



Tuesday, October 4, 2016
GCEDC – Andrews Conference Room
Audit & Finance Committee Meeting
3:00 p.m.

MINUTES

ATTENDANCE

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

1. CALL TO ORDER / ENTER PUBLIC SESSION

M. Gray called the meeting to order at 3:00 p.m. in the Andrews Conference Room.

1.1 Executive Session

P. Battaglia made a motion to enter into the executive session under the Public Officers Law, Article 7, Open Meetings Law Section 105, at 3:00 p.m., for the following reasons:

- To discuss the medical, financial, credit or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation.

The motion was seconded by M. Davis and approved by all members present.

1.2 Re-Enter Public Session

P. Battaglia made a motion to enter back into public session at 3:41 p.m., seconded by M. Davis and approved by all members present.

2. Chairman's Report & Activities:

2a. Agenda Additions / Other Business – M. Gray asked that item 3f. GAIN! Loan Fund Application – Sandvoss Farms LLC be removed from the agenda. The motion was seconded by M. Davis and approved by all committee members.

2b. Minutes: August 30, 2016

M. Davis made a motion to approve the August 30, 2016 Minutes; the motion was seconded by P. Battaglia. Roll call resulted as follows:

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

The item was approved as presented.

3. Discussions / Official Recommendations of the Committee:

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

- Under unrestricted cash, ESD Grant funds were collected in August and repaid a portion of the amount due to other funds in September.
- Reserved cash decreased due to Interfund borrowing to temporarily fund Leroy land acquisition.
- In the Operating fund most of the activity is reoccurring and we should expect to be at 67% of budget.
- 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 on a consolidated basis by year end.
- Dues and Subscriptions include Greater Rochester Enterprise (\$50K) and Invest Buffalo Niagara (IBN) (previously Buffalo Niagara Enterprise) (\$25K).
- RLF #1 has 3 active loans. The loan receivable from Savage IO remains in collections.
- Allowance for Bad Debt is being increased by \$10K, to be recognized evenly throughout the year.
- RLF #2 has 2 active loans.
- In August the agency purchased land in the Town of Leroy.
- The expenses in STAMP that are unbudgeted correspond with unbudgeted grant income.
- All expenditures are in line with the budget except where noted.

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

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

The item was approved as presented.

3b. GCEDC 1 + 3 Budget – L. Farrell presented the 1+3 budget to the Committee for review. The 1+3 Budget is required to be entered into the NYS PARIS reporting system online. It was noted that most areas show a 3% increase year to year unless highlighted. The highlighted numbers are items that could be estimated a little more accurately. Genesee County contributions were conservatively kept the same over the years. The Economic Development Grant coincides with the Strategic Investment analysis. The PIF grant income and expense follows the schedule. STAMP Track 1 Infrastructure (\$28M) Grant and the 1366 Facility (\$18M) Grant are recorded as grant income and the corresponding expense is shown.

M. Davis made a motion to recommend approval of the GCEDC 1+3 Budget; the motion was seconded by P. Battaglia. Roll call resulted as follows:

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

The item was approved as presented.

3c. Auditor Selection – L. Farrell informed the committee that the Governance Committee had reviewed the Authorities Budget Office (ABO) review of the IDA Procurement Review Competitive Selection Practices Report and the impact on audit and legal services. The committee had a lengthy conversation on the length of time that these types of services should be bid out. The last time the agency went out to bid for these services was January of 2009. The partner with Mostert, Manzenero & Scott LLP has been rotated every

five years and we have two more years with this partner before we would have to switch partners again. The advantage is that they are familiar with what we do and how we do it. Typically there is a 2 – 3 year learning curve for a new audit firm.

P. Battaglia asked Lezlie if she has received a quote for 2017.

L. Farrell informed the board that she has not received a quote, but expects to very soon.

P. Battaglia explained that he feels as if they have been very reasonable and that the audit itself is substantial. There are not any independence issues and the agency is fine to use them for a couple more years before going out to bid. Given that, his recommendation was to continue with Mostert, Manzenero & Scott LLP for two years at which time the 5 year term for the partner on the job is up.

3d. Audit & Finance Committee Charter – The Audit & Finance Committee Charter was brought to the committee a couple of months ago, much of the discussion then was regarding page 10 where it discusses independent members. She recommended that the verbiage should include “Section 2825 of New York Public Authorities Law”. Referencing this section of the law will ensure that the policy will be up to date as any changes to the law are made.

M. Davis made a motion to recommend approval of the Audit & Finance Committee Charter; the motion was seconded by P. Battaglia. Roll call resulted as follows:

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

The item was approved as presented.

3e. GAIN! Loan Fund Application: Cotton Wood Farms LLC – Cotton Wood Farms, LLC operates an organic cow farm in Pavilion NY. Three years ago they installed robotic milking equipment to try to cut labor costs while improving the comfort of the cows during the milking process. The robotic milkers have made a positive impact on the farm, but have resulted in a large increase in electricity usage and utility bills. The company is now looking to install two SkyWolf Solar Hybrid Diffused Augmented Wind Turbines that combine wind and solar power in one turbine that increases efficiency and electric energy output. This project is expected to reduce electric costs by approximately \$7,000 to \$8,000 annually in the farming operations. The company is seeking a \$65,000 loan from the GCEDC’s GAIN! Loan Fund to help enable this project. The ten year term loan will have an interest rate of 1% and will be secured by a first position lien against the piece(s) of equipment being purchased as well as corporate and personal guarantees of the members / owners. The project is expected to lower the utility costs and to maintain efficiency in milking operations.

M. Masse asked the committee to recommend approval of a \$65,000 GAIN! Loan to Cotton Wood Farms, LLC as described in the application.

P. Battaglia made a motion to recommend approval of the \$65,000 GAIN! Loan with Cotton Wood Farms, LLC; the motion was seconded by M. Davis. Roll call resulted as follows:

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

The item was approved as presented.

3f. GAIN! Loan Fund Application: Sandvoss Farms LLC – Removed from agenda.

3g. 2017 Land Lease Rates - M. Masse presented the land lease rates to the committee and asked them if they had any recommendations for 2017. The committee was reminded that the GCEDC saves money not having to hire bush hogging and that farming also helps to eliminate the progression of wetlands.

After some discussion the board agreed that the rates would stay the same in 2017, \$60 per acre except if lease rate was stated in the purchase option agreement.

P. Battaglia made a motion to recommend approval of the 2017 Land Lease Rates; the motion was seconded by M. Davis. Roll call resulted as follows:

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

The item was approved as presented.

ADJOURNMENT

As there was no further business, M. Davis made a motion to adjourn at 4:00 p.m., seconded by P. Battaglia and passed unanimously.