

AUDITORS AND QUALIFICATION TO BE AUDITORS

Strangely, the requirements concerning the accountants does, indeed, seem to reflect that it is the identity of the partner in the firm who is doing the auditing, rather than the firm itself that is important. Furthermore, the five year reference refers to “in each of the previous fiscal years” and, therefore, all that appears to be required is that after the same accountant has audited or reviewed the audit (being a partner) for five consecutive years, then on the sixth year you must have a new partner of that firm or another firm prepare the audit and a new partner or another partner review the audit.

There obviously is also prohibition upon that firm providing other services to the LDC and is also doing the audit. (See paragraph 5)

TRAINING AND EDUCATION OF MEMBERS

If the re-election and commencement of a supervisor is considered “appointment” to the Board, then within a year of such “appointment” the educational course must be completed. It does not appear that existing members who are serving as of the effective date of this has to complete any training just only upon appointment. I think it would be safe to say that if new Board Members complete training initially, then upon re-election or re-appointment it’s not necessary for him to have additional training. They are required to participate in any necessary “continuing training”.

No Board Member should be Chair, Chief Executive Officer, Executive Director, CFO, Controller or similar position.

When the audit committee has to be appointed comprised of “independent members”, Board Members must establish a governance committee, also to be comprised of “independent members”.

INDEPENDENT MEMBERS

Independent Members are:

1. Not employed by the LDC or “an affiliate in an executive capacity”.
2. Not involved with any business which has received over \$15,000.00 from the LDC.
3. Not a relative of the Executive Officer of the LDC.
4. Not a lobbyist.

It would appear that all members, i.e. voting members of the Board are independent members, unless they are employed by “an affiliate in an executive capacity”.

Affiliate is defined as “a corporate body having substantially the same ownership or control as another corporate body”. It does not appear that a town or Washington County would be an “affiliate” of the LDC.

***GUIDELINES FOR THE INVENTORY USE AND CONTRACTS
FOR SALE OF BOTH REAL AND PERSONAL PROPERTY***

It is the intent of the Washington County Local Development Corporation to comply with all requirements of the Public Authority Law concerning the disposition and inventory of personal and real property. Therefore, all officers and employees of the Washington County Local Development Corporation will comply with the requirements of the Public Authority Law as it pertains to the use, maintenance, inventory and contracts for sale of personal and real property and if there is ever any conflict between the terms of that law and the policies of the Washington County Local Development Corporation, the law will control, unless the policies require stricter control.

The Washington County Local Development Corporation has determined that no additional safeguards over and above the restrictions contained in this policy statement and the Public Authority Law are necessary but, this policy will be under constant scrutiny by the Board of Directors and will be amended and changed to impose any further restrictions which may be necessary in order to insure the integrity of the disposition activities of the Local Development Corporation and the maintenance of its property.

No contract for the sale or other disposition of personal property or real property will be entered into until the contracting officer for such contracts which is the Executive Director of the Washington County Local Development Corporation has submitted the proposed contract to the Board of Directors for its review and approval. The submission for review and possible approval will be prepared so it contains a concise description of the property, condition of the property, the value of the property assigned to it in the inventory maintained by the Washington County Local Development Corporation and, the entity to which the property is being conveyed or sold and the cost or expense associated with such sale, together with the sale price. It will also contain a recommendation from said contracting officer as to whether or not he or she recommends that the disposition be approved by the Board of Directors.

The Executive Director will also, at least on an annual basis, report to the Board of Directors of all inventory control and accountability systems in place for the provision and control of all property under the Local Development Corporation control. As part of said report, an inventory will be prepared and submitted at that time and no less than annually to the Board of Directors for its review including, but not limited to, a statement of any property which, in the opinion of the Executive Director, should be disposed of. The Executive Director will also report and confirm compliance with Section 2897 of the Public Authorities Law.

This policy and all decisions relating to the disposition of property will be

published not less than annually and also includes all real property owned by the Local Development Corporation. The report will be distributed as it may be required from time to time by the terms of the Public Authority Law of the State of New York.

All explanatory statements concerning disposition of real or personal property required by the Public Authority Law will be transmitted to the appropriate parties not less than 90 days in advance of such disposal and a copy of which will be preserved in the files of the Local Development Corporation.

INVESTMENT GUIDELINES

All investments concerning the reporting of funds will be controlled by the Public Authority Law of the State of New York, except as the terms and requirements of this policy statement may impose stricter or more stringent controls. If the terms of this policy statement are stricter than they will control but otherwise, the Public Authority Law will control in all cases.

The Board of Directors will review the investment and the monitoring of funds policy to be followed by the Local Development Corporation on an annual basis and during that review, also confirm or designate the bank or banks into which the funds are to be deposited. The signatories on each account will be approved by the Board of Directors on an annual basis and no modification to those accounts will be made without the approval of the Board of Directors. The Executive Director is hereby directed to consult with the accounting firm who performs audits or otherwise provides counsel concerning accounting to the Local Development Corporation and follow any directions or advice given by that accounting firm concerning the monitoring and reporting of accounts. If at any time the Executive Director finds, in his or her opinion, that it is not appropriate to comply with the advice or requirements of said accounting firm, then he or she must receive the approval of the Board of Directors in order to ignore said advice.

All statements received from any bank concerning any account of the Local Development Corporation will be maintained for at least seven years or longer if directed by the accounting firm providing the audit or accounting advice to the Local Development Corporation. For a period of three years the original statements and items submitted therewith will be maintained in its original condition but after that date, the maintenance and anything submitted therewith may be copied or microfilmed or otherwise transferred to an acceptable recording system and the originals may be destroyed.

Whenever possible, the Executive Director will cause all funds to be deposited in interest bearing accounts with the acknowledgment that funds must be available on an immediate basis in some cases and, therefore, may be in accounts which do not bear any interest. All interest earned on such funds will be reported to the Board of Directors at least on an annual basis.

It is the intent and desire of the Board of Directors that the greatest return be realized from the funds in the possession of the Local Development Corporation but at the same time, the Board of Directors recognizes that some funds must be available for immediate use at all times.

CODE OF ETHICS

The Washington County Local Development Corporation hereby establishes this as the Code of Ethics for all members, officers, directors and employees of it but further resolves that if this Code at any time should be less strict than Section 74 of the Public Authority Law of the State of New York then the requirements of said Public Authority Law shall control.

5. No officer, employee or member should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his duties in the Local Development Corporation's interest.
6. No officer, employee or member should accept other employment which will impair his independence of judgment in the exercise of his official duties.
7. No officer, employee or member should accept employment or engage in any business or professional activity which will require him to disclose confidential information which he has gained by reason of his official position or authority.
8. No officer, employee or member should disclose confidential information acquired by him in the course of his official duties nor use such information to further his personal interests.
9. No officer, employee or member should use or attempt to use his official position to secure unwarranted privileges or exemptions for himself or others.
10. No officer, employee or member or agent of the Local Development Corporation should engage in any transaction as representative or agent of the Local Development Corporation with any business entity in which he has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his official duties.
11. An officer, employee and member should not by his conduct give reasonable basis for the impression that any person can improperly

influence him or unduly enjoy his favor in the performance of his official duties, or that he is affected by the kinship, rank, position or influence of any party or person.

12. An officer, employee and member should abstain from making personal investments in enterprises which he has reason to believe may be directly involved in decisions to be made by him or which will otherwise create substantial conflict between his duty in the public interest and his private interest.
13. An officer, employee and member of the Local Development Corporation should endeavor to pursue a course of conduct which will not raise suspicion among the public that he is likely to be engaged in acts that are in violation of his trust.
14. No officer, employee or member employed on a full-time basis nor any firm or association of which such an officer or employee is a member, nor corporation a substantial portion of the stock of which is owned or controlled directly or indirectly by such officer or employee, should sell goods or services to any person, firm, corporation or association which is licensed or whose rates are fixed by the Local Development Corporation in which such officer or employee serves or is employed.

RESPONSIBILITIES OF THE GOVERNANCE COMMITTEE

- 1) Keep the Board informed of current best governance practices
- 2) Review governance trends
- 3) Update the Corporation's governance principles
- 4) Make recommendations for revisions to By-Laws

RESPONSIBILITIES OF THE AUDIT COMMITTEE

- 1) Review proposals from certified, independent accounting firms and recommend to the Board the hiring of a certified, independent accounting firm to undertake the annual Audit
- 2) Establish the compensation to be paid and the terms under which the accounting firm is bound in completing the Audit
- 3) Provide direct oversight during the performance of the annual Audit
- 4) Report to the Board any issues that require Board action relating to the Audit