



Tuesday, September 5, 2017
GCEDC – Andrews Conference Room
Audit & Finance Committee Meeting
8:30 a.m.

MINUTES

ATTENDANCE

Committee Members: M. Gray, P. Battaglia, P. Zelif
Staff: L. Farrell, M. Masse, S. Hyde, E. Richardson
Guests: T. Felton (GGLDC Board Member), D. Cunningham (GGLDC Board Member), J. Teresi (Tompkins Insurance)
Absent: M. Davis

1. CALL TO ORDER / ENTER PUBLIC SESSION

M. Gray called the meeting to order at 9:53 a.m. in the Andrews Conference Room.

2. Chairman's Report & Activities:

2a. Agenda Additions / Other Business –

2b. Meeting Minutes – July 28, 2017

P. Zelif made a motion to approve the July 28, 2017 Meeting Minutes; the motion was seconded by P. Battaglia. Roll call resulted as follows:

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

The item was approved as presented.

3. Discussions / Official Recommendations of the Committee:

3a. Insurance Review – The committee discussed during the GGLDC meeting that the staff will work with J. Teresi to solicit insurance quotes for 2018 and bring them back to the committee for their review.

3b. \$33M STAMP Grant Draw Review YTD – L. Farrell informed the committee that the Agency has received draws #1-8 and #10. Draws #9, 11 and 12 are still in process. She and M. Masse are working with the State to consider setting up an imprest account to save on interest and undrawn fees charged by the bank related to the line of credit.

3c. 2018 Budget– L. Farrell reviewed the 2018 budget with the committee and the following was noted:

- All items that changed since the committee had seen it last were highlighted.
- Included the remaining balance of the \$33M ESD Grant (\$25.5M) as STAMP grant revenue. This increase has a zero-net effect as it correlates to STAMP interest expense and STAMP grant expense.
- RLF Management fees have been added as an interfund revenue and expense (this has no net effect on the P&L). This has been included in the budget in previous years but was not included the last time the committee reviewed the budget.
- Payroll shows a 5% increase from last year's budget. This includes a 2.5% increase to salaries and a \$5K increase to the placeholder that was previously at \$10K. This \$5K increase was offset by a reduction in professional services.
- STAMP Fees were increased to \$10K to include the undrawn fee related to the KeyBank Line of Credit.

P. Battaglia disagrees with including the \$25.5M in the budget as grant revenue. It could be misleading and appear that we are double counting grant revenue from last year as this was also included in the 2017 budget.

P. Zelif shared that it makes sense to him to leave the \$25.5M in the budget. That's how it was recorded last year and makes sense to remain consistent. It would be easier to explain why we didn't have as much grant revenue and expense as we planned, rather than explain why we had \$25M of unexpected/unbudgeted activity.

M. Gray asked why there was such a large increase in the travel budget for 2018.

L. Farrell shared that in previous years, much of the Agency's travel related to STAMP had been covered by grants. There are no grants currently in place for 2018 to cover travel so the budget line item was increased.

P. Battaglia made a motion to recommend approval of the 2018 Budget as presented, motion was seconded by P. Zelif. Roll call resulted as follows:

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

The item was approved as presented.

3d. July 2017 Financial Statements – L. Farrell reviewed the financial statements and noted the following:

- Unrestricted Cash increased; the Agency received a portion of the ESD \$33M grant funds that will be used to pay down the line of credit in August (\$521,813).
- The HSA benefit is high YTD due to a majority of the employer contribution being paid at the beginning of the year.
- A majority of the Unemployment Insurance and Workers Compensation Insurance is paid at the beginning of the year.
- Dues and Subscriptions are over budget due to the funding commitment to Greater Rochester Enterprise (\$50K) paid in full, and Invest Buffalo Niagara (\$12.5K) being paid early in the year.

- All other expenditures are in line with the budget, except where noted.

P. Battaglia made a motion to recommend approval of the July 2017 Financial Statements as presented, motion was seconded by P. Zelif. Roll call resulted as follows:

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

The item was approved as presented.

3e. Assessment of Internal Controls – L. Farrell shared that Public Authorities Law requires all public authorities to complete an annual assessment of the effectiveness of their internal control structures and procedures.

The meeting packets included the latest version of the GCEDC/GGLDC's detailed internal control narrative that is given to the auditors each year.

The 2017 Assessment of the Effectiveness of Internal Controls identifies and summarizes the controls in place for major business functions. An internal controls assessment was also completed by the GCEDC's auditors during the annual audit. There were no internal control weaknesses identified at that time.

P. Battaglia added that the internal control narrative states that the CFO is "independent" of the cash disbursement process. If the CFO also is reviewing invoices to be paid it might make sense to use a different word other than "independent". It sounds conflicting the way it is now.

L. Farrell shared that we could change the wording if it would be less confusing. She does not sign checks so she does not have the authority to disburse funds. She can approve a disbursement for payment. That is why she has an independent review of the bank statements.

P. Battaglia asked if we could change the wording to clarify that line in the narrative.

P. Battaglia made a motion to approve of the Assessment of Internal Controls as presented, motion was seconded by P. Zelif. Roll call resulted as follows:

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

The item was approved as presented.

3f. LeRoy Land Swap – M. Masse shared that the GCEDC recently received an agreement from Mr. Falcone (land owner, adjacent to LeRoy Food and Tech Park) proposing a land swap with the GCEDC for .63 acres equally for .63 acres. The GCEDC asked Sheila Hess from CC Environmental & Planning to look at the property to see if there were any environmental issues that would prevent the GCEDC from using it for a proposed storm water pond. Based on Sheila's site investigation, she feels that the .63 acres owned by Mr. Falcone to be swapped to the GCEDC is entirely wetlands. The property being given up by the GCEDC contains no wetlands. Wetlands can be developed with permits. If the impact is under .1 acres a Nationwide permit can be used. If it is more than .1 acres of impact then mitigation must be

done or mitigation credits must be purchased. The credit currently costs approx. \$41,500 for .5 acres. That is based on current regulations, which the Federal administration may, or may not, modify soon.

S. Hyde shared that it appears our options would be to walk away from this potential land swap or sell the approx. 50ft. strip of property to Mr. Falcone, which would not affect development in any way.

P. Battaglia suggested maybe offering a fair price for the piece Mr. Falcone desires and let him make the decision. If he's not interested in purchasing then he can be the one to walk away.

P. Zelif thought that one possibility would be to swap the land, but also include a cost that Mr. Falcone would pay to make the swap of equal value.

M. Masse shared that he would take these options to Mr. Falcone and see if he was still interested in a swap or a land sale.

3g. Permac (Coach Tony's) Loan Request – M. Masse shared that Permac Enterprises, Inc. (Coach Tony's) submitted a loan application. Their project will consist of the acquisition of land and the construction of a 5,000-sq. ft. building to house their manufacturing operations.

The GCEDC is proposing to use Revolving Loan Fund #1 in the amount of \$100,000 to provide a loan to the company as gap financing on the project. 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 10-year term. The loan will be secured by a second position lien filing against the building as well as cross-corporate and personal guarantee of the member/shareholder.

P. Battaglia made a motion to recommend approval of the Permac (Coach Tony's) Loan Request as presented, the motion was seconded by P. Zelif. Roll call resulted as follows:

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

The item was approved as presented.

4. ADJOURNMENT

As there was no further business, P. Battaglia made a motion to adjourn at 10:22 a.m., seconded by P. Zelif and passed unanimously.