



Tuesday, October 30, 2018
GGLDC – Innovation Zone
Audit & Finance Committee Meeting
8:30 a.m.

MINUTES

ATTENDANCE

Committee Members: T. Felton, P. Battaglia (Video Conference), T. Bender, D. Cunningham
 Staff: L. Farrell, M. Masse, E. Richardson, P. Kennett, S. Hyde, J. Krencik, C. Suozzi
 Guests: M. Gray (GCEDC Board Member), A. Young (GCEDC Board Member)
 Absent:

1. CALL TO ORDER / ENTER PUBLIC SESSION

1. Call to Order – Enter Public Session – D. Cunningham called the meeting to order at 9:41 a.m. in the Innovation Zone.

2. CHAIRMAN'S REPORT & ACTIVITIES

2a. Agenda Additions / Other Business – M. Masse asked the Committee to add item 3m. Chamber Loan Fund Acquisition to the agenda.

T. Bender made a motion to approve adding item 3m. Chamber Loan Fund Acquisition to the agenda; the motion was seconded by P. Battaglia. Roll call resulted as follows:

T. Felton - Yes
 P. Battaglia - Yes (Video Conference)
 T. Bender - Yes
 D. Cunningham - Yes

The item was approved as presented.

2b. Minutes: October 2, 2018

P. Battaglia made a motion to approve the October 2, 2018 Meeting Minutes as presented; the motion was seconded by T. Bender. Roll call resulted as follows:

T. Felton - Yes
 P. Battaglia - Yes (Video Conference)
 T. Bender - Yes
 D. Cunningham - Yes

The item was approved as presented.

3. DISCUSSIONS / OFFICIAL RECOMMENDATIONS TO THE BOARD:

3a. September 2018 Financial Statements – L. Farrell presented the September 2018 Financial Statements to the Committee and noted the following:

- Most of the unrestricted cash consists of MedTech Centre funds. Of the approx. \$2M in cash, only approx. \$305K is unrestricted.
- Accounts Payable includes the Economic Development Program Support Grant and the MedTech Centre Property Management due to the GCEDC.
- Profit and Loss Statement consists mostly of MedTech Centre Activity.
- All other expenditures are in line with the budget except as noted.

T. Felton made a motion to recommend to the full Board the September 2018 financial Statements as presented; the motion was seconded by P. Battaglia. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Yes
D. Cunningham - Yes

The item was approved as presented.

3b. Strategic Investment Funds Analysis- L. Farrell reviewed the Strategic Investments Analysis with the Committee. An adjustment was made as PW Minor has prepaid one of their OCR Loans in full. The analysis assumes the HP Hood OCR loan will close in 2018. She noted some opportunities for additional funds including the MTC reserve of \$500K that could potentially be removed in the future, an opportunity for Resurgence and Freightliner OCR loan repayments to be received in the future and Gateway II land sales to Mega Properties and Wellsville Carpet Town (Ashley Furniture) to be included as well. The analysis currently shows a positive cash flow until 2022.

3c. GGLDC 2019 Budget - L. Farrell presented the cash budgets to the Committee for review. The following was noted:

- As of 12/31/18 it is anticipated that the GGLDC will have approx. \$2.1M in the bank, of which approx. \$212K are unrestricted MedTech Centre funds.
- Professional Services for grant consulting total \$25K of which \$10K will be reimbursed by OCR grants and \$15K could be unreimbursable.
- \$205K Empire Pipeline CBA is used to pay debt service on the Ag Park Bond through 2019. Starting in 2020, the funds will be redirected to support STAMP Infrastructure in the GCEDC.
- BETP will receive \$93K CBA funds related to Darien Lake annually until 2027.
- Insurance expenses are estimated to increase by 6%. Strategic funds can be used for these expenses.
- \$10K is included for a path / driveway to the back parcel of the Buffalo East Tech Park.
- \$300K Economic Development Program Support Grant to the GCEDC.

- \$897K NYSDOT Rail grant is included as a pass-through grant supporting a Genesee Valley Transportation project.
- No land sales have been included to be conservative.

The following changes were made since the Committee reviewed the budget last:

- All Strategic Investment Funds were moved to the Operating Fund to simplify interfund transfers.
- Changed the loan repayment projects accounting for PW Minor's prepayment of their loan balances in 2018.

T. Felton made a motion to recommend the GGLDC 2019 Budget to the full Board as presented; the motion was seconded by T. Bender. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Yes
D. Cunningham - Yes

The item was approved as presented.

3d. GGLDC 1+3 Budget – L. Farrell reviewed the 1+3 accrual budget with the Committee. It was noted that most line items show a 3% increase year over year unless highlighted. The highlighted line items are those that could be estimated more accurately based upon additional information that is available.

This is simply a forecast and not a formal approval of the budgets for years 2020-2022. This information will be entered into PARIS (Public Authorities Reporting Information System).

P. Battaglia made a motion to recommend the GGLDC 1+3 Budget to the full Board as presented; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Yes
D. Cunningham - Yes

The item was approved as presented.

3e. GCEDC Economic Development Program Support Grant – L. Farrell shared that the GGLDC has included \$300,000 per year for the Economic Development Program Support Grant through 2021 as a placeholder on the Strategic Investment Funds Analysis that is reviewed quarterly by the Audit & Finance Committee.

This amount is included on the GCEDC and GGLDC's 2019 Budgets.

P. Battaglia made a motion to recommend to the full Board approval of a \$300,000 grant to the GCEDC for Economic Development Program Support; the motion was seconded by T. Bender. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Yes
D. Cunningham - Yes

3f. MedTech Centre Cleaning Services Renewal – At the end of 2015, the Audit & Finance Committee reviewed and recommended to the full board a contract with Commercial Cleaning Services of WNY for 2016 cleaning services at a cost not to exceed \$12,000 for the year. At that time, five companies were asked to provide quotes, of which three were returned. Two Companies were very close in price and Commercial Cleaning Services provides an additional service of auto scrubbing the floors. The board approved continuing this contract for 2017 and 2018 cleaning services.

L. Farrell asked the Committee to consider recommending approval to continue this contract for 2019 cleaning services, not to exceed \$12,500, plus reimbursement for supplies. This is included in the GGLDC 2019 budget.

P. Battaglia requested that the staff confirm that the Agency is not required to go out to bid every year for cleaning services.

This item was tabled until next month.

3g. Auditor Selection – L. Farrell presented an engagement letter from Mostert, Manzanero & Scott, LLC for \$11,200; this is the same rate as last year's services.

P. Battaglia made a motion to recommend approval of signing the engagement letter with Mostert, Manzanero & Scott, LLC for auditing services, not to exceed \$11,200; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes
T. Bender - Yes
D. Cunningham - Yes

The item was approved as presented.

3h. Genesee County 2019 Mowing Contract – M. Masse shared that the GGLDC received a proposal for mowing of the stormwater ponds and vacant land at Gateway II, MedTech Park, and Ag park for 2019. The proposal amount is from the same vendor as last year and the price has not been increased (it remains at \$11,050) and is included in the 2019 GGLDC budget. Once the land at Gateway II is sold, M. Masse would like to reallocate those funds to cover other brush hogging and mowing expenses that may be needed.

T. Bender made a motion to recommend approval of the contract with Genesee County for 2019 mowing services, not to exceed \$11,050; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Yes
D. Cunningham - Yes

The item was approved as presented.

3i. Yancey's Fancy Loan Re-Approval – M. Masse shared that a loan to Yancey's Fancy was approved in January of 2017. The project scope has since been modified, therefore we are bringing this forward to approve the revision. The loan will be for up to \$234,000 from RLF #2. Yancey's Fancy also has other outstanding loans with the GGLDC that they would like to consolidate into one loan along with the new funds, as approved previously. The consolidated loan would bear an interest rate of 3%, with a five-year amortization. As this loan request was originally approved last year, prior to the loan policy change, the interest rate will remain at 3% for the life of the loan, and not be re-amortized on a yearly basis. The loan request is greater than what the policy for this loan fund allows, however, this loan will close out the loan fund in its entirety, so this will be a one-time exception.

M. Masse asked the Committee to recommend approval of a loan up to \$340,000 to Yancey's Fancy.

P. Battaglia made a motion to recommend approval of a loan up to \$340,000 to Yancey's Fancy (or any of its affiliates) with terms as presented; the motion was seconded by T. Bender. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Yes
D. Cunningham - Yes

The item was approved as presented.

3j. Purchase and Sale Agreement – Gateway II – Mega Properties Inc. – Mega Properties, Inc., (the owner of Koolatron at Gateway I) is seeking to purchase land at Gateway II. The company would like to begin construction in the Spring of 2019 on a 60,000 sq. ft. facility. The GGLDC has a signed Purchase and Sale Agreement (PSA) for \$45,000 per acre on approximately 8.8 buildable acres. Total acres are estimated around 22.2 acres with 13.4 acres being wetlands and unbuildable. Total purchase price for the approx. 22.2 acres is \$396,000.

This agreement has been reviewed by Harris Beach.

T. Bender made a motion to recommend approval of the Purchase and Sale Agreement with Mega Properties, Inc. (or any of its affiliates) for approx. 22.2 acres at the Gateway II Corporate Park for a purchase price of \$17,838 per acre with a maximum purchase price of \$396,000 as presented, along with the expenditure of necessary Agency funds to cover legal and closing costs; the motion was seconded by P. Battaglia. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)

T. Bender - Yes
D. Cunningham - Yes

3k. Purchase and Sale Agreement – Gateway II – Wellsville Carpet Town, Inc – Wellsville Carpet Town, Inc., is seeking to purchase land at Gateway II. The company is planning to build a 15,000-20,000 sq. ft. facility for an outlet center. The GGLDC has proposed a Purchase Sales Agreement (PSA) for \$45,000 per acre on approximately 2.9 acres.

This agreement has been reviewed by Harris Beach.

T. Bender made a motion to recommend approval of the Purchase and Sale Agreement with Wellsville Carpet Town, Inc. (or any of its affiliates) for approx. 2.9 acres at the Gateway II Corporate Park for a purchase price of \$45,000 per acre with a maximum purchase price of \$130,500 as presented, along with the expenditure of necessary Agency funds to cover legal and closing costs; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Yes
D. Cunningham - Yes

The item was approved as presented.

3l. Land Sale Commission Agreement – M. Masse shared that Steve Blake with CBRE-Buffalo (a commercial real estate broker) has brought the Agency a potential project and in order to have a level playing field for all locations involved, and to assist in establishing pricing, CBRE has sent over their commission agreement. The agreement is for a 10% commission to be paid out of the gross land sale proceeds at closing. This document is required to be signed before CBRE's client is willing to continue working with the Agency on determining a site for their project.

T. Bender made a motion to recommend approval of a land sale commission agreement with CBRE as described; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Yes
D. Cunningham - Yes

3m. Chamber Loan Portfolio – M. Masse shared that the Genesee County Chamber of Commerce has a loan fund with Office of Community Renewal (OCR) funds that were awarded through Genesee County. OCR has recently determined that any Program Income (repayments on loans that have not gone through a defederalization process utilizing a 501 (c) (3) organization) be returned to OCR by March 31, 2019. In an effort to keep these funds in Genesee County, the Chamber/County are making a proposal to the GGLDC to acquire the outstanding loan portfolio at a discounted rate.

T. Bender made a motion to recommend approval to acquire the Chamber's loan portfolio for an amount (net of loan transfer costs) not to exceed \$14,000, contingent upon the proposal receiving

OCR approval and the transfer documents being reviewed by the Agency's legal counsel; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Yes
D. Cunningham - Yes

4. ADJOURNMENT

As there was no further business T. Felton made a motion to adjourn at approximately 10:18 a.m. seconded by P. Battaglia and passed unanimously.