

AUDIT & FINANCE COMMITTEE MEETING MINUTES

October 2, 2018 • 12:00 pm
The Agency Conference Room, 2nd Floor
FIVE South College Drive, Suite 201
Binghamton, New York 13905

Audit & Finance Committee Members Present: John Stevens, Wayne Howard and Monty Pinker

Audit Committee Members Absent: None

Board Members Present: John Bernardo and Stephen Feehan

Staff: Kevin McLaughlin, Stacey Duncan, Carly Norton, Natalie Abbadessa and Carrie Hornbeck

Guests: None

Audit Committee Member Presiding: John Stevens

Agenda Item 1: Chairman Stevens called the meeting to order at 12:00 p.m.

Agenda Item 2: Accept minutes from the February 21, 2018 Audit & Finance Committee Meeting.

MOTION: Acceptance of the February 21, 2018 minutes, on a Motion by Mr. Howard, seconded by Mr. Pinker; the MOTION CARRIED UNANIMOUSLY.

Agenda Item 3: Public Comment. None.

Agenda Item 4: Building Cost. Prior to a discussion on the 2019 Operational Budget, Mr. McLaughlin provided a detailed overview of costs associated with the construction of FIVE South College Drive. This included final costs, change orders and tenant leases.

The Transaction Detail notes the income that came in as a result of the Dormitory Authority Grant Reimbursement and the application for payments to Delta Engineers, the Town of Dickinson and Fahs Construction (Fahs). The total difference in change orders is around \$72,000.00, slightly under 2% of total project costs.

The change orders were combined into four major items: there was some added electrical that was required, security cameras and card readers had to be installed, the exterior sign on the building was not included in the original budget, and there was additional electrical work required of MATCO Electric.

Mr. McLaughlin explained that there was an existing electrical pole on the site prior to construction. The intention was to use that pole to service FIVE South College Drive. Unfortunately, during the demolition of the old SUNY Broome Administration Building, the pole was torn down. Fahs had to bring in a totally new electrical service at a cost of \$14,000.00. SUNY Broome has assured The Agency that the BCIDA would be reimbursed the \$14,000.00.

Mr. McLaughlin stated that the other major contract adjustment was the construction of the Visions FCU space. After The Agency negotiated the lease with Visions, they came back to us and said that they wanted to do all their own fit-out. Subsequently, The Agency incorporated some of Visions' work within the construction budget, itself. Instead of allocating additional Agency funds, the staff decided to extend credit to Visions for the work they were doing in their space, which amounted to about \$50,000.00. As a result, The Agency will not be charging Visions rent for five years. Visions completely re-did their own space.

Mr. McLaughlin believes that for a building of this size, the change orders and adjustments to the construction contract were minimal and would like the Finance Committee to recognize, review and accept the final construction and change orders for FIVE South College Drive. These figures were incorporated in the final 2017 Budget and the existing 2018 Budget that was approved by the Board of Directors.

Mr. Stevens asked if there were any questions of Mr. McLaughlin on the building.

Discussion:

Mr. Feehan: How many square feet did the building wind up being?

A speaker: About 17,500 square feet.

Mr. McLaughlin: The Agency had to make some changes, mid-stream. The Chamber of Commerce requested more space for the Convention and Visitor's Bureau; when that occurred, The Agency had to relocate AM & T from where the Convention and Visitor's Bureau now resides and moved them into what was considered to be The Agency's incubator space. AM & T had already signed a lease; The Agency agreed to have them pay the same rent for the new space, even though AM & T's square footage was more than previously negotiated.

Mr. Howard: On Visions fit-out, did they do all the HVAC?

Mr. McLaughlin: No. The Agency did the HVAC. The Agency brought in the main components; Visions distributed. The Agency did all the major systems.

Mr. McLaughlin: The Agency literally gave Visions the bare walls. The wires were pulled; the HVAC was all distributed. The plumbing was run.

After a series of questions and a brief discussion, Mr. Stevens asked for a motion to accept the final report on the Building Cost.

MOTION: To accept the final report on the Building Cost. On a MOTION by Mr. Howard, seconded by Mr. Stevens; the MOTION CARRIED UNANIMOUSLY.

Agenda Item 5: 2019 Budget.

Prior to presenting the proposed 2019 Budget, Mr. McLaughlin provided the committee with the actual 2018 and proposed 2019 income and expense for FIVE South College Drive. The tenants include: ABC, a marketing firm out of Syracuse; AM & T; Chamber of Commerce; National Development Council; New York BDC and Visions.

Mr. McLaughlin provided a detailed line by line review of the income and expenses for FIVE South College Drive.

Discussion followed on partnering with SUNY Broome incorporating the maintenance of FIVE South College Drive with the overall maintenance of the SUNY Campus. A proposal is forthcoming from the college, which will be presented to this committee and the Board.

Mr. Pinker inquired about the Thomas W. Libous Community Room and if it is used by the public. Mr. McLaughlin explained that it is used frequently by outside groups, but the use is monitored by staff.

Mr. Stevens asked if there were any other questions about the income and expenses on the building; there were none. Mr. Stevens continued that he and Mr. Bernardo met with Mr. McLaughlin to review the proposed Budget.

Mr. McLaughlin presented the 2019 proposed Budget, outlining that on the far right-hand side of the sheet is the actual year-to-date expenses and income for the operation of the IDA. Mr. McLaughlin then presented the proposed income for 2019. Discussion followed on the individual income lines, and especially, the bank interest and investment income that has slowly increased to \$65,000.00. It is projected that the IDA should realize a 2.5 – 3% return on the investments, as compared to ten basis points, achieved in 2013.

Total income is projected to be \$1,144,437.56.

Mr. McLaughlin asked if there were any questions from the income side. Hearing none, Mr. McLaughlin continued on the expense side:

Administrative Expenses:

Salaries and Benefits take up the majority of the IDA expense. In the salary section, Mr. McLaughlin requested that staff salaries be increased by 3%. This does not include Mr. McLaughlin.

Benefits include health insurance and pension. Mr. McLaughlin explained that the professional service contracts increased a small amount, as the staff has been working on trying to get some of The Agency's land in the corporate park pre-approved by the town and through the SEQR process, so that they are shovel-ready. The Agency will get quotes on that work. Mr. McLaughlin further explained that it took nine to ten months to get through this process for the Dick's Sporting Goods project. If possible, the land that is right in front of the Solar Farm, and the Wright property that The Agency bought last year, are the targeted parcels.

Mr. McLaughlin outlined that The Agency continues to work with the town regarding the Community and the Day Care Center, which is under preliminary design right now. There are meetings scheduled for the end of the week. The Agency is hopeful that project will move forward. Of the eight acres, The Agency and town are determining what acreage will go to the Community and Day Care Center and how much will remain with The Agency.

Total administration costs are \$738,000.00, up a little bit from last year. Unfortunately, The Agency underestimated some of the health cost in 2018 and that is why there is a jump of \$22,000.00.

Office Expenses:

Unchanged from the 2018 Budget.

Business Development:

Mr. McLaughlin explained that the advertising, printing and publishing public relations contract administered by Ms. Duncan are being kept exactly the same. It was outlined that the Good Life campaign is important; especially the stories in the newspaper. Hopefully, The Agency and the BCLDC will be able to generate enough money from private and public sources to continue with the campaign. If not, then the staff may have to come back before this committee and the Board, to figure out exactly how to handle the continuation of the Good Life campaign.

FIVE South College Drive Expenses:

Outlined in the previous discussion on the building.

Building Property Maintenance:

Mr. McLaughlin outlined that The Agency does maintenance at the Corporate Park, Charles Street Business Park and the former BAE site. Discussion followed on the possibility of selling a portion of the remaining acreage at Charles Street.

Operating Income Less Operating Expenses:

Mr. McLaughlin anticipates that the actual income over expenses in 2018 will be almost \$400,000.00. Mr. McLaughlin went on to explain that over the last four years, The Agency has seen income exceed expenses and it is due to the aggressiveness of how the IDA is operated and how the staff monitors expenses. Mr. McLaughlin anticipates a nearly break-even budget for 2019.

Projected Capital Expenditures:

Mr. McLaughlin outlined the 2018 capital expenditures, which included the purchase of the Wright Property at the corner of Carlin Drive and Broome Corporate Parkway for \$120,000.00, which was approved by the Board.

Discussion was then held on the former DOT property and that the IDA would seek State assistance in its demolition. There are no capital expenditures anticipated in the 2019 budget.

Mr. McLaughlin completed the presentation on the 2019 proposed IDA Budget.

Mr. Stevens asked the committee if there were any questions; there were none.

MOTION: To approve the 2019 Budget as presented, and make a recommendation to the full Board for review and approval at its next Board meeting. On a MOTION by Mr. Pinker, seconded by Mr. Howard; the MOTION CARRIED UNANIMOUSLY.

NBT Report: Mr. Stevens stated the only other business is that Mr. Stevens did distribute the most recent report from NBT on the investment portfolio to the committee. Investments are in treasuries. The Agency has a good relationship with Brad Eaton at NBT, who keeps The Agency well informed as to what is going on.

Agenda Item 6: Adjournment. Mr. Howard made a MOTION to adjourn the meeting, seconded by Mr. Pinker; the MOTION CARRIED UNANIMOUSLY. Chairman Stevens adjourned the meeting at 12:35 p.m.

The next meeting of the IDA Audit & Finance Committee is to be determined.