

**JOINT COMMITTEE MEETING OF THE
AUDIT COMMITTEE AND
THE FINANCE AND INVESTMENT COMMITTEE
MINUTES**

June 27, 2019

10:00 AM

RGRTA Board Room

1372 East Main Street, Rochester NY

Audit Committee Members Present:

William Ansbro, Commissioner

Richard Kosmerl, Commissioner

Finance Committee Members Present:

Don Jeffries, Commissioner-Chair

Others Present:

Geoffrey Astles, Chairman of the Board of Commissioners

Bill Carpenter, RGRTA, CEO

Scott Adair, RGRTA, CFO

Michael Burns, RGRTA, Director of Accounting Services

Dan DeLaus, General Counsel

Gregg Evans, Partner, Bonadio & Co., LLP

Christian Mahood, RGRTA, Director of Information Technology

Dave Masten, Manager of Loss Prevention

Sharon Muir-Eddy, RGRTA, Director of Budget

Miguel Velazquez, COO

The meeting was called to Order by Commissioner Kosmerl at 10:05am. Commissioner Kosmerl then turned the meeting over to Scott Adair go over the agenda.

Mr. Adair reviewed the following agenda with the Committees:

- Financial Statement Presentation
- The Bonadio Group
 - Independent Auditor's Report
 - Required Communications
 - Agreed Upon Procedures-Variable Pay Program
 - Investment Compliance Report
- Executive Session
- Review of Documents
 - Investment Guidelines (Finance/Investment Committee)
 - Debt Policy (Finance/Investment Committee)
 - Audit Committee Charter (Audit Committee)
- PARIS Report

Mr. Adair turned the discussion over to Mike Burns to walk the committee through the financial statement presentation. Mr. Burns began with the Condensed Schedule of Net Position and explained each line item and any major fluctuations from the prior year. Mr.

Burns then reviewed OPEB liability and the impact of adopting GASB 75 in detail with the committees.

- *Chairman Astles stated that we always knew that the actions previously taken to freeze eligibility for OPEB was a long term solution rather than a short term fix.*
- *Commissioner Ansbrow asked what the 10 year projection for the pay as you go for retirees. Mike Burns responded that he does not have that information at this time. Scott Adair responded that we will see this liability climb because health insurance goes up every year. We have tried to balance out what that increase will be and we have increased rates by 5% to try and level out that playing field. We will continue to watch that and work with our insurance broker to manager the retiree portion as well.*

Bill Carpenter, CEO, took a moment to share that earlier this month the Governor of New York and the New York State Senate confirmed that the Director of Planning of Orleans County, James Bensley, was appointed to the Board and introduced him to the Committees.

Mr. Adair reviewed with the Committees the line items that comprise the Authority's Available Unrestricted Net Assets (AUNA). During his review, he also addressed the funded status of the Authority's pension plans.

Mr. Adair turned the discussion back to Mr. Burns to review the Statement of Revenues, Expenses and Changes in Net Assets, which Mr. Burns reviewed with the Committee in detail.

Mr. Adair then reviewed the reconciliation of the financial statements to the year-end financial "Greens".

Mr. Burns concluded the presentation by reviewing the major components of the Statement of Cash Flows.

Mr. Adair then introduced Gregg Evans to discuss the Audit, Independent Auditors Report and the agreed upon procedures in reference to the Variable Pay Plan. Mr. Evans then proceeded to review the results of each of deliverable completed by Bonadio, most notably that an unmodified opinion was issued on the Authority's financial statements, no findings were noted in the Single Audit, nor were there any other findings or areas of concern to communicate.

- *Chairman Astles asked what the Soil Remediation was related to. Scott Adair, CFO, responded that there are a lot of Soil Remediation liabilities that we have on this campus. It is a liability in case we need to do any Soil Remediation. We do have a 3rd party who is monitoring that for us.*

Upon completion of Mr. Evans' presentation, the meeting moved into Executive Session on motion of Commissioner Ansbrow, and a second from Commissioner Astles.

Commissioner Kosmerl stated that the meeting came out of Executive Session and no votes were taken during executive session.

Commissioner Kosmerl asked for a motion to accept the Audit as presented by Bonadio. On motion of Commissioner Ansbrow, and second from Commissioner Jeffries, the Audit was accepted. All were in favor.

Mr. Adair then briefly reviewed the Investment Guidelines. Commissioner Jeffries made the motion as Chair of the Finance/Investment Committee, with a second from Commissioner Kosmerl.

Mr. Burns went over a minor change to the Debt Policy, specifically to modify the Policy to reflect that the Finance Investment Committee is responsible for reviewing the Policy in accordance with its charter. To accept the change, Commissioner Jeffries made the motion, with a second from Commissioner Astles.

Mr. Adair stated that the last document for review is the Audit Committee Charter. Mr. Burns shared one minor change made to reference the Public Authorities Accountability Act of 2009 (from previous reference to 2005). Commissioner Kosmerl made a motion to accept the change, with a second from Commissioner Astles.

Mr. Adair and Mr. Burns then reviewed and asked if there were questions on the PARIS Report. None were noted. Mr. Burns then proceeded to briefly describe the internal review process and the importance of ensuring the accuracy of all data contained in the report.

On motion of Commissioner Jeffries, with a second by Commissioner Ansbrow, the PARIS Report was accepted and recommended to the full Board for approval.

With no further matters to discuss Commissioner Kosmerl, seconded by Commissioner Jeffries, adjourned the meeting at 11:32am. All were in favor.