



**Tuesday June 5, 2018,
GCEDC – Andrews Conference Room
Audit & Finance Committee Meeting
8:30 a.m.**

MINUTES

ATTENDANCE

Committee Members: T. Bender, M. Gray, P. Battaglia
Staff: L. Farrell, M. Masse, E. Richardson, P. Kennett, C. Suozzi, S. Hyde, R. Tabelski
Guests: T. Felton (GGLDC Board Member), D. Cunningham (GGLDC Board Member)
Absent:

1. CALL TO ORDER / ENTER PUBLIC SESSION

M. Gray called the meeting to order at 8:34 a.m. in the Andrews Conference Room.

1a. Executive Session:

T. Bender made a motion to enter executive session at 8:34 a.m. under the Public Officers Law, Article 7, Open Meetings Law Section 105 for the following reasons, seconded by P. Battaglia and approved by all members present:

1. 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.

1b. Re-Enter Public Session – P. Battaglia made a motion to enter back into public session at 9:05 a.m., seconded by T. Bender and approved by all members present.

2. CHAIRMAN'S REPORT & ACTIVITIES:

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

2b. Meeting Minutes – May 1, 2018

P. Battaglia made a motion to approve the May 1, 2018 meeting minutes as presented, the motion was seconded by T. Bender. Roll call resulted as follows:

P. Battaglia - Yes
M. Gray - Yes
T. Bender - Yes

The item was approved as presented.

3. DISCUSSIONS / OFFICIAL RECOMMENDATIONS OF THE COMMITTEE:

3a. \$33M STAMP Grant Draw Review YTD - L. Farrell reminded the Committee that the imprest account has been set up and on January 12, 2018 Empire State Development (ESD) deposited \$15,100,934 into the account. The first three Grant Utilization Request Forms (GURF) have been submitted and authorization has been received to release those funds. L. Farrell plans to review the line of credit activity and discuss with KeyBank the process for decreasing the line of credit limit, which is currently at \$10M. She hopes to come to the next meeting with an update.

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

- Empire State Development (ESD) deposited \$15.1M into an imprest account related to the \$33M grant in January 2018. Expenditures out of this account will be preauthorized by ESD.
- Grants Receivable decreased due to ESD funds being released from restriction to pay for qualifying expenditures, causing STAMP Accounts Payable to decrease as well.
- Current Accounts Receivable in Operations consists of Rochester Gas and Electric (\$20K) and HP Hood (\$279.6K) origination fee installments, the Economic Development Program Support Grant (\$75K) and the MedTech Centre Property Management fee (\$20K). This decreased in April as the MTC management fee and the Economic Development Program Support Grant payments for the 1st quarter were received from the GGLDC.
- The HSA benefit is high for the quarter, as compared to the budgeted amount, 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.
- Long term disability is paid in full for the year.
- Property insurance is paid in advance and should be within budget on a consolidated basis by year end.
- Dues and Subscriptions are over budget due to half of the membership dues to Greater Rochester Enterprise (\$25K), Invest Buffalo Niagara (\$12.5K) being paid at the beginning of the year.
- Conference and Meetings includes annual meeting expense of \$5,660 that is offset by amounts received from attendees, recorded as miscellaneous income.
- \$4,876 commitment fee/public hearing out of pocket expenses were paid to ESD related to a grant for the purchase of land at the LeRoy Food & Tech Park.
- Approx. \$148K of revenue was recognized in the STAMP fund. Revenue is recognized when reimbursable expenses are incurred.
- All expenditures are in line with the budget except where noted.

T. Bender made a motion to recommend approval of the April 2018 Financial Statements to the full Board as presented, the motion was seconded by P. Battaglia. Roll call resulted as follows:

P. Battaglia - Yes
M. Gray - Yes
T. Bender - Yes

The item was approved as presented.

3c. Audit & Finance Committee Charter - L. Farrell presented the Audit & Finance Committee Charter to the Committee. There were no recommended changes at this time.

P. Battaglia pointed the Committee's attention to Section C. of the Charter, Special Investigations. He asked what the process would be to report fraudulent activity.

L. Farrell shared that the GCEDC has a Whistle Blower Policy that lays out the process. Currently the policy states that all fraudulent activity should be reported to the President & CEO.

P. Battaglia suggested updating the policy to have fraudulent activity be reported to the Chair of the Audit & Finance Committee.

L. Farrell stated that she would bring the Whistle Blower Policy to the next Governance Committee meeting for review.

P. Battaglia made a motion to recommend approval of the Audit & Finance Committee Charter to the full Board as presented, the motion was seconded by T. Bender. Roll call resulted as follows:

P. Battaglia - Yes
M. Gray - Yes
T. Bender - Yes

The item was approved as presented.

3d. Committee Self-Evaluation Questionnaire – L. Farrell shared that as previously discussed, and as stated in the Committee Charter, the Committee should be performing self-evaluations of their performance on an annual basis. L. Farrell provided the Committee with a few options for a questionnaire which will be distributed to all Committee members to fill out during this process.

P. Battaglia added that the Governance & Nominating Committee should be the ones who drive this process. They should reach out to the other Committees to let them know that its time to do their self-assessment of their performance. The results should then be reported back to the Governance & Nominating Committee, who would then report to the full Board that all Committees had performed their required self-assessments.

L. Farrell shared that she will draft the questionnaire and bring it back to the next meeting for review.

3e. GCEDC Economic Development Strategy Assessment / Economic Analysis – Rockefeller Institute for Government Proposal – S. Hyde shared that the GCEDC's economic development strategy and approach, for the better part of the last decade, has employed an "EDGE" development strategy to promote investment and job creation around the edge of its core population centers, most specifically, Batavia, with the goal to create development pressure and opportunity not only within our industrial parks and industrial areas across the County but also within our center city. GCEDC has led the development of seven shovel-ready site development projects / tech and industrial parks to attract employers into the region. The sites are specialized for a range of strategic industries that leverage strong regional assets, both physical infrastructure and human capital, including those focused on food processing, transportation and warehousing and life sciences/medical device/healthcare. The most ambitious investment has been the development of the 1,250-acre WNY STAMP project. This site offers prospective high-tech manufacturers ready access to a highly educated workforce, transportation infrastructure, and low-cost power, resources critical to the advanced manufacturing sector. The plan is

for WNY STAMP to build on New York's quickly expanding \$20 Billion advanced manufacturing infrastructure and enable the diversification of the WNY manufacturing landscape through the attraction of high-tech investment (semiconductor, photovoltaic, energy storage, bio-manufacturing). This has been a comprehensive approach to what is often described as the "chasing jobs" paradigm in economic development research / strategy circles.

S. Hyde is interested in assessing the to-date success/challenges of, and future potential related to, the "EDGE" development strategy. There is also interest in the interaction between the "Edge" strategy, STAMP and Ag Park in particular, and the recent successes starting to revitalize downtown Batavia – focused placemaking activities, including the City recently being awarded a \$10M downtown revitalization initiative (DRI) award from the State of New York. A key point of intersection here is the Millennial workforce. How strong is the synergy and potential of the "EDGE" development strategy and STAMP's development to attract companies, development projects and Millennial workers to the community? Will success at STAMP foster continued opportunity for development in downtown Batavia and across the county given the growth in the Millennial workforce at STAMP? Will the development/placemaking activities in downtown Batavia assist in attracting high-tech investment and jobs and Millennial workers to STAMP? This is looking at adding a "chasing people" to our economic development strategy.

The Rockefeller Institute of Government (RIG), a SUNY think tank, has presented the GCEDC with a proposal to perform this strategic assessment and economic analysis. They are interested in exploring this opportunity as it looks at the interaction of several of the State's key economic development investment areas including bolstering the advanced manufacturing infrastructure across the upstate tech corridor, downtown revitalization/placemaking and workforce development. RIG, with considerable experience performing similar type community economic and demographic analyses for communities across the State looks forward to, subject to the GCEDC Board's approval of funding, undertaking this study with a focus on past, present and future results/challenges/opportunities along with developing a strategic roadmap to further enhance our development strategy model and its probability for future success.

The total cost of the multi-phase study is \$50K. Phase I, the current proposal is \$30K. National Grid has indicated strong interest in providing matching funds (up to \$25K) supporting this strategic analysis subject to the submission of a grant application. L. Farrell indicates savings is being experienced in the professional services/government relations budget line related to the GCEDC budget which could be utilized, if the GCEDC board concurs, as the matching funds to support this undertaking (up to \$25K).

S. Hyde asked the Committee to consider approving a multi-phase investment (not to exceed \$25K) to RIG to undertake the proposed subject to National Grid grant approval for matching funds. Initially, we would only contract to the Phase 1 level (\$30K proposal in total) following National Grid matching grant approval. We will review and discuss the Phase 1 research findings with the Board prior to contracting for any Phase 2 research. Phase 2 would potentially be funded by the GCEDC, City of Batavia along with National Grid matching grant funds. This phase would focus more on the mall/City Centre redevelopment.

T. Felton shared that he is not a fan of paying for a "look back". The phase 1 deliverables include a "look back", comparison of our sites to others, and the Downtown Revitalization Initiative. What is the value of this report? It seems like information we already have.

S. Hyde added that this report would be more of an assessment of now going forward, and less of where the Agency has been.

T. Bender shared that this report seems more like an investment, rather than a "re-hash". To be able to provide our investors or potential customers with a 3rd party report seems valuable.

P. Battaglia shared that he is concerned about the GCEDC's involvement with the City's DRI project. He's not sure its appropriate, given this is a City project to be the lead on this, especially with Phase 2, given the entire report is about the DRI. The City should be driving this process and should consider not

moving forward with phase 2 until City Council at least approves the expenditure. The GCEDC has invested a lot of time and resources into the DRI project. It seems like we've put the cart before the horse.

S. Hyde shared that the Agency will not be contracting with RIG for phase 2 at this time.

P. Battaglia made a motion to recommend approval to appropriate \$25K of the GCEDC budget to this study, and a \$30K contract with Research Institute for Government, contingent upon approval of a 50/50 matching National Grid grant to the full Board as presented, the motion was seconded by T. Bender. Roll call resulted as follows:

P. Battaglia - Yes
M. Gray - Yes
T. Bender - Yes

The item was approved as presented.

4. ADJOURNMENT

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