



Notice of Board Meeting

Date: October 26, 2022

To: Robert Solenne
Chevanne DeVaney
Dana Hollenbeck
Paula Bucklin
Robert Koczent
Marc Rodriguez
Peter Gillotte
Craig Talmage

From: Dave Linger, Chair

Re: Notice of Board of Directors' Meeting

The Geneva Local Development Corporation will hold their monthly Board Meeting on Wednesday, November 2, 2022 at 12pm. The meeting will be held in the Geneva BID conference room at 1 Franklin Street, Geneva, NY and remote participation via Zoom will also be available (see below). The meeting agenda is attached and available at <https://cityofgenevany.com/287/Local-Development-Corporation>.

Please confirm your attendance with Tracy Verrier, tracy.verrier@mrbgroup.com.

Join Zoom Meeting

<https://us02web.zoom.us/j/82424953044?pwd=VHNES2NvZ3lRTFdVZDlaaVZrME9MUT09>

Meeting ID: 824 2495 3044

Passcode: 487818

Dial-in: (929) 205-6099

Cc: Mayor Steve Valentino
Amie Hendrix, City of Geneva
Tracy Verrier, Executive Director
Matt Horn, MRB Group
Erica Collins, City of Geneva
Media: Steve Buchiere, Finger Lakes Times

GENEVA LOCAL DEVELOPMENT CORPORATION

CITY HALL- 47 CASTLE STREET- GENEVA, NEW YORK 14456
tracy.verrier@mrbgroup.com – www.cityofgenevany.com

BOARD OF DIRECTORS

ROBERT SOLLENNE ('23) ~ CHEVANNE DEVANEY ('24) ~ DANA HOLLENBECK ('23) ~ PAULA BUCKLIN ('24) ~ ROBERT KOCZENT ('23)
DAVID LINGER ('23) ~ MARC RODRIGUEZ ('23) ~ PETER GILLOTTE ('23) ~ CRAIG TALMAGE ('25)



City of Geneva Local Development Corporation

Meeting Agenda

Title: Local Development Corporation Meeting
 Geneva BID Conference Room
Location: 1 Franklin Street, Geneva
Date: November 2, 2022
Time: 12:00pm

Agenda Item	Potential Outcome	Person Responsible
Call to Order		David Linger, Chair
Administration		
Minutes October 2022	Motion to approve minutes	David Linger, Chair
Financial Report October 2022	Motion to approve financial report	Tracy Verrier
Agenda Items		
Revolving Loan Fund Appointments	Motion appoint RLF members	Tracy Verrier
2021 Audit Approval	Motion to approve 2021 Audit	Tracy Verrier
Environmental Services Update	Informing the board of status	Tracy Verrier
Quality of Life Discussion Updates	Motion on revised beautification proposal	Tracy Verrier
Executive Session		
If needed		David Linger, Chair
Adjournment	Motion to adjourn	David Linger, Chair

Next LDC meeting: December 7, 2022, 12pm

Quorum (Confirmation required)

Dave Linger
 Robert Sollenne
 Chevanne Devaney
 Paula Bucklin
 Robert Koczent
 Dana Hollenbeck
 Marc Rodriguez
 Peter Gillotte
 Craig Talmage

Staff

Tracy Verrier

Join Zoom Meeting
<https://us02web.zoom.us/j/82424953044?pwd=VHNES2NvZ3lRTFdVZDlaaVZrME9MUT09>
 Dial in: (929) 205-6099
 Meeting ID: 824 2495 3044
 Passcode: 487818

Others

Jeff Franklin, Revolving Loan Fund Committee



AUDIT COMMITTEE MEETING MINUTES
October 5, 2022 at 11am

Board Members in Attendance

Rob Sollenne
Paula Bucklin
Peter Gillotte

Others in Attendance

Tracy Verrier, Executive Director, MRB Group
Michael DeBadts, MMG

Agenda Items

Call to Order: Rob Sollenne called the meeting to order at 11:05am with a quorum present.

2021 Audit Review:

Michael DeBadts noted the note indicating that the required reporting/submission of financial statements to the State was not completed on time, but that was due to the timing of when MMB was engaged to conduct the audit.

Rob asked if the value of investment in land was correct, as he thought that the acquisition of the Gateway parcels should have been more, even at a 50% interest. Tracy will verify the acquisition costs, suggesting that some of them might have been borne by the City prior to transfer to the IDA/LDC.

Tracy asked if it would be helpful to have a management discussion and analysis. Michael noted that is a best practice, but the LDC has not included one for quite some time. He suggested that the board may have decided that it was not worth the cost given the low level of activity. Tracy suggested this might be worth looking at for 2022.

Rob asked about the \$35,000 payable. Tracy said this was a commitment to contribute \$10,000 to the City re-zoning effort and \$25,000 to a small business disaster fund that was made at the end of 2020. However, those funds were never actually paid to the City. Rob recommended following up with the city on the status of these projects, and if the funds are no longer needed the LDC board should take action to remove these items from the financial statements. Tracy will follow up and add this to the November meeting agenda.

The committee recommended approval of the audit, pending verification of the land value.

2023 Budget:

The committee reviewed the proposed 2023 budget. Paula asked if there is a marketing expense that should be included. Tracy explained that there have not been any decisions made about marketing support, but that the Geneva Made proposal may come back around after the City Planning and Economic Development Director is hired. Tracy noted that she did not include proceeds from land sale to the revenue given the continued uncertainty about the Gateway parcel.

- Motion to recommend approval of the budget by Rob Sollenne, second by Peter Gillotte. Motion passed unanimously.

Policy Review:

Tracy noted that the committee charters are new, and the investment policy has been updated. Rob Sollenne suggested having a calendar in place for committee meetings to ensure that all happen in compliance with the charters, and noted that it will be important to document approval of banking relationships annually. Tracy will provide a compliance calendar for 2023 and will add the banking relationships to the annual policy resolution for the annual meeting.

- Motion to recommend ratification of the policies as presented by Paula Bucklin, second by Peter Gillotte. Motion passed unanimously.

Motion to adjourn by Rob Sollenne, second by Paula Bucklin. Meeting adjourned at 11:40am.

GENEVA LOCAL DEVELOPMENT CORPORATION

CITY HALL- 47 CASTLE STREET- GENEVA, NEW YORK 14456

(315) 781-6104 – tverrier@mrbgroup.com - www.cityofgenevany.com

BOARD OF DIRECTORS

ROBERT SOLLENNE ('23) ~ CHEVANNE DEVANEY ('24) ~ DANA HOLLENBECK ('23)

PAULA BUCKLIN ('24) ~ ROBERT KOZCENT ('23) ~ DAVID LINGER ('23) ~ MARC RODRIGUEZ ('23) ~ PETER GILLOTTE ('23)



REGULAR MEETING MINUTES
October 5, 2022 at 12pm

Board Members in Attendance

Robert Koczent
Rob Sollenne
Paula Bucklin
Dana Hollenbeck
Craig Talmage
Peter Gillotte
Chevanne Devaney

Others in Attendance

Tracy Verrier, Executive Director, MRB Group

Agenda Items

Call to Order: Rob Koczent called the meeting to order at 12:01pm with a quorum present.

Minutes Approval:

Motion to approve the September meeting minutes by Rob Sollenne, second by Peter Gillotte. Motion passed unanimously.

Financial Report:

Tracy Verrier noted that the only expense on the September report was the \$950 to BID that was approved at the last meeting to increase hours of one of their employees for the remainder of the year.

- Motion to approve the financial report by Paula Bucklin, second by Peter Gillotte. Motion carried unanimously.

2023 Budget:

Tracy Verrier explained that the proposed budget included in the packet was reviewed by the audit committee without any changes recommended, and that it mostly reflects prior years and discussions of the board to date. Rob Sollenne added that the committee had discussed \$35,000 that is currently encumbered on the balance sheet, which are amounts the board had approved to pay to the City for a small business disaster fund and the rezoning effort, but that were never paid. Tracy confirmed that she would verify the status of those projects and if the funding is no longer needed, the board can take action at the next meeting to uncommit those funds. Rob Koczent asked about the estimated \$5,000 for auditing, noting that the amount seemed high for the LDC's level of financial activity. Tracy noted this is an estimate, and may be lower next year with it being the second year with the same firm. Rob Sollenne explained that the board can adjust the budget later if needed. Tracy agreed, noting that this is just a budget that needs to be uploaded to the state by the end of the month, and that the board has flexibility to amend the budget or make expenditures outside of the budget throughout the year. Rob Koczent asked if there are any revenue generating projects for 2023. Tracy noted that there could be proceeds from the Gateway sale, but those aren't included given the ongoing environmental activities on the parcel.

- Motion to approve the budget as presented by Craig Talmage, second by Dana Hollenbeck. Motion carried unanimously.

Report of the Audit Committee:

Tracy noted that the audit committee had met prior to this meeting, and that Rob Sollenne had already covered much of the discussion in talking about the budget. Rob Sollenne added that there had been some additional discussion regarding the audit, as well as a review of policies. Tracy explained that the audit approval would be on the November agenda, and the policies would be approved at the annual meeting in January.

Environmental Services Update:

Tracy noted that as of last week, the new DEC submission was drafted and just needed to be compiled. She expects to see the new version any day. Then it will be submitted to DEC for consideration.

GENEVA LOCAL DEVELOPMENT CORPORATION

CITY HALL- 47 CASTLE STREET- GENEVA, NEW YORK 14456

(315) 781-6104 – tverrier@mrbgroup.com - www.cityofgenevany.com

BOARD OF DIRECTORS

ROBERT SOLLENNE ('23) ~ CHEVANNE DEVANEY ('24) ~ DANA HOLLENBECK ('23)

PAULA BUCKLIN ('24) ~ ROBERT KOCZENT ('23) ~ DAVID LINGER ('23) ~ MARC RODRIGUEZ ('23) ~ PETER GILLOTTE ('23)

Quality of Life Discussion Update:

Tracy stated that she hadn't had time to work with Cat over the last month on a new proposal, but will have one for the next meeting.

Motion to adjourn by Peter Gillotte, second by Chevanne Devaney. The meeting adjourned at 12:21pm.

1:15 PM

10/26/22

Accrual Basis

Geneva LDC
Profit & Loss YTD Comparison
October 1 - 26, 2022

	<u>Oct 1 - 26, 22</u>	<u>Jan 1 - Oct 26, 22</u>
Ordinary Income/Expense		
Income		
Investments		
Interest-Savings, Short-term CD	0.00	123.66
Total Investments	<u>0.00</u>	<u>123.66</u>
Total Income	0.00	123.66
Expense		
Contract Services		
Accounting Fees	0.00	3,000.00
Outside Contract Services	0.00	17,041.25
Total Contract Services	0.00	20,041.25
Operations		
Legal Notice Publication	0.00	68.93
Program Expense	0.00	950.00
Total Operations	<u>0.00</u>	<u>1,018.93</u>
Total Expense	<u>0.00</u>	<u>21,060.18</u>
Net Ordinary Income	<u>0.00</u>	<u>-20,936.52</u>
Net Income	<u>0.00</u>	<u>-20,936.52</u>

Geneva LDC
Balance Sheet
As of October 26, 2022

	<u>Oct 26, 22</u>
ASSETS	
Current Assets	
Checking/Savings	
Certificate of Deposit	81,378.91
LDC Checking Account	151,972.27
Total Checking/Savings	<u>233,351.18</u>
Total Current Assets	233,351.18
Other Assets	
Land and Buildings - Investment	44,567.00
Total Other Assets	<u>44,567.00</u>
TOTAL ASSETS	<u><u>277,918.18</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	35,000.00
Total Accounts Payable	<u>35,000.00</u>
Total Current Liabilities	<u>35,000.00</u>
Total Liabilities	35,000.00
Equity	
Retained Earnings	263,854.70
Net Income	-20,936.52
Total Equity	<u>242,918.18</u>
TOTAL LIABILITIES & EQUITY	<u><u>277,918.18</u></u>



BOARD MEMBER APPOINTMENTS: Revolving Loan Fund Committee
FOR CONSIDERATION AT LDC BOARD MEETING – November 2, 2022

Re- Appointments:

Jim King – 3 year term January 1, 2023 - December 31, 2025

Jeff Franklin – 2 year term January 1, 2023 - December 31, 2024

Jim Vedora – 2 year term January 1, 2023 - December 31, 2024

Greg Woodworth – 2 year term January 1, 2023 - December 31, 2024

1. A motion to re-appoint the above listed members for the above listed terms moved by _____, second by _____. All present voted in favor. Motion passed.

Appointments:

Amie Hendrix (City Manager)

Stefanie Newcomb (City Comptroller)

Jeff Kowalski

2. A motion to appoint the above listed members to serve the remainder of 2022, followed by a 3 year term of January 1, 2023 through December 31, 2025 moved by _____, second by _____. All present voted in favor. Motion passed.

Geneva Local Development Corporation

CITY HALL- 47 CASTLE STREET- GENEVA, NEW YORK 14456
(315) 789-6104 – www.cityofgenevany.com

Jeffrey M. Kowalski

3 Brian Drive, Geneva, NY 14456

jeff@kowalskilegal.com

(864) 353-3174

EDUCATION

Wake Forest University School of Law; Winston-Salem, NC

Juris Doctor, May 2011

- Graduated top one-third of class;
- Served as a research assistant in Federal Income Tax.

Clemson University; Clemson, SC

Bachelor of Science; December 2007

- Graduated Magna Cum Laude; 3.8 GPA; First in program.
- Obtained membership to Professional Golfers Association of America by completing PGA/PGM Program.

CURRENT LEGAL EXPERIENCE

Kowalski Legal PLLC; Geneva, New York

Owner, November 2016-Present

- Opened the firm Kowalski Legal as the sole owner and attorney. Provide real estate counsel to all forms of clients in the real estate sector, including banks, buyers and seller.
- Successfully closed 683 real estate transactions in the 2021 calendar year.
- In addition to serving as a real estate closing attorney, responsibilities include client development and business growth, sales and marketing, bookkeeping and human resources.

PAST LEGAL EXPERIENCE

Morgenstern, DeVoesick PLLC Rochester New York

Associate Attorney, October 2014 – November 2016

- Responsible for new business development and managing client base that included institutional lenders and sophisticated commercial investors;
- Represented financial institutions on multi-million-dollar commercial real estate loan closings, due diligence review and the negotiation and drafting of loan documents;
- Represented developers and commercial investors in complex real estate acquisitions and dispositions including negotiations, title examinations and closings.

Boylan Code LLP; Rochester New York

Associate Attorney, May 2012 – October 2014

- Gained experience representing all facets of real estate clients including homebuyers, home-sellers, landlords, tenants, private lenders, major financial institutions, developers, commercial investors and business owners.
- Developed skill set necessary to be a proficient real estate attorney, including client development, fostering personal relationships, the ability to competently explain to and advise clients on variety of real estate legal issues, effective and persuasive communication, and meticulous legal research and due diligence review.

G.W. Lisk Company Inc.; Clifton Springs, NY

Legal Liaison, Contracts Manager, August 2011 – May 2012

- Served as contracts manager for manufacturing company grossing \$115+ million annual sales;
- Successfully drafted and negotiated multi-million-dollar contracts with company's customers and suppliers.

COMMUNITY INTERESTS & ACTIVITIES

- Served on the Board of Directors for the Geneva Area Chamber of Commerce (2018 – 2020)
- Served as Events Chair on the Board of Directors of JDRF (2011 – 2017)
- Participated in endurance events such as the Austin 70.3 Half-Ironman (October 2011), various community races and triathlons, Toronto Marathon (May 2013) and Marine Corps Marathon (October 2014).

**CITY OF GENEVA
DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK
AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS
For Year Ended December 31, 2021**

DRAFT

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 – 3
<u>Statement 1</u> - Statements of Financial Position	4
<u>Statement 2</u> - Statements of Activities	5
<u>Statement 3</u> - Statements of Cash Flows	6
Notes to Financial Statements	7 – 9
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	10 – 11
Schedule of Findings and Responses	12 – 13
Report on Compliance with Section 2925(3)(f) of the New York State Public Authority Law	14

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City of Geneva Development Corporation
Ontario County, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of City of Geneva Development Corporation, Ontario County, New York, which comprise the statement of financial position as of December 31, 2021, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of City of Geneva Development Corporation, Ontario County, New York as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Geneva Development Corporation, Ontario County, New York and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of City of Geneva Development Corporation, Ontario County, New York for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on March 26, 2021.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Geneva Development Corporation, Ontario County, New York's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Geneva Development Corporation, Ontario County, New York's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Geneva Development Corporation, Ontario County, New York's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated _____, 2022 on our consideration of City of Geneva Development Corporation, Ontario County, New York’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Geneva Development Corporation, Ontario County, New York’s internal control over financial reporting and compliance.

Rochester, New York
_____, 2022

DRAFT

**CITY OF GENEVA
DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

Statement of Financial Position

December 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS:</u>		
<u>Current Assets -</u>		
Cash and cash equivalents	\$ 172,908	\$ 194,490
Investment - certificates of deposit	81,379	81,135
Land held for investment	44,567	44,567
Total Current Assets	<u>\$ 298,854</u>	<u>\$ 320,192</u>
TOTAL ASSETS	<u><u>\$ 298,854</u></u>	<u><u>\$ 320,192</u></u>
<u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
Accounts payable	\$ 35,000	\$ 35,000
Total Current Liabilities	<u>\$ 35,000</u>	<u>\$ 35,000</u>
TOTAL LIABILITIES	<u>\$ 35,000</u>	<u>\$ 35,000</u>
<u>NET ASSETS:</u>		
<u>Without Donor Restrictions -</u>		
Operating	\$ 263,854	\$ 285,192
TOTAL NET ASSETS	<u><u>\$ 263,854</u></u>	<u><u>\$ 285,192</u></u>

(The accompanying notes are an integral part of these financial statements)

**CITY OF GENEVA
DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

Statement of Activities

For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
<u>OPERATING REVENUES:</u>		
Administration fee	\$ -	\$ 183,800
TOTAL OPERATING REVENUES	\$ -	\$ 183,800
<u>OPERATING EXPENSES:</u>		
Contractual expenses	\$ 21,775	\$ 28,756
Contribution to City of Geneva	-	35,000
TOTAL OPERATING EXPENSES	\$ 21,775	\$ 63,756
CHANGE IN NET ASSETS BEFORE OTHER INCOME	\$ (21,775)	\$ 120,044
Interest Income, Other	437	1,198
CHANGE IN NET ASSETS	\$ (21,338)	\$ 121,242
NET ASSETS - BEGINNING OF YEAR	285,192	163,950
NET ASSETS - END OF YEAR	<u>\$ 263,854</u>	<u>\$ 285,192</u>

(The accompanying notes are an integral part of these financial statements)

**CITY OF GENEVA
DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

Statement of Cash Flows

For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from administrative fee	\$ -	\$ 183,800
Cash payments for contractual and legal expenses	(21,775)	(28,756)
Net Cash (Used) by Operating Activities	<u>\$ (21,775)</u>	<u>\$ 155,044</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest income	\$ 193	\$ 1,198
Proceeds from sale of investments	-	82,415
Purchase of investments	-	(81,135)
Net Cash Provided by Investing Activities	<u>\$ 193</u>	<u>\$ 2,478</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ (21,582)</u>	<u>\$ 157,522</u>
BEGINNING CASH AND CASH EQUIVALENTS	<u>194,490</u>	<u>36,968</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 172,908</u></u>	<u><u>\$ 194,490</u></u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	<u>\$ (21,775)</u>	<u>\$ 120,044</u>
Adjustments to Reconcile Change in Net Assets to Net cash Provided by (Used in) Operating Activities:		
Increase/(decrease) in accounts payable	\$ -	\$ 35,000
Total Adjustments	<u>\$ -</u>	<u>\$ 35,000</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (21,775)</u></u>	<u><u>\$ 155,044</u></u>

(The accompanying notes are an integral part of these financial statements)

**CITY OF GENEVA
DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(Note 1) Summary of Significant Accounting Policies:

A. Organization

The City of Geneva Development Corporation, (the Corporation) was formed under the Not-for-Profit Corporation Law of the State of New York for the purpose of creating employment opportunities, thereby improving the quality and condition of life in the City of Geneva, New York (the City). This is accomplished by encouraging and affecting the retention of existing business and industry, as well as encouraging the location and expansion of residential, commercial, industrial, and manufacturing facilities in the City. The Corporation is subject to the provisions of the New York State Public Authorities Law. As a local authority under this law, the Corporation is required to make certain information available to the public.

B. Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Revenues are recognized when earned and expenses are recognized when incurred.

The Corporation reports information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. In addition, the Corporation is required to present a Statement of Cash Flows. The Corporation reports only net assets without donor restrictions at December 31, 2021.

C. Cash and Cash Equivalents

For purposes of presenting the Statement of Cash Flows, the Corporation considers all highly liquid cash accounts and other temporary investments of one year or less as cash equivalents.

D. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(Note 1) (Continued)

E. Operating and Nonoperating Revenues and Expenses

The corporation distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Corporation's principal ongoing operations. The principal operating revenues of the Corporation's funds are administrative fees. Operating expenses for the Corporation include the cost of the operation and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

F. Income Taxes

The Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been provided for in the financial statements. The Corporation files its Return for Organization Exempt from Income Tax in the U.S. federal jurisdiction and its Annual Filing of Charitable Organization in New York State.

(Note 2) Cash and Cash Equivalents:

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. While the Corporation does not have a specific policy for custodial credit risk, New York State statutes govern the Corporation's investment policies, as discussed previously in these notes. Deposits at December 31, 2021 were fully covered by FDIC insurance.

(Note 3) Land Held for Investment:

The corporation has an asset of land that is being held for future development in the amount of \$44,567 as of December 31, 2021. This investment represents the Corporation's share of joint venture between the Corporation, city of Geneva Industrial Development Agency, and City of Geneva.

(Note 4) Net Assets:

A. Net Assets Without Donor Restrictions

Operating – represents funds available for operations.

(Note 5) Commitments and Contingencies:

A. Litigation

The Corporation is not aware of any pending litigation as of the statement of financial position date.

(Note 6) Subsequent Events:

Events and transactions which have occurred between December 31, 2021 and _____, 2022, the date of these financial statements, have been evaluated by the Corporation's management for the purpose of determining whether there were any events that might require disclosure in these financial statements. No such events or transactions were noted.

(Note 7) Accounting Impact of COVID-19 Outbreak

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Corporation's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Corporation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for 2022.

DRAFT

**Report on Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditor's Report

To the Board of Directors
City of Geneva Development Corporation
Geneva, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Geneva Development Corporation, Ontario County, New York, (the Corporation), which comprise the statement of financial position as of December 31, 2021, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Corporation's financial statements, and have issued our report thereon dated _____, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item 2021-001.

Corporation's Response to Findings

The Corporation's response to the finding identified in the engagement is described in the accompanying schedule of findings and responses. The Corporation's responses were not subjected to the auditing procedures applied in the engagement to audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rochester, New York
_____, 2022

DRAFT

**CITY OF GENEVA
DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2021

I. Summary of the Auditor's Results

Financial Statements

a) Type of auditor's report issued	Unmodified
b) Internal control over financial reporting	
1. Material weaknesses identified	No
2. Significant deficiency(ies) identified	No
c) Noncompliance material to financial statements noted	Yes

II. Financial Statement Findings

There were no current year findings.

III. Compliance Findings

2021-002 Annual Report and Independent Audit Report

Observation: The Corporation must submit a copy of the annual report, independent audit report, a management letter, and any other external examination of the books and accounts of the Agency within 90 days after its fiscal year end. This did not occur for the year ended December 31, 2021 as the audit report was unable to be issued timely.

Recommendation: We recommend the LDC ensure an independent audit and related audit report are able to be completed timely to ensure this requirement is met.

Views of Responsible Officials and Planned Corrective Actions: The LDC board and management will, to the extent that it is within their control, ensure that an audit firm is engaged and ready to begin audit work earlier in the year to avoid late filings.

DRAFT

Independent Accountant's Report

To the Board of Directors
City of Geneva
Local Development Corporation
Geneva, New York

We have examined the City of Geneva Local Development Corporation, New York, (the Corporation)'s, compliance with its own investment guidelines, the New York State Comptroller's Investment Guidelines, and Section 2925 of the New York State Public Authorities Law (collectively, investment guidelines) during the period January 1, 2021 to December 31, 2021. The management of the Corporation is responsible for the Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the Corporation's compliance with the specified requirements based on our examination

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depending on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Corporation's compliance with specified requirements.

In our opinion, the Corporation complied, in all material respects, with its own investment guidelines, the New York State Comptroller's Investment Guidelines, and Section 2925 of the New York State Public Authorities Law (collectively, investment guidelines) during the period January 1, 2021 to December 31, 2021.

Rochester, New York
_____, 2022



Beautification Proposal

Prepared for: LDC

Prepared by: Catherine Price, Executive Director

September 6, 2022

Proposal number: Draft



EXECUTIVE SUMMARY

Objective

Create an auxiliary method to maintain the Beautification projects in Downtown Geneva, and potentially beyond the BID boundary to assist the City of Geneva with landscape maintenance. Staffing has been an issue since the inception of the pandemic creating a need to think creatively about maintaining our Downtown. The BID asks for your support to create a project that will provide longterm aid for our limited staff maintaining our flower beds, landscape, and memorials. We will create a program that engages community support to keep our city beautiful. This plan will educate residents and tourists about the thoughtful selection of the new plantings in the DRI project as well as highlight the individuals who ‘adopt-a-bed’ and continuously maintaining areas. We will have a self guided tour / layout of all of the beds and their plantings as well as a volunteer interface where community members can sign up to volunteer their time and select which areas they would like to foster.

Goals

Provide support options for the LDC to help with maintaining beautiful and vibrant landscaping beds in Downtown Geneva. As the DRI project nears completion, the downtown landscaped beds will approximately double. The plants in both the DRI project, including trees, and the existing flower beds were added to the landscape with thoughtful intention. These plants were specifically chosen to be drought and salt resistant in addition to cleaning water before it enters our watershed. Our goal is to provide an opportunity for residents and visitors to take a walking tour, or just examine a particular planting, of our beautiful new green spaces. To do this, the beds need to be properly maintained so that they are appealing to the eye and this will be achieved with a combination of dedicated staff hours, education and volunteers.

Scope of Work

In order to create a platform that inspires engagement and understanding / education both online and in Downtown we would need help with the following:

- Comprehensive map of downtown landscape beds & memorials in a large overarching view as well as broken down into a Northern & Southern Section.
- Infographics that explain the DRI plantings for the website / volunteer platform.
- Infographic educational labels for the beds that create a self guided botanical tour (see opening image). These labels would have a QR code for people who are interested in learning additional information about the plants. This QR code will link to the volunteer interface and the comprehensive planting information.
- Design and implementation of volunteer interface
- Funding to support two additional seasonal staff members from March through October that will assist with weeding and landscape maintenance efforts.

- Develop a recruitment and retention strategy for maintenance personnel.
- Additional Earth Planters for continuity of beautification throughout downtown. These planters pull the highlighted colors to the main thoroughfare.
- Potential informational / volunteer training video to be completed in fall of 2023 highlighting seasonal images of the landscaping and individual plants.

Project Outline

This initial project will be completed in two years.

- First stage - 2022
 - Additional funding to extend the hours of one employee plus two temporary employees for 3 days to clean out beds and help prepare for winter
 - Develop and launch a recruitment and retention strategy to fill two new seasonal positions for 2023
 - Work with graphic designer to make a comprehensive map of downtown with all of the landscaping beds
 - Create infographic with DRI landscaper and CEE master gardener
 - Start to build excitement Downtown about volunteer opportunities
- Second stage - 2023
 - Additional funding for extra hours for one employee and add two new seasonal employees to clean, set, and maintain the landscaping beds for the 2023 season
 - Additional equipment for volunteers
 - Volunteer interface
 - Training video



Landscaping with mature growth



BUDGET

Opportunities to help Downtown Beautification

Any help to make our Downtown beautiful would be most appreciated. The graphic design and signs would be a permanent downtown fixture and the leaf blower will last for years. The other investments would be an annual. We could get the graphic designs completed this year and order the signs this year to be installed next.

In addition, any additional funding to help offset the cost of hours worked by employees is a tremendous help.

Description	Year	Quantity	Unit Price	Cost
Graphic Artist (waiting on full estimate)	2022			\$3,000
Signs (5x8 on 36" black heavy channel stake: Full color design printed subsurface with aluminum backplate)	2022	50	\$26	\$1,300
Leaf blower (Large gas - replace broken equipment)	2022	1	\$500	\$500
Additional dedicated hours for 1 new employee	2022	5 hrs week	8 weeks	\$950
Temporary Seasonal help (2 people)	2022	72 hrs	3 days	\$1,440
Total 2022				\$7,190

Description	Year	Quantity	Unit Price	Cost
Volunteer interface (Needed to work with designed maps & online portal)	2023	1 year	\$550	\$1,200
Additional dedicated hours for 1 new employee	2023	5 hrs week	8 months	\$3,600
Two additional maintenance employees for the summer season, March - October, 2023. This supplemental funding ensures all existing and new flower beds, and landscaping beds will be properly maintained. Consistent weeding / weeds removed, mowing and general maintenance.	2023	70 hours a week	7 months	\$43,120

Description	Year	Quantity	Unit Price	Cost
Additional tools to be stored Downtown for volunteers	2023			\$1,500
Supplemental annuals and the large planters with 30 gallon reservoir to create cohesive landscape. We had 2 - one at Seneca St and Exchange St & one at Seneca St and Main St See: https://earthplanter.com/shop-self-watering-planters/metropolitan-tapered-square/	2023	4 planters with the goal of adding more to main intersections	\$550	\$2,200
Additional annuals to fill in ground beds	2023	Flat bed trailer full		\$500
Training video for volunteers, plant & grass identification with visual instruction on how to weed as demonstrated by Master Gardner	2023			\$3,000
Volunteer appreciation fund				\$1,000
Total over 2 years				\$56,120

JOBS FOR GENEVA REVOLVING LOAN FUNDS COMMITTEE

BYLAWS Approved May 7, 2009

ARTICLE I: THE COMMITTEE

1.1 NAME

The name of the Committee shall be Jobs for Geneva Revolving Loan Funds Committee and it shall be referred to in these bylaws as "the RLF Committee".

1.2 OFFICES

The principal office of the RLF Committee shall be located in the City of Geneva City Hall, 47 Castle Street, Geneva, New York.

1.3 GEOGRAPHIC BOUNDARIES SERVED BY THE RLF

The geographic boundaries served by the RLF Committee are the legal boundaries of the City of Geneva.

1.4 FISCAL YEAR

The fiscal year of the RLF Committee shall be the same as that of the City of Geneva.

1.5 STAFF

The staff of the City of Geneva Department of Planning & Economic Development and the Department of the Comptroller shall serve as staff for the RLF Committee.

ARTICLE II: MEMBERSHIP

2.1 MEMBERS

- The RLF Committee membership shall consist of up to a total of nine members, seven members appointed by Jobs for Geneva, Inc. and two ex officio members, all of whom are voting members.
- The committee shall be comprised of representatives of the following:
 - the City Manager serving as chair, ex officio
 - the City Comptroller, ex officio
 - two financial institution representatives with commercial lending expertise
 - three business sector representatives
 - two at-large members
- A member must reside or work within the City of Geneva.
- Terms for members shall be three years. With the establishment of these bylaws, the terms shall be set in a blind draw as follows: three members for two years each; four members for three years each; established as of January 1, 2009.
- Members can serve two consecutive terms, beginning with the terms established above, and, having served two consecutive terms, must be off the committee for a minimum of one full year before re-appointment.
- Members shall abide by the Code of Ethics as adopted by the Geneva City Council.

2.2 DUTIES

Duties of the RLF Committee shall include, but not be limited to, approving business loans and grant application matches, and review and recommendation of use of Zone Capital Credits to Jobs for Geneva, Inc. These duties are more fully defined in Attachment A.

2.3 QUORUM

At all meetings of the RLF Committee, a quorum shall consist of a majority of the current appointed members. The quorum must be present to conduct business. A quorum of like votes shall make a final decision which becomes effective immediately.

2.4 ATTENDANCE

Any member missing three consecutive meetings of the RLF Committee or one-half of the meetings held in a 12-month period, without being excused by the Chair, shall relinquish his/her membership on the RLF Committee. Excused absences shall not count as absences toward the above counts.

2.5 RESIGNATION

A member may resign at any time by giving written notice to the Jobs for Geneva Chair. The resignation shall take effect immediately and acceptance by the Jobs for Geneva Board shall not be necessary. The position shall be filled as soon as possible by the Jobs for Geneva Board.

2.6 FAIR HEARING/REMOVAL

If there is a complaint against a member, the member is entitled to a fair hearing before the Jobs for Geneva Board. A hearing officer shall be appointed by the Jobs for Geneva Chair. Once the hearing is held, a member may be removed by a two-thirds vote of the Jobs for Geneva Board, if deemed necessary.

2.7 VACANCIES

Any vacancy occurring on the RLF because of death, resignation, removal, or otherwise, shall be filled as soon as possible.

2.8 INDEMNIFICATION

No member of the board shall incur any liability for any action or failure to act, excepting only liability for his own gross negligence or willful misconduct, and shall be further indemnified against any and all claims, losses, damages, expense, and liability arising out of any action or failure to act, except when the same is judicially determined to be due to the gross negligence or willful misconduct of the board member.

2.9 COMPENSATION

Members of the RLF Committee shall serve without compensation, but the RLF Committee may authorize payment by the RLF Committee of the reasonable expenses incurred by the members in performance of their duties and of reasonable compensation for special services performed by a committee member.

ARTICLE III: MEETINGS

3.1 NOTICE OF MEETINGS

A notice of meeting shall specify the time and place of such meeting and shall include the agenda. A notice shall be sent no later than seven days prior to the scheduled meeting.

3.2 SCHEDULED MEETINGS

Meetings shall be scheduled as needed.

3.3 SPECIAL MEETINGS

Special meetings may be called on an as-needed basis as follows:

- Request of the Chair with no less than 24 hours' notice to members by telephone or by mail.
- Request of one-third of the current membership with no less than three days' notice to members by telephone or by mail.

ARTICLE IV: MISCELLANEOUS

4.1 BOOKS AND RECORDS

The RLF Committee shall keep at its office a current and complete set of minutes of proceedings of its meetings; a list of the names and addresses of its members; and copies of all other materials pertinent to the operations of the RLF Committee. Any RLF Committee member shall have access to these records at reasonable times.

The minutes and financial statements of the RLF Committee shall be made available to Jobs for Geneva board members each quarter.

4.2 AMENDMENT TO BYLAWS

These bylaws may be amended or revised by a majority vote of Jobs for Geneva, Inc. upon proper notice, as follows: Notice of any proposed change to the bylaws shall be given in writing at least seven days prior to the Board meeting at which action on the amendment or revision is to be taken.

Charge to the Revolving Loan Funds Committee

The charge to the RLF Committee is generally to recommend or approve the use of funds, called program income, received by the City in past grant awards and repayments thereto.

The RLF Committee shall determine whether a project is eligible for economic development funding by reviewing the following:

- The project meets a standard of approximately one job per \$15,000 of loan request.
- All sources and uses of project funding are committed and verified.
- Project costs are reasonable.
- Where applicable, obtain credit analysis from the participating financial institution.
- There is a gap in funding that only these funds can fill.
- The project is feasible.
- RLF funds are the last in.

Terms of loans shall include the following:

- The interest rate shall be set at prime minus two percent with a floor of two percent at the time of loan approval.
- The term of the loan shall be up to seven years.
- The loan will have a corporate and/or personal guarantee.
- The RLF Committee may approve a first or second position behind a financial institution on real estate and/or equipment, when necessary.

When the RLF Committee is requested to recommend or approve the use of program income for loans and other uses, the committee shall determine the eligibility of the activity per 24 CFR Part 570.200-207, as noted below:

- The activity shall meet a National Objective by primarily:
 - benefiting low/moderate income persons;
 - eliminating slum or blighting conditions; or
 - meeting an urgent need
- The activities which are eligible for funding include:
 - real property acquisition
 - public facilities and improvements
 - public services
 - housing rehabilitation
 - removal of architectural barriers
 - special economic development activities
 - historic preservation
 - community development planning

**City of Geneva
Revolving Loan Fund
Policy Guidelines and Operating Plan
Approved – June 2019**

Section 1. GENERAL

- 1.1 Policy Guidelines and Operation Plan. The Policy Guidelines and Operating Plan (the “Plan”) is adopted by the City of Geneva Revolving Loan Fund Committee (RLF) and is intended to serve as the primary administrative document for all activities of the City of Geneva Revolving Loan Fund that are funded in whole or in part with proceeds from Community Development Block Grant (“CDBG”) funds provided for economic development activities to the City of Geneva. Any revisions or amendments to the Plan will require approval by the City of Geneva Revolving Loan Fund. Exceptions to the Plan may be approved on a case-by-case basis pursuant to the criteria set forth at Section 8 of the Plan.
- 1.2 Objectives. The primary objectives of the Program are to 1) Facilitate the expansion and retention of business activity within the City of Geneva, create and retain employment opportunities, and maintain and expand the City’s commercial and industrial base; and 2) Support the City’s nonprofit organizations in their efforts to expand services to benefit the City’s low to moderate income population. The decisions made should align with the City’s Comprehensive Plan and contribute towards making Geneva a more beautiful, more prosperous, more equitable, more connected, and more sustainable community.
- 1.3 Form of Assistance. The Program will provide assistance only in the form of secured commercial loans.

Section 2. ELIGIBILITY REQUIREMENTS

2. 1 Eligible Activities.

- (a) The principal activity that will be primarily impacted by the Program financing must be located within the City of Geneva.
- (b) Program financing may be used to assist any form of activity that the Revolving Loan Fund Committee determines to be consistent with the purposes of the Program, that is eligible for funding under the CDBG program, and that is not specifically ineligible pursuant to Section 2.2 of this Plan.
- (c) The activity to be undertaken with assistance from the Program must either (i) directly result in the creation or retention of employment positions for low- and moderate-income persons consistent with the Federal regulations governing the CDBG program, (ii) be undertaken by a microenterprise (as such term is defined in Section 102(a)(22) of the Housing and Community Development Act of 1974, as amended) that is owned by a low- and moderate-income person or persons as defined by the United States Department of Housing and Urban Development, (iii) provide development assistance to nonprofit

organizations for a purpose that will serve a predominately low to moderate income area, and be an eligible activity pursuant to 24 CFR 570.201(o).

2.2 Ineligible Activities. The following activities, as further defined by the U. S. Small Business Administration, may not be assisted with Program financing.

- (a) Speculative activities, defined as a business that derives profits from fluctuations in prices;
- (b) Lending activities, including those conducted by banks, finance companies, factors, leasing companies, insurance companies (but not insurance agents or agencies), and similar firms;
- (c) Construction or purchase of construction materials;
- (d) Pyramid sales plans;
- (e) Gambling activities; and
- (f) Illegal activities.

2.3 Eligible borrowers.

- (a) Eligible borrowers include sole proprietorships, partnerships, corporations, limited liability companies, limited liability partnerships, professional service corporations, cooperatives, nonprofit organizations, and any other legally recognized form of business.
- (b) Loans may be provided to individuals acting as principals of an eligible entity and who will rent or lease assets to an otherwise eligible borrower.
- (c) Borrowers must be either:
 - (i) Private for-profit businesses eligible to receive CDBG assistance pursuant to 24 CFR 570.203(b) or 24 CFR 570.201(o) for the use of HUD-administered CDBG assistance.
 - (ii) Private for-profit businesses eligible to receive CDBG assistance pursuant to Sections 105(a)(17) and (22) of the Housing and Community Development Act of 1974, as amended for the use of State-administered CDBG assistance;
 - (iii) Nonprofit entities authorized to receive assistance pursuant to 24 CFR 570.204 (Community-Based Development Organizations) for the use of HUD-administered CDBG assistance; or
 - (iv) Nonprofit entities authorized to receive assistance pursuant to Sections 105(a)(14) and (15) of the Housing and Community Development Act of 1974, as amended for the use of State-administered CDBG assistance.

2.4 Eligible Uses of Program Funds. Program funds may be used for any justifiable business purpose including, but not limited to fixed assets including inventory and receivables, permanent working capital and lines of credit, and refinancing of existing debt where such refinancing is a required

element of the project financing and is not indicative of imprudent management. The use of Program funds must also be eligible pursuant to the Federal regulations governing the CDBG program.

Section 3. PROGRAM STANDARDS

Nonprofit Organizations:

3.1 Providing a Public Benefit. A minimum level of public benefit must be obtained with Program financing by providing goods or services to residents of an area, such that the number of low- and moderate-income persons residing in the areas served by the assisted business amounts to at least one low- and moderate-income person per \$350.

For-Profit Business:

3.2 Employment/Cost Ratio. The amount of Program financing may not exceed the ratio of \$35,000 for each employment opportunity to be created or retained. For the purposes of calculating employment opportunities, the following will apply:

- (a) Only permanent jobs will be counted; temporary and construction jobs will not be counted.
- (b) Jobs of 35 or more hours per week will be considered as one full-time job. Part-time permanent jobs of less than 35 hours per week will be converted to full-time equivalent jobs by dividing the number of part-time hours by 40.
- (c) Seasonal jobs will be considered to be permanent jobs if the duration of the working period is long enough to classify the job as the employee's principal occupation.
- (d) Projected employment must be reasonably expected to occur as a direct result of the expanded business activity, and such projection may in no instance extend beyond 36 months from the completion of the financed activities.
- (e) The limit of \$35,000 of Program financing per employment position may be exceeded in instances where the RLF Committee determines that the expanded business activity will result in an extraordinary degree of other public benefit. Such determination shall be in the form of an approved RLF Committee resolution. In no instance may the amount of Program financing per employment position exceed the maximum amount allowable under the CDBG program.
- (f) For assistance, to start-up microenterprises that are owned by a low- and moderate-income person or persons, any owner of the business will be considered to be an employee if that owner is active in the daily operations of the business. Assistance to existing microenterprises will be subject to the employment requirements of this Section 3.1.

3.3 Program Financing Amount. Program assistance must be no greater than the minimum amount necessary to affect the business activity. Applicants must therefore demonstrate that all other private and public sources of debt and equity have either been maximized or are inappropriate, unaffordable, or otherwise unavailable. Businesses are eligible to apply for an amount equal to the

gap between what the financial institution can loan and how much cash equity is available and is to be evenly matched by a local financial institution.

3.4 Minimum Amount of Program Assistance. Program assistance will not be considered where the amount of such required assistance is less than \$5,000. Exceptions to this Section 3.3 may be granted by the RLF Committee on a case-by-case basis where such exception is determined to be in the best interests of the Program and where the reason for such exception is stated in an RLF Committee resolution.

3.5 Maximum Amount of Program Assistance. The Plan does not establish a maximum amount of Program assistance available to an applicant on either a one-time or aggregate basis. However, the RLF may, from time to time at its discretion, establish maximum amounts of assistance based on the total amount of Program funds available and the demand for such funds. Funds requested by nonprofit organizations will be not exceed 25% of the loan fund balance at time of application.

Section 4. LENDING POLICIES

4.1 Terms of Loans. For fixed asset loans, the Program loan term will generally be consistent with the life of the assets being financed, with such periods being consistent with standard commercial lending policies and in no instance exceeding 5-7 years. For all loans, the term will be determined by the RLF Committee based upon such factors as the nature of the collateralized assets, and the borrower's projected ability to repay the loan.

4.2 Interest Rate. Program loans will bear interest at a fixed rate of 75% of prime at time of closing. The maximum interest charged on a loan will be 9%. Exceptions to the interest rate policy may be applied by the Committee on a case-by-case basis based on such factors as the risk of default, the value of security, and the prevailing commercial lending rates. The reason for the application of any such exception shall be stated in an RLF Committee resolution.

4.3 Repayment Terms. The RLF will determine the schedule of loan repayments on a case-by-case basis based on the applicant's projected ability to repay the loan, the projected value of the collateral and other security, and the overall risk assumed by the Program. Repayment terms may involve standard forms of loan amortization, periods of accruing interest or interest only payments, extended amortization schedules with balloon payments of principal, and/or such other terms as may be determined by the RLF Committee to be appropriate.

4.4 Security. The RLF Committee will determine the required security for each loan on a case-by-case basis based on such factors as the risk of default, the nature and value of the security, and the position of the Program in relation to other lenders. In determining the appropriate security, the following will apply:

- (a) The RLF Committee will generally require a security interest in all assets financed with Program funds. Other assets of the borrower may be required as additional security at the RLF Committee's option.
- (b) The RLF Committee may require the personal guarantee of persons having an ownership interest in the borrowing entity.

- (c) The RLF Committee may, at its discretion, require additional security including, but not limited to additional collateral, guarantees, and the assignment of life insurance.

4.5 Subordination.

- (a) Program promissory notes shall not be subordinated to any other lending interest except where the RLF Committee determines that such subordination shall be subject to terms and conditions acceptable to the RLF Committee.
- (b) The RLF Committee will generally allow a subordination of Program collateral interests to private institutional lenders where necessary to facilitate the maximum financial participation by the private lenders.
- (c) The standing of the RLF Committee's financing relative to other public or quasi-public lenders will be negotiated on a case-by-case basis.
- (d) The RLF Committee will generally require the subordination to Program financing of all notes payable to any officer, owner, or similarly affiliated party to the borrower where such subordination is appropriate and feasible. The terms and conditions of any such subordination shall be established by the RLF Committee on a case-by-case basis.
- (e) The RLF Committee's use of and/or participation in inter creditor agreements shall be at the discretion of the RLF Committee.

Section 5. APPLICATION PROCESSING

5.1 Loan Applications. Applications for Program financing must include all of the information required by the Program Application Form (attached hereto as Appendix A), and any additional information as may be reasonably requested by the RLF Committee.

5.2 Application Fee. A fee of 1% of the loan request up to a maximum of \$400.00 must accompany all Program loan applications. Such fee will be in consideration of loan processing costs incurred by the RLF, will become the property of the RLF, will not be considered as or accounted for as CDBG Program Income, and will be unrestricted in its use by the RLF.

5.3 Application Processing.

- (a) The processing of loan applications will generally consist of the following:
 - (i) Review of applications for completeness and procurement of appropriate additional information.
 - (ii) Review for Program and CDBG eligibility criteria.
 - (iii) Determination of economic feasibility, performance of credit analysis, and assessment of risk.
 - (iv) Determination of amount and terms of Program financing, including appropriate security.

- (v) Performance of the evaluations and financial underwriting required at 24 CFR 570.209 and Appendix A thereto for HUD-administered CDBG assistance, and at 24 CFR 570.482€ for State-administered CDBG assistance.
 - (vi) Preparation of a written report to the RLF Committee summarizing the review process and providing recommendations as appropriate.
- (b) The RLF Committee Chair, or such other person as the RLF Committee may, from time to time, designate for such purpose, shall determine (i) the completeness and eligibility of a loan application, and (ii) whether a loan application and associated loan review are appropriate for presentation to the RLF Committee for consideration.

5.4 Loan Approvals. The RLF Committee shall have the sole authority to approve Program loans. Such authority shall include the commitment to lend Program funds, the interest rate(s) to be charged, the repayment terms, the requisite security for the loan, and other appropriate conditions of lending and covenants of the borrower.

5.5 Loan Declinations.

- (a) Loan applications may be declined by the RLF Committee or such other person as may be designated by the RLF Committee to oversee the daily operations of the Program, based on a lack of application completeness or a failure to meet the eligibility criteria pursuant to Section 2 of this Plan. In such instances, the applicant will be notified in writing of the reason(s) for disapproval.
- (b) Loan applications may be declined by the RLF Committee for reasons relating to credit issues and financial feasibility.
- (c) Loan applications may be declined by the RLF for any reason or reasons that represent a reasonable determination that the approval of the Program application would not meet the objectives of the Program and/or would not represent an appropriate or prudent use of Program funds. In such instances, the applicant will be notified in writing of the reason(s) for disapproval.

Section 6. POST-APPROVAL PROCESS

6.1 Commitment Letter. Within 10 calendar days from the date of the RLF Committee's approval of a Program loan, a commitment letter shall be sent to the applicant that includes, at a minimum, the following information:

- (a) The amount of the approved loan, the applicable interest rate, the term of the loan, the terms of repayment, and the expiration date of the commitment.
- (b) The required use of the loan funds.
- (c) The RLF Committee's requirements for collateral and additional security – including guarantees, pledges of assets, assignment of life insurance, etc.

- (d) Summary information regarding employment requirements.
- (e) Any other conditions of lending.
- (f) A listing and explanation of any fees to be charged and other closing costs that will be the responsibility of the borrower.
- (g) A listing of those conditions and requirements of the borrower that must be fulfilled precedent to a loan closing.
- (h) Any other information that could reasonably be expected to influence the borrower's decision to accept the terms of the loan commitment.

6.2 Commitment Fee.

- (a) In consideration of the reservation of funds for approved loan applications, the loan applicant will be charged a commitment fee equal to one percent (1%0 of the approved loan amount. The commitment fee will be nonrefundable and will become due and payable concurrent with the applicant's executed acceptance of the loan commitment.
- (b) The commitment fee will be credited to the loan applicant at the time of the loan closing to offset any costs and/or fees associated with the loan closing. Any balance of the commitment fee remaining after all closing costs are paid will become the property of the RLF, will not be considered as or accounted for as CDBG Program Income, will not become part of the Program funds, and will be unrestricted in its use.
- (c) Commitment fees for loans that do not close through no fault of or action by the RLF will become the property of the RLF, will not be considered as or accounted for as CDBG Program Income, will not be considered as or accounted for as CDBG Program Income, will not become part of the Program funds, and will be unrestricted in their use. Exceptions to this policy that will allow the return of all or a portion of the commitment fee to the loan applicant may be granted by the RLF Committee on a case-by-case basis in consideration of the reason(s) that the loan did not close.
- (d) Commitment fees for loans that do not close as the result of actions or circumstances solely within the control of the RLF will be returned in whole to the loan applicant.
- (e) In all other circumstances where a loan does not close, the return of all or a portion of the commitment fee will be at the discretion of the RLF Committee based on the nature of the circumstances.

6.3 Loan Closing Fees and Costs.

- (a) Borrowers will be required to pay the RLF's legal fees associated with a loan closing in accordance with the schedule attached hereto.

- (b) Borrowers will pay all of the RLF's third-party costs for documents, instruments, and services associated with the loan closing including, but not limited to surveys, title and lien searches, filing and recording fees, and appraisals.

6.4 Loan Closings. The RLF attorney will have the responsibility to prepare and/or require the preparation of all appropriate closing documents. The RLF attorney will determine the appropriate closing documents to be executed based upon the terms and conditions of the loan approval and standard commercial lending policies. Such documents will generally include the following:

- (a) A loan agreement that includes a description of the loan terms and security, appropriate representations and warranties, the conditions of lending, affirmative and negative covenants (including compliance with applicable federal laws and regulations), requirements regarding employment creation and reporting, default provisions, and any other provisions that may be appropriate.
- (b) A note or notes to evidence the indebtedness and the terms of repayment.
- (c) The appropriate documents to evidence and record mortgages, liens, guarantees, and such other security as may be required by the terms of the loan.
- (d) Other appropriate documents as determined by the RLF attorney.

6.5 Security. The RLF attorney will be responsible for perfecting all of the RLF's security interests including, where appropriate, the execution of security agreements, the filing of financing statements, the execution and filing of mortgage documents, the execution of guarantees, and any other appropriate actions to adequately protect the RLF's security interests. Intercreditor agreements may be executed where appropriate to further protect the RLF's interests and to facilitate the processing of defaults and foreclosures.

6.6 Loan Disbursements. The following guidelines shall generally apply to the disbursement of the RLF loan proceeds.

- (a) Subject to the borrower's compliance with the terms and conditions of the loan agreement, all documents evidencing and securing the loan, and other guidelines for disbursement as detailed in this Section 6.6, the RLF Committee may disburse loan proceeds upon the borrower's presentation of vouchers and other evidence satisfactory to the RLF Committee that represent paid or accrued expenses of the borrower and which are eligible costs as determined by the RLF Committee.
- (b) Where RLF loan funds will be used by the borrower as working capital, the RLF Committee will establish an appropriate disbursement schedule and the RLF Chair will be responsible for ensuring that appropriate documentation of the use of the loan funds is procured.
- (c) Where other debt, equity, or grant funding is to be used in conjunction with the Program financing, such funding must, in the opinion of the RLF Committee, be firmly committed for such use. Evidence of the commitment(s) must be submitted by the borrower.

- (d) Where other debt, equity, or grant funding is to be used in conjunction with the Program financing, the RLF Committee will, at its discretion, determine an appropriate draw schedule for Program funding based on such factors as the nature and magnitude of risk assumed by the RLF, the nature of the activities being financed, the draw schedule for the other financing, and applicable federal regulations for the use of CDBG funds. The manner and terms of the disbursement of the Program financing should normally be included as part of the written report to the RLF Committee and should be included in the approval of the financing by the RLF Committee. However, in instances where the RLF Committee has not prescribed a draw schedule, the RLF Committee Chair may establish a draw schedule.

Section 7. LOAN MANAGEMENT

7.1 General. The RLF Committee will establish and use appropriate systems for the accounting and collection of Program loan repayments and shall procure and maintain appropriate documents and records associated with Program assistance in a manner consistent with the rules and requirements of the CDBG program and with standard commercial lending policies.

7.2 Delinquencies. For loan repayments that are 15 days past due, the borrower of the delinquency will be contacted and encouraged to submit a prompt payment. Delinquencies that continue for 60 days will be referred to the RLF Committee for appropriate action. Notwithstanding the above, the RLF Committee Chair, or such other person charged with the responsibility of monitoring the activity of borrowers, shall immediately notify the RLF Committee of any bankruptcy or other serious event that would negatively affect the financial status of a Program borrower.

7.3 Annual Financial Review. The RLF Committee will conduct an annual financial review for all borrowers with outstanding Program loans based primarily on the annual financial statements submitted by the borrower. Additional information may be procured as appropriate. The reviews will be presented to the RLF Committee for further action or recommendations as appropriate.

7.4 Adjustment of Terms and Conditions. Requests by the borrower for adjustment of any of the terms and conditions of a closed Program loan will be reviewed to determine whether the adjustment is in the best interests of the RLF. Requests will be processed in accordance with the following:

- (a) Requests to adjust the interest rate, term of the loan, or security for the loan will be determined by the RLF Committee.
- (b) Requests to accrue interest, defer principal payments, or otherwise temporarily modify the repayment schedule may be approved by the RLF Committee.
- (c) Requests for changes respecting any covenants or conditions of a financial nature must be approved by the RLF Committee as to content and the RLF attorney as to form.
- (d) Requests for any other changes to the covenants or conditions of the loan including, but not limited to such areas as reporting requirements, cost documentation, and maintenance of records may be approved by the RLF Committee Chair or such other person as may be designated to oversee the daily operations of the Program.

Section 8. EXCEPTIONS

8.1 Exceptions.

- (a) The RLF Committee may deviate from the Eligibility Requirements (Section 2), Program Standards (Section 3), and Lending Policies (Section 4) sections of the Plan only where such deviation is determined by the RLF Committee to result in an extraordinary public benefit to the City of Geneva. The nature of the deviation and the nature and extent of public benefit to result must be stated in an approved RLF Committee resolution. In no instance shall deviation be inconsistent with the laws, regulations, rules, or policies of the CDBG program.
- (b) Any other deviations from the Plan will require the authorization of the RLF Committee.

FINANCIAL DISCLOSURE STATEMENT

APPLICATION FEE:

Non-Refundable Application Fee: 1% of loan request up to a maximum of \$400.00
Must be submitted with Loan Application

FILING FEE:

None

PROCESSING FEE:

None

CLOSING COSTS

The applicant will be required to pay the following attorneys' fees on behalf of the RLF in connection with the loan, in accordance with the following schedule:

<u>Loan Amount</u>	<u>Attorney Fee</u>
\$0 to \$100,000	\$2,000
\$100,001 to \$125,000	\$2,500
\$125,001 to \$150,000	\$3,000
\$150,001 to \$175,000	\$3,500
\$175,001 to \$200,000	\$4,000
\$200,001 to \$250,000	\$4,500
\$250,001 to \$500,000	\$5,000
\$500,001+	TBD

- 1.) In addition to attorney's fees, disbursements incurred for each loan must be paid by the applicant at closing.
- 2.) The applicant must also provide, at its cost and expense, any necessary instruments as specified by the RLF's counsel, including but not limited to, an opinion of its counsel, surveys, equipment lists, schedules title and lien searches, and disbursements, if any, with respect to the preparation of loan documentation or the filing or recording of loan-related documents.
- 3.) If after the applicant signs the commitment letter, the loan does not close for any reason, the applicant will be responsible for **all** of the legal fees set out above and any disbursements incurred in connection with the loan preparation.
- 4.) If the applicant is unable to close the loan within the term of the commitment letter and desires an extension thereof, the applicant will be charged a fee of \$500.00 for each sixty (60) day extension.
- 5.) If the applicant seeks to refinance, amend, or renegotiate an RLF loan, or submits documentation that requires the RLF's review, consent or execution, any and all legal fees and disbursements that the RLF incurs in connection with this request are payable by the applicant making the request.