

Meeting Notice
LOCAL DEVELOPMENT CORPORATION
Financial/Investment Committee Meeting
Old Town Hall
IDA/LDC Offices Room 234A
350 Front Street, Hempstead
8:35 a.m.
February 28, 2023

*Note: Visitors to the Town of Hempstead are encouraged to wear masks and socially distance if unvaccinated.

Members: Florestano Girardi, Chairman, Eric Mallette, Robert Bedford, Thomas Grech, Mike Lodato and Fred Parola

- Adoption of the Investment and Guideline Policy
- Assessment of Effectiveness of Internal Controls

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**INVESTMENT POLICY
TOWN OF HEMPSTEAD
LOCAL DEVELOPMENT CORPORATION**

SCOPE

This investment policy applies to all moneys and other financial resources of the LDC available for investment on its own behalf.

OBJECTIVES

The primary objectives of the Town of Hempstead Local Development Corp.'s (hereafter TOH LDC) investment policies are:

- To conform with all applicable federal, state, town and other legal requirements (legal)
- To adequately safeguard principal (safety)
- To provide sufficient liquidity to meet all operating requirements (liquidity)
- To obtain a reasonable rate of return (yield)

DELEGATION OF AUTHORITY

The TOH LDC board's responsibility for administration of the investment program is delegated to the CEO pursuant to resolution by the board. The CEO, with the assistance of the Investment Committee, establishes written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures include adequate internal control structure to provide a satisfactory level of accountability based on a database or records incorporating description and amounts of investments, transaction dates and other relevant information and to regulate the activities of subordinate employees.

PRUDENCE

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the TOH LDC to operate effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

DIVERSIFICATION

It is the policy of the TOH LDC to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

INTERNAL CONTROLS

Subject to Investment Committee and Board approval, The CEO is responsible for establishing and maintaining an internal control structure to provide reasonable assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with the board's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

COLLATERALIZING OF DEPOSITS

In accordance with the provisions of General Municipal Law, §10, all deposits of TOH LDC, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of "eligible securities" with an aggregate "market value", or provided by General Municipal Law.

SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by (the depository and/or a third party) bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure TOH LDC deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events, which will enable the TOH LDC to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the TOHLDC, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the TOH LDC or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the TOH LDC, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the TOH LDC a perfected interest in the securities.

PERMITTED INVESTMENTS

As authorized by General Municipal Law, §11, the TOH LDC shall authorize the CEO to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts
- Certificates of deposit
- Obligations of the United States of America
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America
- Obligations of the State of New York

Adopted

(ayes)

(nays)

Resolution Number

Name: Florestano Girardi
Title: Chairman

TOWN OF HEMPSTEAD
Local Development Corporation

2022 ASSESSMENT OF EFFECTIVENESS OF INTERNAL
CONTROL STRUCTURE AND PROCEDURES

A. Mission and Major Business Functions:

The mission of the Town of Hempstead LDC is to enhance economic activity for not-for-profit entities, spur growth and job development in our region. To accomplish these goals the LDC, is authorized by the Town of Hempstead (Resolution dated June 22, 1996) to operate exclusively for charitable or public purposes pursuant to the New York State Membership Corporation Law.

The LDC was inactive for a number of years. However, the Hempstead Town Board, sensing the need for a legal entity to assist not for profits, educational institutions and charitable organizations, reformulated the LDC by Town Board resolution on March 3, 2009. Thereafter, the LDC board, together with consultants, has worked to comply with current legal requirements governing such entities. Hence, the LDC has served as an active and productive economic vehicle since that time.

The limited scope of the LDC's legal jurisdiction dictated that the newly created agency administrating its operation be small. The work of the LDC is provided on a contractual basis with labor performed by consultants. Mike Lodato serves as the Corporate Administrator and he is supported in his efforts by staff, Edie M. Longo, CFO and Frederick E. Parola, CEO. The staff maintains comparable titles within the Town of Hempstead Industrial Development Agency.

B. Risks Associated with Corporation Operations:

There is always the potential for fraud and theft where a Corporation generates revenues and payments are collected for services rendered to the entity. However, the LDC operates in a manner of strong internal controls through its three contractual employees/staff who engage in constant interaction and discussion to prevent inappropriate actions.

A small office presents both unique problems and benefits to maintain the integrity of internal controls procedures. The intimate interaction in a small office should prevent the development of abuses that may evolve in administration, as constant interaction amongst the personnel tends to terminate poor procedures at their inception.

As important, there is continuing oversight of the separate roles and duties for which each of the employees are engaged.

Conversely however, a small office operation can be too intimate creating the possibility of abuse. Hence, the staff and board conscientiously work to ensure that there is no overlapping of duties, or conflicts. The Corporate Administrator conducts the administrative operation of the LDC. His work is reviewed and overseen by the CEO and CFO constantly. The dialogue amongst the staff and consultant is ongoing and procedures are constantly evolving to ensure the most optimum deployment of time and energy.

In fact, the IDA and LDC with the services each provide to the Town of Hempstead, are “partners in economic vitalization” and the umbrella created by the two entities well serve the needs of the town’s residents and other institutions.

C. Internal Control Systems in Place:

The revenue generated by the transactions undertaken by the LDC are safeguarded through stringent corporation controls. Michael Lodato, serving as the Corporate Administrator handles these finances in terms of checking and bank accounts. The Deputy Corporate Administrator, Laura Tomeo reconciles the LDC bank statements each month as a checks and balances procedure. The CEO reviews all checking and bank statements and oversees such administrative operations independently. Resolutions for payment authorization are created by the CFO. The CEO and CFO are signatories for the Corporation.

The purchase of any service is approved by the CFO who oversees all resolutions created by the LDC Administrator. The Chairman of the Finance Committee, who is a member of the board, independently reviews all such financial activities and the board is furnished with a financial statement and expenditure list at each meeting.

Every transaction is considered as a high risk and receives heightened procedural controls to prevent both the potential for abuse or lax treatment.

Ongoing discussions with the Corporation's accountants diligently question and scrutinize internal controls, reinforces the Corporation's preoccupation with functional risks. The Corporation's counsel, John Ryan, ESQ. serves as an independent source to oversee & review operations.

As stated, the internal control structures and procedures of the Town of Hempstead LDC are reviewed by the staff as well as by our independent accountants annually. These controls are adopted by both the committee and the full board.

The Corporation's established internal controls and procedures are reviewed by our independent accountants who present a detailed questionnaire that address every aspect of the LDC operations. Select Staff members and the Board Treasurer respond to inquiries by our accountants who then independently evaluate our operation and comment upon it in the annual report.

Internal control procedures are constantly re-evaluated by staff to ensure that a clear delineation of responsibilities are incorporated into operations. These discussions and findings are reviewed by both board members and the LDC independent accountants. Cash and all check writing is the responsibility of the Administrator. The CEO independently reviews all assets held by financial institutions to insure that the accounts square with the office accounts. The CEO reviews bank submissions to ensure that the collateral pledged to secure LDC deposits provide adequate security.

Furthermore, the staff discusses financial operations on a weekly and, often, on a more frequent basis. All expenditures are submitted by staff to the board for approval by resolution. Low cost purchases are itemized and these items, which normally include supplies (pens, paper), are paid by check as well as pursuant to a standing resolution approved by the board. The CEO and CFO review all such payments made by the Administrator.

The staff consistently updates the projected revenues and expenditures as well as the overall budget, to ensure that filings are consistent with the projections made prior to the fiscal year.

The Investment Chairman of the LDC Board is provided with all financial expenditures, payments and budget updates on a regular basis. The LDC Board members are presented with all such budgetary materials prior to its meetings.

Minor expenditures are approved pursuant to a standing board resolution and larger, specific expenditures are approved by resolutions that address that item.

Any and all purchases of services and higher cost items are conducted pursuant to the LDC's Purchasing/Procurement Policy and Guidelines.

The Investment Policy is conducted pursuant to the resolutions enacted by the LDC board and the laws of New York State that regulate governmental authorities and municipalities. Income generated is invested solely in conservative institutions, which are commercial banks, presently, that offer the highest rate of return. Hence, such assets are fully protected against loss and constitute what can only be categorized as the lowest level of risk. The CEO periodically updates the rates offered by each of the commercial banks to guarantee both the best and highest rate of return. Principal is reinvested periodically to reflect such fluctuation in the rates.

D. Extent To Which The Internal Control System is Effective:

The division of responsibilities and the independent review as set forth in the LDC's procedures over its operation create a multi-leveled structure that virtually preclude abuse and ensures the timely and quick exposure of any indiscretion.

Supporting this observation as to the excellence of the corporation's internal control is the review by the Corporation's outside accountants who question each employee/consultant as to the nature and effectiveness of the internal controls in place. Each employee justifies before the independent accountant, the manner in which the stated procedures and controls actually function.

E. Corrective Action:

Any inappropriate action discovered within the Corporation's operations is referred to the Corporation's independent counsel for review and his recommendation as to what action should be adopted by the LDC board.

The Corporation's Code of Conduct and Ethics determine the course to be adopted from internal discipline for minor infractions to referral to the District Attorney in the event of criminal activity.

Adoption:

Resolution Number:

(aye)

(nay)

Florestano Girardi
Chairman