

Saratoga County Capital Resource Corporation

Finance Committee Meeting Minutes

October 20, 2021

Saratoga County Chamber Office, Saratoga Springs, NY

The meeting was called to order by Chairwoman Daly. The following members were present:

Members Present: Chairwoman Anita Daly, Jean Raymond, Arthur Johnson, Mark Hillman, Matthew Veitch, Valerie Muratori.

Staff & Guests Present: Raymond O’Conor, CEO; Jeff Reale, CFO, Jim Carminucci, Counsel; Chris Canada; Counsel; Lori Eddy, administrative secretary.

Absent: Ann Frantti.

Chairman Veitch called the Finance Committee meeting to order.

Mr. Reale stated in September, we rolled maturing certificate of deposit proceeds into the checking account. In the checking account we have \$526,851.00. Mr. O’Conor stated we had a couple of CD’s come due and he did some rate shopping at the area banks and you get an extra 1/10th of 1% for locking that money up for 6 months to a year. It is not worth it. Chairwoman Daly questioned at any given time, maybe in between our meeting dates, do you need permission from the Board or can you make the change? Mr. O’Conor stated if rates look attractive, he can go ahead and make a change. He doesn’t anticipate that we are going to see any measurable increase in interest rates for quite some time. He thinks we will have the same conversation a year from now. Ms. Muratori questioned so that is the only investment tool that we can use? Mr. O’Conor stated we can buy Treasury securities and other securities that are backed by the full faith and credit of the United States or the State of New York. But, the 10-year Treasury is paying about 1.50 %. He wouldn’t lock up his money for a decade for 1.50 %. Ms. Raymond asked what we are allowed to do with that money? Chairwoman Daly stated all of the monies we have spent pretty much have been reinvested back into our not-for-profits or we have worked through the Chamber’s 501C program supporting projects that support not-for-profits. Ms. Raymond stated it just seems to me rather than tying up a couple hundred thousand dollars in CD’s that pay nothing. She is just wondering, if we are allowed to, why are we not going to take \$100,000 or \$200,000 and do something, invest in our community, our County, our local businesses, something and some way dispense it back out to where it will make money for somebody. Mr. Johnson stated we did do the Management Institute Program. Chairwoman Daly stated the reason we brought this together was not to be, again she doesn’t mean this in a bad way, but to not be like the IDA and just sit on a bank account all the time, that we were going to find those projects that we could really support and support them. Then we run into the issue with well, why you and not you type of situation that is hard to defend with the ABO. Ms. Muratori stated we had talked at one point because a big piece of this whole idea was to be able to offer not-for-profits a different capital funding tool, it doesn’t work, too big. But there are certainly capital projects that not-for-profits need that would be more in that \$5,000, \$10,000, \$15,000 range and that is kind of where we started a couple of years ago. That is where we were doing some grant development and again

those are the places where they are more hand to mouth. But they are not going to go to the bank and get a loan because they might not be able to get a loan and they don't have the cash to get it done. Ms. Raymond, stated generically, and obviously you can't just go out and hand out money to everybody. But maybe pick categories, senior citizens, youth programs, some of those programs have just dropped by the wayside and nothing is happening, or very little is happening. Something that we could develop that would be eligible for this particular purpose and maybe one-shots. Mr. O'Connor stated the surplus that we have was funded through the years of our infancy. We used to have a fee structure that was much more onerous to the borrowers and more beneficial to us than what we have now. In fact, after we were operating for three years or so, we changed our fee structure because we were collecting a lot more money than we had expenses to cover. Obviously in the last couple of years we've gone through some lean years as organizations put off capital projects because of the pandemic and other economic reasons. One thing to keep in mind is for the past two years we have shown operating losses and they are only operating losses because of the charitable contributions that we gave. On an operating basis, we are still okay. We don't know how the next year to two or three might go. Ms. Raymond stated she isn't looking to rush into doing anything, she just thinks we ought to think about it a little bit. Mr. O'Connor stated he is not sure how the Authorities Budget Office, the Comptroller's Office, is going to react to multiple years of red ink. Mr. Carminucci stated for your type of organization he doesn't know if it really matters if you suffer a loss in a year and you still have a significant cash balance. Whatever you do it has to tie back to your organizational purpose. You have a lot more flexibility than IDA's have in terms of how you spend your money and it is just a question of deciding what you want to do. Mr. Carminucci questioned if there is a master list of not-for-profits in the County. Part of the reason you are not seeing a lot of activity is there is only a handful of larger not-for-profits in the County that tend to borrow on a tax-exempt basis and most of them have been through you. Some multiple times. Ms. Muratori stated you have in the budget \$10,000 for Community Development grants already. Certainly, you could look to increase that. She asked Chairwoman Daly if there was discussion on how those dollars were going to be used this year? Chairwoman Daly stated no.

Mr. Veitch asked if there were any questions on the balance sheet. There were no further questions. Mr. Reale reviewed the income statement and asked if there are any questions.

Chairman Veitch stated the transaction detail is the next item. Mr. Reale asked if anyone has any questions. There were none.

Mr. Veitch stated the next agenda item is the review of the budget. We are looking next at the recommended budget. Mr. O'Connor stated as he typically does every year, he projects we will have at least one project in the year possibly in the amount of \$10,000,000. We would realize an application fee of \$500 and a bond administration fee of \$75,000. Interest income is going to be substantially less in 2022. As far as the contractual expenses, based on the results of the Governance Committee, he will make a couple of adjustments for CEO, CFO and secretarial compensation. The auditor's fee is slightly more than last year. Mr. Veitch questioned the amount for secretarial. Mr. O'Connor stated Lori bills on an hourly basis. It is hard to put a finger on it, but will reduce that from \$2,000 down to \$1,800. Most of the expenses are based on historic numbers. He put in a couple thousand dollars for conferences, which may be impacted by the pandemic. The Community Development grant number is based on how much could be given in grants and still have a small operating surplus. Ms. Muratori stated if you saved some

efficiencies on the salary side you could move that down to the grants. Mr. O’Conor asked if the Board wanted to increase Community Development grants to \$15,000.00. The Board agreed to increase the grants to the amount of \$15,000.00.

Mr. Veitch stated our recommendation will be what we have here plus the changes we have discussed at this meeting. Mr. O’Conor agreed. Mr. O’Conor continued that the ABO requires us to do a five year pro-forma of our budget. He will adjust those numbers as well to reflect the operating budget as proposed for 2022.

Mr. Veitch asked for a motion to recommend to the full board the changes to the 2022 proposed budget as presented in the Finance Committee meeting. Mr. Johnson made a motion to approve the draft budget for 2022 with an amendment to reflect the changes stated, and it was seconded by Ms. Muratori. There was no further discussion. All board members voted in favor.

There being no other business to discuss, the Finance Committee meeting was adjourned on a motion by Mr. Johnson and seconded by Ms. Raymond.

Secretary _____ Date _____