

Cayuga County Development Corporation Annual Operations and Accomplishments Report FY 2020

Introduction

The Cayuga County Development Corporation (“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. The stated 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 within the County Planning Department 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. The Office is open M-F 8:30 am to 5:00 pm.

This document is the Annual Operations and Accomplishments (“Annual”) Report for the Cayuga County Development Corporation for the Fiscal Year ending 12/31/2020 and is prepared in compliance with the New York State Public Authorities Law (“PAL”) Section 2824-a, of the 2005 NYS Public Authorities Accountability Act (“PAAA”) and the 2009 PARA. This report provides a written assessment and summary review of CCDC’s operations and accomplishments during FY2020. 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 FY2020 CCDC Operations and Accomplishments
2. CCDC Revenues & Expenditures for FY2020
3. CCDC Assets & Liabilities for FY2020
4. CCDC Compensation
5. Overview of Projects undertaken by the Corporation in FY2020
6. Real Property Owned and/or Disposed of by the Corporation in FY2020
7. The CCDC Code of Ethics adopted by the Board of Directors
8. An Assessment of the Effectiveness of CCDC’s Internal Controls from the CCDC independent auditor’s report for FY2020; and the
9. CCDC Investment Report for FY2020.

I. Overview of Operations & Accomplishments

Under the New York State Certificate of Incorporation and corresponding Bylaws, the CCDC Board may have as few as three (3) or as many ten (10) Directors. CCDC historically has functioned with five (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.

In FY2020, the CCDC continued operations with four (4) active Directors. The Board operated throughout FY2020 and the CCDC anticipates an appointment to the Board in 2021 to return the Board back to five (5) active members.

A. CCDC LOAN PROGRAM ACTIVITY IN 2020

CCDC Covid-19 Pandemic Response | Loan Deferments & CEDA Emergency Loans

The arrival and residency of the Covid-19 Global Pandemic in March of 2020 presented the Cayuga County community with significant economic, social and cultural challenges, with local, regional and state mandated restrictions on public gathering and business operations. In response to the economic challenges to existing CCDC borrowers directly and to the business community in general, the CCDC Board quickly instituted a number of actions, outlined below.

First, the CCDC Board contacted all six (6) borrowers in the (then) current loan pool to assess the need the businesses had for an emergency, temporary, deferral of principal and interest payments as economic impacts from Covid-19 unfolded. In response to those conversations, the CCDC Board met and approved the first 3-month loan deferral option available to all current borrowers – essentially providing a temporary grace period on P&I payments and extending those deferred payments at the end of the loan term. This first deferral covered the loan payments for April, May and June of 2020. The CCDC Board continued to monitor the Covid-19 impacts in consultation with borrowers and, as the pandemic continued with local, regional and state surges in COVID-19 cases, the CCDC Board eventually approved three (3) additional grace period deferrals and made them available to all borrowers:

1. Deferral #2: July to September 2020
2. Deferral #3: October to December 2020; and
3. Deferral #4 January to March, 2021 (with payments to resume 4/1/2021).

Second, in addition to the loan deferrals for current borrowers, the CCDC Board of Directors met to assess emergency micro-loan options that could provide our economic development partners at the CAYUGA ECONOMIC DEVELOPMENT AGENCY, INC. (CEDA) the resources needed for CEDA to establish and deploy a COVID-19 Emergency Micro-Loan Fund and make loan funds available to Cayuga County's small business, with loan application intake and underwriting the responsibility of the CEDA staff and approval of micro-loans by the CEDA Board. On March 18, 2020, the CCDC Board met and approved an emergency \$100,000.00 loan to the Cayuga Economic Development Agency for this purpose. The CCDC Loan to CEDA, which was closed on April 2, 2020, carried a .5 percent per annum interest rate with a 24-month

term. The repayment term commenced on October 1, 2020, with a monthly payment schedule and full repayment of the loan balance required on or before September 1, 2022.

With CEDA quickly making micro-loans available to Cayuga County small businesses (average loan amount of \$5K), the available micro-loan funds were quickly deployed and CEDA staff inquired if the CCDC would consider a second loan to CEDA to ensure micro-loan funds would remain available as the COVID-19 Pandemic, and its economic impact on small business, continued. In response, the CCDC Board met on April 30, 2020 to assess the need. CEDA staff reported to the CCDC Board that sixteen (16) micro-loans had already been approved for a total of ~\$73,000.00 and pending requests would bring that cumulative need to \$118,000.00. In response to the demonstrated need, the CCDC Board approved a second loan to CEDA to recapitalize their emergency loan funds with terms similar to the first CEDA Loan: .05 percent interest rate and a two-year repayment term to begin at the end of a six-month deferment period. The CCDC staff closed on CEDA Emergency Loan #2 on May 7, 2020 with repayments to begin on November 1, 2020. The entire principal balance is due on or before October 1, 2022.

Other CCDC Loan Activity 2020

Despite the Pandemic, throughout 2020 the Cayuga Economic Development Agency ("CEDA") continued to market the CCDC Loan Program to the Cayuga County business community with emphasis on outreach to the County's rural and agriculturally-focused small businesses, small manufacturers and emerging or expanding businesses in the growing tourism and beverage sectors.

As a result, fiscal year 2020 did include one new CCDC Loan to Ripley Dairy, LLC, a long-standing dairy operation situated in the Town of Moravia in the southern area of Cayuga County. Ripley Dairy requested an equipment loan that would allow the farm to expand its growing market for glass-bottled A2 Guernsey Milk. Twenty-five percent of Americans identify themselves as lactose-intolerant. Some sources report that only 17% of these individuals are fully lactose intolerant, while the remaining 83% of these individuals are A1 intolerant. A2 Milk, produced by Ripley Farms from their herd of Guernsey Cows, can be consumed by individuals who are A1 lactose-intolerant. With only a single competitor in the US selling A2 milk on a large scale, Ripley Farms plans to target the Upstate NY market for A2 milk. In order to enter the market, Ripley Farms required purchase of glass bottling equipment. CCDC closed on a \$30,000.00 equipment loan to Ripley Dairy on September 14, 2020. Loan terms are 4.25% interest rate for sixty-months.

C. GENERAL ADMINISTRATION

On the administrative front, the CCDC support staff working for the Cayuga County Department of Planning and Economic Development monitor and administrate the CCDC Economic Development Revolving Loan Fund. This CCDC support staff also works with partners at the Cayuga Economic Development Agency ("CEDA" - a separate not-for-profit LDC) on loan application review, processing and underwriting. Lastly, the CCDC support staff works closely with the Cayuga County not-for-profit sector agencies managing civic facilities, keeping these service providers aware of CCDC civic facility bond financing options for project development.

II. CCDC REVENUES AND EXPENSES FY2020

The CCDC initiated its own, independent annual financial audit of the Corporation, once again using the services of the independent CPA firm Bonadio & CO., CPAs of Syracuse, NY. Bonadio CPA services were procured in November 2018 through a competitive Request for Proposal (RFP) process with authorization of a three-year contract for independent financial services approved by resolution of the CCDC Board on January 10, 2019.

The full CCDC FY2020 audit, including an analysis and overview of the CCDC Revenues and Expenses for the fiscal year, is available online at the CCDC webpage:

<https://www.cayugacounty.us/440/Cayuga-County-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 FY2020

The CCDC independent financial audit of the fiscal year ending 12/31/2020 by Bonadio & CO., CPAs also includes an analysis and overview of the CCDC Assets and Liabilities for the 2020 fiscal year. This analysis is also available online at the CCDC webpage (please see Section II paragraph above for website URL) and is available to the public 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 operations 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 full-time Administrative Assistant with 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 with the Planning Department, as detailed above. These individuals, and the appointed officers of CCDC, may however be reimbursed for certain expenses incurred in the performance of their duties to the CCDC such as mileage, etc. The CCDC does pay compensation to the County of Cayuga for utilization of the staff, materials and meetings space provided by the Department of Planning & ED. In FY20, the CCDC authorized a \$30K payment to the County under a CCDC-County Planning services agreement.

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 FY2020

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 component partner in local economic development, the CCDC support staff works with the Cayuga County Legislature leadership in general and specifically with the County Legislature Committee for Planning & Economic Development. CCDC also works with local elected officials and the local business community on support for economic development efforts. Lastly, the CCDC support staff interacts with members and staff of the Cayuga-Cortland Workforce Investment Board and Cayuga Community College (SUNY CCC) on workforce development initiatives;
- Review and Assessment of CCDC Internal Controls and management of CCDC finances; 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 FY2020

As reported annually, the CCDC does not own any real property and this remained the case in FY2020.

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:

<https://www.cayugacounty.us/440/Cayuga-County-Development-Corporation> 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. CCDC review and approval of the audited financial statements is the responsibility of CCDC management and the Board of Directors. A local CPA firm, Cuddy & Ward, was CCDC auditor from FY 2013 through FY 2017, when the firm retired from conducting these types of audits. In 2018, the CCDC conducted an RFP to select a new, independent audit firm and received five (5) proposals from independent auditors. The proposals were reviewed by the CCDC Board on January 10, 2019 and the Board selected the firm Bonadio & CO., CPAs ("Bonadio") out of Syracuse, NY and authorized an auditing contract for three (3) years (FY18-FY20) with a clause allowing up to three (3) additional years (2021-2023).

Bonadio completed the CCDC FY2020 Independent Financial Audit and presented it to the Board of Directors on Monday, March 8, 2021. The CCDC Financial Audit was 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 Control Structure is to provide reasonable assurance as to the protection of, and accountability for CCDC assets, ensuring compliance with applicable laws and regulations, confirming 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 into 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. The CCDC Board reviewed, reaffirmed and adopted the CCDC Investment Policy on May 18, 2019. According to the Investment Policy that CCDC staff and Board continue to follow, Corporation monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The CCDC Treasurer is authorized to use, and does utilize, a small range of 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 CCDC maintained all cash balances with financial institutions insured by the FDIC up to \$250,000 for interest bearing and non-interest-bearing accounts. At December 31, 2020, the Corporation's deposits, including certificate of deposits was \$1,275,898 and the bank balance was \$1,306,127. Of this total, \$690,313 was covered by FDIC while the remaining balance was collateralized in full and in excess of required amounts in the amount of \$615,814. Looking back, at December 31, 2019, the Corporation's deposits, including certificate of deposits, was \$1,716,285. Of this total, \$799,634 was covered by FDIC while the remaining balance was collateralized in full and in excess of required amounts in the amount of \$916,651.