

MINUTES



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FINANCE and AUDIT COMMITTEE MEETING

Monday, September 17, 2018

Present: Stacey Langenthal
Don Sagliano

Unable to Attend: Mark Doyle (via phone)

Also Present: Sarah Lee, CEO
Marilyn Yerks, CFO
Jasmin Haylett, Office Administrator

On Monday, September 17, 2018, the Dutchess County Local Development Corporation [DCLDC] Finance and Audit Committee Meeting was called to order at 9:25 a.m. by Ms. Langenthal. Present was: Stacey Langenthal and Don Sagliano. Unable to attend was: Mark Doyle (via phone).

APPROVAL OF MINUTES

The March 1, 2018 Finance and Audit Committee Minutes was approved by Mr. Sagliano, duly seconded Ms. Langenthal.

2019 PROPOSED BUDGET

Ms. Lee briefly explained the following line items from the 2019 Proposed Budget. She noted that this budget is more extensive because the actual expenses is from this budget.

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.
- This includes the typical \$150,000 contact plus the \$451,500 that is received from the County. As a result of the IDA contract increasing its contract with the LDC, the LDC will no longer hold a contract with the County.

- 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.
- This amount is increased to \$110,000 because of the income that will be received from the Business Excellence Awards as well as next year's Innovation Challenge.
- *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.
- There is a decrease in income primarily because there is no longer a contract with the LDC for CFO services. Although WIB continues to lease space from LDC and have other overhead costs, this decrease is because there is no longer any sharing of employees.
- 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.
- Like the IDA, LDC is projecting a lower interest income because of the investments will not show maturity until the 2020 budget.

Expenditures:

Ms. Lee noted that the expenditures are fairly standard. The areas of significant change is under marketing, payroll, and professional service contracts.

- *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.
- In 2018, \$85,000 was projected and in 2019 this amount decreased to \$65,000. The reason being that in 2018 LDC will produce a magazine and the extra cost is related to the magazine. LDC does not expect to produce a magazine in 2019 which is why there is a decrease.
- *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.
- Payroll includes a hiring of a full-time business specialist who will primarily be overseeing the business retention and expansion efforts of the organization. A proposal was sent to the committee with the job description. The need for this position stems from when Ms. Lee was

promoted as CEO. Before her promotion, she was Director of Business Retention and Expansion and when she was promoted this position was never filled.

Ms. Lee note the LDC tried contracting for this service with Dutchess Tourism for about two years ago but this didn't work out so the contract was not renewed in 2018. Although it has been difficult in 2018 for LDC to maintain a vibrant business retention/expansion program, IDA/LDC is seeing a lot of growth.

As a result of all this, she is proposing hiring a business/retention hiring person. This person will not be hired until the second quarter of next year because the first quarter is primarily focused on complying with and filing PARIS.

In addition to hiring a new staff another factor that affects the increase in payroll is the standard 3% increase for staff.

Discussion ensued about possibly increasing the salary for this position up to \$75,000. Ms. Lee will review the fund balance to determine the most feasible way to accommodate for this salary increase.

Ms. Lee also noted that based on the budget, a 2% decrease is being projected from the overall budget for this year.

Discussion also ensued about possibly varying levels of payroll increase.

Ms. Yerks noted that based on recommendation that the Minutes need to be more detailed she would like to read the proposed staff salary with a 3% increase for the 2019 budget:

Office Administrator	\$49,172.72
Communications Coordinator	\$41,241.20
New Hire	55,000 - \$75,000
Director of Business Attraction	\$64,918.91
CFO	\$85,232.71
CEO	106,090.00

Ms. Lee noted that this information is being noted in the Minutes because she received a draft of the draft report from the County Comptroller recommending that LDC be transparent with staff salaries in its Minutes.

- *Payroll Fringe* are calculated based on full time staff.
- *Printing cost* is increased to reflect printing of marketing collateral and other office materials.
- *Private Sector – In-kind* has been added to accurately account for in-kind services the organization receives.
- *Postage* is estimated based on current and projected usage.
- *Professional Fees* reflect the services provided by Staff-Line, Cappillino & Rothschild, LLP, and estimated fees related to hiring an outside firm to assist in the enforcement of the Local Workforce Policy.
- *Professional Service Contracts* reflect the costs incurred by service contracts with other economic development service organizations and marketing contract.

- \$272,000 was projected last year but the estimated decrease is \$259,000. In 2019 it is estimated to decrease to \$220,000. The reason being that LDC is no longer sharing the compliance officer position with DCWIB. The estimated decrease for 2019 is also based on the decrease contract amount for the marketing RFP.
- *Rent* is based on the rental agreement with Guardian Storage
- *Office Supplies* is based on current and projected usage
- *Telephone costs* is an estimate based current and projected maintenance and support.
- *Trade Show* budget is based potential trade show activity for 2019.
- *Travel and Meeting* is an estimate based on past travel and planned travel activity.

5 YEAR PROJECTIONS

Ms. Lee noted the following:

- The third column (Next Year Proposed 2019) is basically an aggregated version of the 2019 Proposed Budget
- The proposed budget for the following years (2020, 2021, and 2022) is based on a 2% increase
- This 5 year budget is a requirement from PARIS

A motion was made by Mr. Sagliano, duly seconded by Ms. Langenthal to approve the 2019 IDA Proposed Budget. Motion was approved carried.

OLD BUSINESS

Nothing to report

NEW BUSINESS

Nothing to report

ADJOURNMENT

There being no further business, a motion was made by Mr. Sagliano to adjourn the meeting. The meeting adjourned at 9:36 a.m.

Respectfully submitted,



Mark Doyle, Secretary/Treasurer



Date

Meeting	<u>09-17-18</u>
Approved	<u>03-13-19</u>
Certified	<u>03-13-19</u>