



Meeting Agenda – Audit and Finance Committee
 Genesee County Economic Development Center
 Tuesday, August 3, 2021 – 8:30 a.m.
 Location: Innovation Zone Conference Room, Suite 107

Page #	Topic	Discussion Leader	Desired Outcome
	1. Call To Order – Enter Public Session	M. Gray	
	1a. Executive Session: Motion to enter executive session under the Public Officers Law, Article 7, Open Meetings Law Section 105 for the following reasons: <ol style="list-style-type: none"> 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. 2. The proposed acquisition, sale or lease of real property or the proposed acquisition of securities, or sale or exchange of securities held by such public body, but only when publicity would substantially affect the value thereof. 1b. Enter Public Session	M. Gray	
2-5	2. Chairman’s Report & Activities 2a. Agenda Additions / Other Business 2b. Minutes: June 29, 2021	M. Gray	Vote
6-9	3. Discussions / Official Recommendations to the Board: 3a. June 2021 Financial Statements	L. Farrell	Disc / Vote
10	3b. 2022 Budget Timeline	L. Farrell	Discussion
	3c. 2022 Budget Input / Assumptions	L. Farrell	Discussion
11-17	3d. Assessment of the Effectiveness of Internal Controls	L. Farrell	Disc / Vote
18-22	3e. John Jakubowski Contract	M. Masse	Disc / Vote
	4. Adjournment	M. Gray	Vote



GCEDC Audit & Finance Committee Meeting

Tuesday, June 29, 2021

Location: Innovation Zone

8:30 a.m.

MINUTES

ATTENDANCE

Committee Members: P. Battaglia, P. Zeliff, T. Bender
Staff: L. Farrell, M. Masse, L. Casey, P. Kennett, J. Krencik, S. Hyde, C. Suozzi
Guests: T. Felton (GGLDC Board Member), D. Cunningham (GGLDC Board Member),
Susie Ott (Lawley), Bill Fritts (Lawley), Reggie Dejean (Lawley), J. Berardi (J.
Rental), J. Frey & D. Klotzbach (UGate Store, Inc)
Absent: M. Gray

1. CALL TO ORDER / ENTER PUBLIC SESSION

P. Battaglia called the meeting to order at 8:32 a.m. in the Innovation Zone.

2. PRESENTATIONS / DISCUSSIONS:

J. Berardi, J. Frey and D. Klotzbach joined the meeting via video conferencing at 8:32 a.m.

J. Berardi presented prior to the presentation from J. Frey and D. Klotzbach.

2b. J. Rental – J. Berardi of J. Rental recently built a facility that is over 60,000 sq. ft. on 19.5 acres at Apple Tree Acres. J. Rental would like to acquire approximately 6-8 additional acres at Apple Tree Acres. The acreage would include about 300 ft of road frontage. J. Rental plans to build another facility for its operations. The facility will be about 50,000 sq. ft. The additional facility will add about 15 new jobs.

J. Berardi left the meeting at 8:41 a.m.

2a. UGate Store, Inc. – J. Frey provided an overview of his project. He currently operates his business on a leased property in Akron. He would like to acquire property in Corfu for his business that buys used mowing equipment from municipalities, golf courses and professional turf dealers across the country. The equipment is repaired and then sold nationally and sometimes internationally to retail buyers. It is not a parts business. The project would advance in three phases. The first phase would require a capital investment of approximately \$225,000 to \$275,000 and would add 1-2 additional employees. The second phase would require a capital investment of \$200,000-\$250,000 with the addition of 2-2.5 employees. The final phase would require a capital investment of \$150,000 - \$200,000 with the addition of 10 employees.

J. Frey and D. Klotzbach left the meeting at 8:50 a.m.

B. Fritts, S. Ott and R. Dejean joined the meeting at 8:51 a.m.

2c. Cyber Insurance Updated Proposal- At the June 3, 2021 Board meeting, the GCEDC approved a \$1,000,000 Cyber Liability Insurance Policy with Corvus/Hudson for approximately \$9,000 to be split

between the GCEDC and GGLDC. However, when Lawley requested binding of coverage with Corvus/Hudson, they came back with a revised premium of more than \$12,000, which was based on their review of the items needed to bind, including their application. Although nothing had changed from what was already provided, Corvus/Hudson held firm on the revised premium.

Lawley was able to work with HSB Specialty Insurance Company to secure an alternative Cyber option. They are offering this coverage for approximately \$8,000. Their terms are similar to the proposal with Corvus/Hudson. Lawley reviewed all subjectivities with them and feel that this policy is a very solid alternative for the GCEDC to consider.

B. Fritts, S. Ott and R. Dejean left the meeting at 9:01 a.m.

3a. Enter Executive Session

P. Zeliff made a motion to enter executive session under the Public Officers Law, Article 7, Open Meetings Law Section 105, at 9:03 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.
2. Discussions regarding proposed pending or current litigation.

The motion was seconded by T. Bender and approved by all members present.

3b. Enter Public Session

P. Zeliff made a motion to enter back into public session at 9:15 a.m., seconded by T. Bender and approved by all members present.

4. Chairman's Report & Activities

4a. Agenda Additions / Other Business – Nothing at this time.

4b. Minutes: June 1, 2021

P. Zeliff made a motion to approve the June 1, 2021 minutes; the motion was seconded by T. Bender. Roll call resulted as follows:

P. Battaglia - Yes
M. Gray - Absent
T. Bender - Yes
P. Zeliff - Yes

The item was approved as presented.

5. DISCUSSIONS / OFFICIAL RECOMMENDATIONS OF THE COMMITTEE:

5a. Cyber Insurance Updated Proposal- There was a presentation given by Lawley on Cyber Insurance at the beginning of the meeting. Details of the presentation are outlined in agenda item 2c.

The cost of this cyber liability insurance policy is \$7,937.75, which will be split evenly between the GCEDC and GGLDC. This is an unbudgeted expense, but there is room within the Government Relations budget line item to cover this.

P. Battaglia made a motion to recommend to the full Board the approval of a Cyber Liability Insurance Policy with HSB Specialty Insurance Company for approximately \$4,000; the motion was seconded by T. Bender. Roll call resulted as follows:

P. Battaglia - Yes
M. Gray - Absent
T. Bender - Yes
P. Zeff - Yes

The item was approved as presented.

5b. May 2021 Financial Statements - L. Farrell reviewed with the Committee the significant items of the May 2021 long form financial statements.

- There are no significant changes on the Balance Sheet.
- In the operating fund, no projects closed in May and payroll is under where we anticipated to be at this time. There are a few line items that are over budget related to expenditures that are front loaded (i.e. Insurance and HSA contributions) as well as unemployment insurance. There was an unemployment rate increase adjustment for 2021 that was unbudgeted.
- In the real estate development fund, the stormwater pipe at Apple Tree Acres was installed. This expense has been paid.
- Other than the above-mentioned items, there is normal monthly activity on the income statements for all funds.

T. Bender made a motion to recommend to the full Board the May 2021 Financial Statements; the motion was seconded by P. Zeff. Roll call resulted as follows:

P. Battaglia - Yes
M. Gray - Absent
T. Bender - Yes
P. Zeff - Yes

The item was approved as presented.

5c. Audit & Finance Committee Charter – P. Battaglia noted that the Committee discussed the Charter in executive session during a Committee self-evaluation discussion. L. Farrell stated that there are no recommended changes at this time.

As there were no changes, a vote of approval was not necessary.

5d. Committee Self Evaluation – A new memo will be drafted for the Governance Committee as the Committee Self-Evaluation comes out of the Committee Charter Review.

5e. Assessment of the Effectiveness of Internal Controls – This agenda item was tabled.

5f. Access Agreement for Liberty Pumps – The GCEDC has received a request from RJ Properties/Liberty Pumps to enable construction vehicle access, as well as employee ingress and egress,

across GCEDC owned property as they do some construction work on their site. They would like to request a temporary construction access off Route 19 for the construction work, and that the employees could utilize the GCEDC property to connect to Apple Tree Avenue. Pursuant to Real Property Actions & Proceedings Law Section 881 and case law the GCEDC is entitled to charge rent and recoup our attorney fees. That is not included in the agreement as staff feels that this is enabling an expansion of a long-standing existing manufacturer in Genesee County.

P. Zelif made a motion to recommend to the full Board the approval of the access agreement with no charges for rent or attorney fees for Liberty Pumps; the motion was seconded by T. Bender. Roll call resulted as follows:

P. Battaglia - Yes
M. Gray - Absent
T. Bender - Yes
P. Zelif - Yes

The item was approved as presented.

4. ADJOURNMENT

As there was no further business, P. Zelif made a motion to adjourn at 9:22 a.m., seconded by T. Bender and passed unanimously.

Genesee County Economic Development Center
June 2021 Dashboard
Balance Sheet - Accrual Basis

	<u>6/30/21</u>	<u>5/31/21</u>	[Per Audit] <u>12/31/20</u>
ASSETS:			
Cash - Unrestricted	\$ 2,112,517	\$ 1,913,478	\$ 2,257,813
Cash - Restricted (A)(1)	6,053,197	9,663,732	8,089,027
Cash - Reserved (B)	792,072	791,942	791,347
Cash - Subtotal	8,957,786	12,369,152	11,138,187
Grants Receivable (2)	96,600	96,600	86,350
Accts Receivable- Current (3)	376,501	344,528	280,042
Deposits	2,832	2,832	2,832
Prepaid Expense(s) (4)	15,812	25,962	26,223
Loans Receivable - Current	56,593	56,007	52,923
Total Current Assets	9,506,124	12,895,081	11,586,557
Land Held for Dev. & Resale (5)	16,617,383	16,228,115	15,930,796
Furniture, Fixtures & Equipment	67,982	67,982	67,982
Total Property, Plant & Equip.	16,685,365	16,296,097	15,998,778
Less Accumulated Depreciation	(67,982)	(67,982)	(67,982)
Net Property, Plant & Equip.	16,617,383	16,228,115	15,930,796
Accts Receivable- Non-current	-	279,650	279,650
Loans Receivable- Non-current (Net of \$47,429 Allow. for Bad Debt)	224,575	229,343	253,122
Other Assets	224,575	508,993	532,772
TOTAL ASSETS	26,348,082	29,632,189	28,050,125
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows (10)	492,700	492,700	492,700
Deferred Outflows of Resources	492,700	492,700	492,700
LIABILITIES:			
Accounts Payable (6)	5,010	4,095	222,159
Loan Payable - Genesee County - Current (7)	295,000	295,000	290,000
Accrued Expenses	24,590	16,453	22,736
Unearned Revenue (8)	5,236,734	8,625,606	6,751,032
Total Current Liabilities	5,561,334	8,941,154	7,285,927
Loans Payable - ESD (9)	5,196,487	5,196,487	5,196,487
Loan Payable - Genesee County - Noncurrent (7)	3,130,000	3,130,000	3,425,000
Aggregate Net Pension Liability (10)	704,674	704,674	704,674
Total Noncurrent Liabilities	9,031,161	9,031,161	9,326,161
TOTAL LIABILITIES	14,592,495	17,972,315	16,612,088
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows (10)	54,982	54,982	54,982
Deferred Inflows of Resources	54,982	54,982	54,982
NET ASSETS	\$ 12,193,305	\$ 12,097,592	\$ 11,875,755

Significant Events:

1. Restricted Cash - Includes cash deposited by ESD into imprest accounts related to the \$8M and \$33M STAMP grants. Expenditures out of these accounts are pre-authorized by ESD. Also included are funds received from the County per a Water Supply Agreement, to be put towards water improvements located in the Town of Alabama and the Town of Pembroke and other Phase II improvements as identified by the County. These funds are being used to pay for qualifying expenditures.
2. Grants Receivable - National Grid grants support marketing and development activities for STAMP and the LeRoy Food & Tech Park.
3. Accounts Receivable (Current) - Econ. Dev. Program Support Grant; MedTech Centre Property Management; termed out Project Origination Fees from HP Hood to be collected in the next 12 months, etc.
4. Prepaid Expense(s) - General Liability, D&O, Life, long-term and short-term disability insurance.
5. Land Held for Dev. & Resale - Additions are related to STAMP development costs.
6. Accounts Payable - e3communications expenses and interest earned on imprest accounts that will be remitted to ESD.
7. Loan Payable - Genesee County (Current & Noncurrent) - Per a Water Supply Agreement with Genesee County, the County remitted \$4M to the GCEDC to put towards water improvements located in the Town of Alabama and the Town of Pembroke and other Phase II improvements as identified by the County. GCEDC started making annual payments to the County of \$448,500 beginning in January 2020.
8. Unearned Revenue - Interest received in advance; Genesee County contribution received in advance; Funds received from municipalities to support park development; Funds received to support workforce development; ESD Grant funds to support STAMP development, not actually earned until eligible expenditures are incurred.
9. Loans Payable - ESD - Loans from ESD to support STAMP land acquisition and related soft costs.
10. Deferred Pension Outflows / Aggregate Net Pension Liability / Deferred Pension Inflows - Accounts related to implementation of GASB 68.

(A) Restricted Cash = Municipal Funds, RLF #2 Funds, Grant Funds Received in Advance.

(B) Reserved Cash = RLF #1 Funds (defederalized).

**Genesee County Economic Development Center
June 2021 Dashboard
Profit & Loss - Accrual Basis**

	Month to Date		YTD		2021	2021
	6/30/21	6/30/20	2021	2020	Board Approved Budget	YTD % of Budget
Operating Revenues:						
Genesee County	\$ 19,459	\$ 19,459	\$ 116,755	\$ 116,755	\$ 233,513	50%
Fees - Projects	250	102,311	22,000	132,279	399,500	6%
Fees - Services	6,961	6,707	41,767	40,242	83,387	50%
Interest Income on Loans	278	325	1,727	2,009	3,313	52%
Rent	5,070	3,020	10,716	5,130	24,790	43%
Common Area Fees - Parks	-	-	355	700	500	71%
Grants (1)	3,388,841	514,933	4,212,371	1,675,574	21,692,668	19%
GGLDC Grant- Econ. Dev. Program Support	25,000	25,000	150,000	150,000	300,000	50%
BP ² Revenue	-	-	701	50,000	8,634	8%
Other Revenue	155	547	1,907	6,994	5,000	38%
Total Operating Revenues	3,446,014	672,302	4,558,299	2,179,683	22,751,305	20%
Operating Expenses						
General & Admin	122,314	116,905	633,558	656,812	1,415,425	45%
Professional Services	1,398	1,500	23,400	22,308	108,000	22%
Site Maintenance/Repairs	426	406	2,681	2,028	17,200	16%
Property Taxes/Special District Fees	-	-	4,597	2,533	3,320	138%
PIF Expense	-	-	35,042	28,410	134,115	26%
Site Development Expense (2)	3,226,529	216,301	3,545,906	770,773	579,207	612%
Real Estate Development (3)	389,268	307,631	686,587	607,630	21,010,000	3%
Balance Sheet Absorption	(389,268)	(307,631)	(686,587)	(607,630)	-	N/A
Total Operating Expenses	3,350,667	335,112	4,245,184	1,482,864	23,267,267	18%
Operating Revenue (Expense)	95,347	337,190	313,115	696,819	(515,962)	
Non-Operating Revenue (Expense)						
Other Interest Income	366	822	4,435	14,203	7,000	63%
Total Non-Operating Revenue (Expense)	366	822	4,435	14,203	7,000	63%
Change in Net Assets	95,713	338,012	317,550	711,022	\$ (508,962)	
Net Assets - Beginning	12,097,592	11,245,538	11,875,755	10,872,528		
Net Assets - Ending	\$ 12,193,305	\$ 11,583,550	\$ 12,193,305	\$ 11,583,550		

Significant Events:

1. Grants - \$448K Community Benefit Agreement payment dedicated to STAMP by sourcing debt service payments to the County; PIF from RJ Properties (Liberty Pumps) supports Apple Tree Acres Infrastructure improvements; PIF from Yancey's Fancy supports Infrastructure Fund Agreement with the Town of Pembroke; ESD \$33M & \$8M Grants support STAMP engineering, environmental, legal, infrastructure, etc.
2. Installation of, or improvements to, infrastructure that is not owned by the GCEDC, or will be dedicated to a municipality in the foreseeable future, is recorded as site development expense when costs are incurred.
3. Real Estate Development Costs - Includes STAMP development costs; house at the STAMP site purchased in 1st Quarter of 2021.

Genesee County Economic Development Center
June 2021 Dashboard
Statement of Cash Flows

	June 2021	YTD
CASH FLOWS USED BY OPERATING ACTIVITIES:		
Genesee County	\$ 19,459	\$ 136,214
Fees - Projects	279,895	286,645
Fees - Services	-	20,884
Interest Income on Loans	247	1,496
Rent	5,070	10,916
Common Area Fees - Parks	-	355
Grants	-	2,683,595
BP ² Revenue	-	701
GGLDC Grant - Economic Development Program Support	-	75,000
Other Revenue	155	1,907
Repayment of Loans	4,182	24,877
General & Admin Expense	(103,584)	(623,838)
Professional Services	(1,398)	(44,611)
Site Maintenance/Repairs	(426)	(2,681)
Site Development	(3,226,529)	(3,615,554)
Property Taxes/Special District Fees	-	(4,597)
PIF Expense	-	(35,042)
Improv/Additions/Adj to Land Held for Development & Resale	(389,268)	(811,283)
Net Cash Used By Operating Activities	(3,412,197)	(1,895,016)
CASH FLOWS USED BY NONCAPITAL FINANCING ACTIVITIES:		
Principal Payments on Loan	-	(290,000)
Net Cash Used By Noncapital Financing Activities	-	(290,000)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:		
Interest Income (Net of Remittance to ESD)	831	4,615
Net Change in Cash	(3,411,366)	(2,180,401)
Cash - Beginning of Period	12,369,152	11,138,187
Cash - End of Period	\$ 8,957,786	\$ 8,957,786
RECONCILIATION OF NET OPERATING REVENUE TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Revenue	\$ 95,347	\$ 313,115
Decrease in Operating Accounts/Grants Receivable	247,677	172,941
Decrease in Prepaid Expenses	10,150	10,411
Decrease in Loans Receivable	4,182	24,877
Increase in Land Held for Development & Resale	(389,268)	(686,587)
Increase (Decrease) in Operating Accounts Payable	450	(217,329)
Increase in Accrued Expenses	8,137	1,854
Decrease in Unearned Revenue	(3,388,872)	(1,514,298)
Total Adjustments	(3,507,544)	(2,208,131)
Net Cash Used By Operating Activities	\$ (3,412,197)	\$ (1,895,016)

Budget Timeline

Genesee County Economic Development Center

- In-process Planning Assumptions / Preliminary Inputs
- Week of July 19 Input Meeting w/ CEO & Sr VP of Operations
- Week of July 26 CFO Review
- Aug 3 Budget Workshop - Audit & Finance Committee Meeting
*Review / Discuss Budget Assumptions and Preliminary Inputs
- Aug 31 Audit & Finance Committee Review of Draft Budget & Recommendation
- Sept 2 Board Review & Approval
- Sept 3 Submission to Genesee County Manager
- By Nov 1 Budget to ABO/Post on GCEDC Web Site



2021 Assessment of the Effectiveness of Internal Controls

Purpose of the Genesee County Industrial Development Agency D/B/A Genesee County Economic Development Center (GCEDC)

The GCEDC is a public benefit corporation of the State of New York created in 1970 by a resolution of the Genesee County Legislature to facilitate economic development in the County of Genesee, New York.

Internal Controls

The accounting, financial reporting, and cash management functions are carried out relying on a multitude of internal controls. A Financial Procedures document details all aspects of the financial controls in place.

Examples of some of the controls used are listed below:

- Payroll for the GCEDC's employees is processed externally by a payroll processing company, Complete Payroll Processing, Inc. (CPP). The Operations Manager and/or CFO verify that payments are only made to employees that are entitled to be paid. – **Low risk.**
- All invoices must be reviewed and verified by the CFO, CEO or Sr. VP of Operations. All checks require two signatures, with one of the signatures being a board member. The CEO and the Sr. VP of Operations are the only two employees authorized to sign checks. The CFO opens and reviews all bank statements and bank reconciliations. – **Multiple persons signing off on the process and the CFO opens and reviews bank statements and does not have authorization to sign checks.**
- All checks received by the GCEDC are recorded and stamped "for deposit only" by the Operations Assistant or Finance Assistant and given to the Operations Manager for review. The Operations Manager ensures that all funds are coded correctly, and that each transaction is recorded in Peachtree (accounting software). Deposit slips are then prepared by the Finance Assistant and deposited in the bank. The deposit receipt from the bank is then attached to the appropriate back up for the deposit. – **Bank verification and receipts make this low risk.**
- Computers are password protected. Accounting software is separately password protected. Access to the accounting software is limited to the Operations Manager, Finance Assistant and CFO. – **Password protection and limited access to accounting software makes this low risk.**

Note: Internal controls are reviewed continuously, and adjustments are made as necessary.

The system of controls applicable to the GCEDC was last reviewed by the GCEDC's Audit Committee on August 3, 2021. The Audit Committee's review affirmed that there are no material control weaknesses to be reported. The GCEDC undergoes an annual financial audit by an independent CPA firm. While auditors are not engaged to perform an audit of internal controls, auditors do provide management letter comments when they encounter internal weaknesses. No material weaknesses or recommendations for improvement have been identified by the independent auditors.

In summary, the present internal control structure appears to be sufficient to meet internal control objectives that pertain to the prevention and detection of errors and irregularities.

**Client Name: Genesee County Industrial Development Agency
dba Genesee County Economic Development Center
Genesee Gateway Local Development Corporation**

GGLDC administrative tasks are performed by GCEDC employees

Audit & Finance Committee Last Reviewed: 8/3/2021

CASH CONTROL ACTIVITIES

Cash Receipts

The GCEDC/GGLDC does not routinely handle cash. When cash is received, it's generally once a year at the annual meeting location via registration fees paid. Mail is opened by the Operations Assistant. All receipts are immediately marked "for deposit only". The cash receipts are deposited every 3 – 5 days in the appropriate cash account either in Five Star Bank, Key Bank, or The Bank of Castile. Posting of cash receipts to accounts receivable is done by the Finance Assistant. The postings are done promptly and accurately recorded as to customer account, amount and period. The Operations Manager reviews deposits and postings to customer accounts and general ledger accounts. Any adjustments to cash accounts are approved by the CFO. Cash held on site is stored in a locked file cabinet and kept independent of mail receipts. A PayPal account is used for annual meeting registration fees paid. Email notifications are received when payments have been made. PayPal deposits are recorded in the general ledger weekly by the Finance Assistant and the Operations Manager reviews the monthly activity.

Cash Disbursements

Cash disbursements are made by check, online payments, online bill pay or bank wire, except for small amounts from petty cash. Online payments and online bill pay are only made to ensure that bills are paid on time and to prevent late payment charges.

All checks require two signatures. GCEDC checks must be co-signed by at least one board member. GGLDC checks are signed by two board members. The GCEDC and GGLDC Audit & Finance Committee members are authorized bank signers.

All GCEDC line of credit withdrawals must be co-signed by at least one board member. GGLDC line of credit withdrawals must be signed by two board members.

Checks are pre-numbered and the sequence is accounted for regularly. All blank checks are kept in a secure location. All cash disbursement records are matched against accounts payable/open invoice files by the Operations Manager.

Invoices received are date stamped by the Operations Assistant and given to the Finance Assistant for review, tracking against contracts in place, to make sure supporting documentation is attached, and to ensure that the appropriate person signs off for approval of payment. All invoices are then reviewed by the Operations Manager and the CFO prior to disbursement checks being prepared. Checks are prepared by the Finance Assistant, only after proper matching of supporting documentation. Supporting documentation is marked with the check number when a check is prepared. The check signer reviews all supporting documentation. Purchasing documents are accounted for and controlled by the Operations Manager. Signed disbursement checks are returned to the Finance Assistant / Operations Assistant for mailing.
Mitigating controls: The CFO opens and reviews bank statements and does not have authorization to sign checks.

All bank and interfund transfers are authorized by the CFO and the Sr. VP of Operations.

Electronic/Online Payments

Online bill pay can be used for payments to vendors that are on the Audit & Finance Committee pre-approved list. The same cash disbursement control procedures are followed, except that payments are acknowledged by two authorized bank signers after the online payment is complete.

Bank Account Reconciliations

Bank accounts are reconciled monthly by the Finance Assistant and reconciliations are reviewed by the Operations Manager and the CFO. All reconciling items are appropriate and supported. All bank statements received in the mail are delivered unopened to the CFO who opens, reviews and signs off prior to reconciliations being performed.

Journal entries

Non-standard journal entries are recorded in the general ledger by Operations Manager and the Finance Assistant and reviewed by the CFO.

SUPPORT, PROGRAM SERVICE FEES, REVENUE AND RECEIVABLE CONTROL ACTIVITIES

Program Service Receivables

Invoices are prepared once a month by the Finance Assistant. All invoices are numbered and issued in sequential order. Invoices are posted to the accounting system as payment is received. The individual(s) charged with the billing duties is also responsible for accounts receivable with the Operations Manager monitoring and reviewing the process.

Pledges Receivable (Not Applicable)

Collections

There are no established credit policies.

When cash payments are received they are posted to customer accounts by the Finance Assistant. The GCEDC/GGLDC does not prepare regular customer statements. Invoices for rent and revolving loan fund payments are mailed once a month and outstanding invoices older than 30 days are followed up via telephone by the VP of Business Development, Senior VP of Operations, or CFO.

Trial Balance

The accounts receivable aging is maintained separately from the general ledger. The aging is reconciled once a month by the Operations Manager. Program revenues recorded are compared with the budget monthly by the Operations Manager and any significant deviations from budget are investigated and explained.

Allowance for Doubtful Accounts Program Services fee write-offs:

All write-offs to rent or revolving loan fund accounts are approved by the GCEDC/GGLDC Board of Directors. The accounts receivable aging is reviewed monthly by the Operations Manager. Accounts are deemed possibly uncollectible and written off to the allowance for doubtful accounts when they meet the following criteria: When the board of directors determines that all efforts to collect have been exhausted.

INVESTMENTS AND DERIVATIVE CONTROL ACTIVITIES

The GCEDC and GGLDC's Investment Policies are provided separately.

EXPENSES FOR PROGRAM AND SUPPORTING SERVICES AND ACCOUNTS PAYABLE AND PURCHASES CONTROL ACTIVITIES

Purchasing (Other than Inventory)

Purchasing is done by the Operations Assistant. For all purchases (other than items of inventory), the purchases are supported by approvals and authorizations. The GCEDC/GGLDC does not require pre-numbered purchase orders. Individuals with the right to approve and authorize purchases are the President/CEO, CFO, and Senior VP of Operations. The Operations Manager approves purchases of supplies, equipment and postage that are within budget as well as any other purchases that were planned for within the budget.

Receiving, Recording Payable and Expense

When the ordered items are received they are inspected for condition and counted by the Operations Assistant. Due to the small nature of the organization, full segregation of duties is not possible. The individual responsible for receiving is also responsible for purchasing, with oversight by Operations Manager or Finance Assistant.

The invoices subsequently received from vendors are matched up to the purchase orders and receiving reports and compared for quantities received, product ordered, pricing and clerical accuracy by the Operations Manager. For any goods that are returned, the shipping documents are maintained and reviewed and matched to vendor credit memos.

The payables are paid approximately twice a month by the Finance Assistant. The checks are reviewed and signed by two authorized bank account signers.

Trial Balance

The accounts payable aging is maintained separately from the general ledger. The aging is reconciled monthly by the Operations Manager. The GCEDC/GGLDC does not prepare monthly vendor statements. The President/CEO, CFO and the Audit & Finance Committee review the detailed monthly financial statements and compare the balances in expense accounts to budgeted amounts and any significant deviations from expectations are investigated and explained.

GCEDC PAYROLL AND EMPLOYEE BENEFITS CONTROL ACTIVITIES

Payroll

Employees are paid biweekly out of the Five Star Bank primary checking account. Funds are transferred into the account used for payroll from the Five Star Bank primary savings account by the Operations Manager. The GCEDC transfers funds to cover payroll as needed. All fund transfers are authorized by the CFO and Senior VP of Operations. Employees are never paid in cash.

Salaried employees are not required to submit weekly time records however; a record of absence is to be maintained by each employee, kept current and electronically stored in a common location as directed. Employees must have vacation compensation approved by the President/CEO or CFO. The individuals responsible for approving time are not responsible for processing or recording payroll.

Hourly employees are required to submit bi-weekly time records to their supervisor to report hours worked.

Complete Payroll Processing is the service provider used to process payroll. All the payroll information provided to the service organization such as pay rates and withholdings is authorized by the President/CEO and/or CFO. Bi-weekly payroll information is submitted to Complete Payroll Processing by the Operations Manager after compiling adequate support for the time worked by the employees. The registers produced by the service are reviewed after processing and approved by Operations Manager. The review is done to ensure the payroll transactions are only for authorized employees and that the correct pay rate is used. GCEDC does not pay commission to its employees.

All payroll checks are pre-numbered and used in sequence and any unissued checks are controlled by Complete Payroll Processing.

When new employees are hired they complete the appropriate paperwork including withholding forms and authorizations for payroll deductions that are maintained in personnel files by the Operations Manager and are entered into the payroll system by the Operations Manager. When employees are terminated they are removed from the payroll system by the Operations Manager. When there are raises or changes in pay rates, they are approved by the President/CEO or CFO and entered into the payroll system by the Operations Manager. All changes in personnel data are reported promptly so they can be properly taken care of in the payroll database.

The timely remittance of payroll taxes and of the payroll tax returns is overseen by Complete Payroll Processing.

Employee Benefits

For all benefits provided to employees such as health insurance, retirement plans, and fringe benefits, support is maintained in the personnel files authorizing deductions by the Operations Manager. Individuals with the appropriate level of knowledge are responsible for monitoring employee benefit matters and for ensuring withholdings such as 403(b) or NYS Deferred Compensation deferrals and cafeteria plan withholdings are remitted timely. These individuals include the CFO and Operations Manager.

Trial Balance

The Operations Manager reviews the monthly financial statements and compares the balances in the payroll and employee benefit expense accounts to budgeted amounts and any significant deviations from expectations are investigated and explained. The detailed payroll records are also reconciled by the Operations Manager to the payroll tax returns quarterly, and the total W-2s are reconciled to the general ledger at year end by the Operations Manager.

When necessary the appropriate payroll accruals including accruals for compensated absences are made to the general ledger by the Operations Manager.

Computers / IT

All computers are password protected. Peachtree is password protected. Each user has an independent password. Those with access to the Peachtree system are the Operations Manager, Finance Assistant, and CFO. The CFO does not post or change any data in the system; he/she reviews data only.

All employee computer files are backed up to the server and the server is backed up to an off-site location (Erie County IDA) on a nightly basis. The back-up is monitored by the IT Consultant and the Operations Manager.

GCEDC Employee Reimbursements

Employee reimbursement requests are submitted to and approved by the Senior VP of Operations and CFO. The President/CEO must sign off on requests submitted by the Senior VP of Operations or CFO. Two Board members must sign off on requests submitted by the President/CEO.

GCEDC Travel Authorization

Travel involving overnight accommodation or travel outside of New York State requires prior approval of the President & CEO (or the Chairman or Vice-Chairman of the Board, in the case of the CEO's travel).

Signed travel authorization forms are attached to subsequent reimbursement requests to verify that expenditures are appropriate and in line with the prior approval.

GCEDC / GGLDC

Pre-Approved List of Vendors That Can Be Paid Online:

- Tompkins Trust Company (Visa)
- Selective Insurance
- Toshiba Financial Services
- National Grid
- National Fuel
- Level 3 Communications (Internet & Phone)
- Verizon (Elevator security phone)
- Five Star Bank (Loan payments)
- KeyBank (Line of Credit payments)
- Bank of Castile
- Five Star Bank
- Quadient (Postage)
- Traveler's (D&O Insurance)

List Last Reviewed & Approved by Audit & Finance Committee:

GCEDC - 8/3/2021

GGLDC - 8/3/2021

Mark Masse

Audit & Finance Committee

August 5, 2021

Workforce Development: John Jakubowski Consultant contract

Discussion: John Jakubowski has provided a consulting agreement for the period of August 15, 2021 through August 14, 2022 to perform the following:

1. Perform consulting services to assist in the development and implementation of workforce development programs and training initiatives relative to the goals of the Company and its affiliates.
2. Consult with the VP of Business Development of the GCEDC and staff relative to the application, development and deployment of its workforce programs.
3. Consult with educational institutions who may serve as partnership the development, implementation and delivery of training programs. Specifically, interface with Genesee Community College and its BEST Center, other institutions of higher learning, the Genesee Valley Educational Partnership and local secondary schools as appropriate.
4. Provide consulting services as requested by the GCEDC.

Total contract is not to exceed \$29,800 in total between GGLDC and GCEDC.

Fund commitment: \$29,800 to be covered under strategic investments.

Board Action Request: Approval of consulting contract

ENGAGEMENT LETTER / CONSULTING AGREEMENT

This Agreement is made this August 15, 2021, for the period August 15, 2021 through August 14, 2022, between the **Genesee Gateway Local Development Corporation/Genesee County Economic Development Center**, collectively (the "Company"), having its principal place of business at 99 MedTech Drive, Batavia, NY 14020 and **John P. Jakubowski**, (the "Consultant"), having a principal place of business at 22 Haverford Lane, Williamsville, NY 14221 (collectively, the "Parties").

COMPENSATION AND SERVICES RENDERED:

The Consultant hereby agrees to perform the following services, as required:

1. Perform consulting services to assist in the development and implementation of workforce development programs and training initiatives relative to the goals of the Company and its' affiliates.
2. Consult with the Company staff relative to the application, development and deployment of its' workforce programs.
3. Consult with educational institutions who may serve as partners in the development, implementation and delivery of training programs. Specifically, interface with Genesee Community College and its' BEST Center, other institutions of higher learning, the Genesee Valley Educational Partnership and local secondary schools as appropriate.
4. Provide consulting services as requested by the Company.

For the services provided to the Company, the Company, agrees to pay the Consultant based upon presentation of a monthly invoice based on the following fee schedule and conditions:

Fee Schedule:

1. A maximum of Three Hundred and Fifty Dollars (\$350.00) per day. Partial days will be billed at an hourly rate of Fifty Dollars (\$50.00) per hour.
2. Mileage expense is to be reimbursed at the prevailing IRS rate per mile.
3. Total remuneration is not to exceed Twenty-Nine Thousand Eight Hundred Dollars (\$29,800.00), for the period August 15, 2021 through August 14, 2022.

The Consultant understands and agrees that the Company may provide a 1099 to the Consultant which shall include all compensation as well as expenses paid by company and it will be the responsibility of the Consultant to maintain adequate records to substantiate all business related expenses for tax purposes.

TERM

This Agreement shall remain in effect through **August 14, 2022** or until terminated by providing a thirty (30) day written notice of termination with the date of receipt by the recipient party indicating the initiation of the notice period, by either party to this Agreement. This Agreement contains the entire understanding of the parties and may not be amended without the specific written consent of both parties.

If the Parties have failed to renew, modify or terminate this Agreement, for any reason, prior to the Termination Date, then this Agreement shall continue in force until such time as it is terminated in accordance with its provisions.

WARRANTIES BY THE CONSULTANT

The Consultant represents and warrants to Company that Consultant will provide services to Company in a professional, competent and timely manner; that the Consultant has the power to enter into and perform this Agreement, and that the Consultant's performance of this Agreement shall not infringe or violate any federal, state, or municipal laws. The Consultant shall make no promise or warranty concerning Company's business

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activity, service or product outside the scope of their responsibilities and the Consultant acknowledges that it has no authority to bind Company to any such promise or warranty made by the Consultant.

INDEPENDENT CONTRACTOR / CONFLICTS OF INTEREST

The Consultant acknowledges that the services rendered under this Agreement shall be solely as an independent contractor. The Consultant further acknowledges that the Consultant is not to be considered an employee of Company, is not entitled to any employment rights or benefits, and that this undertaking is not a joint venture.

The Consultant understands that Company shall not provide employment related insurance, including but not limited to worker's compensation insurance, and agrees to provide adequate insurance coverage for his own activities.

NON-DISCLOSURE OF CONFIDENTIAL INFORMATION AND COVENANT NOT TO COMPETE

The Consultant acknowledges that in and as a result of its association with Company, Consultant will be making use of and acquiring confidential information of a special and unique nature and value relating to such matters as

1. Company's patents, copyrights, proprietary information, trade secrets, systems, procedures, manuals, confidential reports, customer lists and price lists (which are deemed for all purposes confidential and proprietary), as well as the nature and type of products and services rendered by Company; and
2. The equipment, business practices and methods used and preferred by Company's customers, and the fees paid by them.

As a material inducement to the Company to enter into this Agreement and to pay to the Consultant the compensation stated in Paragraph 1, Consultant covenants and agrees that the Consultant shall not, at any time during or following the term of this Agreement for a period of two (2) years:

1. Directly divulge or disclose for any purpose whatsoever any confidential information that has been obtained by, or disclosed to, it as a result of its association with Company **other than that information specifically required as a part of this consulting engagement to individuals only and expressly with a need to know;**

Or

2. Make use of any such confidential information to compete, either directly or indirectly, with Company.

The Parties further agree that the Consultant shall not be requested or required to, and shall not, divulge or disclose any information available to the Consultant in violation of any valid and enforceable confidentiality agreement between the Consultant and any other Party.

OWNERSHIP OF WORK PRODUCT

The Consultant agrees that the Consultant's work product produced in the performance of this Agreement shall remain the property of Company, and that the Consultant will not sell, transfer, publish, disclose or otherwise make the work product available to third parties without Company's prior written consent.

ARBITRATION

Any controversies or claims relating to any aspect of the Agreement, or to its breach, or the relationship created between the Parties shall be settled by arbitration under the rules of the American Arbitration Association. The Parties agree to abide by the arbitrator's decision and also agree that a judgment may be entered upon the award in any court having jurisdiction.

The Parties agree that neither Party shall act to terminate or modify the nature of the parties' course of performance under this Agreement during the pendency of an arbitration, it being the parties' intent to preserve the status quo so as not to jeopardize the rights of either party for the period from the commencement of an arbitration to the entry of the arbitration award.

NOTICES

All notices between the Parties shall be in writing and effective when sent by certified mail to the addresses above stated, unless such addresses are changed by written notification to the other Party.

WAIVER

No failure of either party to exercise any power hereunder or to insist upon strict compliance by the other party with any obligation or provisions hereunder, and no custom or practice of the parties at variance with the terms hereunder shall constitute a waiver of the right to demand exact compliance with the terms hereof.

INDEMNIFICATION

Company will indemnify and hold harmless the Consultant from and against all liabilities and expenses, including reasonable attorneys' fees ("Liabilities"), arising out of any claim by anyone not a party to this Agreement, including third parties, considering (i) Company's material breach or default, (ii) violation of law or regulation applicable to Company, and (iii) representations, guarantees or warranties provided by Company, excluding Liabilities arising out of, or in connection with any gross negligence or willful misconduct of the Consultant.

The Consultant shall indemnify and hold Company and its affiliates and their agents, employees, officers, managers, successors and assigns from and against all Liabilities arising out of, or in connection with, any (i) Consultant's material breach or default, or (ii) violation of law or regulation applicable to the Consultant, excluding Liabilities arising out of, or in connection with, any negligence or willful misconduct of Company.

This indemnity shall survive the termination of this Agreement. The obligation of either party to indemnify the other shall not apply to the extent the loss is due to either party's: a) failure to adhere to the terms of this Agreement; b) failure to comply with any applicable government requirements; or c) negligence or willful misconduct of a party, its directors, officers, agents or employees.

ABILITY TO ENTER AGREEMENT

The parties executing this Agreement hereby covenant and warrant that each respective company has full right and authority to enter into this Agreement, and that each of the persons signing on behalf of the corporation are duly authorized to do so.

RELATIONSHIP OF PARTIES

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This Agreement is not intended to constitute or create a joint venture, pooling arrangement, partnership, agency or business organization of any kind. John P. Jakubowski and Company shall be independent contractors for all purposes and neither party shall act as or hold itself out as agent for the other or create or attempt any obligations or liabilities on behalf of the other party.

SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of this Agreement shall not be affected thereby.

ASSIGNMENT

Neither party may assign this Agreement or its obligations hereunder to any entity, except a corporate subsidiary, without the prior written consent of the other party, which consent shall not be unreasonably withheld.

Neither party shall be liable to the other for its failure to perform any of its obligations hereunder during any period in which such performance is delayed by acts of God, war, Internet or electrical power disruptions, terrorism, civil disorder or disturbance, riot, labor disputes, acts or omissions of the other party or acts or omissions of any third party.

GOVERNING LAW

This Agreement will be governed by the laws of the state of New York, excluding application of its conflict of laws provision.

ENTIRE AGREEMENT

This Agreement contains the Parties' entire understanding and may not be modified except in written form signed by both.

IN WITNESS WHEREOF, Genesee Gateway Local Development Corporation and John P. Jakubowski have duly executed this Agreement as of the day and year first written above.

Dated: **Consultant: John P. Jakubowski**
By: _____
John P. Jakubowski
Consultant

Dated: **Company: Genesee Gateway Local Development Corporation**
By: _____
Donald S. Cunningham
President