairman Dean at 9:16 a.m. Present was: Tim Dean, Mark Doyle, Stacey Langenthal, Don Sagliano, and Alfred Torreggiani. Unable to attend was: Charles Daniels III. Quorum was established.

CONFLICT OF INTEREST

Vice Chairman Dean asked board members if they had any potential conflicts with any items on the agenda. No potential conflicts of interest was expressed.

APPROVAL OF MINUTES

Vice Chairman Dean asked for a motion to approve the September 18, 2018 Minutes of the Dutchess County Local Development Corporation.

A motion was made by Ms. Langenthal, duly seconded by Mr. Sagliano to approve the DCLDC Board of Directors Meeting Minutes for September 18, 2018. All voted in favor. Motion carried.

CONSIDERATION AND APPROVAL

The Community at Brookmeade

For Consideration and Approval of a Final (Bond) Resolution for the Issuance of the LDC's Tax-Exempt Bonds Series 2018 (the Community at Brookmeade) in an amount presently estimated to be \$25,000,000.00 but not to exceed \$30,000,000.00 for the benefit of The Community at Brookmeade.

Ms. Lee gave the following overview of the resolution:

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- A public hearing was held a few weeks ago
- This tax exempt bond estimated between \$25,000,000 not to exceed \$30,000,000
- This project includes construction of a wastewater treatment center, adult care center, and some refunding of current IDA bonds

A motion was made by Ms. Langenthal, duly seconded by Mr. Doyle to approve the Final (Bond) Resolution for the Issuance of the LDC's Tax-Exempt Bonds Series 2018 (the Community at Brookmeade) in an amount presently estimated to be \$25,000,000.00 but not to exceed \$30,000,000.00 for the benefit of The Community at Brookmeade. All voted in favor. Motion carried.

COUNTY COMPTROLLER AUDIT REPORT

Ms. Lee gave the following update about the report:

- A link to the County comptroller's audit report completed at the end of September was sent to the board
- The staff is satisfied with the final report
- The audit report recommended a few best practices the LDC will implement

APPROVAL OF 2019 BUDGET

Mr. Doyle gave the following overview of the budget:

Revenues

- The 2019 proposed budget is based on fees from 3 project
- The professional service contract with the IDA is proposed to increase by \$451,500 for a total of \$601,500
- The contract between IDA and LDC is \$150,000. This amount will continue but the IDA will also increase its contribution by \$451,500 to total \$601,500
- Projection for private sector has slightly increased. The plan is to raise income through the Innovation Challenge and the Business Excellence Awards.
- The contract between the Workforce Investment Board and the LDC for occupancy costs remains.
- Interest income is expected to be lower in 2019 as result of investment terms.

Expenditures

- The most significant change is under marketing, which will be decreased by \$20,000
- In 2018 the marketing budget was increased to \$85,000 because of the magazine production. The magazine will not be produced in 2019 so marketing budget will decrease.
- The other significant change is in payroll. Ms. Lee is proposing hiring additional staff in 2019. The position would be for a business retention specialist who would oversee the business retention and expansion programs to better seek the needs of existing businesses. The justification for hiring additional staff is because this was the Business Retention Position was never backfilled when Ms. Lee was promoted to CEO., The office is seeing more activity with existing business and hiring additional staff will help meet this growing demand.

Mr. Doyle noted that the audit and finance committee had a detailed discussion about this position and determined that this needs to be a strong position with a competitive salary.

Discussion, questions, and answers ensued

Question: What is Chairman Daniels's opinion about hiring additional staff?

Response: Chairman Daniels is in agreement with the board's decision about hiring additional staff.

Question: At the current time, does Mr. Minichino get involved with business retention?

Response: Sometimes he gets involved with business retention but 90% of his work is dedicated to business attraction.

There being no further discussion or questions, Vice Chairman Dean asked for a motion to approve the 2019 budget.

A motion was made by Mr. Doyle, duly seconded by Ms. Langenthal to approve the 2019 budget as presented. All voted in favor. Motion carried.

APPROVAL OF FIVE YEAR BUDGET

A motion was made by Mr. Doyle, duly seconded by Ms. Langenthal to approve the five year budget as presented. All voted in favor. Motion carried.

FINANCIAL REPORT

Ms. Yerks reported on 9/30/18 Balance Sheet and Profit & Loss Budget

Balance Sheet

- Cash balance was \$2,541,726.28
- CDs will not be renewed in November
- She is thinking about condensing some of the bank accounts. She spoke with John Forte, Deputy Commissioner of Finance to determine the LDC's responsibility with banks in the area. She is going with Mr. Forte's recommendation which is to use the bank(s) that works best and is easier for her. She is also considering doing an RFP for this.

Question: What's is the \$365,000 in account receivable for?

Response: This is the amount the LDC will receive from the contract with the County.

Profit & Loss

- Revenue was \$717,937.84
- Total net income is over budget by \$55,740.34

A motion was made by Mr. Torreggiani, duly seconded by Mr. Sagliano to approve the 9/30/18 financial report as presented. All voted in favor. Motion carried.

OLD BUSINESS

Nothing to report

NEW BUSINESS

Ms. Lee gave the following overview of the local labor policy as it relates to the LDC projects:

- Unlike the IDA the LDC has limited powers to recapture benefits without jeopardizing the financing for tax-exempt bonds. Also, the ability to recapture the LDC construction projects is somewhat limited unless a project has mortgage tax exemptions.

Discussion, questions, and answers ensued.

Question: Is there any advice from counsel about this topic?

Response: The IDA labor policy has been reviewed. The LDC labor policy will also be reviewed along with the recapture provisions that are contained in the bond agreement to determine the actual loan and bond agreements for both policies.

Question: What will be expected of the board after an audit? What should be done in order to comply with the current requirements and projects that have been recaptured? Can there be a fine?

Question: Can the board throw it into default?

Response: No. The labor policy is not a required policy. It is a policy that the IDA and the LDC has because of the philosophy it represents. Also, LDC is not under the same regulatory requirements as the IDA.

Comment: One of the things to remember is the LDC deals with bonds. This is going to affect the viability of any bonding if there is going to be any kind of unknown or unquantified amount that's going to be charged to the applicant. It would affect the bondholder's willingness to purchase the bond. It will also affect the advantage they are getting by issuing the bonds.

Comment: The board would like to make sure it is in compliance with whatever is required. A benefit is being given and in exchange for this benefit, the board should be asking the right questions and making sure they are receiving value. Whatever advice the board is given, the board will be happy to comply with it.

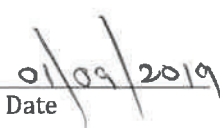
ADJOURNMENT

There being no further business, a motion was made by Ms. Langenthal, duly seconded by Mr. Doyle to adjourn the meeting. All voted in favor. Motion carried. Meeting adjourned at 9:39 a.m.

Respectfully submitted,



Mark Doyle, Secretary/Treasurer



Date

Meeting	<u>10-24-18</u>
Approved	<u>01-09-19</u>
Certified	<u>01-09-19</u>

Dutchess County Local Development Corporation

LDC	2017 Audited	2018 Approved Budget	2018 Estimated Actual	2019 Proposed Budget
Revenues:				
Administration Fees	1,129,934	300,000	275,512	300,000
Application Fees	750	750	750	750
Dutchess County	451,500	451,500	451,500	0
DCIDA	75,000	150,000	174,000	601,500
Private Sector	87,655	100,000	100,000	110,000
Private Sector - In Kind	11,500	0	0	0
Private Sector - SMC	67,500	0	0	0
DCIDA Match - SMC	67,500	0	0	0
WIB	63,494	63,500	62,514	23,676
Interest	897	17,861	32,357	4,500
Other Income	381,055	0	0	0
Total Revenue	2,336,785	1,083,611	1,096,633	1,040,426
Expenditures:				
Audit	10,650	12,000	12,000	12,000
Board & Committee	0	1,500	1,500	1,500
Computer Consulting	10,567	10,800	10,885	10,800
Dues, pub, sub	5,486	16,000	15,000	16,000
Dues, pub, sub - SMC	3,539	0	0	0
Education/Training	1,958	3,700	1,500	3,900
Education/Training - SMC	625	0	0	0
Equipment	2,746	5,000	5,000	4,000
Equipment lease	152	500	650	1,000
Events - TD produced	27,873	35,000	45,000	45,000
Insurance	1,528	4,000	3,773	4,000
Marketing	62,299	85,000	85,000	65,000
Marketing - SMC	14,801	0	0	0
Misc/Other/Depr	14,645	4,000	3,000	2,000
Office Supplies	3,972	4,000	3,500	4,000
Payroll	295,614	341,518	325,276	402,905
Payroll tax	31,045	33,409	24,884	37,103
Payroll Fringe	49,084	90,000	79,000	103,500
Postage	827	1,000	1,000	1,000
Printing	627	2,000	2,000	2,000
Private Sector - Inkind	11,500	0	0	0
Professional Fees	9,149	10,000	10,200	10,000
Professional Service Contracts	326,417	272,000	259,090	220,000
Rent	57,540	60,000	60,675	62,453
Telephone	6,727	7,000	6,000	7,000
Trade Show	11,867	20,000	13,000	15,000
Travel & Meeting	13,548	45,000	15,000	20,000
Travel & Meeting - SMC	15,930	0	0	0
Total Expense	990,716	1,063,427	982,933	1,050,161
Excess Income /Expense	1,346,069	20,184	113,699	(9,735)
Professional Service Contracts	2017 Estimated	2018 Budget	2018 Budget	2019 Budget
Marketing	308,260	215,000	220,590	200,000
DCWIB	21,183	37,000	18,500	0
P-TACH	0	5,000	5,000	5,000
WEDC	0	15,000	15,000	15,000
	<u>329,443</u>	<u>272,000</u>	<u>259,090</u>	<u>220,000</u>

Dutchess County Local Development Corporation

Paris 5 Year Budget filing

Year: 2019

	<u>2017</u> Audit	<u>2018</u> Estimated	<u>2019</u> Approved	<u>2020</u> Approved	<u>2021</u> Approved	<u>2022</u> Approved
Operating Revenues:						
Administrative and Closing Fees	326,702	276,262	300,750	300,750	300,750	300,750
Program Revenue	154,672	100,000	110,000	110,000	110,000	110,000
Service Contract Revenue	676,802	688,014	625,176	625,176	625,176	625,176
Nonoperating Revenues:						
Investment earnings	6,917	32,357	4,500	33,000	4,500	33,000
Other Non-Operating Revenues	2,494	0	0	0	0	0
Total Revenue	1,167,587	1,096,633	1,040,426	1,068,926	1,040,426	1,068,926
Operating Expenditures:						
Salaries and Wages	338,508	350,160	440,008	453,209	466,805	480,809
Other Employee Benefits	67,960	79,000	103,500	108,000	108,000	108,000
Professional Services Contracts	313,727	259,090	230,000	230,000	230,000	230,000
Other	236,823	291,183	272,653	280,833	289,258	297,935
Supplies	5,870	3,500	4,000	4,000	4,000	4,000
Nonoperating Expenditures:						
Other Non-Operating Expenditures	0	0	0	0	0	0
Total Expense	962,888	982,933	1,050,161	1,076,041	1,098,062	1,120,744
<i>Excess Income /Expense</i>	204,699	113,699	(9,735)	(7,115)	(57,636)	(51,818)

Dutchess County Local Development Corporation 2019 Budget Narrative

Revenues:

- *Administrative Fees* income is based on 3 projects
- *Application Fees* income is based on 3 projects
- Funding from *Dutchess County* is expected to be reduced to \$0 while the professional service contract with *Dutchess County Industrial Development Agency* service contract is proposed to be increased by \$451,500 for a total of \$601,500.
- The projection for *Private Sector* contribution in 2019 is slightly increased as we plan to raise private sector income through the Innovation Challenge and the Business Excellence Awards.
- *WIB (Workforce Investment Board)* – income from the contract for rent, equipment and any additional fees as a result of the co-location. As of 6/30/18 the WIB no longer contracted with the LDC for CFO services.
- Interest income expectations are lowered in 2019 as the LDC has typically invested its funds in 18-month CD's. We expect our current CD's to mature this year and to be re-invested in new 18 month CD's.

Expenditures:

- *Audit* costs is based on the contract with RBT, LLP
- *Board & Committee* remains the same as 2018.
- *Computer Consulting* remains the same as 2018.
- *Dues, Publications and Subscriptions* remains the same as 2018.
- *Education/Training* is the estimated costs for staff training.
- *Equipment costs* have been reduced slightly.
- *Equipment Lease* reflects any overage use costs from using the WIB copier.
- *Events* is a new line budget item to reflect the costs to produce Think Dutchess/LDC events.
- *Insurance* includes the crime bond and general liability.
- *Marketing* expenses has been reduced the 2017 levels as the 2018 expenses included costs related to producing the Magazine.
- *Misc/Other/Depr* does not reflect the costs as a result of depreciation which will be determined in the 2019 Audit.
- *Payroll and Payroll Tax* reflects a 3% increase and associated taxes for current staff. It is also proposed that a full-time Director of Business Development / Business Specialist who will oversee the business retention and expansion programs will be hired in the second quarter.