



**Thursday, June 30, 2016**  
**Governance & Nominating Committee Meeting – GCEDC**  
**Innovation Zone Conference Room**  
**10:00 am**  
**MINUTES**

**ATTENDANCE**

Committee Members: J. Rizzo, C. Yunker, P. Battaglia  
GCEDC/GGLDC Board Members:  
Staff: S. Hyde, L. Farrell, M. Masse, E. Richardson, P. Kennett, R. Tabelski  
Guests: J. Krencik (The Daily News)  
Absent: M. Wiater

**CALL TO ORDER / ENTER PUBLIC SESSION**

J. Rizzo called the meeting to order at 10:00 a.m. in the GCEDC Innovation Zone Conference Room.

**CHAIRMAN’S REPORT & ACTIVITIES**

**2a. Agenda Additions / Other Business** – No additions to the agenda were made.

**2b. Minutes: May 5, 2016**

**P. Battaglia made a motion to approve the May 5, 2016 Minutes; the motion was seconded by C. Yunker. Roll call resulted as follows:**

M. Wiater -	Absent
J. Rizzo -	Yes
C. Yunker -	Yes
P. Battaglia -	Yes

**The item was approved as presented.**

**DISCUSSIONS / OFFICIAL RECOMMENDATIONS TO THE BOARD**

J. Rizzo wanted to discuss the items in a different order than on the agenda.

**3b. Procurement Policy** - L. Farrell shared that this policy is required to be reviewed and re-adopted by the Board annually. She shared that she is not recommending any changes to the Procurement Policy today.

**C. Yunker made a motion to recommend the Procurement Policy to the full Board; the motion was seconded by P. Battaglia. Roll call resulted as follows:**

M. Wiater -	Absent
-------------	--------

J. Rizzo - Yes  
C. Yunker - Yes  
P. Battaglia - Yes

**The item was approved as presented.**

**3c. Authorized Signers of Agreements, Contracts, Etc.** – L. Farrell shared that currently the authorized signers of agreements, contracts, etc. are the Chair (per Bylaws), Vice Chair (per Bylaws), President & CEO (Per Bylaws), Sr. VP of Operations and VP of Business Development.

J. Rizzo shared that he reviewed the vendor list previously provided to him by the staff to look for opportunities to improve the process for signing agreements or contracts. Otherwise, he is comfortable recommending that the authorized signers of agreements remain the same. He feels that there may be ways we could add some improvements, but he doesn't see anything at this point.

**P. Battaglia made a motion to recommend the Authorized Signers of Agreements to be the Board Chair, Vice Chair, President & CEO, Sr. VP of Operations and VP of Business Development to the full Board; the motion was seconded by C. Yunker. Roll call resulted as follows:**

M. Wiater - Absent  
J. Rizzo - Yes  
C. Yunker - Yes  
P. Battaglia - Yes

**The item was approved as presented.**

**3d. Investment Policy** - L. Farrell shared that this policy is required to be reviewed and re-adopted by the Board annually. She shared that she is not recommending any changes to the Investment Policy today.

**C. Yunker made a motion to recommend the Investment Policy to the full Board; the motion was seconded by P. Battaglia. Roll call resulted as follows:**

M. Wiater - Absent  
J. Rizzo - Yes  
C. Yunker - Yes  
P. Battaglia - Yes

**The item was approved as presented.**

**3e. Disposition of Real Property Guidelines** - L. Farrell shared that this policy is required to be reviewed and re-adopted by the Board annually. She shared that she is not recommending any changes to the Disposition of Real Property Guidelines today.

**C. Yunker made a motion to recommend the Disposition of Real Property Guidelines to the full Board; the motion was seconded by P. Battaglia. Roll call resulted as follows:**

M. Wiater - Absent  
J. Rizzo - Yes  
C. Yunker - Yes  
P. Battaglia - Yes

**The item was approved as presented.**

**3f. Governance & Nominating Committee Charter** - L. Farrell shared that this policy is required to be reviewed and re-adopted by the Committee annually. She shared that she is not recommending any changes to the Governance & Nominating Committee Charter today.

**C. Yunker made a motion to approve the Governance & Nominating Committee Charter; the motion was seconded by P. Battaglia. Roll call resulted as follows:**

M. Wiater -	Absent
J. Rizzo -	Yes
C. Yunker -	Yes
P. Battaglia -	Yes

**The item was approved as presented.**

**3h. UTEP Policy Revision** – M. Masse shared that while reviewing the most recently approved UTEP, it appears as if there is an inconsistency that the staff would like clarification on. Under Section B, there is a statement that says “The period of the abatement will not exceed the period of the respective financing of lease and under no circumstances will the period of the abatement exceed twenty (20) years.” Later in the UTEP there are two other statements that read as follows: “Any deviations from the basic policy will be made only with the specific approval of the Agency’s Board and those described in the New York State General Municipal Law Section 874 (4)(a)” and “ In addition to or in lieu of the foregoing the Agency may determine, on a case by case basis, to deviate from the guidelines described above or provide enhanced benefits for a Project expected to have significant impact in the locality where the project will be located”. These two sentences seem to potentially contradict each other. M. Masse questioned whether the phrase “under no circumstances” should be removed from the policy. This would leave the abatement period at twenty (20) years, but allow special case projects to be heard as they may arise.

J. Rizzo thought that it made sense to remove “under no circumstances” from the policy.

**P. Battaglia made a motion to recommend removing the phrase “under no circumstances” from the UTEP policy, under Section B, to the full Board; the motion was seconded by C. Yunker. Roll call resulted as follows:**

M. Wiater -	Absent
J. Rizzo -	Yes
C. Yunker -	Yes
P. Battaglia -	Yes

**The item was approved as presented.**

**3a. IDA Procurement Review / Authority Budget Office** – L. Farrell shared that the Authorities Budget Office (ABO) undertook a review of select IDAs to determine the extent that competitive selection practices were used and the impact on the cost of audit and legal services contracts. The GCEDC was selected as one of the IDAs to be reviewed.

The analytics used to compare the cost of Audit Contracts among the IDAs that were sampled is factually incorrect. They are analyzing the cost of audit services on a “cost per project” basis. The cost of audit services is not at all related to the number of active projects in our portfolio. The cost of audit services is determined based on several things, with the most important factor being the financial activity of the organization (total revenues, total expenditures, number of monthly transactions). Another factor that is considered is the qualifications of financial staff and the quality of reporting information made available to the auditors. For example, we prepare all the documentation

included in the audited financial statements (financials, notes, MD&A, supplementary schedules) and we submit to them for their review. There are many instances where audit firms must do more work on their end which would in turn raise the fee for services.

GCEDC is classified in the “No Competitive Selection” section of the Audit Contract section. The ABO’s review only covered 2014 procurement transactions. Audit services were competitively bid in January of 2009. Since then, we have not seen a need to change audit firms. As you can see in the ABO report, the fee that we are paying is very reasonable as compared to some other IDAs. Requests for proposal would be issued if the need or desire to switch audit firms arises. We have sought out requests for proposal when entering into new areas of professional services or when institutional knowledge wasn’t necessary for the current service being contracted for.

J. Rizzo questioned if there was a uniqueness of the financial statements of an IDA that would require some level of expertise and experience to do them correctly.

P. Battaglia shared that there is an education level that is required for a firm to do any type of governmental auditing. Not all firms would invest in that education unless they do enough work with governmental agencies to make it worthwhile. If we were to put these services out to bid, there are a lot of firms that would not even bid.

L. Farrell reminded that audit services were competitively bid in January 2009. Two proposals were received; one was for over \$40K and our current audit firm was in line with previous audit fees paid.

J. Rizzo suggested that the Board should have a policy that indicates how often we should competitively bid these services. Competitively bidding these types of services on an annual or even bi-annual basis doesn’t make much sense.

P. Battaglia shared that the front-end expense of doing an audit, for both the audit firm and the client, and learning about each other is at least a two-year process or so. You would not want to be doing that very frequently.

J. Rizzo asked P. Battaglia what he thought might be a good length of time to solicit audit services.

P. Battaglia says it’s hard to say. It depends on the specific situation. If you have a long-standing relationship with an audit firm that is doing a good job and meeting your deadlines and the fee is reasonable there may not be a need to go out to bid. So, to have a policy that specifically states that you need to go out to bid wouldn’t be necessary. If we were to go out to bid to make sure that we are staying competitive with our pricing, it doesn’t mean that we must take the lowest bid. If that were the case, it might make sense to go out to bid every ten years or so.

J. Rizzo thought that the Committee should review this topic again in a year or so.

J. Rizzo shared that on the legal services side of this report, there is so much continuity on what this agency does that it becomes very difficult to select different law firms for different projects. The STAMP project is probably the greatest example of that. Once you make your initial selection and you start down that road, to consider other counsel for the offshoots of things would lead to a learning curve that would be cost prohibitive. He thinks that, in his experience, the Agency does a good job of overseeing its selection of legal counsel. He doesn’t see any reason to vary from that at this point. We have the luxury of having two attorneys that sit on the Board and legal counsel for the Agency attending nearly every meeting.

S. Hyde asked the Committee members their opinions about going out to bid for civil engineers. We have an established trust and relationship with our current engineers and wondered whether the Committee feels like we should go out to bid for those services.

J. Rizzo shared that his opinion is that engineering should be looked at on a project by project basis. The engineering on STAMP is something that had to be completed by a single firm. If the Agency moved on to developing “Park A” in “Town B” he thinks that the Agency should look at going outside of people that have previous done business with us in the past.

C. Yunker shared that he often goes to an engineer to help think through a potential project. You create a relationship and then go out to bid instead of just working with the engineer that helped you work through the project. You may not get a bill for that time working through this potential project. He understands what J. Rizzo means by “project by project” but you can also build up a relationship with an engineer that would be helpful.

J. Rizzo understands that completely, but believes that analysis is more practicable in the private sector instead of the public sector because of the need to track funds in the public sector. The not being charged piece in the public sector would lead to too many questions. There is certainly a strong sentiment in the public sector that needs to be black and white. When you are dealing with public funds that need to be accountable and trackable it seems that C. Yunker’s argument has less value.

C. Yunker added that if the Agency had a potential project come in, how does the Agency help the company evaluate whether we have the necessary infrastructure, etc. We would bring in the engineer that helped us with the last project or related project and ask what they think. We would get some information from them. It’s not really a project but more of a relationship.

P. Battaglia added that the regulation regarding professional services states that it doesn’t need to be publicly bid out and gives you the discretion to continue those services over several “projects”.

J. Rizzo suggested adding this to the agenda in an upcoming meeting to review with the full Board for discussion purposes only to provide the staff broader view of the Board members view and not just the view of three people.

**3g. Code of Ethics** – J. Rizzo shared that the Committee has reviewed a potential draft code of ethics for the last few months, looking to make some improvements to it. There have been a lot of ideas and discussions. Recently C. Yunker raised the idea that maybe the Agency should simply adopt the County’s code of ethics as our own since we are subject to it in any event. That code of ethics was distributed to the Committee and was forwarded to our counsel at Harris Beach. Harris Beach, after reviewing the County’s code of ethics, has determined that what is there is usable, but we would have to make some additions. J. Rizzo feels that the Committee will end up in a stale mate. His position is that the Agency should adopt the stringent proposal that Harris Beach provided to the Committee. Nothing that the Committee has discussed thus far changes his mind about that. He knows that there are other members of the Committee that feel differently. He wonders if this may be a discussion where the Committee will not be able to make a recommendation to the Board and that this should be a discussion among all members of the Board before we reach a resolution.

L. Farrell shared that she will ask Harris Beach to draft the policy in such a way that it would take the County’s currently policy and add any additional language that is required.

J. Rizzo shared that the dialogue that this Committee has had thus far regarding code of ethics has been a good thing. We are not under the gun to decide. We do currently have a code of ethics policy in place. Let’s stay at it until we can bring a resolution to the Board, and if nothing else to let the full Board decide.

### **ADJOURNMENT**

As there was no further business, P. Battaglia made a motion to adjourn at 10:54 p.m., seconded by C. Yunker, and passed unanimously.