

CARTHAGE DEVELOPMENT GROUP, LP
AUDIT/GOVERNANCE/FINANCE COMMITTEE MEETING ON MARCH 23, 2012

Present: Bruce Armstrong, Terry Roche, Wayne McIlroy

Absent:

Others Present: John McHugh

Call to Order: 12:40 p.m.

a. Assessment of internal controls

Mr. McHugh passed out copies of the CIDC Internal Controls Policy. He noted the process of receiving rent payments from commercial tenants at 256 State Street. He discussed how bank statements are opened by the treasurer and reconciliation is reviewed by the Village Clerk. The committee reviewed the process and *concluded that it was the best process possible given the fact that there is only one person in the office at this time.* They also reinforced the need to faithfully record all rent payments in the receipt book and provide a receipt to each commercial tenant. Mr. Armstrong then moved to adopt the attached statement concerning Assessment of the Effectiveness of Internal Controls and forward it to the full board for adoption. The motion was seconded by Mr. Roche and approved.

b. Mission Statement Performance Review

Mr. McHugh presented the Missions Statement and performance measures which was adopted by the Board in March, as required by PAAA. Mr. McHugh reported that the entire board (with the exception of Mr. Gormley, who is out of town) has completed the State required certifications. These certifications confirm that the membership has reviewed the mission statement as well the Ethics policy and that the board meets the independence test among other certifications. The committee reviewed the existing committee structure as well as noting that the JCIDA contracts with the board to provide administrative services including but not limited to providing the services of Mr. McHugh. It was noted that the system is working well and no adjustments to the Board policies are proposed at this time. At this point Mr. McIlroy moved to adopt the attached CIDC 2011 Measurement Report and submit it to the full board for adoption. The motion was seconded by Mr. Armstrong and adopted unanimously.

c. Review investment policy

Mr. McHugh presented the board with the current investment policy of the Board and noted that the CIDC has 2 CDs, an interest bearing money market account and bank account with Carthage Federal Savings and Loan. The committee noted the limited options available to the CIDC concerning investments and that the funds were in safe investments. At this point Mr. McIlroy moved to confirm that after review, no changes to the policy were being made at this time. The motion was seconded by Mr. Armstrong and adopted unanimously.

d. Evaluation of Board Performance

Mr. McHugh passed out the summary Results of Evaluation of Board Performance-2012. He noted that there were 12 responses and all responded positively to how the Board is operating with one survey indicating that the person somewhat agrees with the Statement that the board sets clear and measurable performance goals...etc. It was noted that this is understandable since the board is trying to complete its local mission while trying to understand what the State wants the Board to do with regard to responding to their requirements. At this point Mr. Roche moved to *acknowledge completion and review of the evaluation of the Board performance (with summary results attached)* and to forward such review on to the board for acknowledgement. Mr. McIlroy seconded the motion which carried unanimously.

e. Other policy review and review requirements

i. Mr. McHugh presented the request from the EDCC to decrease their share of the costs associated with the Administrative Services Agreement with the JCIDA from 35% to 25%. It was noted that this would increase the CIDC share to 75%. As indicated in their correspondence, their revenues are down due to low interest rates. The committee discussed the fact that the CIDC has an ongoing revenue generator in the West End Dam Hydro-Electric Facility and that the EDCC has no other revenue source other than its loan portfolio and interest income. After discussion, Mr. Roche moved to recommend approval of this request to the full board of the CIDC, which was seconded by Mr. Armstrong and adopted unanimously.

ii. No other policy review was proposed at this time.

There being no further business, the meeting adjourned at 2:15 p.m.

Carthage Industrial Development Corporation
Fiscal year 1/1/2011 to 12/31/2011
Assessment of the effectiveness of Internal Controls

This statement certifies that the board of directors has documented and assessed the internal control structure and procedures for the Carthage Industrial Development Corporation for the fiscal year ending December 31, 2011. This assessment found the CIDC's internal controls to be adequate, and to the extent that deficiencies were identified, the CIDC has developed corrective action plans to reduce any corresponding risk.

CIDC 2011 Measurements Report

Name of Public Authority:

Carthage Industrial Development Corporation

ANNUAL PERFORMANCE REVIEW MEASURES

- 1) Assure that all current Corporation Members have acknowledged that they have read and understood the mission of the Corporation;

Each Board members has certified that he/she has read the mission statement and understands the mission of the Corporation

- 2) An annual review and affirmation of the Corporation's membership, board, committee and management structure;

The board membership has completed an annual review and affirms the existing structure.

- 3) An annual review and affirmation of its policies, along with articulation of the respective roles, goals and expectations of each.

The board membership has completed an annual review of its policies, roles, goals and expectation of each.

List of Performance Goals:

1. The Board has maintained continued compliance with current obligations and responsibilities associated with ongoing projects and programs, in addition to identifying new projects and programs that will achieve the Corporation's purposes and Mission.
2. The Board continues to dedicate itself to meeting Federal, State and local regulatory requirements.
3. The Board continues to maintain a web page as well as notify the media of all meeting dates in an effort to operate transparently and with accountability to partners and general public.
4. The Board continues to require that the membership maintain the highest ethical standards applicable to public officials and local authorities.

Summary Results of Confidential Evaluation of Board Performance-2012

Criteria	Agree	Somewhat Agree	Somewhat Disagree	Disagree
	#	#	#	#
Board members have a shared understanding of the mission and purpose of the Authority.	12			
The policies, practices and decisions of the Board are always consistent with this mission.	12			
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	12			
The Board has adopted policies, by-laws, and practices for the effective governance, <i>management and operations of the Authority</i> and reviews these annually.	12			
The Board sets clear and measurable performance goals for the Authority that <i>contribute to accomplishing its mission.</i>	11	1		
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence or self-interest.	12			
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	12			
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	12			
The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete.	12			
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	12			
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	12			
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	12			
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	12			
The Board exercises appropriate oversight of the <i>CEO and other executive staff, including setting performance expectations and reviewing performance annually.</i>	12			
The Board has identified the areas of most risk <i>to the Authority and works with management to implement risk mitigation strategies before problems occur.</i>	12			
Board members demonstrate leadership and vision and work respectfully with each other.	12			

Name of Authority: Carthage Industrial Development Corporation

Date Completed: 3-22-12

ECONOMIC DEVELOPMENT CORPORATION OF CARTHAGE
120 South Mechanic Street
Carthage, New York 13619
315-493-4429
FAX: 315-493-7201

Derek Davis, EDCC President

John F. McHugh, Comm. Dev. Coordinator

March 5, 2012

Robert Gormley, CIDC President
120 South Mechanic Street
Carthage, NY 13619

RE: Administrative Service Agreement Funding Obligations Adjustment

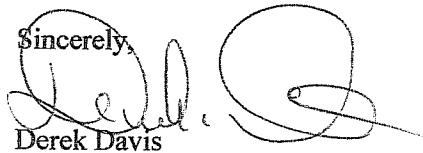
Dear President Gormley,

I am writing on behalf of the Economic Development Corporation of Carthage (EDCC) to respectfully request an adjustment to EDCC's financial obligations concerning the shared Administrative Service Agreement with the JCIDA. As you know, the CIDC is currently responsible for 65% of cost and the EDCC is responsible for 35% of costs associated with this agreement. We are formally requesting that the CIDC share of costs be increased to 75% and the EDCC's share be reduced to 25%.

As you know, the EDCC's only source of revenue comes from interest earned on reserves and interest payments from our existing loan portfolio. With interest rates at historic lows, and recent loan fund commitments, we find ourselves with severely reduced operating revenues. This is making it very difficult for us to meet our obligations and continue to maintain a healthy loan program.

We have partnered with the CIDC on many worthwhile projects over the past 20 years and it is our hope that we will be able to continue this partnership for many years to come. The modification we are requesting will allow us to continue to grow our Community Development Loan Program and increase the amount of funds available for future joint community development projects.

I look forward to meeting with you in the near future to discuss this request in more detail. In the mean time, do not hesitate to contact me with questions.

Sincerely,

Derek Davis
EDCC Board President