



**Tuesday, November 29, 2016**  
**GCEDC – Andrews Conference Room**  
**Audit & Finance Committee Meeting**  
**3:00 p.m.**

**MINUTES**

**ATTENDANCE**

Committee Members: M. Gray (Chair), P. Zeliff, P. Battaglia  
Staff: L. Farrell, M. Masse, P. Kennett, E. Richardson  
Guests: T. Felton (GGLDC Board Chair), Joe Teresi (Tompkins)  
Absent: M. Davis

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

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

**1a. 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 3:00 p.m., for the following reasons:

1. To discuss 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 P. Battaglia and approved by all members present.

**1b. Re-Enter Public Session**

P. Zeliff made a motion to enter back into public session at 3:12 p.m., seconded by P. Battaglia and approved by all members present.

**2. Chairman's Report & Activities:**

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

The committee asked to move to 3d to discuss the insurance renewal given that J. Teresi was present to review the information with them.

**3. Discussions / Official Recommendations of the Committee:**

**3d. Insurance Renewal** – Although staff discussed options of procuring property and general liability insurance quotes from other carriers, J. Teresi explained that he recommended waiting until next year. J. Teresi did make some preliminary inquiries, but due to the limited lead time to allow companies the proper underwriting time frame to provide competitive proposals and the uncertainty of what lies ahead over the next 12 months involving the STAMP location, he recommends that the agency wait until fall of next year. He felt confident that if we delayed procuring quotes until next fall, the underwriters would have a better timeframe to provide their best pricing and coverage options and be in a more informed position to know exactly what they are covering at the development site. He also felt that more information would be known about the scope and size of the work at STAMP site as well as the auxiliary coverages that will be needed and the risk transfer agreements that will need to be in place at that time.

In the interim, J. Teresi feels that he has secured a competitive renewal proposal from Selective Insurance who is aware of the upcoming plans for STAMP and has made concessions regarding the costs associated with the land under development in Alabama which is a benefit to the GCEDC.

J. Teresi believes that waiting 9-10 months to approach the insurance companies is in the best interest of the GCEDC and GGLDC. With the additional lead time he is confident that the other insurance companies will review and put forth their best effort for a competitive quote.

J. Teresi reminded the Committee that the Selective policy includes a \$10 million umbrella policy and that the price for 2017 will be about the same as 2016. Selective Insurance covers property, general liability, commercial auto, inland marine, crime and the umbrella policies.

Selective Insurance Company also carries the agency's workers compensation insurance which has increased by 13% due to NYS rates increasing.

Erie & Niagara Insurance carries the property insurance at STAMP, specifically this is for the houses. The annualized price for this coverage has increased about 28%, but this is due to the houses being vacant. Vacant properties are rated as unoccupied/vacant structures and as such have an additional surcharge. Once the houses are demolished this insurance coverage will no longer be needed.

**P. Battaglia made a motion to recommend approval of the Insurance Renewal; 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.**

J. Teresi left the meeting at approximately 3:30.

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

### **2b. Minutes: October 25, 2016**

**P. Zeliff made a motion to approve the October 25, 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 of the Committee:**

**3a. October 2016 Financial Statements -** L. Farrell presented the October Financial Statements to the Committee and noted the following:

- In the Operating fund most of the activity is reoccurring and we should expect to be at 83.3% of budget.
- A large portion of the employer contribution to employee HSA accounts is made at the beginning of the year.
- A majority of the unemployment insurance is paid at the beginning of the year.
- Insurance is paid in full and will be within budget on a consolidated basis by year end.

- Dues and Subscriptions include Greater Rochester Enterprise (\$50K) and Invest Buffalo Niagara (IBN) (previously Buffalo Niagara Enterprise) (\$25K).
- Received an application fee from TJ Sheehan Distribution.
- RLF #1 has 3 active loans. The loan receivable from Savage IO remains in collections.
- Allowance for Bad Debt is being increased by \$10K, to be recognized evenly throughout the year.
- RLF #2 has 2 active loans.
- The expenses in STAMP that are unbudgeted correspond with unbudgeted grant income.
- STAMP Land Acquisition Interest is capitalized and the expense will be drawn down on the ESD \$33M Grant.
- The GAIN! Loan fund received \$65K in October for a loan to Cottonwood Farms.
- All expenditures are in line with the budget except where noted.

**P. Zeliff made a motion to recommend approval of the October Financial Statements; 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.**

**3b. \$33M STAMP Grant Draw Review YTD** – L. Farrell explained to the committee that the agency has received draw #1 of the \$33M STAMP grant and all but \$200,000 of draw #2. The \$200K is the Village of Oakfield water tower payment, backup documentation has been provided and it is anticipated that the funds should be received soon. Draw #3, #4, and #5 have been submitted and it is not expected to have any delays. All expenses related to this grant are paid using the Line of Credit with KeyBank (formerly First Niagara) and is repaid once the reimbursements are received from NYS.

**3c. Auditor Selection** – L. Farrell reminded the committee that the auditor engagement partner with Mostert, Manzenaro & Scott LLP has been rotated every five years and we have two more years with the current partner before we would have to switch partners again. The advantage is that they are familiar with what we do and how we do it. P. Battaglia mentioned that typically there is a 2 – 3 year learning curve for a new audit firm.

L. Farrell recommended staying with the current auditor until the end of this 5 year rotation, at which time we would go out to bid for these services.

**P. Battaglia made a motion to recommend approval of continuing services with the current auditor Mostert, Manzenaro & Scott not to exceed \$11,000; 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. Insurance Renewal** - Approved earlier in the board meeting.

**3e. Revolving Loan Fund Policies: Interest Rate** - The GCEDC’s loan policies currently list the interest rate being charge as 80% of Prime with a floor of 3%. With the recent success of the GAIN! Loan fund, which is 1% fixed interest rate, the staff thought the Audit and Finance Committee should review our current loan programs and consider making modifications. Some options could be:

1. Remove the floor of 3% and let the rate be 80% of Prime.

2. Reduce the percentage of Prime
3. Do a short-term program of a low interest rate (1%, 2%) that would last six months

Current cash balance for the GCEDC loan fund is \$533,454.

L. Farrell mentioned that currently these funds are used for internal borrowing as needed.

P. Battaglia noted that he likes the idea of having the funds available for internal borrowing and that he did not believe that the agency should be competing with banks. He believes that the funds should continue to be used for gap financing.

P. Zeliff agreed with P. Battaglia's statements.

M. Grey also agreed with P. Battaglia and mentioned that if the funds were completely loaned out it could be a risk to the agency as it currently provides reassurance for internal borrowing.

T. Felton agreed with the previous comments and added that he does not feel as if the agency is losing deals because of the interest rate.

The committee decided that they were not interested in changing the Revolving Loan Fund #1 policy at this time.

**3f. Sale of Reinforced Concrete Casing at Gateway I** - The GCEDC had constructed a Reinforced Concrete Casing that runs underneath the Thruway that was anticipated to hold two water lines that were going to supply water to the Gateway I Corporate Park. Once construction was completed, water was able to be brought to Gateway I Route 98 from the opposite direction so that casing was never used. The GCEDC has maintained ownership and has been required to pay for insurance coverage on this pipe as mandated by the NYS Thruway Authority. In discussion with the Town of Batavia, they do not want to accept dedication for it, and we cannot abandon it without filling in the casing. Empire Access is looking to directional drill underneath the Thruway to run fiber optic cable. When performing their test drills, the construction company was notified by the Town of Batavia that an existing conduit exists and that the GCEDC might be interested in selling it to them. Empire Access is willing to pay the GCEDC what their cost would be to complete this work which they have stated is \$6,550. I am not sure what type of casing they would use, but Clark Patterson Lee has estimated that a 2" copper conduit would cost anywhere from \$15-\$30 per foot. Using that as a guide calculation, this would put that estimate between \$3,750 and \$7,500. Their estimate seems reasonable and this is the best possible solution to alleviate the GCEDC of the responsibility and liability for insuring this empty conduit casing. This casing was originally installed around 1992 or 1993.

M. Masse asked the board to approve the sale of an existing Reinforced Concrete Casing that runs underneath the Thruway to Empire Access (or its representative thereof) in the amount of \$6,550.

**P. Zeliff made a motion to recommend approval of the sale of an existing Reinforced Concrete Casing that runs underneath the Thruway to Empire Access (or its representative thereof) in the amount of \$6,550; 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.

#### **4. ADJOURNMENT**

As there was no further business, P. Battaglia made a motion to adjourn at 4:07 p.m., seconded by P. Zelif and passed unanimously.