

**Saratoga County Capital Resource Corporation**  
**Finance Committee Meeting Minutes October 24, 2017**  
**Stewarts Office Plaza, Malta, N.Y.**

The meeting was called to order at 4:20 p.m. The following members and staff were present:

**Members:** Chairwoman Anita Daly, Arthur Johnson, Matthew Veitch, Valerie Muratori, Ann Frantti, and John Wyatt.

**Staff:** Raymond O’Conor, CEO, Jeffrey Reale, CFO, Lori Eddy, administrative secretary.

**Guests:** Mr. Mangini and Ms. Wiles, Gramercy Communications.

**Absent:** Eugene Zeltmann.

Chairman Daly called the Finance Committee meeting to order at 4:20 p.m.

Chairman Daly stated the first item on the agenda is the review of the financial statements as of September 30, 2017. Mr. Reale stated as of September 30<sup>th</sup> we had a cash balance of \$418,809.29, a gain this year of \$168,756.72. Mr. Reale asked if there were any questions on the balance sheet.

Mr. Reale reviewed the budget results for 2017 through September 30<sup>th</sup>. We have taken in \$199,835.56. Expenditures as of September 30<sup>th</sup> are \$31,078.84 with a gain of \$168,756.72. Chairman Daly asked if there were any questions on the budget.

Mr. O’Conor reviewed the 2018 budget. The revenues presented assume we will have one \$10,000,000 transaction, collecting a \$500.00 application fee and an issuance fee of \$75,000. There are a couple of prospects out there but, we don’t know if they will come to fruition. As far as the contractual expenses, they are pretty much in line with what they were last year. General operating expenses such as insurance, were increased a bit. Mr. O’Conor stated dues and membership fees are what we paid in the current year for the Southern Saratoga County Chamber and the Saratoga County Chamber. The one big item that is different from prior years is \$40,000 for a possible grant program. He wanted it to be a meaningful number, but not more than 10% of the cash we have available, not knowing what our cash flow is going to look like next year and years thereafter.

Ms. Muratori asked if there was a way to structure the grant program based on percentage of the revenue coming in to the organization versus doing it this way. Mr. O’Conor stated if you do it based on revenue, and don’t do a transaction in that year, we won’t issue any grants. Ms. Muratori stated that would be acceptable. Mr. O’Conor further discussed that his concern in doing it that way, is if we have a grant program and receive applications, applicants will assume funds are available. Assuming that RW Preservation closes in December, we will probably have around \$500,000 in the bank. Mr. Johnson stated we haven’t established any guidelines yet and he is sure we would put a cap on any organization request. Ms. Muratori stated she is just concerned about putting together a budget that is showing a deficit. Mr. Wyatt stated that is okay because of the accumulations of the monies over the last several years to show that we are trying to distribute some of those funds. Mr. O’Conor stated if we have a dry year or two we could suspend it. Chairman Daly stated it was always our intention to find a way to

reinvest that money locally. She understands not liking to see a deficit on this proposed budget, but at the same time she feels a little guilty sitting on some of the money knowing there are some entities out there that could benefit. Mr. O'Connor stated with the balance we have we can operate for a while without any transactions. The possible changes in the tax law could have a big impact on the desirability of getting tax exempt financing. The higher the tax rate, the greater the benefit of having tax exempt bonds. Some of the market without a doubt will dry up if we have lower corporate and personal tax rates. It is still going to be desirable to some. With the cash we have available now, he is comfortable with an amount up to \$40,000. We could take it a year at a time. Even without any income next year, we are still going to wind up at the end of the year with balances well over \$300,000. Mr. Johnson stated we are not committing to \$40,000. Mr. O'Connor stated it is just a budget item.

Mr. O'Connor stated the next item is the five-year budget forecast for the Authorities Budget Office. He has not submitted this. This is done in the ABO's format on the PARIS System. On the revenues for future years, he put in the same \$75,500, anticipating we might do about \$10,000,000 annually. He put an estimate in there for interest income based upon deposits. On expenses, he put minor increases in going out for future years. Mr. Wyatt questioned the increase in professional contracts. What is included in that? Mr. O'Connor stated that is himself, Mr. Reale, Ms. Eddy and Mr. Carminucci. The big jump from 2017 to 2018 for professional service contracts, last year Mr. Reale and Mr. Carminucci were not compensated, so there is nothing in the budget for the prior year. Mr. Wyatt questioned what the \$26,500 number is under other operating expenditures for 2017. Mr. O'Connor stated that would have included everything from the \$10,000 we gave to Center for Economic Growth, marketing and other professional services. The ABO Budget has not been submitted, it is a draft. What the system does is it carries over from one year to the next. Mr. Wyatt stated one thing he might recommend is because if somebody is looking at this, you are forecasting, it appears, to lose money for the four years going forward, you might figure out if this is the case what our cash balances would be at the end of each of the years and put the 10% of that cash balance for the grants so to keep them at \$40,000. Ms. Muratori questioned on the 2018 budget, other than professional services, is that like for the different Chamber memberships and things like that for \$3,000. Mr. O'Connor stated the other items are under other non-operating expenditures. Mr. O'Connor stated if you would like, you can tentatively approve this budget and he will make amendments showing a declining grant program. Again, we have no idea where exact balances are going to be. He can make it \$40,000, \$30,000, \$20,000 and \$10,000 and if the program is justified we can always increase it in the operating budget. Chairman Daly stated she doesn't think it really portrays us in a bad light. Mr. O'Connor stated it is clear that the grant program puts us in an operating deficit, however if you don't budget it and you start giving grants that would be negatively perceived.

Chairman Daly stated she has Grammercy Communications representatives here to present a collaborative marketing effort with the Prosperity Partnership and the IDA to provide a more uniform sort of branding. She took the liberty of reaching out to Grammercy Communications. She met with them a couple of times. They have worked on our project and have provided a draft to review today and they have come to the meeting to give a presentation about what they would provide to us. In conjunction with that, Mr. O'Connor also did considerable homework on our website and the development of that. Chairman Daly introduced the folks from Grammercy Communication, Takara Wiles and Andrew Mangini. Chairman Daly stated she has a proposal from them that would work into our budget. Mr. Mangini stated Grammercy Communications is a strategic communications firm, public relations, public affairs and marketing. They are based out of Troy but they do work all over the Capital Region. They currently do work with

Saratoga County, specifically the County Board of Supervisors. One of the things they have worked on for this organization is some basic branding elements. Mr. Mangini discussed a draft of their designs. Ms. Wiles stated this is a general working design. Mr. Mangini further stated we pulled some of the elements that made the most sense to tie things all together. Chairman Daly stated that in our meeting in April, Alyssa McClenning and the Prosperity Partnership came in and talked about doing all of this. Subsequent to that, Alyssa left the Prosperity Partnership and the website proposal and this work went away. Mr. O'Connor contacted Webinstinct in Saratoga and came up with a proposal that was \$7,500 lower than the Prosperity Partnership solicited proposal. Basically, the only thing that the Prosperity Partnership did was contract with somebody to do the logo and we will be paying the bill for that. When we get to the regular meeting, if the Board desires, it can take formal action on the proposal from Gramercy and for the proposal for the website. Mr. Wyatt questioned what was the proposal? Chairman Daly stated we have had it in the budget for quite a while we just haven't come to any point about doing anything on it. Mr. Wyatt questioned what was the involvement with the website. Mr. Mangini stated outside of that if we move forward with a separate proposal, our role on the website could be helping with content. The proposal before you is for the three items in front of you, the letterhead, the business card and the brochure.

Mr. O'Connor stated Mr. Wyatt and Ms. Muratori had mentioned about making some changes with the grant totals going forward with the ABO Budget. Mr. O'Connor stated going back to our proposed operating budget for 2018, does anyone on the Finance Committee think that we need to change any of the figures that are in the proposed budget for 2018. Mr. Johnson stated under dues and memberships for 2017 you have \$12,500. Mr. O'Connor stated what we actually spent in 2017 was \$5,759. Chairman Daly stated part of what we were sharing with you today and part of what came out of the NYSAC Conference that she attended in Syracuse was a discussion that they do quite a bit of educational opportunities and their Board Members are required to have a certain level of education. In this discussion and in the roundtable discussions of Best Practices and who has been doing what across the State, we talked about a partnership with NYSAC, or NYSAC talked about part of their economic development partnership with Counties is to offer educational opportunities. NYSAC has since been in contact with the ABO and has had discussions with the ABO which the ABO has blessed highly, for them to proceed in a marketing venture to have Boards like ours, IDA's and other Boards, partner with them, a membership, and they would provide all of the education that is required of Board members. Chairman Daly asked Mr. Johnson to discuss this further. Mr. Johnson stated they are proposing another level of membership. It is called NYSAC Economic Development Partnership with groups like ours, IDA's, and others that they are going to solicit to become members. As part of that, there is going to be various training opportunities, brand association, listing on the NYSAC website, exhibit opportunities at their conferences, conference recognition, complimentary conference registrations and complementary advertising. The proposed membership fee is \$5,000. This is something that they are just starting out and want to offer this membership. There are some other private memberships but this one is going to be geared toward those involved in economic development. Chairman Daly stated she thinks what prompted all of this is what came out of the conference. NYSAC is not willing to get out in front of anything and they obviously have been working with the ABO and have both come to a joint conclusion that they could take the lead on educating Authority Board members. She doesn't know what is happening with the Center for Economic Growth. She has not heard from them or had a request from them so she is not sure where any of that stands. Chairman Daly stated she is more inclined to invest in something that seriously does work

beside us and help grow what we are doing. Mr. Johnson stated we contributed \$5,000 to CEG along with the IDA and the County. The IDA had Andrew Kennedy come and do a presentation as to what they have been doing and their accomplishments. In a future meeting you may want to have them come. Chairman Daly stated she should. She further stated that is something that could come into play with our dues and membership line item or it could come under some other area. Mr. Johnson stated it should be under dues and memberships. Chairman Daly stated it could if you want to increase that line item for budgeting purposes. Mr. O'Connor stated we could make a choice between this and the Center for Economic Growth. Chairman Daly stated she has not heard from them so she doesn't know if there is going to be a solicitation. Mr. Wyatt questioned what was that membership fee? Mr. O'Connor stated \$5,000. Mr. Johnson stated it was actually \$25,000 but it was split up between us and four other County Agencies. Chairman Daly stated the County put in \$10,000, the IDA put in \$5,000, the CRC put in \$5,000 and the Partnership put in \$5,000. Ms. Muratori questioned what NYSAC stands for? Mr. Johnson stated New York State Association of Counties. They have a lot of lobbying efforts, etc. Mr. Veitch stated the main members are the State's Counties and they are trying to expand that into a wider group. Chairman Daly stated they really have some great educational opportunities and out in Syracuse sitting with other folks and talking about Best Practices and some of the things that they do was a learning opportunity. Mr. Johnson stated he thinks Capital Resource Corporations are not recognized as what do you do and this would be an opportunity to get that message out there as well. Mr. Wyatt questioned if for training, could they help us set up the grant program? Chairman Daly stated it possibly could, but the training that you have to have in order to be an Authority Board member, the Authority Budget Office is willing to recognize training that NYSAC will provide as training for Board members. That is a big deal to get that level of recognition from the ABO. Mr. Johnson stated there is other training that could be useful, Ethics and Training, and things like that that would be available and an opportunity for us to participate in. Chairman Daly stated they have one annual conference locally. They have two conferences a year. One is on location because they like to spread out across the State. They don't go down to the New York City area. It would be Syracuse, Rochester, up north. One is always held at the Desmond in Albany. There is always an opportunity for us in particular to participate. Mr. Johnson stated you don't have to go to the whole conference, you can pick out what might be of interest. Mr. Wyatt stated if we do this then we don't do the CEG. Chairman Daly stated this is something that would come out of that particular line item in the budget. Ms. Franti questioned either or, not both, as far as memberships? Chairman Daly stated we have this to consider, there is the possibility of CEG out there, if you want to do Chamber memberships, then you need to go to this line item and increase it. It is at \$5,800 now, you need to increase that to some other number. Mr. Johnson stated we budgeted \$12,500 last year. Before we nix CEG we should at least listen to them. Mr. Reale stated we budgeted \$12,500 last year so he was thinking you would stay with that same number. It is just a budget number. We aren't spending that much. Chairman Daly stated we obviously didn't spend that much. Ms. Muratori questioned if there were other proposals they could give us that weren't as expensive as \$5,000 which focus more on the Board training piece of it? Chairman Daly stated that is their only level of partnership that they offer and they are being consistent across the State. She hasn't gone back to ask them. If you haven't participated in NYSAC you may not really understand how deeply valuable they are. They go and they do it and call around the State of New York and they find out who is doing what and where and salaries. They are a wealth of information. It is a matter of utilizing them. She would highly recommend doing that, whether we do the CEG thing or not, she doesn't want to pit one against the other necessarily, but she can say that is a value piece. Mr. Wyatt stated right now we are just determining what to keep as

far as the budget. What you have in there would cover a membership of \$5,000 and our Chamber memberships. Mr. O'Conor stated correct. Mr. Wyatt stated we would have to increase it if we think we are going to do both or keep it the same if we are going to decide between one or the other? Mr. O'Conor stated we can keep it at \$5,800 or make it \$10,800. Mr. Wyatt stated he likes the fact that this at least gives us specific training for what we are doing if we need it. Chairman Daly stated new Board members need to be trained. Mr. Johnson stated at least up the budget to include that \$5,000 and we don't have to commit to joining today and the same with CEG, but at least get it in the budget if that is what we decide to do.

Chairman Daly stated there has been a proposed amendment to increase dues and memberships from \$5,800 to \$10,800. Mr. Johnson made a motion to amend increasing the proposed 2018 budget line item dues and memberships to increase from \$5,800 to \$10,800. The motion was seconded by Mr. Veitch. There was no further discussion. All members voted in favor.

Mr. O'Conor stated there have been a number of changes proposed. We will need the Finance Committee to recommend to the full Board the adoption of 2018 Budget. Mr. O'Conor will change the ABO numbers to reflect the changes to the Operating Budget.

Mr. Wyatt made a motion to recommend the proposed 2018 Budget with the changes discussed. The motion was seconded by Ms. Muratori. There was no further discussion. All members voted in favor.

There being no other business to discuss, the Finance Committee meeting was adjourned at 5:30 p.m.

Secretary\_\_\_\_\_ Date\_\_\_\_\_