

Cayuga County Development Corporation Annual Operations and Accomplishments Report FY 2016

Introduction

The Cayuga County Development Corporation (hereinafter called the “CCDC” or the “Corporation”) was created in June, 2002 as a Not-For-Profit Local Development Corporation under Section 1411 of the Not-For-Profit Corporation Law of the State of New York, for the purposes set forth in Section 1141(a) of such law and whose formation and operation are exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. These purposes are to relieve and reduce unemployment, promote and provide for additional and maximum employment, to create better and to maintain job opportunities within Cayuga County and to and lessen the burden of government and act in the public interest.

The Office of the Agency is located at the Cayuga County Office Building, situated at 160 Genesee Street, 5th Floor, Auburn, NY, 13021. The telephone number for the CCDC Office is (315) 253-1276.

This document is being presented as the Annual Operations and Accomplishments (“Annual”) Report for the Cayuga County Development Corporation for the Fiscal Year ending 12/31/2016 in full compliance with the New York State Public Authorities Law (“PAL”) Section 2824-a, the 2005 NYS Public Authorities Accountability Act (“PAAA”) and the 2009 PARA. The goal of this report is to provide a written assessment and summary review of CCDC’s operations and accomplishments during FY2016. In some cases, this report will refer to and identify the publicly available (and web-posted) location of supporting reports or materials that provide the information cited. Collectively, this report and the cited materials include the following areas of concern:

1. Overview of FY2016 CCDC Operations and Accomplishments
2. CCDC Revenues & Expenditures for FY2016
3. CCDC Assets & Liabilities for FY2016
4. CCDC Compensation
5. Overview of Projects undertaken by the Corporation in FY2016
6. Real Property Owned and/or Disposed of by the Corporation in FY2016
7. The CCDC Code of Ethics adopted by the Board of Directors
8. An Assessment of the Effectiveness of CCDC’s Internal Controls; and the
9. CCDC Investment Report for FY2016.

I. Overview of Operations & Accomplishments

At the start of FY2016, the CCDC continued operations with its full Board of Directors (5 Directors, with staff and administrative support provided by two individuals from the Cayuga County Department of Planning & Economic Development (“CCPED”): Mr. Stephen F. Lynch, AICP, the Director of CCPED and the Executive Director of CCDC; and Ms. Suzanne Gauthier, Administrative Assistant to CCPED and Acting Treasurer/Acting Secretary of CCDC.

Throughout 2016 the Cayuga Economic Development Agency (“CEDA”) assisted the CCDC staff with marketing the CCDC Loan Program to the Cayuga County business community with emphasis on outreach to the County’s rural and agriculturally-focused small business and to small manufacturers in the community.

A. CCDC LOAN PROGRAM ACTIVITY IN 2016

In early 2016, the CCDC staff initiated a \$140,000.00 small business loan to North Brook Farms Plastics, LLC (“NBFP”), a local manufacturing company located in the City of Auburn. NBF Plastics (“NBFP”) is proposing to manufacture and sell an innovative 100% recycled plastic board with applications in any and every market that plywood is sold. The board is 100% recycled plastic, lighter than but equal in strength to traditional plywood, impervious to water, weldable, will never rot, delaminate or otherwise breakdown. Though the board will not replace traditional wood plywood in every application, NBFP believes there is a large segment of the market that has been lacking an alternative that performs well in areas susceptible to contact with water, chemicals, and/or pests. The building industry is also experiencing a large growth in green building with state and federal programs, and designations such as LEED promoting the use of innovative environmentally conscious materials. NBF Plastic’s board will capitalize on this growing trend.

The total project cost for this new manufacturing effort is \$400,000.00 with the CCDC small business loan covering approximately 35% of the project costs. Owner equity was \$80,000.00. The majority of the \$140,000 CCDC Loan (\$130,000) was allocated to purchase of manufacturing equipment, with a small portion (\$10,000) dedicated to working capital. The terms for the loan were 10-years at a fixed 3.5% rate (prime rate at time of loan). The CCDC Loan Committee reviewed the loan underwriting prepared by CCDC staff and approved the loan unanimously. The NBFP loan closed on May 12, 2016.

B. CCDC PROJECT FINANCE ASSISTANCE TO WELLS COLLEGE

Wells College, a private four-year college in the Village of Aurora, was in the process of planning for the construction of a new residential facility in 2016, to be located on the northern part of its main campus. The project also included the proposed refinancing of debt associated with previously completed capital improvements on the Wells College campus. At the time, the project was estimated to be \$15.5MM. In February of 2016, the College submitted an Application for Financial Assistance to the CCDC for civic facility bond financing for the project, including the \$5,000.00 CCDC project application fee.

CCDC proceeded with the Wells Application, moving through Initial Project Resolutions (3/29/2016), a Public Hearing held on April 19, 2016 in accordance with the Tax Equity and Fiscal Responsibility Act (“TEFRA”), a Cayuga County Legislature Resolution authorizing the issuance of the project financing (Resolution #152-16 on April 21, 2016), and a CCDC Preliminary Resolution accepting the Wells Application and authorizing staff to move forward with the project (March 29, 2016).

Wells College revised their project plans upon the receipt and review of college enrollment projections for the coming year, placing the proposed dormitory project on hold but seeking to move forward with the debt restructuring option included in the original application. CCDC and the staff continued to work with Wells College officials, their project team and a series of conventional lenders to advance the debt restructuring project, projected at the time to be approximately \$8.5MM.

Unfortunately, the project lenders declined participation in the project just prior to scheduled closing on the debt restructuring components of the Wells College Project. Although CCDC project financing policy allows up to one-half of the \$5,000 Application Fee to be refunded to the Applicant if the CCDC did not expend the funds on project related costs, the length of the project and the CCDC staff time and effort conducting project administration through the nearly year-long project development window resulted in the CCDC expending more than the \$2,500 application fee on administration and therefore no refund was provided to the College.

Wells College brought the Dormitory Project through the full Village of Aurora Planning and Review process and did receive Site Plan Approval for the proposed 36,000 SF residential structure. The CCDC Board stands ready to provide assistance to Wells College in the future if the project is taken up again by the institution.

C. GENERAL ADMINISTRATION

On an administrative front, the CCDC support staff continued to monitor the CCDC financing of Auburn Community Hospital (undertaken in FY2013) and administer other ongoing CCDC obligations.

II. CCDC REVENUES AND EXPENSES FY2016

The CCDC initiated its own, independent annual financial audit of the Corporation using the services of a local CPA firm (Cuddy & Ward CPAs of Auburn, NY) procured in FY2014 through a competitive Request for Proposal (RFP) process with the authorization of a three-year contract for independent financial services approved by resolution of the Board.

The full CCDC FY2016 audit, including an analysis and overview of the CCDC Revenues and Expenses for the fiscal year, is available online at the CCDC webpage:

<http://www.cayugacounty.us/Departments/Planning-and-Economic-Development/Economic-Development/Partners-and-Resources/Development-Corporation>). Copies are also available at the CCDC offices, Cayuga County Office Building, 160 Genesee Street, 5th Floor, Auburn, NY 13021.

III. CCDC ASSETS AND LIABILITIES FY2016

As stated above, the CCDC independent financial audit of the fiscal year ended 12/31/2016 also includes an analysis and overview of the CCDC Assets and Liabilities for the fiscal year, which is also available both online at the CCDC webpage (please see Section II above for website URL) and at the CCDC offices, Cayuga County Office Building, 160 Genesee Street, 5th Floor, Auburn, NY 13021.

IV. CCDC CORPORATION COMPENSATION

The CCDC is located at the Cayuga County Office Building in Auburn, NY and operates with staff support provided by Cayuga County government. The primary staff members working with the CCDC on daily operation and administration are the CCDC Executive Director who is also the Director of the Cayuga County Office of Planning & Economic Development and the CCDC Acting Secretary & CFO/Treasurer who is the Administrative Assistant with the of the Cayuga County Office of Planning & Economic Development.

Neither the CCDC Executive Director nor the CCDC Acting Secretary & CFO/Treasurer receive any compensation at all by the CCDC. These individuals are paid fully by Cayuga County in their respective County positions detailed above. These individuals and appointed officers of CCDC are however typically reimbursed for certain expenses incurred in the performance of their duties to the CCDC such as mileage, etc.

In addition to these primary positions, the CCDC receives technical assistance from time to time through Cayuga County. This support assistance is provided at no cost to the CCDC.

V. OTHER INITIATIVES UNDERTAKEN BY THE CCDC IN FY2016

In addition to the general overview of CCDC loan program and project administration work described in Section I, the CCDC Board and Staff also engaged in the following activities:

- As a local economic development entity, the CCDC continued close coordination and interaction with the Cayuga-Cortland Workforce Investment Board and overall workforce development initiatives;

- Review and Assessment of CCDC Internal Controls; and
- Continued coordination and networking with Cayuga County small business concerns and manufacturing clusters in collaboration with the Cayuga Economic Development Agency (“CEDA”).

VI. CCDC PROPERTY OWNED AND/OR DISPOSED OF FY2016

As reported annually, the CCDC does not own any real property and this remained the case in FY2016.

VII. CCDC Code of Ethics

The CCDC originally adopted a Code of Ethics on September 18, 2007 that established a high level of ethical conduct for the Board of Directors, staff and associates for the Corporation to adhere to. This adopted Code of Ethics is reviewed annually by the Board of Directors and was specifically reviewed and ratified on October 18, 2011 when the CCDC Board revised its Bylaws. The Code of Ethics is posted online at the CCDC webpage:

<http://www.cayugacounty.us/Portals/0/planning/Documents/CCDC/CCDCEthicsCode2007.pdf>
and is available at the CCDC offices. A copy of the adopted Code of Ethics is provided below:

CCDC Code of Ethics

The members of the board (the “Board”) of the Cayuga County Development Corporation (the “Corporation”), a duly established public benefit corporation of the State of New York (the “State”), along with the officers and staff of the Corporation, shall comply with and adhere to the provisions of the Not-For-Profit Corporation Law of the State.

Further, no director, officer, or employee of the Corporation shall (1) accept other employment which will impair his or her independence of judgment in the exercise of his or her official duties; (2) accept employment or engage in any business or professional activity which will require him or her to disclose confidential information which he or she has gained by reason of his or her official position of Corporation; (3) disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interests; (4) use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself, herself or others; (5) engage in any transaction as a representative or agent of Corporation with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with proper discharge of his or her official duties; (6) not, by his or her conduct, give reasonable basis for the impression that any person can improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank, position or influence of any party or person; (7) abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her or which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest; and (8) endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.

Approved and adopted on the 18th day of September 2007.

Amended and Ratified October 18, 2011.

VIII. Assessment of the Effectiveness of CCDC Internal Controls

The CCDC is audited annually by an independent auditor. The CCDC review and approval of the audited financial statements is the responsibility of CCDC management and the Board of Directors. The January 2014 RFP used to select Cuddy & Ward as CCDC auditor for FY 2013, 2014 and 2015 included a clause that allows the CCDC Board to extend the auditing contract for up to three (3) additional years (2016-2018). The CCDC staff secured a proposed fee schedule for extending the Cuddy & Ward Audit Contract for an additional three (3) years and reviewed the fee schedule with the CCDC Board of Directors at a CCDC Board Meeting held on October 5, 2016. After reviewing the proposed fee structure and fees submitted by competing firms in 2014 (which were significantly higher three years prior), the Board approved a Resolution authorizing the extension of the Cuddy & Ward CPAs Professional Services Contract with CCDC to produce independent financial audits for CCDC for fiscal years 2016, 2017 and 2018.

Cuddy & Ward completed the CCDC FY2016 Independent Financial Audit and presented it to the Board of Directors on Monday, February 6, 2017. The CCDC Financial Audit is prepared in accordance with accounting principles generally accepted in the United States of America. Financial information contained in the report and in the related, cited materials are available at the CCDC offices and online at the CCDC webpage.

CCDC has established an Internal Control Structure and the CCDC Board of Directors conducts an annual review and assessment of its Internal Controls as part of its review of the annual independent financial audit. The objectives of the CCDC Internal Controls and Structure is to provide reasonable assurance as to the protection of and accountability for assets, compliance with applicable laws and regulations, proper authorization and recording of transactions and the reliability of financial records for preparing financial statements. The Internal Control Structure is subject to periodic review by CCDC independent auditors in addition to the review by the CCDC Board and management.

The CCDC Board and management are committed to an ongoing assessment of the control structure and are focused on the following continuous improvements:

- Timely compliance with PAAA and new PARA throughout the fiscal year, including communication with CCDC independent auditors and general counsel to bring the Corporation in to a structured review and audit schedule ensuring full and timely compliance with statutory compliance, public reporting and transparency;
- Cross training of Agency staff (and Board) on PAAA and the new PARA and financial reporting requirements to establish checks and balances for meeting full compliance with scheduled reporting.

IX. CCDC INVESTMENT REPORT

Deposits and Investments

State statutes govern the Corporation’s investment policies. In addition, the Corporation adopted its own written Investment Policy on September 18, 2007 which remains in place. Corporation monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The CCDC Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State and its localities.

Collateral is required for demand deposits and certificates of deposit at 105% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

The carrying value of CCDC deposits at December 31, 2015 totaled \$217,429.00. Total bank balances of the CCDC at December 31, 2016 were \$75,195.00; with all funds covered by FDIC insurance up to the limits. Included in the total CCDC bank balances at December 31, 2016 was a checking account in the amount of \$21,004.00, at an interest rate of .02%, and a money-market checking account in the amount of \$54,191.00 at an interest rate of .017%. The money-market funds are restricted for the purpose of economic development loans.