



Meeting Agenda – Audit and Finance Committee
 Genesee County Economic Development Center
 Tuesday, April 30, 2019
 Location: GCEDC Conference Room, 8:30 a.m.

Page #	Topic	Discussion Leader	Desired Outcome
	1. Call To Order – Enter Public Session	M. Gray	
	1a. Executive Session: Motion to enter executive session under the Public Officers Law, Article 7, Open Meetings Law Section 105 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. 2. The proposed acquisition, sale or lease of real property or the proposed acquisition of securities, or sale or exchange of securities held by such public body, but only when publicity would substantially affect the value thereof. 1b. Enter Public Session	M. Gray	
2-4	2. Chairman’s Report & Activities 2a. Agenda Additions / Other Business 2b. Minutes: March 28, 2019	M. Gray	Vote
5-8	3. Discussions / Official Recommendations to the Board: 3a. 1 st Quarter Financial Statements	L. Farrell	Disc / Vote
9	3b. \$33M STAMP Grant Review YTD	L. Farrell	Discussion
10	3c. Mowing Contract	M. Masse	Disc / Vote
11-12	3d. GAIN! Loan Fund Application – New York Craft Malt, LLC	M. Masse	Disc / Vote
	4. Adjournment	M. Gray	Vote



Thursday, March 28, 2019
GCEDC – Conference Room
GCEDC Audit & Finance Committee Meeting
3:00 p.m.

MINUTES

ATTENDANCE

Committee Members: M. Gray, A. Young, T. Bender
 Staff: S. Hyde, L. Farrell, M. Masse, E. Richardson, J. Krencik, C. Suozzi, P. Kennett
 Guests: T. Felton (GGLDC Board member), D. Cunningham (GGLDC Board member), D. Brownell (Mostert, Manzanero & Scott)
 Absent: P. Battaglia

1. CALL TO ORDER / ENTER PUBLIC SESSION

M. Gray called the meeting to order at 3:05 p.m. in the GCEDC Innovation Zone.

1a. Executive Session:

T. Bender made a motion to enter executive session at 3:05 p.m. under the Public Officers Law, Article 7, Open Meetings Law Section 105 for the following reasons, seconded by A. Young 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.
2. The proposed acquisition, sale or lease of real property or the proposed acquisition of securities, or sale or exchange for securities held by such public body, but only when publicity would substantially affect the value thereof.

1b. Re-Enter Public Session – A. Young made a motion to enter back into public session at 3:08 p.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: March 7, 2019

A. Young made a motion to approve the March 7, 2019 meeting minutes as presented; the motion was seconded by T. Bender. Roll call resulted as follows:

P. Battaglia - Absent
 M. Gray - Yes
 T. Bender - Yes
 A. Young - Yes

The item was approved as presented.

3. DISCUSSIONS / OFFICIAL RECOMMENDATIONS OF THE COMMITTEE:

3a. 12/31/2018 Audit - David Brownell of Mostert, Manzanero & Scott, LLP reviewed the audit with the committee and answered questions in regard to the audit. The management letter states that no material deficiencies in internal controls were identified during the audit. It is their opinion that the audited financial statements present fairly, in all material respects, the financial position of the GCEDC as of December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

New this year was an audit of our investments. The Authorities Budget Office (ABO) issued guidance in 2018 specifically on Public Authority Investment Reports. The report that is included in the financial statements, along with the investment report that the Board has previously reviewed and approved satisfies the ABO requirements.

M. Gray asked how long the auditors were actually in the office working and if there have ever been any material deficiencies found since working with the GCEDC.

D. Brownell shared that himself, along with two others were in the office for 2 full days. There have not been any material deficiencies found since working with the GCEDC.

Executive Session:

T. Bender made a motion to enter executive session at 3:15 p.m. under the Public Officers Law, Article 7, Open Meetings Law Section 105 for the following reasons, seconded by A. Young 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.

The staff was excused.

Re-Enter Public Session – A. Young made a motion to enter back into public session at 3:18 p.m., seconded by T. Bender and approved by all members present.

The staff rejoined the meeting.

T. Bender a motion to approve the 12/31/2018 Audit; the motion was seconded by A. Young made. Roll call resulted as follows:

P. Battaglia - Absent
 M. Gray - Yes
 T. Bender - Yes
 A. Young - Yes

The item was approved as presented.

3b. \$33M STAMP Grant Review YTD – L. Farrell reminded the Committee that the imprest account was set up and in January 2018 Empire State Development (ESD) deposited \$15.1M into the account. The first 13 Grant Utilization Request Forms (GURF) have been submitted and authorization has been received to release those funds. The requests have taken approx. 3-5 days to receive approval.

3c. STAMP Real Estate Loans Update – L. Farrell shared that there are currently five loans outstanding with Empire State Development. In September 2014, the GCEDC obtained two loans totaling \$2,100,000 from ESD to fund WNY STAMP land acquisition in the Town of Alabama. The loans have a 0% interest rate with no principal payment due for the first five years. At the end of the fifth year, ESD will make a determination as to whether to (1) require a full principal balloon payment; (2) waive the obligation to repay the loans; or (3) extend the loans for another five-year term with payment terms to be determined. A request to ESD was submitted in March 2019 for repayment of these two loans to be waived.

4. ADJOURNMENT

As there was no further business, T. Bender made a motion to adjourn at 3:24 p.m., seconded by A. Young and passed unanimously.

DRAFT

Genesee County Economic Development Center
Dashboard - For the Three Month Period Ended 3/31/19
Balance Sheet - Accrual Basis

	Three Month Period Ended 3/31/19	[Per Audit] 12/31/18
ASSETS:		
Cash - Unrestricted	\$ 1,363,360	\$ 1,464,008
Cash - Restricted (A)(1)	11,761,622	12,493,673
Cash - Reserved (B)	792,471	483,461
Cash - Subtotal	<u>13,917,453</u>	<u>14,441,142</u>
Grants Receivable (2)	303,482	598,982
Accts Receivable- Current (3)	395,082	301,594
Deposits	2,832	2,832
Prepaid Expense(s) (4)	15,803	32,907
Loans Receivable - Current	43,479	40,576
Total Current Assets	<u>14,678,131</u>	<u>15,418,033</u>
Land Held for Dev. & Resale (5)	13,135,524	13,068,322
Furniture, Fixtures & Equipment	67,982	67,982
Total Property, Plant & Equip.	<u>13,203,506</u>	<u>13,136,304</u>
Less Accumulated Depreciation	<u>(67,184)</u>	<u>(66,940)</u>
Net Property, Plant & Equip.	<u>13,136,322</u>	<u>13,069,364</u>
Accts Receivable- Non-current (6)	838,940	858,940
Loans Receivable- Non-current (Net of \$47,429 Allow. for Bad Debt)	277,484	288,614
Other Assets	<u>1,116,424</u>	<u>1,147,554</u>
TOTAL ASSETS	<u>28,930,877</u>	<u>29,634,951</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Outflows (11)	299,156	299,156
Deferred Outflows of Resources	<u>299,156</u>	<u>299,156</u>
LIABILITIES:		
Accounts Payable (7)	35,130	507,960
Loan Payable - Genesee County - Current (8)	149,857	-
Accrued Expenses	155	8,846
Unearned Revenue (9)	9,028,091	9,065,078
Total Current Liabilities	<u>9,213,233</u>	<u>9,581,884</u>
Loans Payable - ESD (10)	5,196,487	5,196,487
Loan Payable - Genesee County - Noncurrent (8)	3,850,143	4,000,000
Aggregate Net Pension Liability (11)	92,211	92,211
Total Noncurrent Liabilities	<u>9,138,841</u>	<u>9,288,698</u>
TOTAL LIABILITIES	<u>18,352,074</u>	<u>18,870,582</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows (11)	347,764	347,764
Deferred Inflows of Resources	<u>347,764</u>	<u>347,764</u>
NET ASSETS	<u>\$ 10,530,195</u>	<u>\$ 10,715,761</u>

Significant Events:

1. Restricted Cash - ESD deposited \$15.1M into an imprest account related to the \$33M grant in January 2018. Expenditures out of this account are pre-authorized by ESD.
2. Grants Receivable - Decreased due to receipt of funds from ESD as reimbursement for land purchased at the LeRoy Food & Tech Park.

3. Accounts Receivable (Current) - Econ. Dev. Program Support Grant; MedTech Centre Property Management; termed out Project Origination Fees from Rochester Gas & Electric and HP Hood to be collected in the next 12 months.
4. Prepaid Expense(s) - Prepaid health, D&O, property, life insurance, long-term and short-term disability.
5. Land Held for Dev. & Resale - Additions are related to STAMP engineering, environmental, legal and demolition expenses.
6. Accounts Receivable - Non-current - Termed out Project Origination Fees from HP Hood that will not be collected within 12 months of the Balance Sheet date.
7. Accounts Payable - e3communications expenses and unpaid 2018 STAMP expenses.
8. Loan Payable - Genesee County (Current & Noncurrent) - Per a Water Supply Agreement with Genesee County, the County remitted \$4M to the GCEDC to put towards water improvements located in the Town of Alabama and the Town of Pembroke and other Phase II improvements as identified by the County. GCEDC will make annual payments to the County of \$448,500 beginning in January 2020.
9. Unearned Revenue - Genesee County contribution received in advance; Funds received from municipalities to support park development; Funds received from National Fuel to support workforce development; ESD Grant funds to support STAMP development, not actually earned until eligible expenditures are incurred.
10. Loans Payable - ESD - Loans from ESD to support STAMP land acquisition and related soft costs.
11. Deferred Pension Outflows / Aggregate Net Pension Liability / Deferred Pension Inflows - Accounts related to implementation of GASB 68.

(A) Restricted Cash = Municipal Funds, RLF #2 Funds, Grant Funds Received in Advance.

(B) Reserved Cash = RLF #1 Funds (defederalized).

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**Genesee County Economic Development Center
Dashboard - For the Three Month Period Ended 3/31/19
Profit & Loss - Accrual Basis**

	Month to Date		YTD		2019	2019
	3/31/19	3/31/18	2019	2018	Board Approved Budget	YTD % of Budget
Operating Revenues:						
Genesee County	\$ 58,378	\$ 48,378	\$ 58,378	\$ 48,378	\$ 233,513	25%
Fees - Project Participation	160,198	17,000	160,198	17,000	390,000	41%
Fees - Services	20,061	20,031	20,061	20,031	80,212	25%
Interest Income on Loans	942	1,403	942	1,403	3,619	26%
Rent	600	240	600	240	24,550	2%
Grants (1)	289,693	261,648	289,693	261,648	22,644,370	1%
GGLDC Grant- Econ. Dev. Program Support	75,000	75,000	75,000	75,000	300,000	25%
GCFC Grant - Econ. Dev. Program Support	-	-	-	-	-	N/A
Land Sale Proceeds	-	80,900	-	80,900	-	N/A
BP ² Revenue	402	-	402	-	26,068	2%
Other Revenue	4,831	5,576	4,831	5,576	5,008	96%
Total Operating Revenues	610,105	510,176	610,105	510,176	23,707,340	3%
Operating Expenses						
General & Admin	321,356	321,717	321,356	321,717	1,360,520	24%
Professional Services	4,895	9,871	4,895	9,871	108,000	5%
Site Maintenance/Repairs	1,170	1,170	1,170	1,170	12,400	9%
Property Taxes/Special District Fees	2,951	3,313	2,951	3,313	12,053	24%
BP ² Expense	-	-	-	-	25,119	0%
PIF Expense	14,714	14,560	14,714	14,560	68,463	21%
CBA Pass Through	205,125	205,780	205,125	205,780	205,780	100%
Site Development Expense (2)	18,389	7,845	18,389	7,845	6,000	306%
Cost of Land Sales	-	39,812	-	39,812	-	N/A
Real Estate Development (3)	67,202	27,591	67,202	27,591	22,364,627	0%
Balance Sheet Absorption	(67,202)	(27,591)	(67,202)	(27,591)	-	N/A
Total Operating Expenses	568,600	604,068	568,600	604,068	24,162,962	2%
Operating Revenue (Expense)	41,505	(93,892)	41,505	(93,892)	(455,622)	
Non-Operating Revenue (Expense)						
Other Interest Income	6,693	225	6,693	225	500	1339%
Interest Expense	-	-	-	-	-	N/A
Econ. Dev. Loan Fund (LDC/County)	(233,764)	-	(233,764)	-	-	N/A
Total Non-Operating Revenue (Expense)	(227,071)	225	(227,071)	225	500	-45414%
Change in Net Assets	(185,566)	(93,667)	(185,566)	(93,667)	\$ (455,122)	
Net Assets - Beginning	10,715,761	11,562,951	10,715,761	11,562,951		
Net Assets - Ending	\$ 10,530,195	\$ 11,469,284	\$ 10,530,195	\$ 11,469,284		

Significant Events:

1. Grants - \$205,780 Community Benefit Agreement payment dedicated to support development at the GVAB (pays annual principal & interest on bond); PIF from RJ Properties (Liberty Pumps) supports Apple Tree Acres Infrastructure improvements; PIF from Yancey's Fancy supports Infrastructure Fund Agreement with the Town of Pembroke; ESD \$33M Grant supports STAMP engineering, environmental, legal, infrastructure, etc.; Recognition of grant revenue from the Town of Pembroke as qualified expenditures are made.
2. Site Development Expense - Site development at the Buffalo East Tech Park and the STAMP site, including improvements/infrastructure that will be dedicated.
3. Real Estate Development Costs - Includes STAMP engineering and professional services.

**Genesee County Economic Development Center
Dashboard - For the Three Month Period Ended 3/31/19
Statement of Cash Flows**

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	Three Month Period Ended December 2019	YTD
CASH FLOWS USED PROVIDED BY OPERATING ACTIVITIES:		
Genesee County	\$ 77,837	\$ 77,837
Fees - Project Origination	178,698	178,698
Interest Income on Loans	467	467
Rent	600	600
Grants	530,502	530,502
BP ² Revenue	402	402
Other Revenue	4,831	4,831
Repayment of Loans	8,227	8,227
General & Admin Expense	(320,066)	(320,066)
Professional Services	(9,391)	(9,391)
Site Maintenance/Repairs	(1,170)	(1,170)
Site Development	(307,176)	(307,176)
Property Taxes/Special District Fees	(2,951)	(2,951)
PIF Expense	(17,616)	(17,616)
CBA Pass-through	(205,125)	(205,125)
Improv/Additions/Adj to Land Held for Development & Resale	(236,579)	(236,579)
Net Cash Used Provided By Operating Activities	(298,510)	(298,510)
CASH FLOWS USED BY NONCAPITAL FINANCING ACTIVITIES:		
Economic Development Loan Fund Expense (LDC/County)	(233,764)	(233,764)
Net Cash Used By Noncapital Financing Activities	(233,764)	(233,764)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:		
Interest Income	8,585	8,585
Net Change in Cash	(523,689)	(523,689)
Cash - Beginning of Period	14,441,142	14,441,142
Cash - End of Period	\$ 13,917,453	\$ 13,917,453
RECONCILIATION OF NET OPERATING REVENUE TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Revenue	\$ 41,505	\$ 41,505
Adjustments:		
Depreciation Expense	244	244
Decrease in Accounts/Grants Receivable	222,012	222,012
Decrease in Prepaid Expenses	17,104	17,104
Decrease in Loans Receivable	8,227	8,227
Increase in Land Held for Development & Resale	(67,202)	(67,202)
Decrease in Operating Accounts Payable	(474,722)	(474,722)
Decrease in Accrued Expenses	(8,691)	(8,691)
Decrease in Unearned Revenue	(36,987)	(36,987)
Total Adjustments	(340,015)	(340,015)
Net Cash Used By Operating Activities	\$ (298,510)	\$ (298,510)

Mark Masse

GCEDC Audit & Finance Committee

April 30, 2019

Approval of mowing contract for GCEDC properties

Discussion: The GCEDC asked four companies for bids to mow the properties we have acquired at STAMP and the entrance sign to Apple Tree Acres. The results of the bids are as follows based on 14 mows in the season:

1. \$7,100 – S&S Trucking
2. \$9,240 – Scalia's Landscaping
3. Declined to bid – McKenzie Landscaping
4. Declined to bid – Bubba's Landscaping

Fund Commitment: Not to exceed \$7,300.

Board Action Request: Approval of mowing contract for STAMP and Appletree Acres properties to S & S Trucking not to exceed \$7,300.

NY Craft Malt, LLC

Project Description

Overview

NY Craft Malt, LLC is a New York State Limited Liability Company.

The Project

The project will consist of the purchase and installation of equipment to allow for an expansion of their product line to include steam-flaked grains.

Financing for the project includes a loan from the Genesee County Economic Development Center's GAIN loan fund and equity.

The GCEDC is proposing to use GAIN loan funding in the amount of \$82,000 to provide a loan to the Company as gap financing on the project. The term loan will have an interest rate of 1% and will be amortized over a 7-year term. The loan will be secured by a first position lien filing against the equipment as well as cross-corporate and personal guarantees of the members. The company is contributing equity to the project in the amount of \$124,968.

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

<u>Uses of Funds:</u>	
Machinery and equipment	<u>\$206,968</u>
Total Uses	<u>\$206,968</u>
<u>Sources of Funds:</u>	
GCEDC Loan Fund	\$82,000
Personal equity	<u>124,968</u>
Total Sources	<u>\$206,968</u>

Underwriting Guidelines

Project Costs - The Company has fully researched the costs of the equipment and the and the associated installation.

Commitment of Other Sources of Funds - The Member has the equity available to contribute to the project. The equity commitment must be shown prior to closing on the

GCEDC loan.

Financial Feasibility – The GCEDC has reviewed the Company's financial projections. It appears that the projection of the increase in revenues from the expansion would cover the projected debt service payments along with providing additional cash flow to the Company.

Pro Rata Disbursement of Funds - The GCEDC Loan Fund funding will be used to finance some of the purchase and installation of the new equipment. With personal equity funding the majority of the project, the GCEDC will require that the Member provide proof of the equity prior to, or concurrent with, the GCEDC loan financing.

Description of Impact - The proposed project will result in the Company expanding their current product line. The proposed project will support the creation of one new FTE.

GAIN loan fund Requirements:

- 1. \$250 Application fee** – Received from NY Craft Malt, LLC.
- 2. GAP financing – must be combined with bank approved financing OR project development equity (minimum equity of 10%) required** – Member is contributing 60% equity.
- 3. Collateral required** – GCEDC will take first position in equipment as well as corporate and personal guarantees of the member.