



Tuesday, November 29, 2016
GGLDC – Andrews Conference Room
Audit & Finance Committee Meeting
3:00 p.m.

MINUTES

ATTENDANCE

Committee Members: T. Felton (Chair), P. Battaglia, M. Gray
Staff: L. Farrell, M. Masse, P. Kennett, E. Richardson
Guests:
Absent:

1. CALL TO ORDER / ENTER PUBLIC SESSION

T. Felton called the meeting to order at 4:07 p.m. in the Andrews Conference Room.

2. CHAIRMAN’S REPORT & ACTIVITIES

2a. Agenda Additions / Other Business – Nothing at this time.

2b. Minutes: October 4, 2016 & October 25, 2016

M. Gray made a motion to approve the October 4, 2016 & October 25, 2016 meeting minutes; the motion was seconded by P. Battaglia. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes
M. Gray - Yes

The item was approved as presented.

3. DISCUSSIONS / OFFICIAL RECOMMENDATIONS TO THE BOARD:

3a. October 2016 Financial Statements - L. Farrell presented the October Financial Statements to the Committee and noted the following:

- The \$93K Community Benefit Agreement (CBA) payment was received in October.
- Interfund Revenue comes into the Gateway II, Buffalo East Tech Park and Genesee Valley Agri-Business Park funds from strategic investments to cover insurance and site maintenance expenses.
- Unrestricted cash consists mostly of MedTech Centre funds.
- Insurance is paid in full and will be within budget on a consolidated basis by year end.
- Expenses are within budget; most expenses that are over budget are grant reimbursable expenses.

M. Gray made a motion to recommend approval of the October 2016 Financial Statements; the motion was seconded by P. Battaglia. Roll call resulted as follows:

T. Felton - Yes

P. Battaglia - Yes

M. Gray - Yes

The item was approved as presented.

3b. Auditor Selection - L. Farrell reminded the committee that the auditor engagement partner with Mostert, Manzenaro & Scott LLP has been rotated every five years and we have two more years with the current partner before we would have to switch partners again. The advantage of remaining with the same firm is that they are familiar with what we do and how we do it. P. Battaglia mentioned that typically there is a 2 – 3 year learning curve for a new audit firm.

L. Farrell recommended staying with the current auditor until the end of this five year rotation, at which time we would go out to bid for these services.

M. Gray made a motion to recommend approval of continuing services with the current audit firm Mostert, Manzenaro & Scott not to exceed \$11,000; the motion was seconded by P. Battaglia. Roll call resulted as follows:

T. Felton - Yes

P. Battaglia - Yes

M. Gray - Yes

The item was approved as presented.

3c. Insurance Renewal – J. Teresi made the following recommendations to the GCEDC & the GGLDC committee as those entities have a joint insurance policy:

Although staff discussed options of procuring property and general liability insurance quotes from other carriers, J. Teresi explained that he recommended waiting until next year. J. Teresi did make some preliminary inquiries, but due to the limited lead time to allow companies the proper underwriting time frame to provide competitive proposals and the uncertainty of what lies ahead over the next 12 months involving the STAMP location, he recommends that the agency wait until the fall of next year. He felt confident that if we delayed procuring quotes until next fall the underwriters would have a better time frame to provide their best pricing and coverage options and be in a more informed position to know exactly what they are covering at the development site. He also felt that more information would be known about the scope and size of the work at STAMP site as well as the auxiliary coverages that will be needed and the risk transfer agreements that will need to be in place at that time.

In the interim J. Teresi feels that he has secured a competitive renewal proposal from Selective Insurance who is aware of the upcoming plans for STAMP and has made concessions regarding the costs associated with the land under development in Alabama which is a benefit to the GCEDC.

J. Teresi believes that waiting 9-10 months to approach the insurance companies is in the best interest of the GCEDC and GGLDC. With the additional lead time he is confident that the other insurance companies will review and put forth their best effort for a competitive quote.

J. Teresi reminded the committee that the Selective policy includes a \$10 million umbrella policy and that the price for 2017 will be about the same as 2016. Selective Insurance covers property, general liability, commercial auto, inland marine, crime and the umbrella policies.

M. Gray made a motion to recommend approval of the Insurance Renewal; the motion was seconded by P. Battaglia. Roll call resulted as follows:

T. Felton - Yes

P. Battaglia - Yes

M. Gray - Yes

The item was approved as presented.

3d. Commercial Cleaning Services – The Committee was asked to recommend to the full board continuation of a contract with Commercial Cleaning Services of WNY for 2017 cleaning services at a cost not to exceed 12,000 for the year, plus reimbursement for supplies. The company has been providing cleaning services since January 1, 2016 and the staff is happy with the service. Last year the staff did go out for bids for these services at which time Commercial Cleaning Services of WNY was chosen.

M. Gray made a motion to recommend approval of 2017 cleaning services with Commercial Cleaning Services of WNY not to exceed \$12,000 plus reimbursement for expenses; the motion was seconded by P. Battaglia. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes
M. Gray - Yes

The item was approved as presented.

3e. MedTech Centre Parking Lot Sealing & Restriping Contract - The GGLDC received three proposals for resealing and restriping the parking lot at MedTech Centre. The amounts received were as follows:

1. Monroe Sealers - \$14,200.00
2. Yasses Trucking & Construction - \$15,448.00
3. Suit-Kote Corporation - \$22,500.00 (did not include striping)

The GGLDC had included \$17,000 in the 2017 budget for this work. M. Masse mentioned that Monroe Sealers did the restriping and sealing for the Genesee Community College parking lot as well.

M. Masse asked the Committee to approve a \$14,200 contract with Monroe Sealers for resealing and restriping of the parking lot at MedTech Centre.

M. Gray made a motion to recommend approval of the contract with Monroe Sealers for restriping and sealing of the parking lot at MedTech Centre not to exceed \$14,200; the motion was seconded by P. Battaglia. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes
M. Gray - Yes

The item was approved as presented.

3f. Revolving Loan Fund Policies: Interest Rate - The GGLDC's loan policies currently list the interest rate being charged as 80% of Prime with a floor of 3%. With the recent success of the GAIN! Loan fund, which is 1% fixed interest rate, the staff thought the Audit and Finance Committee should review our current loan programs and consider making modifications. Some options could be:

1. Remove the floor of 3% and let the rate be 80% of Prime.
2. Reduce the percentage of Prime
3. Do a short-term program of a low interest rate (1%, 2%) that would last six months

T. Felton reminded the committee that they had discussed this together with the GCEDC Audit and Finance committee members and that it was his position that they do not change the Revolving Loan Fund policy at this time. He asked if any of the committee members had any comments to add. No additional comments were expressed.

The Committee decided that they were not interested in changing the Revolving Loan Fund policy at this time.

3g. Yancey's Fancy Revolving Loan Fund Request – M. Masse informed the committee that Yancey's Fancy has requested a \$190,000 loan from RLF#2. Their project will consist of the acquisition of production equipment to support the manufacturing of the baby Swiss product line. This is a new product for the company.

Financing for the project includes a loan from the Genesee Gateway Local Development Corp.'s Revolving Loan Fund #2 and an equity contribution from the owners in the form of cash. Cash equity from the company or from its owners will be used for any cost overruns.

The company will use the funds to acquire a piece of equipment. The term loan will have an interest rate of 80% of Prime with a floor of 3% per annum and will be amortized over a 7-year term (this repayment term should match the depreciable life of the piece of equipment being purchased). The loan will be secured by a first position lien filing against the equipment being purchased as well as corporate and personal guarantees of the shareholders.

M. Masse recommends approval of a \$190,000 loan from RLF #2 to Yancey's Fancy.

The committee asked that the request be brought to the full board for further discussion, pending approval of their application to the GCEDC for financial assistance.

4. ADJOURNMENT

As there was no further business, M. Gray made a motion to adjourn at approximately 4:26 p.m., seconded by P. Battaglia and passed unanimously.