



GCEDC Audit & Finance Committee Meeting
Tuesday, February 4, 2025
Location: 99 MedTech Drive, Innovation Zone
8:30 a.m.

MINUTES

ATTENDANCE

Committee Members: P. Zelif, K. Manne, M. Gray
P. Battaglia (Video Conference. Not officially in attendance, as attendance location was not disclosed in public notice)

Staff: M. Masse, E. Finch, L. Casey, C. Suozzi, J. Krencik, P. Kennett, L. Farrell

Guests: M. Brooks (GGLDC Board Member), D. Cunningham (GGLDC Board Member), J. Tretter (GGLDC Board Member), S. Ott (Lawley Insurance), C. Farszmill (Lawley Insurance / Video Conference), C. Sieber (Lawley Insurance / Video Conference)

Absent:

1. CALL TO ORDER / ENTER PUBLIC SESSION

K. Manne called the meeting to order at 8:34 a.m. in the Innovation Zone.

S. Ott, C. Farszmill (Video Conference), C. Sieber (Video Conference) left the meeting at 8.35 a.m.

1a. Enter Executive Session

M. Gray made a motion to enter executive session under the Public Officers Law, Article 7, Open Meetings Law Section 105, at 8:35 a.m. 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.

The motion was seconded by P. Zelif and approved by all members present.

1b. Enter Public Session

P. Zelif made a motion to enter back into public session at 8:38 a.m., seconded by M. Gray and approved by all members present.

S. Ott, C. Farszmill (Video Conference), C. Sieber (Video Conference) re-joined the meeting at 8.38 a.m.

2. Chairman's Report & Activities

2a. Agenda Additions / Other Business –

2b. Minutes: January 14, 2025

M. Gray made a motion to approve the January 14, 2025 minutes; the motion was seconded by P. Zelif. Roll call resulted as follows:

P. Battaglia- N/A (Attendance location not disclosed in public notice)
M. Gray - Yes
P. Zelif - Yes
K. Manne - Yes

The item was approved as presented.

3. DISCUSSIONS / OFFICIAL RECOMMENDATIONS OF THE COMMITTEE:

The Committee began by discussing agenda item 3c., followed 3b., 3a., and 3d.

3c. Cyber Insurance – Travelers is willing to renew the Cyber insurance coverage.

The proposal reflects a total price of \$7,706 which would be split 50/50 between the GCEDC and GGLDC. This is an overall price increase of \$401 (\$200.50/entity) compared to the current policy. The current policy expires on 2/23/2025.

The cost of this policy (2/23/25-2/23/26) would be split between the GCEDC and GGLDC (\$3,853/entity). The annual Cyber insurance expense per entity would be \$3,819.60. Each entity included \$5,000 in their 2025 budget for this expense.

This Cyber insurance with Travelers has a \$5,000 retention rate. If there is a cyber event and multiple areas are impacted, the retention is only paid once for the same claim. Defense costs are within the limits. For example, if the policy pays \$250,000 in defense costs, then the policy will be depleted. The aggregate is \$1M. Additional coverage is also outlined in the policy. C. Farszmill highlighted an example of this additional coverage. She stated that if there is wire fraud, which is called social engineering, it is covered up to \$100,000 with a \$5,000 retention.

P. Zelif stated that this coverage seems low. C. Farszmill stated that if more coverage is requested, there likely will be questions posed by the carrier about the Agency's internal procedures to confirm the legitimacy of each wire request. L. Farrell stated that we do not typically wire money; we normally cut checks. C. Farszmill stated that type of claim related to check fraud would be covered under the Crime policy. C. Farszmill also stated that Cyber Insurance carriers started to include Social Engineering, Funds Transfers, etc. in their policies to cover the gray areas of crimes committed but originally stem from a cyber event.

S. Ott and C. Farszmill stated that they would review the crime coverage through Tompkins to ensure there is coverage in those policies as well.

This item was tabled. Lawley will take another look at the options and present them at the full Board meeting.

3b. D&O Insurance Renewal – In December, Lawley Insurance received notice that Travelers would be non-renewing the D&O and Employment Practices coverage due to loss history and exposure/nature of operations.

Lawley Insurance has provided us with a proposal from Fireman's Fund Indemnity Corp. The proposal reflects a price of \$29,177.57 which would be split 50/50 between the GCEDC and GGLDC. This is an overall price increase of \$1,023.57 (\$511.78/entity) compared to the current policy. The current policy expires on 2/23/2025.

Lawley did send our information to market, but no other quotes were offered. The marketing results are included in the proposal.

The cost of this policy (2/23/25-2/23/26) would be split between GCEDC and GGLDC (\$14,588.79/entity). The annual D&O insurance expense per entity would be \$14,503.46. Each entity included \$14,300 in their 2025 budget for this expense.

C. Farszmill stated that the Directors and Officers Liability has a \$5M limit. The retention increased from \$10,000 last year to \$25,000 this year. Employment Practices Liability has a \$1M limit with a retention of \$25,000.

Another difference of this policy over last year is that this proposal includes Third-Party Liability Coverage. Third Party Liability Coverage would include anyone who is not an employee of the Agency that makes a claim against the Agency that he/she has been, for example, sexually harassed or discriminated against due to their race/gender/protected class etc. The Agency has only ever had First Party Coverage which covers employees that initiate a claim stating that they were discriminated against.

P. Zeliff asked if there would be a credit of approximately \$5,000 if third-party coverage is not included. S. Ott stated that she would confirm the potential savings by the Board meeting on Thursday. M. Gray also asked if the third-party coverage would include someone working on a site or at a business park. Lawley confirmed this as well. P. Zeliff stated that if contracts are written properly then we could be covered by the contractor's insurance instead of having to pay for the third-party coverage.

P. Zeliff made a motion to enter executive session under the Public Officers Law, Article 7, Open Meetings Law Section 105, at 9:06 a.m. for the following reasons:

1. Discussions regarding proposed, pending or current litigation.

The motion was seconded by M. Gray and approved by all members present.

P. Zeliff made a motion to enter back into public session at 9:24 a.m., seconded by M. Gray and approved by all members present.

S. Ott, C. Farszmill (Video Conference), and C. Sieber (Video Conference) left the meeting at 9:24am.

This item was tabled. Lawley will take another look at the options and present them at the full Board meeting.

3a. December 2024 Unaudited Financial Statements – L. Farrell reviewed with the Committee the significant items of the December 2024 unaudited long form financial statements.

- Anticipated adjustments to the financial statements include the GASB 68 audit adjustment related to deferred pension inflows and outflows and GASB 87 related to leases.

- Internally reserved cash increased, which includes Local Labor Reporting Deposits and Data Center Escrow Deposits.
- Restricted cash related to all STAMP grants decreased. GURFs were submitted to ESD for STAMP expenditures.
- Grants receivable decreased by about \$200,000. GCEDC operating funds were used to make timely payments to vendors until ESD approved the release of funds for those expenditures. We reimbursed ourselves out of the ESD grant funds in December.
- On Line 64, there is \$3.6M of accounts payable. Approximately \$3.3M is related to the FAST NY Grant, which is mostly due to O'Connell and CC Environment expenses incurred in 2024.
- Accrued expenses on line 68 decreased. The New York State retirement invoice was paid. Throughout the year we accrue those expenses monthly.
- Customer Deposits, Line 71, relates to the internally reserved cash for local labor reporting deposits and the escrow money received from the Data Center Projects.
- In the Operating Fund, there is over \$10M in revenue from project origination fees, of which over \$4M is recorded as a receivable from Hecate Solar.
- Bank interest income was increased for the 2024 budget. Bank interest income still doubled budget numbers due to CD interest.
- Line items that are over 100% of budget are very small amounts or have been known to be over budget like NYS Retirement and Insurance.
 - o NYS retirement annual contribution is over budget because the invoice came in higher than anticipated.
 - o Insurance, which has been discussed all year and anticipated, is over budget.
- Professional Services for Local Labor Reporting is over budget but there is miscellaneous income for the same amount which is covered by the deposits from the companies.
- There is normal monthly activity for the other funds in December.

P. Zelif made a motion to recommend to the full Board the approval of the December 2024 Unaudited Financial Statements as presented; the motion was seconded by M. Gray. Roll call resulted as follows:

P. Battaglia- N/A (Attendance location not disclosed in public notice)
 M. Gray - Yes
 P. Zelif - Yes
 K. Manne – Yes

The item was approved as presented.

3d. Economic Blueprint / Competitiveness Report – The New York State Economic Development Council, The Business Council of New York State, and the Public Policy Institute of New York State have requested support for an Economic Blueprint/Competitiveness Report.

The project will collect data and input from a variety of plans, stakeholders, and best practices to generate policy recommendations that address New York's competitiveness with the goal of making New York more affordable, reversing outmigration, and supporting economic growth and opportunity.

The Committee previously considered a \$5,000 contribution to the project, which would be covered through available funding in the 2025 Marketing Operations budget.

Committee action request: Recommend approval of not to exceed \$5,000 contribution to the Economic Blueprint/Competitiveness Report.

P. Battaglia asked for clarification related to the benefit of this study. M. Masse stated that they are doing an in-depth study of the regional workforce. We believe that the region has a superior workforce ecosystem and training system, thus having a third party that will validate this assumption will be beneficial from a competitive standpoint. NYSEDC is spearheading this initiative and is asking for contributions from IDAs across the state to fund this study. J. Krencik will confirm for the Committee when the results of this study will be available.

M. Gray made a motion to recommend to the full Board the approval of the Economic Blueprint / Competitiveness Report not to exceed \$5,000 as presented; the motion was seconded by P. Zelif. Roll call resulted as follows:

P. Battaglia- N/A (Attendance location not disclosed in public notice)

M. Gray - Yes

P. Zelif - Yes

K. Manne – Yes

The item was approved as presented.

4. ADJOURNMENT

As there was no further business, P. Zelif made a motion to adjourn at 9:32 a.m., seconded by M. Gray and passed unanimously.