



**Tuesday, February 2, 2016**  
**GCEDC - Andrews Conference Room**  
**Audit & Finance Committee Meeting**  
**3:00 p.m.**

**MINUTES**

**ATTENDANCE**

Committee Members: P. Battaglia, P. Zeliff, M. Gray  
Staff: L. Farrell, M. Masse, P. Kennett, R. Tabelski, S. Hyde  
Guests: C. Yunker, T. Felton, R. Gaenzle (Harris Beach), S. Boyce (Lawley Insurance), Reggie Dejean (Lawley Insurance), Bill Fritts (Lawley Insurance)  
Absent: M. Davis

**1. CALL TO ORDER / ENTER PUBLIC SESSION**

P. Battaglia informed the committee that C. Yunker has been appointed to the STAMP Committee and will no longer serve on the Audit & Finance Committee. M. Gray has agreed to be the new Audit & Finance Committee Chair. M. Davis has been appointed to the Audit & Finance Committee and the Employment & Compensation Committee.

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

In order to accommodate guest speakers, M. Gray asked that Item 3d (First Niagara Line of Credit) and 3b (D&O Insurance) be discussed prior to executive session.

**3. Discussions / Official Recommendations to the Board:**

**3d. First Niagara Line of Credit Agreement** – R. Gaenzle presented a resolution to the committee authorizing execution of documents related to a \$16M Line of Credit with First Niagara Bank. The funds will be used to cover infrastructure improvements at the STAMP location and will be repaid with the \$33M grant from NYS.

T. Felton asked if it was possible to change the agreement to a three year renewal instead of an annual renewal given that the construction of the project is anticipated to take several years.

R. Gaenzle said that he can look into making this change, but that they are looking to close on the Line of Credit next week and every time a change is requested it takes the bank a long time to receive approvals to make the change. This has been a long process to get the Line of Credit to this point.

**P. Battaglia made a motion to recommend approval of the First Niagara Line of Credit Resolution #02/2016-01; the motion was seconded by P. Zeliff. Roll call resulted as follows:**

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

**The item was approved as presented.**

R. Gaenzle left the meeting at 3:18.

**3b. D&O Insurance Renewal** – S. Boyce put together a few options for the committee to consider. Only two companies came back with proposals, Philadelphia and Travelers.

B. Fritts reminded the committee that Philadelphia has increased their price and the retention for the agency which has triggered this request for proposals.

R. Dejean reviewed the options with the committee. Philadelphia has offered several options, but the cost is much higher than Travelers. Travelers came in very competitive. Travelers does have a 70/30 Hammer Clause (Travelers will pay 70% and the agency will be responsible for 30% of the expenses incurred after Travelers makes a decision to settle on a claim). For example if they want to settle at \$1M and the board decides not to settle, the agency will be responsible for 30% of the additional costs incurred after \$1M. Our current policy with Philadelphia did not have a Hammer Clause and the agency was responsible for 100% after the insurance company made the decision to settle. R. Dejean also explained that Contractual Liability was excluded from Travelers, but it was included in Philadelphia.

L. Farrell reminded the committee that this expense is split between the GCEDC and the GGLDC and that each entity has approved \$8,805 in the budget for this expense for a total of \$17,610. If the committee decides to stay with Philadelphia, both agencies will be over budget for this line item.

S. Boyce reminded the committee that Philadelphia has paid out on two claims, one in 2009 and one in 2015.

R. Dejean recommended that if the committee was considering changing to Travelers that they think about any potential law suits that might be possible and inform Travelers as soon as possible.

S. Hyde noted that he did not have notification of anything currently.

P. Battaglia asked if it was possible that Travelers would increase their rates drastically next year.

R. Dejean replied that he believes that the company is stable and that he doesn't see that as an issue.

P. Battaglia asked Lawley Genesee to go back to Travelers and ask about the Hammer Clause and the Contractual Liability. It was noted that even if they do not change these items, the committee still feels as if going with the Travelers policy (\$10,000 retention) is the best option.

**P. Battaglia made a motion to recommend approval of the Travelers D&O Policy with a \$10,000 retention: the motion was seconded by P. Zeliff. Roll call resulted as follows:**

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

**The item was approved as presented.**

C. Yunker, S. Boyce, Reggie Dejean, and Bill Fritts left the meeting at 3:45.

**Enter Executive Session** – P. Zeliff made a motion to enter into the executive session under the Public Officers Law, Article 7, Open Meetings Law Section 105, at 3:45 p.m. for the following reasons:

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.

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

**Re-Enter Public Session** – P. Battaglia made a motion to enter back into public session at 3:57 p.m., seconded by P. Zeliff and approved by all members present.

## **2. Chairman’s Report & Activities:**

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

**2b. Minutes: January 14, 2016** –

**P. Zeliff made a motion to approve the January 14, 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 to the Committee:**

**3a. Check Signing Walk-Through** – Tabled until the next meeting.

**3b. D&O Insurance Renewal** – This item was discussed at the beginning of the meeting.

**3c. Extend GGLDC Revolving Loan** – The GGLDC has a \$121,913 balance on a loan from the GCEDC that was originally used toward the acquisition of land at the Buffalo East Tech Park. The GGLDC makes prorated payments based upon land sales at the Park. Over the years the GGLDC has made 2 principal payments. The original loan amount was for \$200,000.

The committee suggested that instead of extending the loan with the GGLDC that the GCEDC repay the two loans that are outstanding from the GGLDC. Both of these loans were used for STAMP infrastructure expenses, one has a principal balance of \$125,000 and the other has a \$55,790 principal balance. It was suggested that the AppleTree Acres land sale reserves (reported in the Real Estate Development funds – 1070-05B.2) be borrowed from to pay off these loans. The GGLDC can then use these funds (strategic investment funds) to pay off the balance of its loan with the GCEDC (\$121,913.33 principal balance).

**P. Zeliff made a motion to recommend that the GCEDC borrow from the AppleTree Acres land sale reserves to pay off principal and accrued interest on two loans with the GGLDC that were used for STAMP infrastructure; 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.**

**3d. First Niagara Line of Credit Agreement**– This item was discussed at the beginning of the meeting.

**3e. Municipal Deposit Resolution** – In connection with the Line of Credit with First Niagara, the bank is requesting that the GCEDC set up a new bank account that will be used for ESD grant receipts and payments to the Line of Credit. M. Masse asked the committee to approve the Municipal Deposit Resolution as presented in the packet, authorizing him to move forward with establishing a new bank account with First Niagara for these purposes.

**P. Battaglia made a motion to approve the Municipal Deposit Resolution; the motion was seconded by P. Zeliff. Roll call resulted as follows:**

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

**The item was approved as presented.**

**3f. Unaudited December 2015 Financial Statements** – L. Farrell reviewed the unaudited December financial statements and noted the following:

- The line item for Dental benefits is slightly over budget due to more employees participating than anticipated.
- The GCEDC did not budget for Innovative Zone utilities as this is a new / unplanned expense.
- Interfund revenue increased this month due to transferring funds from the IAA land sale, reserved cash to operating cash (as budgeted).
- Savage IO is still behind in their loan payments and are in collections.
- Under Real Estate Development, Gateway I Maintenance and Repair is over budget due to the park sign expectantly needing repair (unbudgeted expense).
- Most activity under STAMP is grant / loan reimbursable; most expenses are not budgeted for as they are dependent upon the grant.
- Under Workforce Development the National Fuel Grant revenue is recognized as expenses are incurred.
- On the balance sheet it was noted that a \$100K payment was made on the Bank of Castile Line of Credit in December.
- Accrued expenses have decreased significantly due to paying the NYS Retirement contribution in December that is accrued throughout the year.

**P. Battaglia made a motion to recommend approval of the Unaudited December 2015 Financial Statements to the full board; the motion was seconded by P. Zeliff. Roll call resulted as follows:**

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

**The item was approved as presented.**

## **ADJOURNMENT**

As there was no further business, M. Gray made a motion to adjourn at 4:35 p.m., seconded by P. Battaglia and passed unanimously.