

DRAFT  
MINUTES



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**FINANCE and AUDIT COMMITTEE MEETING**  
Friday, September 11, 2020

**Present:** Kathy Bauer, Secretary/Treasurer  
Don Sagliano

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

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On Friday, September 11, 2020, the Dutchess County Local Development Corporation [DCLDC] Finance and Audit Committee was called to order by Ms. Bauer at 9:02 a.m. Present was: Kathy Bauer and Don Sagliano. Quorum was established.

**APPROVAL OF MINUTES**

A motion was made by Mr. Sagliano, duly seconded by Ms. Bauer to approve the DCLDC February 18, 2020 Finance and Audit Committee Minutes. All voted in favor. Motion carried.

**2021 PROPOSED BUDGET**

Ms. Lee briefly explained the following line items from the 2021 Proposed Budget.

**A. 2020 End of Year Budget**

**Revenues:**

1. *Administrative Fees* income is based 2 projects to close in 2020: Vassar College and Bard College
2. *Application Fees* income is based on 2 applications received in 2020: Vassar College and Bard College
3. The Dutchess County line item reflects the decision to relinquish the County's contract in response to the COVID-19 pandemic
4. The Dutchess County IDA professional service contract for administrative services \$150,000
5. As a result of the health and safety concerns of the current pandemic, the organization has decided to cancel the in-person Business Excellence Awards event and instead produce a video to showcase this year's winners. However we are expecting a decrease in private contributions and this reflects anticipated decrease in private sector revenue.
6. *Private Sector In Kind* is estimated at \$0
7. *WIB (Workforce Investment Board)* - income from the contract for professional services which include rent, equipment and any additional service fees as a result of the co-location
8. Income from DCLDC investments in short-term CD's in 2020

**Expenditures:**

9. *Audit* costs is based on the contract with RBT, LLP
10. *Board & Committee* has been lowered to \$500

11. *Computer Consulting* spending is expected to be around \$12,000
12. *Dues, Publications and Subscriptions* - Due to the unexpected loss of income as a result of the pandemic, the LDC did not purchase the business intelligence program as planned, however the 2020 estimated end of year budget includes a cloud based loan management tool to manage the loan program implemented by the LDC in 2020. The budgeted amount includes the annual dues, publication and subscription costs and the subscription to the loan management software program. The purchase of the business intelligence program has been put on hold.
13. *Education/Training* spending is the costs for staff training
14. *Equipment costs* have been decreased as a result of reduced spending and as a result of the agency's capitalization policy
15. The office will not be leasing Equipment in 2021
16. *Events* budget item has been reduced to reflect the production costs to produce the Think Dutchess video in lieu of the traditional in-person event
17. *Insurance* includes the crime bond and general liability
18. *Marketing* expenses are on-track
19. *Misc/Other/Depr* does not reflect the costs as a result of depreciation which will be determined in the 2020 Audit
20. *Offices Supplies* is based on current and projected usage
21. *Payroll* is on track
22. *Payroll Taxes* reflect the associated taxes
23. *Payroll Fringe* has been reduced to reflect the actual cost as some employees are not using the full benefit package amount of \$18,000 per employee
24. *Phones* - The cost of phones reflect current maintenance and support
25. *Postage* spending reflect projected usage
26. *Printing cost* is has been reduced to reflect estimated usage
27. *Private Sector -In-kind* accounts for in-kind services the organization receives. However, we do not expect any in-kind private sector contributions in 2020
28. *Professional Fees* reflect the services provided by Staff-Line, Cappillino & Rothschild, LLP, and fees related to the video recording requirement of meetings and public hearings
29. *Professional Service Contracts* reflect the costs incurred by service contracts with other economic development service organizations and marketing contract
30. *Rent* is based on the rental agreement with Guardian Storage
31. *Trade Show* spending is significantly reduced as travel to trade shows has been restricted due to the pandemic
32. *Travel and Meeting* spending is based on 2020 travel and meeting activity

## B. 2021 Budget

### Revenues:

1. *Administrative Fees* income is based on a historic average of 3 projects
2. *Application Fees* income is based on 3 projects
3. While Dutchess County will not have an approved budget until December, we have requested an austerity budget request of \$338,250 for 2021
4. The Dutchess County IDA professional service contract for administrative services will be \$150,000
5. The projection for *Private Sector* contributions is the estimated income from Think Dutchess events and programs. The estimate is reduced as we expect the impact of the current COVID-19 pandemic will impact businesses' ability to sponsor events in 2021.

Comment: The \$75,000 seems a bit high and suggest lowering it to \$50,000.

6. *Private Sector In Kind* is estimated at \$0

7. *WIB (Workforce Investment Board)* - income from the contract for professional services which include rent, equipment and any additional service fees as a result of the co-location
8. DCLDC expects to continue to invest in short-term CD's similar to 2020, however, the interest expectations are lowered as interest rates have significantly fallen

**Expenditures:**

9. *Audit costs* is based on the contract with RBT, LLP
10. *Board & Committee* has been lowered to \$1,000
11. *Computer Consulting* are expected to stay stable in 2021
12. *Dues, Publications and Subscriptions* - Due to the unexpected loss of income as a result of the pandemic, the LDC did not purchase the business intelligence program as planned, however the 2020 estimated end of year budget includes a cloud based loan management tool to manage the loan program implemented by the LDC in 2020. The budgeted amount includes the annual dues, publication and subscription costs and the subscription to the loan management software program. The purchase of the business intelligence program has been put on hold.
13. *Education/Training* is the estimated costs for staff training
14. *Equipment costs* have been decreased as a result of decreased projected revenue
15. The office will not be leasing Equipment in 2021
16. *Events* budget has been reduced as a result of lowered Private Sector revenue

Ms. Yerks noted that in order to match the decrease in revenue, she would like to change the events amount from \$35,000 to \$25,000 and that the \$135,000 LDC Loan Reserve Fund is based on \$450,000 worth of loans at a 30% default as recommended from Community Capital.

17. *Insurance* includes the crime bond and general liability
18. *Marketing* expenses has been kept stable
19. *Misc/Other/Depr* does not reflect the costs as a result of depreciation which will be determined in the 2021 Audit
20. *Offices Supplies* budget has been kept stable based on current usage
21. *Payroll* - Due to revenue uncertainty due to the impact of the current pandemic, payroll has kept at 2020 levels

Question: Do you expect any vacancies for payroll in 2021?

Response: No

22. *Payroll Taxes* are also kept at 2020 levels to reflect the associated taxes
23. *Payroll Fringe* are calculated based on full time staff at the maximum benefit package worth \$18,000 per employee
24. *Phones* - The cost of phones reflect projected maintenance and support
25. *Postage* projections have been lowered as a result of cost savings measures
26. *Printing cost* is estimated based on projected usage of marketing collateral and other office materials
27. *Private Sector - In-kind* has been added to account for in-kind services the organization receives
28. *Professional Fees* reflect the services provided by Staff-Line, Cappillino & Rothschild, LLP, and estimated fees related to the video recording requirement of meetings and public hearings
29. *Professional Service Contracts* reflect the costs incurred by service contracts with other economic development service organizations and marketing contract
30. *Rent* is based on the rental agreement with Guardian Storage. The cost has been increased to reflect the expanded space.

Question: Could you explain the increase in the rent amount from \$71,627 to \$84,941?

Response: This increase reflects the space that was expanded in this year.

- 31. *Trade Show* budget is based potential trade show activity for 2021. This figure has been lowered from past budgets as it is expected limits will remain on travel due to the pandemic and some tradeshow transitioning to a virtual platform.
- 32. *Travel and Meeting* is an estimate based on planned travel and meeting activity

Question: can you provide the current asset position for the LDC?

Response: As per the December 31, 2019 audit, the net position is \$3.1 million.

**C. PARIS 5 Year Projection**

Ms. Lee noted the following:

- The projected amounts for 2022, 2023 & 2024 reflects a 3% increase.

Comment: Suggest that for the years 2022, 2023 & 2024, the investment earnings amount be changed to \$10,000.

Question: How does the LDC collect its administrative/closing fees and what is the nature of those transactions?

Response: The LDC administrative/closing fees are tax exempt bonds and the LDC acts as a conduit for these bonds which are private placement bonds. The bond holder is responsible for finding investors for the bonds. There is no financial impact or responsibility on the County because these are not municipal bonds. These are private market bonds which allows the bond holder to have access to the tax exempt market.

A motion was made by Mr. Sagliano, duly seconded by Ms. Bauer to present the 2021 Proposed Budget to the board for approval. All voted in favor. Motion carried.

**OLD BUSINESS**

None

**NEW BUSINESS**

None

**ADJOURNMENT**

There being no further business, the meeting adjourned at 9:32 a.m.

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Kathleen Bauer, Secretary/Treasurer

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Date

**Meeting**            09-11-2020  
**Approved**        \_\_\_\_\_  
**Certified**         \_\_\_\_\_

