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Columbia Economic Development Corporation

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION NOTICE OF MEETING

Please take notice that there will be a meeting of the Columbia Economic Development Corporation Audit and Finance Committee held on January 13, 2021 at 8:30am, for the purpose of discussing any matters that may be presented to the Committee for consideration. Due to public health and safety concerns related to COVID-19, the meeting will not take place in-person. In accordance with the Governor's Executive Order 202.1, meeting will be held via Zoom. Join Zoom Meeting

<https://us02web.zoom.us/j/84807531000?pwd=Q0NreU1kU2JkYX12NksrakZzSGc3dz09>

Meeting ID: 848 0753 1000; Passcode: 959860; Dial +1 929 205 6099, Meeting ID: 848 0753 1000. The public will have an opportunity to hear the meeting live and provide comments. Comments can also be provided via email before and during the meeting to mtucker@columbiaedc.com. Please check the meeting Agenda posted on the CEDC's website www.columbiaedc.com for further instructions to access the virtual meeting and for updated information.

Dated: January 6, 2021

Sarah Sterling

Secretary

Columbia Economic Development Corporation

CEDC Audit and Finance Committee

Agenda

Chairman:

John Lee

Members:

David Fingar

Tish Finnegan

James Lapenn

Seth Rapport

1. Minutes, December 8, 2020*
2. Treasurer's Report*
3. Portfolio Report*
4. 2020 Audit and Finance Committee Discharged Duties*
5. Audit and Finance Committee Charter*
6. Public Comment

Attachments:

Minutes, December 8, 2020

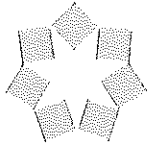
Treasurer's Report (will be sent separately)

Portfolio Report

2020 Audit and Finance Committee Discharged Duties

Audit and Finance Committee Charter

* Requires action



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MINUTES
COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
AUDIT and FINANCE COMMITTEE
Tuesday, December 8, 2020
Via Zoom due to COVID-19,

A regularly scheduled meeting of Columbia Economic Development Corporation’s (CEDC) Audit and Finance Committee was via Zoom due to the COVID-19 outbreak, on December 8, 2020. The meeting was called to order at 8:30am by Mr. Lee, Chair.

Attendee Name	Title	Status	Departed
David Fingar	Committee Member	Present via Zoom	
Tish Finnegan	Committee Member	Present via Zoom	
James Lapenn	Committee Member	Present via Zoom	
John Lee	Committee Member	Present via Zoom	
Seth Rapport	Committee Member	Present via Zoom	
F. Michael Tucker	President/CEO	Present via Zoom	
Andy Howard	Counsel	Present via Zoom	
Lisa Draushuk	Administrative Supervisor	Present via Zoom	
Erin McNary	Bookkeeper	Present via Zoom	
Martha Lane	Business Development Specialist	Present via Zoom	
Carol Wilber	Marketing Director	Present via Zoom	

Minutes:

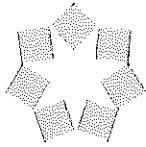
Mr. Lapenn made a motion, seconded by Ms. Finnegan to approve the October 15, 2020 minutes as presented. Carried.

CEO/President Monthly Financial Report:

2021 Budget:

Mr. Tucker reviewed the revised 2020 budget and the earlier 2021 adopted budget. He noted the County had informed CEDC their funding would be cut in 2021 by 20%. He turned to the handout listing Alternative Budget C and outlined the differences. Mr. Lapenn asked where the vulnerabilities lie on the income side of the proposed revised 2021 budget. Mr. Tucker felt one of the Office of Community Renewal grants and new memberships may fall short. He felt it was no more that 5% or 10% is vulnerable. He thought the aggressive side was the restriction of New Initiatives from \$58,000 this year to \$30,000 next year.

Mr. Tucker outlined the process for adding staff members to marketing and bookkeeping /administrative staff and adding a full time Project Manager who would spend 60- 65% of their time working on the Loan program and the other 35-40% of their time working with Mike on programs. He felt that additional outreach would drive business to the technical assistance, the loan program and boost membership. Mr.



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Rapport asked Mr. Tucker to confirm the Ginsberg funds could be used in the way presented in the proposed budget change. Mr. Tucker felt that it would be acceptable to the County. *Mr. Lapenn made a motion, seconded by Mr. Rapport to recommend the 2021 Budget Alternative C to the Full Board for consideration at the next meeting. Carried.*

Mr. Tucker reviewed the grant income and expense sheet; the cash analysis; the sheet outlining the funds owed to the SBA and those available to lend from SBA money. Mr. Rapport expressed his concern with the HDC loan, as a larger loan with a larger list. Mr. Tucker stated HDC had made a commitment at their last meeting to move forward with finding a purchaser for the property. They are also aware that CEDC has a lien on the entire parcel, not only the CSX parcel. He stated his only concern is if HDC wants to extend the loan.

Mr. Tucker stated the accountants have suggested CEDC add an additional \$100,000 to the Loan Loss Reserve. He noted this would show an additional loss on the profit and loss statement. Mr. Lapenn asked if there was an operational impact. Mr. Tucker stated there was none. *Mr. Rapport made a motion, seconded by Mr. Fingar to recommend adding an additional \$100,000 into the loan loss reserve to the full board. Carried.*

Mr. Tucker reviewed the deferral status of the loan portfolio. He noted 19 were currently in deferral, in April 2021 that number drops to one, and in May 2021, no loans will be in deferment.

Mr. Lee asked if there was a timeline for the new hires. Ms. Wilber gave an overview of the response and the potential of the candidates. She stated the final part of the interview would be a Zoom call with the staff and Mike. Mrs. Drahushuk stated she and Ms. McNary had interviewed several people and would be holding a final interview with Mr. Tucker in the next week. Mr. Tucker stated he planned on having the Administrative Assistant and the Marketing Assistant begin prior to the end of the year. Ms. Lane stated they had several interviews with the candidate who would be joining the staff meeting tomorrow on a staff meeting call. She stated a decision would be made after that meeting.

With no other business to come before the committee and no public comment, Mr. Fingar made a motion, seconded by Mr. Rapport to adjourn the meeting. Carried.

The meeting adjourned at 9:31am

Respectfully submitted by Lisa Drahushuk

Portfolio Summary Report for All Funds -- ACTIVE ACCOUNTS
By Funding Source
(All transactions)

01/06/2021 09:23 AM

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LoanID	Borrower	Close Date	Loan Amount	Principal Balance	Cumulative Pmts		Latest Pmts		Periods Past Due							
					Principal	Interest	Amount	Date	ONE	TWO+	THREE+	FOUR+	FIVE+	SIX+	Days Past	
1220-73	State 11 Distille...	04/10/2020	12,000.00	11,550.21	449.79	111.09	186.96	12/07/2020								
1220-43	SUH6 Enterprises...	10/13/2017	25,000.00	12,711.56	12,281.44	3,011.92	402.62	12/21/2020								
1220-77	Talbot & Arding	09/25/2020	25,000.00	25,000.00												
1220-82	The DePace Family	09/30/2020	1,550.00	1,550.00												
1220-69	Tivoli Farm Inc.	12/16/2019	50,000.00	47,001.95	2,998.05	1,844.01	807.01	12/30/2020								
1220-86	Train Time #2	11/24/2020	18,456.20	18,456.20												
1220-53	Train Time Express...	04/19/2019	22,500.00	21,026.23	1,473.77	849.61	387.23	10/31/2019								
1220-46	Wandering Fool LLC	06/29/2018	25,000.00	15,797.93	9,202.07	2,473.91	402.62	11/30/2020								
CEDC Loan Fund - CEDC-01: 32 loans			1,116,568.86	934,186.23	182,377.45	98,600.64	10,592.09	10.00								
CEDC Loan Fund: 32 loans			1,116,568.86	934,186.23	182,377.45	98,600.64	10,592.09	10.00								
Fund: SBA Loan Fund, Subfund: SBA RLF-04																
1245-22a	A Green Beauty	10/18/2017	5,000.00	5,000.00	598.91	154.96	09/25/2020									
1245-21a	Brown's Car Sales...	09/08/2017	12,500.00	4,881.44	7,618.56	2,035.53	495.02	12/29/2020								
1245-40a	Hudson Athens Ret...	03/31/2020	12,000.00	10,636.04	1,363.96	318.68	186.96	12/29/2020								
1245-29a	Hudson-Athens Ret...	09/13/2017	25,000.00	12,626.89	12,473.31	3,685.17	414.32	12/10/2020								
1245-24a	Hudson Clothier	05/17/2018	25,000.00	15,420.93	9,579.07	3,448.68	840.50	01/04/2021								
1245-41	KT Hair Studio LLC	03/31/2020	5,000.00	4,054.98	945.02	122.32	200.00	12/21/2020								
1245-18a	Nick Jennings LLC	04/13/2017	5,000.00	1,508.02	3,491.98	864.46	99.01	12/15/2020								
1245-42a	State 11 Distille...	04/10/2020	12,000.00	10,637.91	1,362.09	320.55	186.96	12/07/2020								
SBA Loan Fund - SBA RLF-04: 8 loans			101,500.00	59,666.01	41,833.99	11,364.30	2,577.73									
Fund: SBA Loan Fund, Subfund: SBA RLF-05																
1250-25a	ACW Millwork & Ca...	06/20/2018	25,000.00	15,728.85	9,271.15	3,464.97	400.84	12/21/2020								
1250-01a	Basillica Industr...	04/13/2016	35,000.00	2,732.35	32,267.65	6,542.59	693.04	12/15/2020								
1250-98a	East Neuk Corp.	03/10/2020	25,000.00	22,454.55	2,545.45	1,306.73	428.02	12/29/2020								
1250-26a	Germentown Laundr...	09/14/2018	25,000.00	16,823.94	8,176.06	3,334.31	426.31	12/15/2020								
1250-07a	Older Hudson, LLC	12/02/2015	35,000.00	7,000.96	27,999.04	8,565.57	609.40	12/21/2020								
1250-95a	Old Klavrack Bre...	09/22/2020	25,000.00	24,050.82	949.18	215.69	368.29	12/16/2020								

CEDC 2020 Audit and Finance Committee Report of Discharged Duties

During 2020 the CEDC Audit and Finance Committee:

- The Committee reviewed and re-affirmed charter.
- Reviewed and recommended the audit engagement letter, the 2019 management letter, audited financials, for approval to the CEDC Board.
- Reviewed and recommended Board approval of financial statements
- Reviewed and recommended Board approval of the risk assessment document.
- Reviewed and recommended Board approval of the portfolio report and the vendor expense summary.
- Reviewed and recommended Board approval of the proposed and subsequent revised 2021 budget.
- Reviewed and recommended the 2019 Investment Report, Internal Controls Statement to the CEDC Board.
- Reviewed and recommended EIDL application and an additional \$100,000 for the Loan Loss Reserve
- Reviewed and updated the Investment Policy.

AUDIT AND FINANCE COMMITTEE CHARTER

Columbia Economic Development Corporation

Purpose

Pursuant to Article IV, Section 1 of the Corporation's bylaws, the purpose of the Audit and Finance Committee shall be to:

- Assure that the corporation's board fulfills its responsibilities for the corporation's internal and external audit process, the financial reporting process and the system of risk assessment and internal controls over financial reporting;
- Provide an avenue of communication between management, the independent auditors and the Board of Directors;
- Oversee the corporation's debt and debt practices and to recommend policies concerning the corporation's issuance and management of debt.

Powers and Duties of the Audit and Finance Committee

It shall be the responsibility of the Audit and Finance Committee to:

- Oversee the work of any public accounting firm employed by the corporation.
- Conduct or authorize investigations into any matters within its scope of responsibility.
- Seek any information it requires from corporation employees, all of whom should be directed by the board to cooperate with committee requests.
- Meet with corporation staff, independent auditors or outside counsel, as necessary.
- Retain, at the corporation's expense, such outside counsel, experts and other advisors as the audit and finance committee may deem appropriate.
- Review proposals for the issuance of debt by the corporation and its subsidiaries and to make recommendations concerning those proposals to the board.
- Make recommendations to the board concerning the level of debt and nature of debt issued by the corporation.
- Make recommendations concerning the appointment and compensation of investment advisors and underwriting firms used by the corporation, and to oversee the work performed by these individuals and firms on behalf of the corporation.
- Review proposals relating to the repayment of debt or other long-term financing arrangements by the corporation and its subsidiaries.
- Report annually to the corporation's board how it has discharged its duties and met its responsibilities as outlined in the charter.
- Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the charter and request the board approval for proposed changes.
- Annually Review both the CEDC and SBA loan funds, including loan policies, lending limits and reserves.

The CEDC board will ensure that the Audit and Finance Committee has sufficient resources to carry out its duties.

Composition of Committee and Selection of Members

The Audit and Finance Committee shall consist of not less than three members of the Board of Directors who are independent of corporate operations. The corporation's board will appoint the Audit and Finance Committee members and the Audit and Finance Committee chair.

Audit and Finance Committee members shall be prohibited from being an employee of the corporation or an immediate family member of an employee of the corporation. In addition, Audit and Finance Committee members shall not engage in any private business transactions with the corporation or receive compensation from any private entity that has material business relationships with the corporation, or be an immediate family member of an individual that engages in private business transactions with the corporation or receives compensation from an entity that has material business relationships with the corporation.

Ideally, all members on the Audit and Finance Committee shall possess or obtain a basic understanding of governmental financial reporting and auditing. The audit and finance committee shall have access to the services of at least one financial expert; whose name shall be disclosed in the annual report of the corporation.

The Audit and Finance Committee's financial expert should have 1) an understanding of generally accepted accounting principles and financial statements; 2) experience in preparing or auditing financial statements of comparable entities; 3) experience in applying such principles in connection with the accounting for estimates, accruals and reserves; 4) experience with internal accounting controls and, 5) an understanding of audit and finance committee functions.

Meetings

The Audit and Finance Committee will meet a minimum of twice a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in the charter.

Members of the Audit and Finance Committee are expected to attend each committee meeting, in person. The Audit and Finance Committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary.

The Audit and Finance Committee will meet with the corporation's independent auditor at least annually to discuss the financial statements of the corporation.

Meeting agendas will be prepared for every meeting and provided to the Audit and Finance Committee members along with briefing materials five (5) business days before the scheduled Audit and Finance Committee meeting. The Audit and Finance committee will act only on the affirmative vote of a majority of the members at a meeting or by unanimous consent. Minutes of these meetings will be recorded.

A report of the committee's meeting shall be prepared and presented to the board at its next scheduled meeting following the meeting of the committee.

Meetings of the committee are open to the public, and the committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Article 7 of the Public Officers Law that relate to public notice and the conduct of executive session.

Responsibilities

The Audit and Finance Committee shall have responsibilities related to: (a) the independent auditor and annual financial statements; (b) oversight of management's internal controls, compliance and risk assessment practices; (c) special investigations and whistleblower policies; and (d) miscellaneous issues related to the financial practices of the corporation.

A. Independent Auditors and Financial Statements

The Audit and Finance Committee shall:

- Oversee independent auditors retained by the corporation and pre-approve all audit services provided by the independent auditor.
- Establish procedures for the engagement of the independent auditor to provide permitted audit services. The corporation's independent auditor shall be prohibited from providing non-audit services unless having received previous written approval from the Audit and Finance Committee. Non-audit services include tasks that directly support the corporation's operations, such as bookkeeping or other services related to the accounting records or financial statements of the corporation, financial information systems design and implementation, appraisal or valuation services, actuarial services, investment banking services, and other tasks that may involve performing management functions or making management decisions.
- Review and approve the corporation's audited financial statements, associated management letter, report on internal controls and all other auditor communications.
- Review significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Meet with the independent audit firm on a regular basis to discuss any significant issues that may have surfaced during the course of the audit.
- Review and discuss any significant risks reported in the independent audit findings and recommendations and assess the responsiveness and timeliness of management's follow-up activities pertaining to the same.

B. Internal Controls, Compliance and Risk Assessment

The Audit and Finance Committee shall:

- Review management's assessment of the effectiveness of the corporation's internal controls and review the report on internal controls by the independent auditor as a part of the financial audit engagement.

C. Special Investigations

The Audit and Finance Committee shall:

- Ensure that the corporation has an appropriate confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by the directors, officers, or employees of the corporation or any persons having business dealings with the corporation or breaches of internal control.
- Develop procedures for the receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls and auditing to the appropriate body.
- Request and oversee special investigations as needed and/or refer specific issues to the appropriate body for further investigation (for example, issues may be referred to the State Inspector General or, other investigatory organization.)
- Review all reports delivered to it by the Inspector General and serve as a point of contact with the Inspector General.

D. Review the Corporation's Annual Budget

The Audit and Finance Committee shall:

- Review, amend and recommend the corporation's annual operating budget as presented by corporate management for the upcoming fiscal year.
- Monitor and report to the board on the corporation's compliance with its adopted budget during the fiscal year (actual verses estimated budget) on a monthly/quarterly basis.

E. Oversee the Corporation's Investments

The Audit and Finance Committee shall:

- Annually review and recommend to the board approval of the corporation's annual investment report, investment policy and evaluate allocation of assets.
- Annually review the audit of investments as provided by independent auditors.
- Recommend to the board the selection of investment advisors.

F. Assess the Corporation's Capital Requirements and Capital Plan

The Audit and Finance Committee shall:

- Assess the financial requirements of the corporation's capital plans. The assessment is to include current and future capital needs, a justification of why such capital expenditure is required and an explanation of funding sources for capital projects such as grants, issuance of debtor specified pay-as-you-go resources.
- Review the financial aspects of major proposed transactions, significant expenditures, new programs and services, as well as proposals to discontinue programs or services and making action recommendations to the board.

G. Review Financial and Procurement Thresholds

The Audit and Finance Committee shall:

- Review and make recommendations to the board regarding any proposed procurements submitted to the committee.
- Review and recommend changes to the corporation's thresholds for procuring goods and services and procurement policy.
- Review and recommend changes to the corporation's fee schedules.
- Review the scope and terms of the corporation's insurance policies and liability coverage on an annual basis.

H. Other Responsibilities of the Audit and Finance Committee

The Audit and Finance Committee shall:

- Present annually to the corporation's board a written report of how it has discharged its duties and met its responsibilities as outlined in the charter.
- Obtain any information and training needed to enhance the committee members' understanding of the role of internal audits and the independent auditor, the risk management process, internal controls and a certain level of familiarity in financial reporting standards and processes.
- Review the committee's charter annually, reassess its adequacy, and recommend any proposed changes to the board of the corporation. The Audit and Finance Committee charter will be updated as applicable laws, regulations, accounting and auditing standards change.
- Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the charter and request the board approval for proposed changes.