



**Tuesday, May 5, 2015**  
**GCEDC- Andrews Conference Room**  
**Audit & Finance Committee Meeting**  
**3:00 p.m.**

**MINUTES**

**ATTENDANCE**

Committee Members: C. Yunker, P. Battaglia, W. Hinchey  
Staff: L. Farrell, M. Masse, P. Kennett, S. Hyde  
Guests: T. Felton (GGLDC Board President)  
Absent: P. Zeliff

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

W. Hinchey called the meeting to order at 3:04 p.m. in the Andrews Conference Room.

**2. DISCUSSIONS / OFFICIAL RECOMMENDATIONS TO THE COMMITTEE:**

**2a. 1<sup>st</sup> Quarter 2015 Financial Statements –**

- Current accounts receivable consists of a grant project participation fee expected from Baskin (\$8K), Rochester Gas and Electric (\$20K) and Muller Quaker Dairy (\$155K) termed out project participation fees and the GCEDC Economic Development Program Support Grant (\$75K).
- Accounts Receivable non-current consists of Rochester Gas and Electric termed out project participation fee installments to be collected over the next four years.
- Prepaid expenses consist of health and disability insurance.
- Deferred Revenue consists of municipal and National Fuel Grant funds received but not yet expended.
- An application fee was received from Darien Lake.
- The HSA benefit is high for the quarter due to a majority being paid at the beginning of the year.
- Dues and Subscriptions are over 25% of budget due to half of the membership dues to Greater Rochester Enterprise (\$25K), Buffalo Niagara Enterprise (\$10K) paid at the beginning of the year.
- Received the PIF payment that is dedicated to support development at the GVAB (pays annual principal and interest on a GGLDC bond).
- Received the PIF payment for the Village of Bergen waste water treatment plant expansion.
- Paid Clark Patterson Lee for sewer design, \$104,000. We cannot pick up a receivable for this related to the \$33M because we do not have a grant disbursement agreement in place for this funding, although we do expect to be reimbursed for these expenses.
- Received \$1.7M loan proceeds from ESD, the funds were used to pay down the line of credit with First Niagara Bank.

**P. Battaglia made a motion to approve a recommendation of the 1<sup>st</sup> Quarter 2015 Financial Statements to the full Board for approval; the motion was seconded by C. Yunker. Roll call resulted as follows:**

W. Hinchey - Yes  
P. Zeliff - Absent  
P. Battaglia - Yes  
C. Yunker - Yes

**The Item was approved as presented.**

**2b. Budget Modification** – L. Farrell informed the board of some possible budget modifications that could be made should they decide to do so. The GCEDC has never done budget modifications previously, but it was brought up at a prior board meeting that they should be done in the future.

S. Hyde informed the board that it has been standard practice of the GCEDC from the beginning to run its financial statements much like a private company rather than a municipality. It is a lot of extra work for a limited sized staff. In the past variances have always been explained on the financial statements and expenses over \$5,000 are approved by the board. S. Hyde also reminded the board that the GCEDC does not have a balanced budget, in fact the GCEDC budgets for a loss. This is very different than that of a municipality.

C. Yunker asked if we were required to do budget modifications.

L. Farrell said that she does not believe that IDA's are required to do budget modifications and that the agency has never done budget modifications previously.

C. Yunker suggested that staff check with the auditors to ensure that they are alright with not doing budget modifications and ask them for their opinion on the topic.

L. Farrell informed the board that she used to be the auditor for the GCEDC and that she was unaware of any requirements to do budget modifications. The NYS reporting system does not allow for budget modifications. If budget modifications were required you would think that the system would allow for it.

C. Yunker asked if the GCEDC could expend funds that are over budget or if a budget modification is needed to pay an invoice?

L. Farrell informed the board that if an expense is over \$5,000 it is approved by the board and any variances from the budget are explain and discussed.

P. Battaglia explained that when you have a break even budget you need to have budget modifications and know where the funds are coming from, but the GCEDC is already running a budget that is in the red on an accrual basis and cash is watched very closely.

C. Yunker suggested that we check with the auditors to see what they recommend.

S. Hyde suggested that we also check with the State Comptroller's Office.

**2c. Directors & Officers Insurance Limit Increase** – L. Farrell explained that in 2013 the GCEDC increased the Directors & Officers Liability coverage from \$2M to \$5M. At that time the board discussed potentially increasing the limit again in the future.

Lawley Genesee has provided a proposal for an additional \$5M limit for Directors & Officers Liability Insurance. The total premium quoted for one year of coverage is \$15,000. The premium would be paid 50% by the GCEDC and 50% by the GGLDC.

The current policy in place, as approved at the 2/5/15 board meeting, has a \$5M limit and the total premium is \$16,771 (50% GCEDC / 50% GGLDC ).

At the March 5, 2015 board meeting, Lawley Genesee representatives were asked to provide the board with sample D&O claims to review. We have received that information and it is included in your Board meeting agenda packet.

The 2015 budgets do not include allocations for this additional expense.

The committee members asked staff to check with other IDA's to see what limits they carry on directors & officers insurance. Once this information is collected they will consider whether or not the limits should be increased.

P. Battaglia asked L. Farrell to email any information that she receives to the committee members and that maybe they could meet prior to the board meeting on Thursday to discuss the information collected.

**2d. GCEDC / GGLDC Innovation Zone Lease** – M. Masse explained to the board that since the employees that would be running the innovation zone are in the GCEDC it would make the most sense to have the GCEDC lease the space from the GGLDC. M. Masse looked at lease rates but feels that if the GCEDC has to pay comparable rates that the Innovation Zone will end up costing more than it can bring in.

T. Felton suggested renting the space out to the GCEDC for \$1 since the space has already been funded. This would allow for the space to be staffed by the GCEDC and would save the GGLDC a little bit of money as they are already carrying the costs for the space anyway. It would also make it easier to negotiate and sign agreements with people looking to use the space.

**2e. Minutes: February 2, 2015, February 23, 2015 and March 30, 2015** - The committee was asked to approve the February 3, 2015, February 23, 2015 and March 30, 2015 meeting minutes.

**C. Yunker made a motion to approve the minutes; the motion was seconded by P. Battaglia. Roll call resulted as follows:**

W. Hinchey	- Yes
P. Zelif	- Absent
P. Battaglia	- Yes
C. Yunker	- Yes

**The Item was approved as presented.**

#### **ADJOURNMENT**

As there was no further business, P. Battaglia made a motion to adjourn at 4:10 p.m., seconded by C. Yunker and passed unanimously.