



Tuesday, July 11, 2017
GGLDC – Innovation Zone Conference Room
Audit & Finance Committee Meeting
8:30 a.m.

MINUTES

ATTENDANCE

Committee Members: P. Battaglia, H. Upson, T. Felton
 Staff: L. Farrell, M. Masse, P. Kennett, S. Hyde, E. Richardson
 Guests: M. Gray (GCEDC Board Member), P. Zelif (GCEDC Board Member)

1. CALL TO ORDER / ENTER PUBLIC SESSION

1. Call to Order – Enter Public Session - T. Felton called the meeting to order at 9:36 a.m. in the Innovation Zone Conference Room.

2. CHAIRMAN'S REPORT & ACTIVITIES

2a. Agenda Additions / Other Business – No recommended additions, changes or other business at this time.

2b. Minutes: May 30, 2017 –

H. Upson made a motion to accept the May 30, 2017 Meeting Minutes as presented; the motion was seconded by P. Battaglia. Roll call resulted as follows:

T. Felton - Yes
 P. Battaglia - Yes
 H. Upson - Yes

The item was approved as presented.

3. DISCUSSIONS / OFFICIAL RECOMMENDATIONS TO THE BOARD:

3a. May 2017 Financial Statements - L. Farrell presented the May Financial Statements to the Committee and noted the following:

- Unrestricted cash consists mostly of MedTech Centre funds.
- Received a loan application from Batavia Brewing Co.
- Most expenses are within budget; expenses that are not within budget amounts are directly related to grant revenues.

P. Battaglia made a motion to recommend approval of the May 2017 Financial Statements as presented; the motion was seconded by H. Upson. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes
H. Upton - Yes

The item was approved as presented.

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

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

T. Felton - Yes
P. Battaglia - Yes
H. Upton - Yes

The item was approved as presented.

3c. Assessment of Internal Controls – L. Farrell reviewed the 2017 Assessment of the Effectiveness of Internal Controls and presented the detailed Internal Controls Narrative. The Committee asked for additional time to review the documents and requested that the item be brought back for further review at the next meeting.

3d. Ag Park Land Swap – The GGLDC owns .4 acres that juts into an adjacent property owner's land and the adjacent property owner also owns a .4-acre parcel that juts into the GGLDC's property. The GGLDC had previously tried to complete a land swap with the prior owner, but could not due to liens on the property that could not be removed at the time. M. Masse presented the committee with a land swap agreement, similar to the one completed with Genesee Ag Society.

All necessary legal expenditures for drafting the agreement, recording of the deeds, survey costs for meets and bounds, and all other costs related to the transfer will not exceed \$6,000.

M. Masse asked the committee to recommend approval of the land swap agreement, including the expenditure of strategic investment funds to cover the costs of the transfer, not to exceed \$6,000.

P. Battaglia made a motion to recommend approval of the Ag Park Land Swap including expenditure of up to \$6,000, as presented; the motion was seconded by H. Upton. Roll call resulted as follows:

T. Felton - Abstain
P. Battaglia - Yes
H. Upton - Yes

The item will be brought forth to the full board for review without an official recommendation from the Committee.

3e. Corfu Waste Water Treatment Facility Funding – The GGLDC's Buffalo East Tech Park (BETP) is currently in the Town of Pembroke's sewer district that discharges to the Village of Corfu's Waste Water Treatment Facility (WWTF). That facility is designed to handle 135,000 gallons per day (gpd) of waste

flow. The plant is currently at, or near, capacity. The GGLDC approved paying for 50% of a CPL contract to split with the Town of Pembroke to design, engineer and permit an expansion to that facility, not to exceed \$100,000 in October of 2016. The total estimated cost of the expansion is approximately \$4,000,000. The Town has asked the GCEDC/GGLDC if they can contribute any funds towards the construction of the expansion. The GGLDC has funds with use that is restricted to infrastructure at the BETP area. There are 11 annual payments of \$93,000 left under the CBA agreement that go into this restricted account. M. Masse recommended that the committee consider committing a portion of those funds towards this project. The GCEDC has also worked with the County and the Pembroke School District to put a PILOT Increment Financing (PIF) in place on the existing PILOT for Yancey's new manufacturing facility at the BETP. In exchange for the GGLDC's contribution, the Town of Pembroke will reserve capacity for the GGLDC and any new tenants at the BETP in the amount of 40,000 gpd.

M. Masse asked the committee to recommend approval of a \$352,000 commitment to be paid over 8 years at \$44,000 per year towards the WWTF expansion. The funds will come out of the Buffalo East Tech Park CBA restricted cash which has a current balance of \$345,447, with payments coming in of \$93,000 a year for the next 11 years. The commitment is contingent upon the Town of Pembroke providing for reserved capacity at the new WWTF of 40,000 gpd for the GGLDC and tenants of the BETP.

P. Battaglia made a motion to recommend approval of the Corfu Waste Water Treatment Facility Funding as presented; the motion was seconded by H. Upson. Roll call resulted as follows:

T. Felton - Yes
 P. Battaglia - Yes
 H. Upson - Yes

The item was approved as presented.

3f. First Wave Tech Warrants and Options – The GGLDC received a letter from First Wave Technologies (FWT) announcing that all current warrant and option holders have the opportunity to purchase Common Stock at \$0.75 per unit regardless of the exercise price in any of the warrant and option agreements. There is also an opportunity to sell that Common Stock, upon exercise of the options and warrants, to some Officers and Directors for \$1.00 per share, effectively receiving a net payment of \$0.25 per share. The GGLDC needs to respond to this offer by July 31, 2017.

It is anticipated to cost \$44,773.50 to purchase 59,698 shares of Common Stock. The full \$59,698 has been shown as a potential use of cash in our strategic investments analysis, but it was not planned to make the expenditure until 2020.

Mark Masse asked the committee if they would like to exercise the option and if so, if they would like the stock sold at \$1 per share to receive proceeds of approximately \$59,698.

The committee discussed the different options and decided to recommend exercising the options and selling the stock. Per Brian Bell's letter dated June 22, 2017, this will result in a cashless exercise by the GGLDC and a net payment to the GGLDC of \$.25 per common unit.

P. Battaglia made a motion to recommend approval of exercising the options and selling the stock for \$1 per share; the motion was seconded by H. Upson. Roll call resulted as follows:

T. Felton - Yes
 P. Battaglia - Yes

H. Upson - Yes

The item was approved as presented.

3g. Law Firm for Future Loans – T. Felton reminded the committee that M. Masse had recommended Delplato-Casey Law Firm to replace Bob Humphrey as our attorney for loan closings as he will be retiring by the end of the year. Mr. Humphrey has recommended to all his clients Whiting Law Firm. Whiting Law Firm currently does work for municipalities which could be a potential conflict of interest. M. Masse believes that there will be less possibility of a conflict with Delplato-Casey Law Firm.

The committee agreed that Delplato-Casey Law Firm would be a good fit for the services.

4. ADJOURNMENT

As there was no further business, H. Upson made a motion to adjourn at approximately 10:00 a.m., seconded by P. Battaglia and passed unanimously.