



**Tuesday, May 31, 2016**  
**GCEDC – Andrews Conference Room**  
**Audit & Finance Committee Meeting**  
**9:00 a.m.**

**MINUTES**

**ATTENDANCE**

Committee Members: M. Gray, P. Battaglia, P. Zeliff  
Staff: L. Farrell, M. Masse, P. Kennett, S. Hyde  
Guests: T. Felton (GGLDC Board Chair)  
Absent: M. Davis

**1. CALL TO ORDER / ENTER PUBLIC SESSION**

M. Gray called the meeting to order at 9:00 a.m. in the Andrews Conference Room.

**2. Chairman's Report & Activities:**

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

**2b. Minutes: May 5, 2016** – P. Battaglia noted that he had abstained from the vote regarding Scalia's Landscaping contract because of his company's business relationship with them and asked that the minutes be updated to reflect that.

**P. Battaglia made a motion to approve the May 5, 2016 Minutes subject to the change noted above; the motion was seconded by P. Zeliff. Roll call resulted as follows:**

P. Zeliff	- Yes
P. Battaglia	- Yes
M. Gray	- Yes
M. Davis	- Absent

**The item was approved as presented.**

**3. Discussions / Official Recommendations of the Committee:**

**3a. April 2016 Financial Statements** – L. Farrell presented the April Financial Statements to the Committee and noted the following:

- Collected \$30,313 project participation fee from Darien Lake.
- Received \$1.3M loan proceeds from ESD in May, which will be reflected on the financials to be reviewed next month. These funds were used to pay down on the First Niagara line of credit.
- Funds will be drawn down from the First Niagara line of credit for any expenses related to the \$33M in the future.
- A large portion of the employer contribution to employee HSA accounts is made at the beginning of the year.
- A majority of the unemployment insurance is paid at the beginning of the year.
- Insurance is paid in advance and should be within budget by year end.

- Dues and Subscriptions include Greater Rochester Enterprise (\$25K) and Buffalo Niagara Enterprise (\$12.5K).
- Marketing expenses are not evenly distributed throughout the year, but are tracked to ensure that expenses are within budget when paid.
- Allowance for Bad Debt is being increased by \$10K, to be recognized evenly throughout the year.
- RLF #1 has 3 active loans after M&M Meats made their final payment in April and Batavia Enclosures paid off its loan early in April (\$22.7K). The loan receivable from Savage IO remains in collections.
- RLF #2 has 3 active loans after Scofield and Batavia Hospitality paid off their loans in April. It is anticipated that George and Swede will pay off their loan in May.
- Unbudgeted expenses correspond with unbudgeted grant income.

The committee recommended that staff mention loans paid off in 2016 with the full board.

S. Hyde asked the committee to consider changing the terms of the RLF program to be more competitive with current terms that are being offered by banks.

The committee discussed this, but felt that the terms should stay the same at this point.

M. Masse informed the committee that two draws have been submitted to ESD on the \$5M grant.

L. Farrell will be following up on the status of the draws. The GCEDC should receive approximately \$1.4M from Draw #1. The funds will be used to pay down a portion of the First Niagara line of credit and some of the inter-fund borrowings.

**P. Zeliff made a motion to recommend approval of the April Financial Statements; the motion was seconded by P. Battaglia. Roll call resulted as follows:**

P. Zeliff	- Yes
P. Battaglia	- Yes
M. Gray	- Yes
M. Davis	- Absent

**The item was approved as presented.**

**3b. Call Farms Lease: STAMP** – M. Masse presented a lease agreement with Call Farms for approximately 187 acres within the STAMP Park. Leasing out the land not only provides a source of income, but it also helps the GCEDC save money in bush hogging / mowing and farming the land helps to eliminate the progression of wetlands. The actual number of acres leased may be adjusted before this lease is signed as some of the 187 acres purchased have wetlands that will not be farmed.

The committee asked that M. Masse present new 2017 lease rates to them in November for approval. They also asked him to take a closer look at the term dates and ensure that they match the period of time that the land is being used.

**P. Battaglia made a motion to recommend approval of the Call Farms Lease; the motion was seconded by P. Zeliff. Roll call resulted as follows:**

P. Zeliff	- Yes
P. Battaglia	- Yes
M. Gray	- Yes
M. Davis	- Absent

**The item was approved as presented.**

**3c. RLF Update** – M. Masse shared that letters have been mailed out requesting companies with outstanding loans to provide a copy of their tax returns and/or financial statements to the GCEDC. All the information that is collected will be reviewed at the next Audit & Finance Committee.

**3e. RLF #1 Reserve** – L. Farrell requested that a portion of RLF #1 cash (\$596,290) be used to purchase the Leroy land in June. The cash would be borrowed internally and recorded as “Due to/from” between the RLF#1 fund and the Real Estate Development fund. The funds are considered “internally reserved funds” and are typically used for loans to companies. The funds are not subject to any restrictions by a third party. The committee discussed changing the balance sheet description of the fund from “Reserved Cash” to “Board Reserved Cash”, to clarify how the funds are reserved. L. Farrell mentioned that this may be misleading as she is not sure there has been a formal Board resolution designating this cash as reserved by the Board. L. Farrell will look into options for making the reporting clearer.

**P. Zeliff made a motion to recommend approval of RLF #1 funds to be used for purchase of property in Leroy; the motion was seconded by P. Battaglia. Roll call resulted as follows:**

P. Zeliff	- Yes
P. Battaglia	- Yes
M. Gray	- Yes
M. Davis	- Absent

**The item was approved as presented.**

**3d. Check Signing Walk Through** – L. Farrell went through the check signing process with the committee so that they could fully understand the procedures and tracking processes that are in place. It was discussed in great detail and many different types of invoices were presented. Detailed roles and responsibilities of the Staff Accountant, Operations Manager and CFO as related to the processing of cash disbursements were discussed and examples of each internal control were presented. Budget line item tracking and contract balance tracking was emphasized by L. Farrell throughout the walk through. The committee felt that the discussion was helpful and gave them a better understanding of the internal controls in place.

### **ADJOURNMENT**

As there was no further business, P. Battaglia made a motion to adjourn at 11:00 a.m., seconded by P. Zeliff and passed unanimously.