



Tuesday, July 12, 2016
GCEDC – Andrews Conference Room
Audit & Finance Committee Meeting
10:00 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 10:00 a.m. in the Andrews Conference Room.

2. Chairman's Report & Activities:

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

2b. Minutes: May 31, 2016

P. Zeliff made a motion to approve the May 31, 2016 Minutes; 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.

3. Discussions / Official Recommendations of the Committee:

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

- Collected project participation fee from Alpina.
- Received \$65,000 grant from the Genesee County Funding Corp. to support the continuing economic development program.
- P. Battaglia asked if someone could come in to an Audit & Finance meeting to help explain the deferred pension line item on the balance sheet.
- 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 (\$50K) and Invest Niagara (previously 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. The loan receivable from Savage IO remains in collections.
- RLF #2 has 3 active loans. George and Swede paid off their loan in May.
- Unbudgeted expenses correspond with unbudgeted grant income.
- All expenditures are in line with the budget except where noted.

L. Farrell explained that the ESD grant draws are being reviewed by a third party (Guide Post). All draw documentation has been reviewed and signed off by ESD and the Comptroller’s Office. Once Guide Post does a final review and signs off on the grant draw documentation the funds will be released. The process is taking longer than anticipated causing the agency to be in default on a Line of Credit with First Niagara. First Niagara is working closely with us and we hope the bank will be issuing a waiver given the circumstances.

P. Zeliff made a motion to recommend approval of the May 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. Leroy Land Purchase – M. Masse reminded the committee that on June 5, 2013 the GCEDC Board had approved entering into a Purchase & Sale Agreement for property located in Leroy consisting of approximately 73.3 acres of land for \$4,000 per acre for development of the Leroy Food and Technology Park for a total purchase price of \$293,200. Two amendments to the Purchase and Sale Agreement were approved on December 27, 2014 and January 10, 2016, that extended the time to purchase until June 30, 2016. When the original deal was negotiated, the seller wanted to retain a 2.5 acre parcel that was on the corner of Route 19 and West Bergen Road. Two weeks before the scheduled closing, the seller’s attorney notified the GCEDC that they no longer wish to retain that parcel, and want to include it with the 73.3 acres at the \$4,000 per acre price. The GCEDC notified the seller that additional Board approval was required, and the Third Amendment to the Purchase and Sale Contract was drafted, extending the closing date to July 29, 2016. The Resolution appoints Phillips Lytle as legal counsel for this transaction and authorizes the expenditure of up to \$325,000 for acquisition of the property and closing costs, including legal.

It is anticipated that the funds will be reimbursed under a CFA award with Empire State Development (ESD). It was noted that the \$307,200 equals 76.8 acres, which is different than the total discussed earlier of 75.8 acres. According to the Genesee County Real Property System the parcel is listed as 76.8 acres, so we will seek approval for that with the final purchase price to be determined on the +/- acreage based upon the survey.

M. Masse asked the board to recommend approval of Resolution #07/2016-04, the Third Amendment to the Purchase and Sale Contract and expenditures up to \$325,000 to the full Board.

Resolution No. 07/2016-04

RESOLUTION (i) TAKING OFFICIAL ACTION TOWARD AND APPROVING THE ACQUISITION FOR ECONOMIC DEVELOPMENT PURPOSES OF APPROXIMATELY 76.6 ACRES OF REAL PROPERTY WITH THE TAX MAP PARCEL NO. 25-1-53.113, AND ANY IMPROVEMENTS THEREON LOCATED IN THE TOWN OF LEROY, GENESEE COUNTY, NEW YORK (THE “PROPERTY”), (ii) AUTHORIZING AND RATIFYING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE CONTRACT, FOR LOTS, VACANT LAND AND FARMS DATED JUNE 5, 2013, A FIRST AMENDMENT TO SUCH CONTRACT DATED DECEMBER 27, 2014, A SECOND AMENDMENT TO SUCH CONTRACT DATED

JANUARY 10, 2016, AND A THIRD AMENDMENT TO SUCH CONTRACT (COLLECTIVELY, CONTRACT”), (iii) AUTHORIZING THE EXPENDITURE OF THE NECESSARY FUNDS OF THE AGENCY WITH RESPECT TO THE ACQUISITION OF THE PROPERTY, AND (iv) AUTHORIZING THE TAKING OF OTHER ACTION IN CONNECTION THEREWITH.

P. Zeliff made a motion to recommend approval of Resolution #07/2016-04, the Third Amendment to the Purchase and Sale Contract and expenditures up to \$325,000 to the full Board; 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.

3c. Audit & Finance Committee Charter – L. Farrell shared that the Audit & Finance Committee Charter that is being presented today incorporates changes that were discussed at previous committee meetings. These changes line up with the GCEDC Committee Charter. The changes include language to allow the Board Chair to appoint the Committee members and language around being an “independent member”. The committee asked L. Farrell to take a closer look at examples of “independent Members” and asked that R. Gaenzle (Harris Beach attorney) provide an explanation of “independent members”.

P. Battaglia asked about Section D Other Responsibilities of the Audit and Finance Committee. Where it states that the committee should “present annually to the GCEDC’s Board a report of how it has discharged its duties and met its responsibilities as outlined in the charter. Obtain any information and training needed to enhance the committee members’ understanding of the role of internal audits and the independent auditor, the risk management process, internal controls and a certain level of familiarity in financial reporting standards and processes”. P. Battaglia asked L. Farrell to provide additional information on this requirement to ensure that the committee is meeting this, if there is something else the committee should be doing or if the language should be removed from the policy all together?

P. Battaglia also asked that the statement on the second page “The Audit & Finance Committee shall have access to the services of at least one financial expert; whose name shall be disclosed in the annual report of the GCEDC”. He asked that we keep this in mind.

L. Farrell will report back to the committee on their questions.

3d. Assessment of Internal Controls – L. Farrell reviewed the 2016 Assessment of the Effectiveness of Internal Controls. The Committee discussed the check walk through presentation that was done a few weeks ago and how they found it to be very helpful. Next month L. Farrell would like to talk to the committee about online bill pay. Many bills have to be paid online to ensure timeliness of the payments. These include utility bills, insurance, and interest on loans and lines of credit. L. Farrell would like to work with the committee to compile a list of vendors that can be approved for online payments and formally approve the list as long as the expenses are within budget.

The committee discussed adding language to our internal controls related to payment of expenses included or not included in the budget. L. Farrell informed the board that she will think about instances when payments are made outside of the budget and will provide the committee with wordage that might be used in the Assessment of Internal Controls that acknowledges the process as it occurs.

3e. Budget Timeline – L. Farrell presented a budget timeline with the Committee to ensure that the budget is approved by the September deadline.

ADJOURNMENT

As there was no further business, P. Zeliff made a motion to adjourn at 11:10 a.m., seconded by P. Battaglia and passed unanimously.