

FOR CONSIDERATION

March 26, 2010

TO: The Directors

FROM: Dennis Mullen

SUBJECT: Annual Budget

REQUEST FOR: Authorization to Adopt Annual Operating Budget including Subsidiary Operating, State Asset Maximization and Department of Economic Development Support for FY 2010-2011 and to Take Related Actions

BACKGROUND

State Finance Law requires that, prior to the commencement of the fiscal year, the Empire State Development Corporation (ESDC or the Corporation) Directors adopt its annual operating budget including support provided to subsidiaries and other related entities. All subsidiary operating and capital budgets must also be presented to and approved by their individual Boards within the same time frame.

ESDC's budgets have been dependent, in part, on the receipt of appropriations contained in the annual Executive Budget. The 2009-2010 Executive Budget included appropriations to support \$2.5 million of operating costs of the Corporation. The 2010-2011 Executive Budget, as submitted, does not include any appropriations to support the operating costs of the Corporation and \$16.7 million to allow for the proposed consolidation of ESDC and the Department of Economic Development (DED) into the new Job Development Corporation. This proposed consolidation and the associated revenue and expenditure are not yet reflected in the budget document. If necessary, following adoption of the State's 10-11 Budget, we will return to the Directors with a modified Annual Operating Budget.

For the 2010-2011 budget, the Division of Budget (DOB) and the Governor's office sought recommendations for operational savings from DED and ESDC that would preserve funding for each entity's core mission while still achieving savings targets set by DOB. In order to comply with this directive, ESDC was required to eliminate the \$2.5 mil appropriation for operating support and provide \$1.445 million of corporate resources to DED.

Please note that within the Non-Personal Services Expenses section of the budget, there is a line item showing approximately \$3.2 million for a Government Assessment Fee. This is pursuant to Public Authorities Law Section 2975 which directs the Division of Budget to assess an amount to each public authority for recovery of central governmental services. This assessment was also levied at the end of the fiscal year 2009-2010.

Also please note Members of the Job Development Authority (JDA) authorized the creation of the State Assets Maximization Local Development Corporation (SAMLDC) in September 30, 2009 to oversee the implementation of the mandate of the State Asset Maximization Commission. The support for SAMLDC is included in the grand total.

In addition to the operating budget, authorization is also sought to approve the 2010-2011 capital budget request of \$354,850 administered through the MIS department for the purchase of various network, telecommunications and other equipment and software.

The proposed 2010-2011 ESDC operating budget including subsidiary operating, SAMLDC and DED support and the capital budget request is attached to these materials for your review.

REQUESTED ACTION

The Directors are requested to adopt the Annual Operating Budget including subsidiary operating, SAMLDC and DED support and approve the Capital Budget as set forth in the attachments and to delegate authority to the appropriate officers to take related actions.

ATTACHMENTS

Proposed Annual Operating Budget for FY 2010-2011 including subsidiary operating, SAMLDC and DED support

Proposed Capital Budget for FY 2010-2011

March 26, 2010

NEW YORK STATE URBAN DEVELOPMENT CORPORATION – (the “Corporation”)
Authorization to Adopt Annual Operating Budget

RESOLVED, that the Corporation hereby adopts the Annual Operating Budget for FY 2010-2011 including subsidiary, SAMLDC and DED support and approves the FY 2010-2011 Capital Budget, based upon the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation (the “Materials”); and be it further

RESOLVED, that the proper corporate officers be, and they hereby are, authorized to take related actions as he or she may, in his or her sole discretion, deem necessary or proper to effectuate the foregoing.