

# ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## AUDIT COMMITTEE MINUTES

June 12, 2018

Orange County Business Accelerator in New Windsor, New York.  
1:30- 2:00pm

PRESENT: John Steinberg, Edward Diana, Mary Ellen Rogulski, Joel Kleiman

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer  
Kevin Dowd – IDA Attorney  
Vincent Cozzolino – Managing Director

### Appropriation of Funds

Mr. Kleiman started out by covering three quick things. The update of IBM Audit with JGS. JGS will be doing three years of audit work due to how long it is taking to get the information, and once that is done the IDA will engage JGS to do the current year which Mr. Kleiman said they expect to get payment of approximately 1.4 Million dollars. JGS anticipates getting the IDA a draft of all three years by August / September after finalizing and getting a complete report. Ms. Rogulski asked if JGS was having problems getting the information from IBM and Mr. Kleiman stated that it is getting all the information due to a change in personnel. Mr. Kleiman then stated the second item was banking and he is in the process of updating the pledge collateral agreement. Mr. Kleiman stated that he has sent out all paperwork and expects the updates to be completed within 2 month. Mr. Kleiman brought up the bookkeeping services. He stated that he is looking to bring someone in house part time but not an employee. They are checking with Staffline and looking for 1 day a week that someone like a bookkeeper will come in and do all transactions for IDA, OCFC and BA. Mr. Kleiman said that he wants to get someone savvy with QuickBooks and will ask JGS to come in and do an interim audit for 3Q to ensure all the audit entries were posted correctly. Mr. Kleiman then went to the appropriations. Mr. Kleiman stated he spoke to Mr. Cozzolino, Ms. Villasuso, Ms. Reilly and Ms. Schouten about the expenditures; some already spent and some through a larger degree to be spent, with a larger portion about 1/3 of it for the Newburgh Accelerator. Mr. Kleiman handed out a printout to the audit committee. Mr. Kleiman stated that the printout was a schedule of different projects by expense line whether we paid it or not. The first item is the Amazon Building Improvements which we have not spent any money yet. There is a total amount of \$328,021.00 for fit up. The next item is the Middletown Operations for a total of \$55,200.00 of which some of this has been spent. The third item is Grant Consulting Services for \$11,200 which we have spent. The fourth is Accelerator in Newburgh, if we fit it up it will be \$300,000.00 and \$60,000 for management. The fifth is the Management Fee in the amount of \$20,004. Mr. Kleiman stated that the management fee had been increased after we put the budget together last year. The sixth is Marketing and PR. Mr. Kleiman stated that additional work had been done and we need to update our website due to ABO requirements, so we can be compliant. All three expenses are Focus Media for a total of \$216,000.00. The seventh is Middletown Rent and Maintenance for an amount of \$9,575.00. Mr. Kleiman stated that there is certain potential savings in the budget. Partnership, Shovel Ready, BA (savings on rent and phones). Mr. Kleiman handed out a second schedule that Mr. Dowd will include in the resolution. Mr. Kleiman stated that he separated the expenses from one-time expenses to recurring expenses of the one-million-dollar appropriation and 84% of the appropriation is one-time expenses. Mr. Kleiman mentioned the anticipated revenues coming in; Medline \$585,000.00, Merlin Entertainment \$94,000.00 this year and expects 2 million over the next 3 years for approximately \$650,000 a year for 3 years, Church Hill Properties \$80,000.00, IBM 1.4 Million, CPV anticipate \$250,000.00 and TSEC \$50,000.00 for the Amazon Building. Mr., Kleiman asked Mr. Dowd if he wanted to read the resolution and stated it basically says we are appropriately 1 million in unrestricted assets.

Mr. Cozzolino asked the audit committee if they would like to see Ziel come to the IDA Board meeting and the audit committee stated yes if she is available.

Mr. Steinberg asked about a review of allocated expense. Ms. Rogulski stated that we have limited resources and are very busy doing other things and in order to analyze and break down the courses in the accounting system is a heavy

burden. Ms. Rogulski stated that it may be nice to know it but feels that it does not make us any less efficient. After a discussion Ms. Rogulski stated that the business of the IDA and The Accelerator is too fluid to do this on a line by line basis. Ms. Rogulski stated that she feels it will not be material enough negatively to warrant spending the time now. Mr. Cozzolino stated that every expenditure is accounted for and shown, what the math will show is we will look better for the cost of jobs, he suggested we do it another way. Mr. Diana said yes by pulling out the special initiatives and Mr. Kleiman said also take out overhead, separate the agency cost from the payroll.

Meeting concludes