

Empire State Development

FOR CONSIDERATION

March 20, 2013

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Annual Budget

REQUEST FOR: Authorization to Adopt Annual Operating Budget including Subsidiary Operating Support for Fiscal Year (FY) 2013-2014 and to Take Related Actions

BACKGROUND

State Finance Law requires that prior to the commencement of each fiscal year the Directors of the Empire State Development Corporation (ESDC or the Corporation) adopt an annual operating budget. This budget includes certain support provided to subsidiaries and for the operations of the Regional Economic Development Councils and New York Works Task Force. It pertains only to operating costs and not to programmatic appropriations included in the Governor's proposed FY 2013-2014 Executive Budget. All subsidiary operating and capital budgets must also be presented separately to, and approved by their respective Boards within the same time frame.

As indicated in the attached budget document, reflected in the funding source, "Housing/Other Revenue/Asset Sale Proceeds", is the proposed transfer of the ESD housing portfolio to New York State Housing Finance Agency on May 31, 2013 and the receipt of a payment of forty five million three hundred eighty thousand two hundred thirty-five dollars (\$45,388,235). These funds will be used in place of housing revenue to help meet ESD's annual operating budget expenses for the next two fiscal years.

In the FY 2013-14 budget, the expense for personal services is inclusive of the cost of fringe benefits which includes the Corporation's annual contribution to the New York State Retirement System. It is important to note that the amount of contribution has increased during prior fiscal years as a result of lower than expected rates of return on the fund balance and it is forecasted to remain at that higher level in the next fiscal year.

Public Authorities Law Section 2975 directs the Division of Budget to assess an amount to each public authority for recovery of central governmental services. The estimated government assessment fee for FY 2013-2014 is \$3.74 million.

If changes are required following the adoption of the State's FY 2013-2014 Budget, a modified annual operating budget will be presented to the Directors at a later date.

In addition to the operating budget, we are also seeking approval of the Corporation's FY 2013-2014 non-programmatic capital expense budget of \$1,017,000. The request reflects our plan to invest in new technologies that support our strategic goals and are focused on increasing server and storage capacity in our virtual environment, as well as the continued adoption of desktop virtualization to meet our business continuity goals. Also included is funding for upgrading the financial management system, video hardware and software and the ESD website redesign.

The details of the proposed FY 2013-2014 ESDC operating and non-programmatic capital expense budgets are attached to these materials for your review.

REQUESTED ACTION

The Directors are requested to adopt the Corporation's proposed Annual Operating Budget for FY 2013-2014 and approve the Non-Programmatic Capital Expense Budget for FY 2013-2014 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 2013-2014 including subsidiary operating support

Proposed Non-Programmatic Capital Expense Budget for FY 2013-2014

March 20, 2013

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 2013-2014 including subsidiary operating support and approves the Non-Programmatic Capital Expense Budget for FY 2013-2014, 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.

New York State Urban Development Corporation d/b/a
 Empire State Development Corporation
 Annual Operating Budget
 Including Subsidiary Support
 for Fiscal Year 2013-2014

EXPENSES

<u>Personal Services (including fringe benefits)</u>	\$	<u>31,161,000</u>
<u>Other Post Employment Cost</u>	\$	4,100,000
 <u>Non-Personal Services</u>		
Occupancy Expenses	\$	7,746,000
Government Assessment Fee		3,735,645
Repairs/Maintenance/Property Management/Other		
Outside Services/Expenses		489,100
Computers, Software & Telephone		828,596
Legal/Consulting/Accounting Fees		1,173,000
Office Supplies&Expenses/Printing/Advertising		442,113
Insurance		279,500
Travel & Meals		277,813
On-Line Services, Seminars, Dues & Subscriptions		128,925
 <u>Total Non-Personal Services</u>	 \$	 <u>15,100,692</u>
 <u>Total Personal and Non-Personal Expenses</u>	 \$	 <u>50,361,692</u>
 <u>Total Subsidiary Operating Support</u>	 \$	 <u>2,904,772 (a)</u>
 GRAND TOTAL - ALL EXPENSES	 \$	 <u>53,266,464</u>

FUNDING SOURCES

Housing/Other Revenue/Asset Sale Proceeds (b)	\$	39,652,603
Economic Development Income & Other Fees		10,717,000
Recovered Expenses		<u>2,896,861</u>
 GRAND TOTAL - FUNDING SOURCES	 \$	 <u>53,266,464</u>

(a) Consists of operating expenses for ECHDC, HCDC Corporate, HRTDC, QWDC and USAN. ESDC does not provide support for any other subsidiaries.

(b) Assumes the transfer of the 41 projects in the housing portfolio on May 31, 2013 and the utilization of the associated funding received from NYS Housing Finance Agency.

New York State Urban Development Corporation d/b/a
Empire State Development Corporation
Subsidiary Operating and Capital Support
for Fiscal Year 2013-2014

EXPENSES

<u>Personal Services (including fringe benefits)</u>	<u>\$ 2,307,057</u>
 <u>Non-Personal Services</u>	
Occupancy Expenses	\$ 134,895
Other Outside Services/ Expenses	119,368
Insurance	123,667
Professional Fees	80,500
Office Supplies & Expenses/Printing/ Advertising	57,675
Computers, Software & Telephone	55,060
On-Line Services, Seminars, Dues & Subscriptions	15,350
Travel & Meals	<u>11,200</u>
 <u>Total Non-Personal Services</u>	 <u>\$ 597,715</u>
 <u>Total Personal and Non-Personal Expenses</u>	 <u>\$ 2,904,772</u>

NOTE:

(a) Consists of operating expenses for ECHDC, HCDC Corporate, HRTDC, QWDC & USAN.
ESDC does not provide operating support for any other subsidiaries.

New York State Urban Development Corporation d/b/a
Empire State Development Corporation
Non-Programmatic Capital Expense Budget
for Fiscal Year 2013-2014

DataCenter Equipment	\$	15,000
VDI Engineering Services		15,000
Dell Physical Desktops		17,000
VDI Citrix Licensing		20,000
Mobile Devices (Laptops, Tablets, etc.)		20,000
Virtual Destop Servers (2)		25,000
Thin Clients (100)		27,000
Network Infrastrucutre Equipment		38,000
DR Site Storage		45,000
Miscellaneous Capital Improvements		45,000
Miscellaneous Software		50,000
Microsoft Enterprise Agreement		65,000
Furniture and Fixtures		75,000
Video Conferencing		85,000
Miscellaneous Office Equipment		100,000
Upgrade to Financial Management System		175,000
ESD Website		<u>200,000</u>
Grand Total All Expenses	\$	<u>1,017,000</u>