



GGLDC Audit & Finance Committee Meeting

Tuesday, October 5, 2021

Location - Innovation Zone

8:30 a.m.

MINUTES

ATTENDANCE

Committee Members: T. Bender, D. Cunningham, T. Felton
Staff: L. Farrell, M. Masse, P. Kennett, L. Casey, C. Suozzi, J. Krencik, S. Hyde
Guests: M. Gray (GCEDC Board Member), P. Zeff (GCEDC/GGLDC Board Member),
T. Riggio (Craft Cannery)
Absent: P. Battaglia

1. CALL TO ORDER / ENTER PUBLIC SESSION

D. Cunningham called the meeting to order at 8:32 a.m. in the Innovation Zone.

Presentation – LNK Holdings, Inc. (dba Craft Cannery) – Tom Riggio – Craft Cannery would like to acquire and install filling equipment that will increase capacity and efficiencies to their production. Currently, the company has employees using two 36-gallon kettles that they pour out of to hand fill and hand label jars. This equipment will allow the company to produce 2-3 times the amount of product and add 2 FTE's.

Tom Riggio left the meeting at 8:43 a.m.

The GGLDC Audit and Finance Committee meeting adjourned temporarily to allow the GCEDC Audit & Finance Committee meeting to commence.

D. Cunningham resumed the GGLDC Audit & Finance at 9:12 a.m. in the Innovation Zone.

2. CHAIRMAN'S REPORT & ACTIVITIES

2a. Agenda Additions / Other Business –

T. Bender made a motion to add Discussion of Rest & Revive Loan as agenda item 3k; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Absent
T. Bender - Yes
D. Cunningham – Yes

The item was approved as presented.

2b. Minutes: September 2, 2021

T. Felton made a motion to recommend approval of the September 2, 2021 minutes; the motion was seconded by T. Bender. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Absent
T. Bender - Yes
D. Cunningham – Yes

The item was approved as presented.

3. DISCUSSIONS / OFFICIAL RECOMMENDATIONS TO THE BOARD:

3a. August 2021 Financial Statements- L. Farrell reviewed with the Committee the significant items of the August 2021 long form financial statements.

- Regular monthly activity for all funds and on budget as expected.
- There are the accrual amounts for the MedTech Centre Property Management Fee and Economic Development Support Grant that are due to the EDC and paid quarterly.

T. Bender made a motion to recommend to the full Board the approval of the August 2021 Financial Statements as presented; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Absent
T. Bender - Yes
D. Cunningham – Yes

The item was approved as presented.

3b. GGLDC Budget Timeline – The 2022 Budget must be approved and entered into the NYS Public Authorities Reporting Information System (PARIS) online by November 1, 2021. L. Farrell reviewed the timeline to emphasize the need for a quorum at the next Board meeting, which will be held October 28, 2021. Board members are asked to notify staff if they have a conflict.

S. Hyde joined the meeting at 9:16 a.m.

3c. GGLDC 2022 Budget Assumptions - L. Farrell presented the cash projections through the end of 2021 and cash budgets for 2022 to the Committee. Some of the significant items noted are as follows:

- Most of the activity included is normal operating activity.
- On line 36, we are projecting to close on three land sales by the end of the year.
 - o At Gateway II, we closed on the Gallina land sale on October 1, 2021.
 - o At Buffalo East Tech Park, we anticipate closing on the J&R Fancher land sale for \$130,000. There is a Due To/Due From to pay back strategic investment funds. Buffalo

East Tech Park had borrowed money from strategic investment funds to pay off a loan of approximately \$111,000 several years ago.

- At Ag Park, we anticipate closing on the HP Hood land sale for approximately \$1,500,000, which will be moved to GABLLC.
- For MedTech Centre, we are working on pricing for changing the lighting to LED for the Inno Zone and Common areas. Some of this work may be completed by the end of 2021 and the remainder in 2022.
- At the end of 2021, there will be approximately \$4M of cash on hand, including the GABLLC there will be approximately \$5M of cash on hand. Most of this cash will be included in strategic investment funds when the land sales close.

L. Farrell then reviewed the 2022 budget information for each fund in detail with the Committee. The significant items discussed are outlined in the comments section for each cash budget, included with Committee meeting materials.

L. Farrell asked Committee members to contact her if they have any other suggestions or questions regarding the drafted budget. L. Farrell shared that a final version of the 2022 cash budget, along with the accrual budget, will be brought forward at the next Audit & Finance Committee meeting for approval. Any changes made to the budget assumptions will be reviewed in detail at that time.

3d. Auditor Selection- It is required that the audit partner on the engagement is changed every five years. The auditing firm does not need to change, only the audit partner in charge. L. Farrell stated that last year it was determined that the GGLDC would go out to bid for auditing services after David Brownell completed five years as engagement partner in charge. L. Farrell stated that she will obtain an engagement letter from Mostert, Manzenaro & Scott, LLC for 2021 auditing services. It was discussed that if there is not a significant increase in fees, the GGLDC will continue to use this firm and partner, David Brownell, for 2021 audit services. L. Farrell will present the proposal at the next Committee meeting.

3e. Insurance Renewal - Last year, the Committee recommended that the GGLDC do an RFQ for insurance brokers. Tompkins Insurance remained the GGLDC's broker and Selective was chosen as the carrier for the January 1, 2021 insurance renewal. The Committee requested that staff should contact J. Teresi at Tompkins Insurance to request quotes from multiple insurance companies for the January 1, 2022 insurance renewal.

3d. Land Lease Rates- M. Masse presented the proposed schedule for the land lease rates that were included with the meeting materials. M. Masse stated that C. Yunker confirmed that market conditions justify an increase in rates. Acreage that was charged \$60/acre for 2021 will increase to \$70/acre for 2022. Acreage that was charged \$100/acre for 2021 will increase to \$110/acre for 2022. M. Masse also noted that the acreage for Ag Park that was being leased will likely be cut in half due to the HP Hood land sale.

T. Bender made a motion to recommend to the full Board the approval of the Land Lease Rates as presented; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Absent
T. Bender - Yes

D. Cunningham – Yes

The item was approved as presented.

3g. LNK Holdings, Inc. (dba Craft Cannery)- Craft Cannery would like to acquire and install filling equipment that will increase capacity and efficiencies to their production. Currently, the company has employees using two 36-gallon kettles that they pour out of to hand fill and hand label jars. This equipment will allow the company to produce 2-3 times the amount of product and add 2 FTE's.

Financing for the project includes a loan from the Genesee Gateway Local Development Corp.'s (GGLDC) Loan Fund #2 and equity.

The GGLDC is proposing to use Revolving Loan #2 funding in the amount of \$132,000 to provide a loan to the Company as gap financing on the project. The term loan will have an interest rate of Prime with a floor of 3% per annum, to be readjusted annually, and will be amortized over a 10-year term. The loan will be secured by a first position lien filing on the equipment, cross-corporate and personal guarantees from the members as well as a landlord waiver to access the collateral as necessary as they do not own the building.

Combined project sources and uses of funds are detailed as follows:

<u>Uses of Funds</u>	
Equipment	<u>\$154,000</u>
Total Uses	\$154,000
<u>Sources of Funds</u>	
GGLDC Loan Fund	\$132,000
Equity/Cash	<u>\$22,600</u>
Total Sources	\$154,600

T. Felton made a motion to recommend to the full Board the approval of the loan application for LNK Holdings, Inc. (dba Craft Cannery) as presented; the motion was seconded by T. Bender.

Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Absent
T. Bender - Yes
D. Cunningham – Yes

The item was approved as presented.

3h. Hold and Haul Contract for STAMP Sewer Works Corp.- To get NYSDEC review of the temporary hold and haul tank solution at STAMP for Plug Power they are requesting a copy of a valid contract with a municipality that is willing to haul, accept and treat the sanitary waste. Attached is a proposed contract from the Village of Oakfield to handle this. The Village of Oakfield will charge \$50 in tipping fees per delivery. There is also a hauling contract from Camden Group (they manage the Village of Oakfield facility) to complete the hauling.

Fund Commitment: None from GGLDC. Costs to be billed to Plug Power in the normal course of business.

There is an agreement between the STAMP Sewer Works Corp and Town of Oakfield where the Village agrees to accept liquid sewage waste for treatment. Another agreement between the STAMP Sewer Works Corp and Camden Group covers hauling. This is being brought before the GGLDC Board as the sole shareholder of the STAMP Sewer Works Corp. Preparation for an organizational meeting of the STAMP Sewer Works Corp is underway, but in the meantime the sole shareholder may act on behalf of the corporation due to the absence of officers, etc.

T. Felton made a motion to recommend to the full Board the approval of the Hold and Haul Contract with the Camden Group and tipping fees to the Village of Oakfield as presented; the motion was seconded by T. Bender. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Absent
T. Bender - Yes
D. Cunningham – Yes

The item was approved as presented.

P. Zeff left the meeting at 9:43 a.m.

3i. Batavia Solar, LLC Ground Lease Amendment for MedTech Park- The GGLDC has a Solar Ground Lease Agreement with YSG Solar (now Batavia Solar, LLC) for land at MedTech Park to construct a community solar project. The agreement was signed in April of 2019 and allowed for a due diligence period of six months, with another possible extension of 18 months. The initial due diligence period (six months) had a fee of \$250 and the extended due diligence period had a fee of \$1,800. This due diligence period ended in April. In May the GGLDC Board approved an amendment that allowed for an additional six months of due diligence for a fee of \$7,200 to be paid to the GGLDC, which expires on October 16, 2021. The original lease agreement defined the Rent Commencement Date as the Final Completion Date which would be defined between the Lessee and the Contractor constructing the facility. This amendment will establish the Rent Commencement Date as being October 16th, at which time the lease monthly lease payments to the GGLDC will commence. They are also seeking to amend the Expiration Date of the lease to be 25 years from the completion of the Generating Facility.

Fund Commitment: None.

T. Felton made a motion to recommend to the full Board the approval of the Batavia Solar, LLC Ground Lease Amendment for MedTech Park as presented; the motion was seconded by T. Bender. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Absent
T. Bender - Yes
D. Cunningham – Yes

The item was approved as presented.

3j. Addendum for Gateway GS, LLC Lease- The GGLDC had previously agreed to and executed a lease agreement with Gateway GS, LLC for land in the Gateway II Corporate Park. The lease rate being charged was to cover the GGLDC's carrying costs of the land (mowing, maintenance, insurance, fire district fees, etc.). The lease did not address any change in the lease rate if Gateway GS, LLC purchased acreage. The lease Addendum #3 adjusts the annual lease rate to remove the acreage purchased by Gateway GS, LLC.

T. Felton made a motion to recommend to the full Board the approval of the Addendum for Gateway GS, LLC Lease as presented; the motion was seconded by T. Bender. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Absent
T. Bender - Yes
D. Cunningham - Yes

The item was approved as presented.

3k. Rest & Revive Loan – M. Masse provided an update on the Rest & Revive loan. They have not made any payments since January 2021, and they are looking to sell their facility. There are two potential buyers that they are working with currently. The Committee recommended that 1) staff reach out to legal to make sure that all legal requirements that are set forth in the loan documents regarding delinquency and default are being met and 2) request a monthly action plan from Rest & Revive that outlines their strategy to get current. M. Masse stated that he would send a letter that states that they are in breach of the contract and notify them that a monthly action plan to get current is required.

4. ADJOURNMENT

T. Bender made a motion to adjourn at 4:34 p.m., seconded by P. Battaglia and passed unanimously.