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GGLDC Audit & Finance Committee Meeting

Tuesday, October 29, 2019

Innovation Zone

8:30 a.m.

MINUTES

ATTENDANCE

Committee Members: T. Felton, D. Cunningham, P. Battaglia (Video Conference)
Staff: L. Farrell, M. Masse, L. Casey, P. Kennett, J. Krencik, C. Suozzi
Guests:
Absent: T. Bender

1. CALL TO ORDER / ENTER PUBLIC SESSION

D. Cunningham called the meeting to order at 8:40 a.m. in the Innovation Zone.

Presentation- Mike Fontaine, Fontrick Door, Inc.

Mike Fontaine, owner of Fontrick Doors, Inc. has requested the GGLDC's support with a \$150,000 loan from the GGLDC's RLF#2 (Economic Development Loan Fund). In 2016, Fontaine purchased a second facility at 1 Treadeasy Ave., Batavia. However, he has not been able to operate in this facility to date. The project will consist of the acquisition of two pieces of equipment as well as some other building improvements to their manufacturing operations. The additional equipment will allow him to deliver a better product to his customers, increase his capacity, gain exposure to a market he has never had access to previously and improve employee retention.

P. Battaglia made a motion to adjourn the meeting at 8:50 a.m., seconded by T. Felton and passed unanimously.

D. Cunningham called the meeting back into session at 9:55 a.m. in the Innovation Zone.

2. CHAIRMAN'S REPORT & ACTIVITIES

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

2b. Minutes: October 1, 2019

T. Felton made a motion to approve the October 1, 2019 Meeting Minutes as presented; the motion was seconded by P. Battaglia. Roll call resulted as follows:

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T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Absent
D. Cunningham - Yes

The item was approved as presented.

3. DISCUSSIONS / OFFICIAL RECOMMENDATIONS TO THE BOARD:

3a. September 2019 Financial Statements –L. Farrell made the following comments:

- Normal operating activity.
- In the operating fund \$7,500 was used for Workforce Development (WFD). Pearl Solar Funds, received earlier in the year, were used. J. Krencik and C. Suozzi are working on an updated schedule for use of the remaining funds.
- Signage at BETP was installed and paid for.
- Most line items that have been consistently over budget are now coming in line with annual budgeted figures, including mowing and insurance.

P. Battaglia made a motion to recommend approval of the September 2019 Financial Statements as presented; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Absent
D. Cunningham - Yes

The item was approved as presented.

3b. Strategic Investment Funds Analysis – L. Farrell made the following comments:

- No significant changes.
- 2019 Genesee County Chamber of Commerce actual loan collections were used.
- To be conservative, no additional Chamber Loan collections were projected.
- Potential funding opportunities were updated.
- YSG has signed an agreement but they are still in their due diligence period so \$25K, due upon commencement of construction, was not included in the projection.

3c. GGLDC 2020 Budget – L. Farrell presented the 2020 budget to the Committee for final review and recommendation to the full Board for approval. L. Farrell noted that there were only two changes made to the budget since the Committee reviewed it last:

1. Cash projections to year-end include \$8,250 in miscellaneous expenses on the operating fund for WFD initiatives.
2. On the BETP 2020 budget, an addition of \$727,000 in expenditures is related to wastewater treatment facility upgrades.

P. Battaglia made a motion to recommend approval of the GGLDC 2020 Budget as presented; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)

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T. Bender - Absent
D. Cunningham - Yes

The item was approved as presented.

3d. GGLDC 1 + 3 Budget – L. Farrell presented the 1+3 budget to the Committee for final review. It was noted that most line items show a 3% increase year over year unless there is an asterisk (*). These line items are those that could be estimated more accurately based upon additional information that is available.

This is simply a forecast and not a formal approval of the budgets for years 2021-2023. This information will be entered into PARIS (Public Authorities Reporting Information System).

P. Battaglia made a motion to recommend approval of the GGLDC 1 + 3 Budget as presented; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Absent
D. Cunningham - Yes

The item was approved as presented.

3f. GCEDC Economic Development Support Grant – L. Farrell shared that the GGLDC has included \$300,000 per year for the Economic Development Program Support Grant through 2021 as a placeholder on the Strategic Investment Funds Analysis that is reviewed quarterly by the Audit & Finance Committee.

This amount is included on the GCEDC and GGLDC's 2020 Budgets.

T. Felton made a motion to recommend approval of the 2020 Economic Development Program Support Grant to the GCEDC; the motion was seconded by P. Battaglia. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Absent
D. Cunningham - Yes

The item was approved as presented.

3g. Auditor Selection – L. Farrell obtained an engagement letter from Mostert, Manzenaro & Scott, LLC per the Committee's recommendation at the October 1, 2019 meeting. David Brownell with Mostert, Manzenaro & Scott, LLC has been the engagement partner on the GGLDC's audit for the last two years.

The Committee had previously discussed that as long as there is not a significant increase in fees, the GGLDC will continue to use this firm for 2019 services. L. Farrell reported that 2017 and 2018 auditing fees were \$9,500. For 2019, fees will be \$10,000, which is a 5% increase from last year.

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T. Felton made a motion to recommend approval to use Mostert, Manzenaro & Scott, LLC for 2019 auditing services; the motion was seconded by P. Battaglia. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Absent
D. Cunningham - Yes

3h. MTC Cleaning Services – During 2019, staff reached out to four cleaning companies to obtain quotes for cleaning services. Commercial Cleaning, the current company being used, offers a competitive price and we are satisfied with the service. L. Farrell asked for recommended approval from the Committee to continue this contract for 2020 cleaning services at a cost not to exceed \$12,500 for the year, plus reimbursement for supplies.

T. Felton made a motion to recommend approval to continue services with Commercial Cleaning as presented; the motion was seconded by P. Battaglia. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Absent
D. Cunningham - Yes

The item was approved as presented.

3i. Genesee County Mowing Contract – The GGLDC received a proposal for mowing of the stormwater ponds and vacant land at Gateway II, MedTech Centre, and Ag Park for 2020. The proposal amount is from same vendor as last year and the price has not been increased (it remains at \$11,050) and is included in the 2020 GGLDC budget as presented to the Committee at our previous meeting. M. Masse requested approval of the mowing contract for \$11,050 with Genesee County Highway Department.

P. Battaglia made a motion to recommend approval of a mowing contract with Genesee County Highway Department as presented; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Absent
D. Cunningham - Yes

The item was approved as presented.

3j. Fontrick Door, Inc. Revolving Loan Fund Application – Fontrick Door, Inc. has applied for a \$150,000 loan from the GGLDC's RLF#2 (Economic Development Loan Fund). The project will consist of the acquisition of two pieces of equipment as well as some other building improvements to their manufacturing operations. Financing for the project includes leasing from Stiles Leasing and Peoples Bank and a loan from the Genesee Gateway Local Development Corp's Loan Fund #2 and equity. The

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GGLDC is proposing to use Revolving Loan Fund #2 (Economic Development Loan Fund) funding in the amount of \$150,000 to provide a loan to the Company as gap financing on the project. The term loan will have an interest rate of Prime with the 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 second position lien filing on the equipment as well as cross-corporate and personal guarantee of the major shareholder.

The Committee requested additional financial information, including Mike Fontaine's personal balance sheet. Upon receipt of this additional information, the Committee defers approval to the full Board.

3k. Sewer Supply Agreement – Buffalo East Tech Park (BETP) - The GGLDC/GCEDC has been working with the Town of Pembroke for three years on an expansion of the Corfu Waste Water Treatment Facility (WWTF) that serves the Town of Pembroke sewer district #1 which includes the Buffalo East Tech Park (BETP). The GGLDC/GCEDC would like to enter into an agreement with the Town of Pembroke to commit funding to the project in exchange for reserved capacity at the expanded plant of 75,000 gpd for current and future tenants at the BETP. The GGLDC would like to commit cash on hand in the restricted BETP account as of 9/30/2019 of \$556,001 (plus any interest earned on the account up to the date of disbursement), along with future CBA payments (9 years at \$93,000 per year) unless the debt is paid off early.

M. Masse asked the Committee to recommend approval to authorize the President of the GGLDC to sign the Sewer Supply Agreement and commit the funds to the expansion project.

P. Battaglia made a motion to recommend approval to authorize the President of the GGLDC to sign the Sewer Supply Agreement and commit the funds to the expansion project as presented; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Absent
D. Cunningham - Yes

The item was approved as presented.

3l. Corfu WWTF Expansion Construction Contracts – The GCEDC opened bids for the WWTF expansion on September 5, 2019. Clark Patterson Lee has prepared a bid tabulation summary and a recommendation letter that is included in the Board packet. Clark Patterson Lee recommends the GGLDC Board approve "Accepting the bid received from STC Construction for a Base Bid amount of \$4,861,000 and authorizing Change Order No. 1 with a deduct amount of \$500,000, contingent upon concurrence of award by the Town of Pembroke". Clark Patterson Lee also recommends "Accepting the bid received from Concord Electric for a Base Bid amount of \$393,000, contingent upon concurrence of the award by the Town of Pembroke."

Fund commitment is limited to the balance of the funds on hand in the restricted BETP account on 9/30/2019 of \$556,001 plus any interest earned through the date of the expenditures, along with future CBA payments (9 years at \$93,000 per year) unless the debt is paid off early.

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P. Battaglia made a motion to recommend the Corfu WWTF Expansion Construction Contracts as presented; the motion was seconded by T. Felton. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Absent
D. Cunningham - Yes

The item was approved as presented.

3m. Gateway II Amended Purchase and Sale Agreement – This contract was previously reviewed by the Committee. The only changes are price and the closing date. These have been noted with pencil on the contract. The contract is included in the packet.

M. Masse asked the Committee to recommend approval of a Purchase and Sale Contract for vacant land with Mega Properties, Inc. The property is located in the Gateway II Corporate Park and includes approximately 22.2 acres for a selling price of \$337,500.

T. Felton made a motion to recommend approval of the Gateway II Amended PSA as presented; the motion was seconded by P. Battaglia. Roll call resulted as follows:

T. Felton - Yes
P. Battaglia - Yes (Video Conference)
T. Bender - Absent
D. Cunningham - Yes

The item was approved as presented.

4. ADJOURNMENT

As there was no further business P. Battaglia made a motion to adjourn at approximately 10:19 seconded by T. Felton and passed unanimously.