

**FOR CONSIDERATION**

March 23, 2011

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Annual Budget

REQUEST FOR: Authorization to Adopt Annual Operating Budget including Subsidiary Operating Support for FY 2011-2012 and to Take Related Actions

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**BACKGROUND**

State Finance Law requires that prior to the commencement of each fiscal year the Empire State Development Corporation (ESDC or the Corporation) Directors adopt its annual operating budget which includes support provided to its subsidiaries. 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 in prior years been dependent, in part, on the receipt of appropriations contained in the annual Executive Budget. The proposed 2011-2012 Executive Budget does not include any appropriations to support the operating costs of the Corporation but includes \$1 million to support the proposed consolidation of New York State Foundation for Science, Technology and Innovation into ESDC. This consolidation and the associated revenue and expenditures are not yet reflected in the attached budget document. If following the adoption of the State's 2011-2012 Budget changes are required, a modified annual operating budget will be presented to the Directors.

Please note that included within the Personal Services (PS) Expenses is the cost of fringe benefits which has increased reflecting a projected growth in the Corporation's annual contribution to the New York State Retirement System. The increased contribution is the consequence of lower than expected rates of return on the fund balance. The Retirement System indicated that this increase may carry into future fiscal years contributions.

Public Authorities Law Section 2975 directs the Division of Budget to assess an amount to each public authority for recovery of central governmental services. This year's Government Assessment Fee increased by approximately \$290 thousand over the prior fiscal year.

In addition to the operating budget, authorization is also sought to approve the 2011-2012 non-programmatic capital expense budget of \$428 thousand for the purchase of software and various network, telecommunications and other equipment.

The details of the proposed 2011-2012 ESDC operating and capital expense budgets are attached to these materials for your review.

### **REQUESTED ACTION**

The Directors are requested to adopt the Annual Operating Budget including subsidiary operating support and approve the Non-Programmatic Capital Expense 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 2011-2012 including subsidiary operating support

Proposed Non-Programmatic Capital Expense Budget for FY 2011-2012

March 22, 2011

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

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**RESOLVED**, that the Corporation hereby adopts the Annual Operating Budget for FY 2011-2012 including subsidiary operating support and approves the FY 2011-2012 Capital Expense 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.

NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a  
EMPIRE STATE DEVELOPMENT CORPORATION  
ANNUAL OPERATING BUDGET  
INCLUDING SUBSIDIARY OPERATING SUPPORT  
2011-2012

EXPENSES

PERSONAL SERVICES (PS)	<u>\$ 28,070,000</u>
POST EMPLOYMENT COST	\$ 4,100,000
NON-PERSONAL SERVICES (NPS)	
Professional Fees	\$ 650,900
Travel & Meals	250,000
On-Line Services, Seminars, Dues & Subscriptions	248,035
Occupancy Expenses	9,598,000
Insurance	206,000
Office Supplies&Expenses/Printing/Advertising	315,595
Computers, Software & Telephone	650,220
Other Outside Services/Expenses	980,350
Government Assessment Fee	3,450,000
TOTAL NON-PERSONAL SERVICES (NPS)	<u>\$ 16,349,100</u>
TOTAL PS & NPS EXPENSES	\$ 48,519,100
TOTAL SUBSIDIARY OPERATING SUPPORT	<u>\$ 3,177,478 (a)</u>
GRAND TOTAL	<u><u>\$ 51,696,578</u></u>

FUNDING SOURCES

HOUSING/OTHER REVENUE/ASSET SALE PROCEEDS	\$ 46,196,578
ECONOMIC DEVELOPMENT INCOME & OTHER FEES	5,000,000
RECOVERED EXPENSES	<u>500,000</u>
TOTAL FUNDING SOURCES	<u><u>\$ 51,696,578</u></u>

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

NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a  
EMPIRE STATE DEVELOPMENT CORPORATION  
SUBSIDIARY OPERATING SUPPORT DETAIL  
2011-2012

EXPENSES

PERSONAL SERVICES (PS)	<u>\$ 2,595,653</u>
NON-PERSONAL SERVICES (NPS)	
Occupancy Expenses	\$ 161,000
Travel & Meals	18,000
Professional Fees	130,595
Computers, Software & Telephone	61,985
On-Line Services, Seminars, Dues & Subscriptions	22,100
Insurance	33,295
Office Supplies & Expenses/Printing/ Advertising	94,980
Other Outside Services/ Expenses	59,870
Post Employment Cost	-
TOTAL NON-PERSONAL SERVICES (NPS)	<u>\$ 581,825</u>
TOTAL PS & NPS EXPENSES	<u><u>\$ 3,177,478</u></u>

**Note:**

Consists of operating expenses for ECHDC, ESNMC, HCDC Corporate, HRTDC, QWDC & USAN.  
ESDC does not provide operating support for all other subsidiaries.