5/1/07

TOWN OF RIVERHEAD

Adopted

COMMUNITY DEVELOPMENT AGENCY

RESOLUTION # 5

ACCEPTS ANNUAL REPORT AND ANNUAL FINANCIAL REPORT FOR 2006

COUNCILMAN DENSIESKI offered the following resolution,

which was seconded by COUNCILWOMAN BLASS.

WHEREAS, the Public Authorities Accountability Act of 2005 includes the Town of Riverhead Community Development Agency in its definition of local authority; and

WHEREAS, the PAAA requires the preparation and submission of an Annual Report and an Annual Financial Report to the State Comptroller.

THEREFORE, BE IT RESOLVED, that the board of directors of the Community Development Agency hereby accepts the 2006 Annual Report and 2006 Annual Financial Report (attached) of the Town of Riverhead Community Development Agency.

BE IT FURTHER RESOLVED, that the Town Clerk shall provide a copy of this resolution to the CDA and Accounting Department.

THE VOTE

Dunleavy ✓ yes ___ no Bartunek ✓ yes ___ no

Blass ✓ yes ___ no ___ Densieski ✓ yes ___ no

Cardinale ✓ yes ___ no

THE RESOLUTION ✓ WAS ___ WAS NOT

THEREFORE DULY ADOPTED

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CDA ANNUAL REPORT for FY 2006

March 30, 2007

As required by the Bylaws of the Town of Riverhead Community Development Agency (CDA), the following information is provided for consideration and review by the Members of the CDA.

Membership- The Members of the Corporation shall be the members of the Riverhead Town Board, comprised of the following persons during FY 2006: Phil Cardinale, Barbara Blass, George Bartunek, Edward Densieski and John Dunleavy. In addition, the CDA is served by: Executive Director Andrea Lohneiss, Chief Finance Officer Bill Rothaar and Contracting Officer Dawn Thomas. Neither members nor staff receive any compensation for their duties and responsibilities to the CDA.

Background

The five member Riverhead Town Board is the governing legislative body and consists of a supervisor and four council members, all of whom are elected at large. The Town Board acts separately in its capacity as the CDA Board, which is empowered under New York State General Municipal Law to foster economic development. The CDA, established in 1982, has been proactive in fostering economic revitalization in the downtown business district and was a major impetus in the establishment of a 3.2 acre waterfront aquarium. In addition, the CDA took title to the former Naval Weapons Industrial Reserve Plant at Calverton in 1998 as the result of special federal legislation, and as such is charged with the task of overseeing economic development at the 2,900 acre site. Using powers granted under New York State Urban Renewal Law, pursuant to Section 505 of Article 15, the Community Development Agency has played a critical role in economic development at Calverton Enterprise Park, as well as downtown. Since 1998, this real property, improved with buildings and infrastructure, has been leased and sold pursuant to the disposition of property procedures of Section 507 of the Urban Renewal Law.

In its capacity as the economic development agency of the Town of Riverhead, the CDA also procures grant funds and administers numerous downtown revitalization projects and public improvement projects. The Community Development Agency has designated several additional Urban Renewal Areas for the purpose of encouraging neighborhood revitalization and economic development. The other

designated Urban Renewal Areas include: Millbrook Gables residential community, East Main Street Downtown Business District and Railroad Avenue. Within the designated boundaries of the urban renewal areas, available incentives are provided where feasible to attract investment and assist owners and businesses in improving their properties. Portions of the Calverton Enterprise Park and East Main Street Urban renewal Areas are designated Empire Zones. This designation was initiated and administered by the CDA for its economic development benefits. Low interest loans and grants have also been made available to increase investment in these targeted areas. For instance, within the East Main Street Urban Renewal Area, the CDA has successfully developed an aquarium as a major tourist attraction, recently sold the 1930s art deco Suffolk Theatre for reuse, has completed restoration of an 1881 historic opera house and invested $500,000 in historic restoration of properties occupied by the East End Arts Council, as well as making possible new retail development on Peconic Avenue in a currently deteriorated structure.

Downtown Activity in 2006

In June 2005, the Town of Riverhead sought expressions of interest and qualifications (RFIQ) from experienced developers for a high-quality mixed-use development along the waterfront in downtown Riverhead, east of Peconic Avenue. Four responses were received a full Request for Proposals (RFP) was sent to the three short-listed proposers in October 2005.

The overall goal of this RFIQ and RFP process was to encourage the development community to assess the potential for revitalization of this currently underutilized area by providing retail/commercial, residential, and/or recreational/entertainment opportunities. Specifically, the RFP targeted the area comprising the Town of Riverhead East Main Street Urban Renewal Area (1993) with primary focus on the area south of Main Street, Riverhead, bordered on the east by Atlantis Marine World and on the west by Peconic Avenue. Emphasis was placed on the creation of public space, maximizing green space while maintaining vehicular access behind the storefronts and improving the appeal of the retailer by developing secondary front façades. The redevelopment area is characterized by numerous vacant buildings, public parking areas and underutilized properties.

Proposals were received from three developers in early 2006 and, following public presentations, the CDA Board selected Apollo Real Estate Advisors as the preferred project developer. In March 2006, the CDA authorized the Chairman to negotiate a contract with Apollo Real Estate Advisors and a Master Developer

Agreement was signed in August 2006. Apollo Real Estate Advisors created Riverhead Renaissance, LLC, for the Riverhead project and the CDA Board conducted a public hearing to consider the designation of Riverhead Renaissance, LLC,. as a Qualified and Eligible Sponsor for the redevelopment project on October 3, 2006. Riverhead Renaissance, LLC, was designated as a qualified and eligible sponsor for downtown redevelopment on October 17, 2006.

The CDA Board also authorized town staff to undertake and update the 1993 East Main Street Urban Renewal Plan and to prepare a generic Environmental Impact Statement in conjunction the comprehensive planning process in September 2006. The Final Scope of Issues on the Generic Environmental Impact Statement in support of the Urban Renewal Plan update was accepted in November 2006. The Urban Renewal Plan and final GEIS will be completed in 2007.

Calverton Enterprise Park Activity in 2006

In October 2006, the CDA Board issued a Request for Proposals to select an experienced developer(s) for the redevelopment of approximately 600 acres of land zoned for industrial and office uses at Calverton Enterprise Park.

Several proposals were received and had been presented at public meetings by year-end.

Agreements with regard to Calverton Enterprise Park entered into by the CDA in 2006 include:

1) a license agreement with the Eastern Long Island Audubon Society, Inc. allowing use of the Calverton Enterprise Park site for a five-year period for the purpose of monitoring, counting and documenting birds;
2) an agreement with New York State Department of Economic Development for the administration of the Empire Zone Program; and
3) a runway use agreement with South Bay Apparel for periodic use of the CDA-owned runway.

Grant Funding

In October 2006, the CDA applied for and received a $100,000 grant from the New York State Office of Parks, Recreation and Historic Preservation for funding under the Recreational Trails Program towards the development of an 8.9 mile multi-sport athletic trail. No funds were received or expended by year-end. This project

will augment a town park permit initiated by the CDA in 2001 involving $600,000 in grant funds from the New York State Office of Parks Recreation and Historic Preservation for public recreational improvements. Phase I was designed and engineered in 2006 for construction in 2007.

All numbers in this Report
Have Been Rounded To
The Nearest Dollar

ANNUAL FINANCIAL REPORT

UPDATE DOCUMENT

For The

RIVERHEAD COMMUNITY DEVELOPMENT AGENCY

County of Suffolk

For The Year Ended 12/31/2006

****

AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICIPAL LAW:

1. ***Every Municipal Corporation***shall annually make a report of its financial condition to the Comptroller. Such report shall be made by the Chief Fiscal Officer of such Municipal Corporation.***

5. All reports shall be certified by the officer making the same and shall be filed with the Comptroller within sixty days after the close of the fiscal year of such Municipal Corporation.*** It shall be the duty of the incumbent officer at the time such reports are required to be filed with the Comptroller to file such report.***

STATE of NEW YORK
Office of The State Comptroller
Division of Local Government Services and Economic Development
Albany, NY 12236

*** FINANCIAL SECTION ***

Financial information for the following funds and account groups was included in the Annual Financial Report filed by your government for the fiscal year ended 2005 and had been used by the OCS as the basis for preparing this update document for your fiscal year ended 2006:

(A) GENERAL

All amounts included in this update document for 2006 represent the data filed by your government with the OSC as reviewed and adjusted where necessary.

*** SUPPLEMENTAL SECTION ***

The Supplemental Section includes the following sections:

All numbers in this report must be rounded to the nearest dollar.

RIVERHEAD COMMUNITY DEVELOPMENT AGENCY
ANNUAL UPDATE DOCUMENT
FOR THE FISCAL YEAR ENDED 2006

General Fund (A)
Balance Sheet

Code Description	FOR THE FISCAL YEAR ENDED 2005	EDP CODE	FOR THE FISCAL YEAR ENDED 2006
Assets			
Cash	$ 74,985	A 200	$ (20,498)
Cash - Time Certificates	$ 1,150,000	A 201	$ 1,210,000
TOTAL Cash	$ 1,224,985		$ 1,189,502
Accounts Receivable	$ -	A 380	$ -
Accrued Interest Receivable	$ 416	A 381	$ 4,835
Allowance for Uncollected Receivable	$ -		$ -
TOTAL Other Receivables	$ 416		$ 4,835
Due from Other Governments	$ -	A 440	$ -
TOTAL Due from Other Governments	$ -		$ -
	$ -		$ -
TOTAL Assets	$ 1,225,401		$ 1,194,337

RIVERHEAD COMMUNITY DEVELOPMENT AGENCY
ANNUAL UPDATE DOCUMENT
FOR THE FISCAL YEAR ENDED 2006

General Fund (A)
Balance Sheet

Code Description	FOR THE FISCAL YEAR ENDED 2005	EDP CODE	FOR THE FISCAL YEAR ENDED 2006
Liabilities & Fund Equity			
Due to Other Funds	$ -	A 489	$ 415,000
Due to Other Governments	$ 125,000	A 631	$ -
Deferred Rental Revenue	$ -	A 691	$ -
TOTAL Due to Other Governments	$ 125,000		$ 415,000
TOTAL LIABILITIES	$ 125,000		$ 415,000
Reserve for Encumbrances	$ 13,080	A 821	$ 288
TOTAL Reserve for Encumbrances	$ 13,080		$ 288
Fund Balance - Unreserved	$ 1,087,321	A 911	$ 779,049
TOTAL Fund Balance - Unreserved	$ 1,087,321		$ 779,049
TOTAL Fund Equity	$ 1,100,401		$ 779,337
TOTAL Liabilities and Fund Equity	$ 1,225,401		$ 1,194,337

RIVERHEAD COMMUNITY DEVELOPMENT AGENCY
ANNUAL UPDATE DOCUMENT
FOR THE FISCAL YEAR ENDED 2006

General Fund (A)
Results of Operation

Code Description	FOR THE FISCAL YEAR ENDED 2005	EDP CODE	FOR THE FISCAL YEAR ENDED 2006
Detail Revenues and Other Sources			
Agency Fees	$ -	A 2170	$ 100,000
TOTAL Departmental Income	$ -		$ 100,000
Interest and Earnings	$ 45,783	A 2401	$ 62,196
Lease Payments	$ 26,021	A 2410	$ 25,737
Sale of Real Property	$ -	A 2660	$ -
Sale of Equipment	$ -	A 2665	$ -
TOTAL Use of Money and Property	$ 71,804		$ 87,933
Refund of Prior Years Expenses	$ -		$ -
TOTAL Miscellaneous Income	$ -		$ -
State Aid	$ -	A3789	$ -
Federal Aid	$ -	A4789	$ -
TOTAL Federal/State Aid	$ -		$ -
TOTAL REVENUES	$ 71,804		$ 187,933
Interfund Transfers - Other Gov't	$ -	A4789	$ -
TOTAL Other Sources	$ -		$ -
TOTAL Revenues & Other Sources	**$ 71,804**		**$ 187,933**

revised 1.13.05

RIVERHEAD COMMUNITY DEVELOPMENT AGENCY
ANNUAL UPDATE DOCUMENT
FOR THE FISCAL YEAR ENDED 2006

General Fund (A)
Results of Operation

Code Description	FOR THE FISCAL YEAR ENDED 2005	EDP CODE	FOR THE FISCAL YEAR ENDED 2006
Detail Revenues and Other Sources			
Planning & Management Development - Equipment	$ 38,758	A8684.2	$ 450
Planning & Management Development - Contr Expen.	$ 409,392	A8684.4	$ 508,547
TOTAL Planning and Management Development	**$ 448,150**	A8684.0	**$ 508,997**
CDA Administration, Contr Expen.	$ -	A8686.4	$ -
TOTAL CDA Administrator	**$ -**	A8686.0	**$ -**
TOTAL Home and Community Service	**$ 448,150**		**$ 508,997**
TOTAL Expenditures	**$ 448,150**		**$ 508,997**
Other Uses			
Transfer to Other Governments	$ -		$ -
TOTAL Other Uses	**$ -**		**$ -**
TOTAL Detail Expenditures and Other Uses	**$ 448,150**		**$ 508,997**

RIVERHEAD COMMUNITY DEVELOPMENT AGENCY
ANNUAL UPDATE DOCUMENT
FOR THE FISCAL YEAR ENDED 2006

General Fund (A)
Results of Operation

Code Description	FOR THE FISCAL YEAR ENDED 2005	EDP CODE	FOR THE FISCAL YEAR ENDED 2006
ANALYSIS OF CHANGES IN FUND EQUITY			
FUND EQUITY-BEGINNING OF YEAR*	$ 1,476,747	A8021	$ 1,100,401
ADD-REVENUES AND OTHER SOURCES	$ 71,804		$ 187,933
DEDUCT-EXPENDITURES AND OTHER USES	$ 448,150		$ 508,997
FUND EQUITY-END OF YEAR*	$ 1,100,401	A8029	$ 779,337

* TOTAL INCLUDES RESERVED AND UNRESERVED FUND BALANCE IN GOVERNMENTAL FUNDS, OR RETAINED EARNINGS OR FUND EQUITY FOR PROPRIETARY FUNDS. ADJUSTMENTS TO BEGINNING FUND EQUITY RESULTING FROM A CORRECTION OF A PRIOR YEAR'S ACCOUNTING ERROR SHOULD BE REPORTED AS A PRIOR PERIOD ADJUSTMENT.

PLEASE EXPLAIN ALL PRIOR PERIOD ADJUSTMENTS BELOW.

CORRECTED 2005 REVENUES, REDUCED BY $416, RESULTED IN REDUCED 12/31/05 FUND BALANCE.

DOUBLE ENTRY UNITS ** FUND EQUITY-END OF YEAR MUST AGREE WITH TOTAL FUND EQUITY AS SHOWN ON THE BALANCE SHEET.
SINGLE ENTRY FIRE DISTRICTS ** FUND EQUITY-BEGINNING OF YEAR PLUS TOTAL REVENUES MUST AGREE WITH FUND EQUITY-END OF YEAR PLUS TOTAL EXPENDITURES.

The Town of Riverhead Community Development Agency
Notes to the Financial Statements
For the Fiscal Year Ended December 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Riverhead Community Development Agency have been prepared in conformity with Generally Accepted Accounting Principles (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. The more significant of the government's accounting policies are described below.

A. FINANCIAL REPORTING ENTITY

The Town of Riverhead Community Development Agency was created by Chapter 480 of the Laws of 1982, a special act of the New York State Legislature. The Community Development Agency is an independent governmental agency and instrumentality of the State of New York and is a Corporate Governmental Agency constituting a public benefit corporation of the State of New York. The Community Development Agency can enter into contracts, sue and be sued, and acquire and own real and personal property, each on its own behalf and in its own name. The Community Development Agency can incur debt and issue bonds and notes in its own name and, unless the Town of Riverhead elects to guarantee principle of and interest on, or only interest on, indebtedness issued by the Community Development Agency, all indebtedness of the Community Development agency is a liability only of the Community Development Agency and not of the Town of Riverhead.

Inclusion of the Community Development Agency as a component unit of the Town of Riverhead reported as a special revenue fund type is required by GASB Statement No. 14 solely because the members of the Community Development Agency are the same as the members of the Town Board of the Town of Riverhead. When acting as a member of the Community Development Agency, however, a member has a fiduciary responsibility to the Community Development Agency and not to the Town of Riverhead. Inclusion of the Community development agency as a component unit of the Town of Riverhead reported as a special revenue fund type is not intended to state or imply, and should not give rise to any impression or inference, either that the Town of Riverhead is legally responsible for the indebtedness and other liabilities of the Community Development Agency or that the Town of Riverhead has any legal claim to the assets of the Community Development Agency.

B. BASIS OF PRESENTATION

The accounts of the Community Development Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self- balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures/expenses which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are summarized by type in the financial statements. The following fund types are used:

1. FUND CATEGORIES

a. GOVERNMENTAL FUNDS - Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is based upon determination of financial position and changes in financial position. The following are the Community Development Agency's governmental fund types.

Special Reserve Fund - The principal operating fund includes all operations not required to be recorded in other funds. This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

Basis of accounting refers to revenues and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expense.

Modified Accrual Basis - All Governmental Funds are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within sixty days after the close of the fiscal year.

Material revenues that are accrued include state and federal aid and certain user changes.

Expenditures are recorded when the fund liability is incurred except that:

a) Expenditures for prepaid expenses and inventory-type items are recognized at the time of the disbursements.

b) Principal and Interest and indebtedness are not recognized as an expenditure until due.

D. PROPERTY TAXES

There are no real property taxes levied by the Community Development Agency.

E. BUDGETARY DATA

1. BUDGET POLICIES - The budget policies are as follows:

a) No later than Sept. 30, the budget officer submits a tentative budget to the Member of the Community Development Agency for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.

b) The Members of the Community Development Agency formulates the Preliminary Budget which becomes the subject of public hearings.

c) After a public hearing is conducted to obtain taxpayer comments, no later than November 20th, the Members of the Community Development Agency adopts the budget.

d) All modifications of the budget must be approved by the Members of the Community Development Agency.

2. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. BUDGET BASIS OF ACCOUNTING

Budgets are adopted annually on a basis consistent with Generally Accepted Accounting Principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior period.

F. CHANGES IN ACCOUNTING POLICIES

During the 2006 fiscal year, the Community Development Agency did not adopt any changes in accounting policies.

G. PROPERTY, PLANT AND EQUIPMENT - GENERAL

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at costs in the General Fixed Assets Account Groups.
Fixed assets consisting of certain infrastructure type improvements, other than buildings,

including roads, bridges, curbs and gutters, street & sidewalks, drainage and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the Agency. Therefore, the purposes of stewardship for capital expenditures can be satisfied without recording these assets.

No depreciation has been provided on general fixed assets.

H. INSURANCE

The Agency assumes the liability for most risk including but not limited to, property damage and personal injury liability. In 1987, the Riverhead Town Board elected to self insure for all liability claims. As such, the Agency joined with the Town of Riverhead and all claims are processed through the Town of Riverhead Self-Insurance Fund. In October 1993, the Town of Riverhead obtained catastrophic loss insurance coverage.

I. VACATION, PERSONAL LEAVE AND SICK LEAVE

There are currently no paid employees of the Agency.

J. POST RETIREMENT BENEFITS

There are currently no paid employees of the Agency.

K. TOTAL COLUMNS OF THE GENERAL PURPOSE FINANCIAL STATEMENTS

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, result of operations or changes in financial position in conformity with Generally Accepted Accounting Principle, nor is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. MATERIAL VIOLATIONS OF FINANCE - RELATED PROVISIONS

There are no material violations of finance - related provisions.

B. DEFICIT FUND BALANCES

There are no deficit fund balances as of 12/31/06.

C. OVERDRAWN APPROPRIATIONS

There were no overdrawn appropriations.

III. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. ASSETS

1. CASH & INVESTMENTS

The Agency's investment policies are governed by state statutes. Agency monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Chairman of the Agency is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of NYS or its localities.

Collateral is required for demand deposits and certificates of deposits at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the U.S. and its Agencies and obligations of the state and its municipalities and school agencies.

2. CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

TYPE	BALANCE JAN 1, 2006	ADDITIONS	DELETIONS	BALANCE DEC 31, 2006
Land	$ 31,644,781.	$ .00	$ .00	$31,644,781.
Building	$45,200.	$ .00		$45,200.
Improvements other than Buildings	$60,529,825.	$ .00	$ .00	$60,529,825
Machinery and Equip	$.00	$ .00	$ .00	$ .00
Total	**$92,219,806.**	**$ .00**	**$ .00**	**$ 92,219,806**

B. LIABILITIES

1. PENSION PLANS

There are currently no paid employees of the Agency.

2. Short-Term Debt

There are no outstanding BAN's as of December 31, 20065.

3. Long-Term Debt

a) Serial Bonds and Capital Notes

There are no outstanding serial bonds and capital notes as of December 31, 2006.

C. DEFERRED COMPENSATION PLAN

There are no paid Employees of the Agency.

IV. CONTINGENCIES

There are no contingency items to disclose.

V. SUBSEQUENT EVENTS

There are no subsequent events.

5/1/07

Adopted

TOWN OF RIVERHEAD
COMMUNITY DEVELOPMENT AGENCY
RESOLUTION #6

OMNIBUS RESOLUTIONS RELATING TO REQUIREMENTS OF THE PUBLIC AUTHORITIES ACCOUNTABILITY ACT OF 2005

COUNCILWOMAN BLASS offered the following resolution, which was seconded by COUNCILMAN BARTUNEK

WHEREAS, the Public Authorities Accountability Act of 2005 (the "**PAAA**") includes Town of Riverhead Community Development Agency (the "**CDA**") in its definition of a local authority; and

WHEREAS, the PAAA requires each Board of Directors (the "**Board**") of a local authority to have a Governance Committee and an Audit Committee and to adopt various policies, guidelines and procedures and to take various actions;

NOW, THEREFORE, BE IT RESOLVED that there is hereby established a Governance Committee, as described in the Charter of the Governance Committee attached hereto as **Attachment A**, the responsibility of the members of which shall be primarily, to keep the Board informed of current best governance practices, to review corporate governance trends, to update the CDA's corporate governance principles and to advise appointing persons on the skills and experiences required of potential Board members; and

Further RESOLVED that there is hereby established an Audit Committee, as described in the Charter of the Audit Committee attached hereto as **Attachment B**, the responsibility of the members of which shall be primarily to become familiar with corporate financial and accounting practices to the extent practicable, to recommend to the Board the hiring of an independent certified public accounting firm ("**Independent Auditor**"), to establish the compensation to be paid to the Independent Auditor and to provide direct oversight of the performance of the independent annual audit performed by the Independent Auditor; and

Further RESOLVED that each member of the Governance Committee and each member of the Audit Committee shall be "independent" as defined by the PAAA, which means that the member (for purposes of the following, an "affiliate" is any person that controls, is controlled by, or is under common control with the CDA):

THE VOTE
Dunleavy ✓ yes ___ no Bartunek ✓ yes ___ no
Blass ✓ yes ___ no ___ Densieski ✓ yes ___ no
Cardinale ✓ yes ___ no
THE RESOLUTION X WAS ___ WAS NOT
THEREFORE DULY ADOPTED

(a) is not, and in the past two years has not been, employed by the CDA or an affiliate of the CDA in an executive capacity;

(b) is not, and in the past two years has not been, employed by an entity that received remuneration valued at more than $15,000 for goods and services provided to the CDA or an affiliate or received any other form of financial assistance valued at more than $15,000 from the CDA or an affiliate;

(c) is not a relative of an executive officer or employee in an executive position of the CDA or an affiliate; and

(d) is not, and in the past two years has not been, a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or other similar actions of the CDA or an affiliate; and

Further RESOLVED that Phil Cardinale and Barbara Blass are appointed to the Governance Committee and shall serve at the pleasure of the Board; and

Further RESOLVED that Phil Cardinale, Bill Thompson and George Bartunek are appointed to the Audit Committee and shall serve at the pleasure of the Board; and

Further RESOLVED that the Town Attorney is hereby appointed as the CDA's Contracting Officer for real property dispositions; and

Further RESOLVED that the Deputy Supervisor is hereby appointed as the CDA's Contracting Officer for personal property dispositions; and

Further RESOLVED that the Board adopts the following:

- The comprehensive investment policies, procedures and guidelines, attached hereto as **Attachment C**;
- Policies regarding the payment of salary, compensation and reimbursements to, and rules for the time and attendance of, the President and senior management, attached hereto as **Attachment D**;
- CDA whistleblowing policies and procedures, attached hereto as **Attachment E**;
- Policies and procedures related to the acquisition and disposition of real property, attached hereto as **Attachment F**;
- Policies and procedures related to the disposition of personal property, attached hereto as **Attachment G**;

- Policies and procedures related to the procurement of goods and services, attached hereto as **Attachment H**;

- The defense and indemnification policy for Directors, attached hereto as **Attachment I**;

- The code of ethics for Directors and non-salaried officers, attached hereto as **Attachment J**;

- CDA travel policies and procedures, attached hereto as **Attachment K**; and

Further RESOLVED that the CDA's salaried officers and employees shall be subject to the restrictions and standards set forth in Section 74 of the Public Officers Law, which restrictions shall serve as the code of ethics for the CDA's salaried officers and employees; and

Further RESOLVED that the CDA shall not, directly or indirectly, including through any subsidiary, extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any officer, Board member or employee (or equivalent thereof) of the CDA.

RESOLVED, THAT THE Town Clerk is hereby authorized to forward a certified copy of this resolution to the New York State Office of State Controller, the Accounting Department, the Community Development Agency, and the Town Attorney.

THE VOTE

Dunleavy Yes No **Bartunek Yes No**

Blass Yes No **Densieski Yes No**

Cardinale Yes No

THE RESOLUTION ___ WAS ___ WAS NOT
THEREFORE DULY ADOPTED.

TOWN OF RIVERHEAD COMMUNITY DEVELOPMENT AGENCY
BOARD OF DIRECTORS
CORPORATE GOVERNANCE COMMITTEE CHARTER
As Per Town Board Resolution #_____
Adopted _____, 2007

THIS CHARTER is the Charter for the Corporate Governance Committee of the Board of Directors of the Town of Riverhead Community Development Agency (respectively, the "**Committee**" and the "**CDA**").

1. **The Purpose of the Committee.** The purpose of the Committee is to assist the Board of Directors of the CDA (the "**Board of Directors**" or the "**Board**") to:
   a. Develop and recommend to the Board, policies to promote honest and ethical conduct by Board members, officers, and employees, and enhance public confidence in the CDA;
   b. Develop and recommend to the Board, and oversee implementation of CDA policies relating to corporate governance, including the CDA Corporate Governance Principles; and
   c. Review on a regular basis the overall corporate governance of the CDA and recommend improvements when necessary.

2. **The Objectives of the Committee.** The Committee's objectives, in support of its purpose, shall be the following:

   a. To assure for the CDA an internal system of corporate governance that will accomplish the following:
      i. Keep the Board informed of current best governance practices;
      ii. Review on a regular basis, corporate governance trends;
      iii. Update on a regular basis the CDA's corporate governance principles.
   b. To maintain free and open communication and productive working relationships with or among:
      i. the members of the Committee;
      ii. the members of the Board of Directors;
      iii. Management.

3. **Authority and Powers of the Committee.** The Committee shall have the following authority and may exercise the following powers in discharging its role:
   a. To perform all activities within the scope of this Charter;
   b. To report directly to the Board of Directors;
   c. To investigate any matter brought to the Committee's attention. To facilitate any such investigation, the chairperson of the Committee shall have access to all books, records, facilities and staff of the CDA;

d. Any member of the Committee shall have the right to propose to his or her co-members and to Management changes and amendments to this Charter.

4. **Required Credentials for Members of the Committee.** The Committee shall consist of two (2) members of the Board and shall include the CDA Chair. Any other members of the Committee shall be appointed by the CDA Chair and shall have the following credentials:
   a. A working knowledge of concepts commonly used in corporate governance;
   b. The absence of any conflict-of-interest that would impair the individual's ability to faithfully and impartially pursue the purpose of this Committee and to perform its objectives, all as set forth in this Charter;
   c. Independence in accordance with the standards set forth in **Appendix 1** annexed hereto.

5. **Standards to which the Committee must adhere.** In performing its responsibilities, the Committee shall adhere to the following:
   a. Law, both statute and contract;
   b. Authorization provided by the Board of Directors and by the CDA's Certificate of Incorporation and By-Laws;
   c. The CDA's mission and purpose;
   d. Commonly recognized principles of good corporate governance, including prudence, integrity and impartiality.

6. **Key Responsibilities of the Committee.** The following is a non-exclusive list of the responsibilities of the Committee set forth with the understanding that the Committee may diverge as appropriate given the circumstances. Committee members must consider this list as a partial guide, to be supplemented by common sense and prevailing professional norms:
   a. **Meetings.** In addition to other meetings required by this Section 6, the Committee shall meet at least two times per annum, and more frequently as circumstances dictate, to discuss issues arising within the purview of the Committee's responsibilities.
      i. The Committee shall cause adequate minutes to be prepared for all of its proceedings and records of any action taken, and shall review such minutes and records for accuracy and thereafter shall approve same.
      ii. The Committee shall be governed by the same rules regarding meetings, notice, quorum, and voting requirements as are applicable to meetings of the Board, including without limitations any applicable provisions set forth in the Public Authorities Law and Article 7 of the Public Officers Law. The Committee may form and assign responsibilities to subcommittees when appropriate.

iii. The Committee may request that any member of the Board, any officer or staff of the CDA, or any other person whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

b. **Reports, Recommendations and Policy Revisions.** The Committee shall report at least annually to the Board of Directors. To fulfill its purposes, the Committee shall:

   i. coordinate and oversee an annual self-evaluation of the role and performance of the Board, its committees, and management in the governance of the CDA;

   ii. consider corporate governance issues that arise from time to time, and develop appropriate recommendations for the Board regarding such matters;

   iii. review any policies or other documents relating to the governance of the CDA, including but not limited to those relating to whistleblower protection and the procurement of goods and services, and recommend CDA policy revisions to the Board as necessary;

   iv. report to the CDA Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the CDA Chair or Board requests.

c. **Member Guidance.** The Committee members shall be reasonably available to provide guidance and advice to the employees of the CDA.

d. **Charter Revisions.** When it deems advisable, the Committee shall recommend to Management and the Board changes to this Charter, all in accordance with best practices and corporate governance standards.

APPENDIX 1 – *REQUIREMENTS*

<u>Appendix 1</u> – Requirements as to the independence of Governance Committee members.

An "independent member" shall mean a person who:

(a) is not, and in the past two years has not been, employed by the CDA or an affiliate of the CDA in an executive capacity;

(b) is not, and in the past two years has not been, employed by an entity that received remuneration valued at more than $15,000 for goods and services provided to the CDA or an affiliate or received any other form of financial assistance valued at more than $15,000 from the CDA or an affiliate;

(c) is not a relative of an executive officer or employee in an executive position of the CDA or an affiliate; and

(d) is not, and in the past two years has not been, a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or other similar actions of the CDA or an affiliate.

For purposes of the foregoing, an "affiliate" is any person that controls, is controlled by, or is under common control with the CDA.

TOWN OF RIVERHEAD COMMUNITY DEVELOPMENT AGENCY
BOARD OF DIRECTORS
AUDIT COMMITTEE CHARTER
As Per Town Board Resolution #_____
Adopted _____, 2007

THIS CHARTER is the Charter for the Audit Committee of the Board of Directors of the Town of Riverhead Community Development Agency (respectively, the "**Committee**" and the "**CDA**"). For purposes of this Charter, an "**Independent Auditor**" shall mean a certified public accounting firm, nationally recognized, that is independent and superior in its response to the procurement process pursuant to which it was retained by the Board of Directors of the CDA (the "**Board of Directors**" or the "**Board**").

1. **The Purpose of the Committee.** The purpose of the Committee is to:

- Oversee and assess the effectiveness of the CDA's reporting process to insure that the reporting process is credible, controlled and reliable, and its reporting is transparent, comparable, consistent and of high quality.
- Oversee the accounting and reporting of the CDA to insure that the financial statements of the CDA fairly and accurately present the financial position of the CDA.
- Oversee the internal audit activities of the CDA.

2. **The Objectives of the Committee.** The Committee's objectives, in support of its purpose, shall be the following:

- To assure for the CDA a system of internal financial control that will accomplish the following:
  - safeguard the assets of the CDA against loss from unauthorized use or disposition;
  - cause transactions to be executed in accordance with authorization by the Board of Directors or authorized committees of the Board of Directors and the CDA's management ("**Management**");
  - properly record and account for all financial transactions;
  - insure that all actions of an accounting nature are in accordance with the promulgations of the Government Accounting Standards Board; and
  - prepare financial statements that fairly present the financial position of the CDA in accordance with Generally Accepted Accounting Principles ("**GAAP**").

- To assure for the CDA an external audit process that satisfies the following conditions:
  - independence;

- impartiality; and
- execution in accordance with Generally Accepted Auditing Standards.

- To assure the CDA's compliance with all financial reporting obligations to third parties, whether required by statute or contract.
- To maintain free and open communication and productive working relationships with or among:
  - the members of the Committee;
  - the members of the Board of Directors;
  - Management;
  - the Independent Auditor;
  - contract parties;
  - the internal Town of Riverhead accounting staff ("**TORAS**"); and
  - other governmental entities.

3. **Authority and Powers of the Committee.** For purposes of this Charter, the term "**Professional Contract(s)**" shall mean contracts in which the CDA engages professional services, related to the purpose and objectives of the Committee as described in this Charter, in the following areas: independent audit services, legal services and other consultant services. The Committee shall have the following authority and may exercise the following powers:

- To perform all activities within the scope of this Charter.
- To report directly to the Board of Directors.
- To recommend to the Board of Directors for its approval, that the CDA enter into a Professional Contract with an Independent Auditor for the purpose of obtaining independent audit services for the CDA.
- To prescribe the compensation for the Independent Auditor.
- To authorize and cause the CDA to enter into Professional Contracts, other than the Professional Contract with the Independent Auditor, and to prescribe the compensation to be paid thereunder.
- To supervise and review the work, services and counsel provided under Professional Contracts, including but not limited to the work and services provided by the Independent Auditor. In particular, the Committee shall monitor the work of the Independent Auditor so that such work is in conformity with the requirements set forth in **Appendix 1** attached hereto.
- To have unrestricted access to (i) Management, (ii) employees of the CDA, (iii) the CDA's facilities, real and personal, (iv) the books and records of the CDA, and (v) the TORAS and its books and records.
- To oversee the TORAS and to approve its audit plan.
- To review for adequacy, reliability and clarity, and to monitor conformity with GAAP, the CDA's accounting practices, including but not limited to: (i) the procedures for internal financial control; (ii) the accounting of all transactions; (iii) the audit procedures employed by the Independent Auditor; and (iv) the dissemination of the financial position and performance information of the CDA.

- To review from time to time the fees, compensation and expenses paid under Professional Contracts.
- Any member of the Committee shall have the right to propose to his or her co-members and to Management changes and amendments to this Charter.

4. **Required Credentials for Members of the Committee.** The Committee shall consist of two (2) members of the Board and shall include the CDA Chair. Any other members of the Committee shall be appointed by the CDA Chair and shall have the following credentials:

- The ability to read and understand financial statements.
- A working knowledge of GAAP.
- A working knowledge of concepts commonly used in corporate finance.
- Employment or professional experience that involves (or involved) finance and/or accounting.
- The absence of any conflict-of-interest that would impair the individual's ability to faithfully and impartially pursue the purpose of this Committee and to perform its objectives, all as set forth in this Charter. In particular (and without limiting the generality of the foregoing), any individual to be appointed a Committee member shall not have a conflict-of-interest that would interfere with that individual's impartial selection or impartial oversight of the Independent Auditor, including but not limited to determinations as to appropriate compensation.
- Independence in accordance with the standards set forth in **Appendix 2** annexed hereto.

5. **Standards to which the Committee must adhere.** In performing its responsibilities, the Committee shall adhere to the following:

- Law, both statute and contract.
- GAAP.
- Authorization provided by the Board of Directors and by the CDA's Certificate of Incorporation and By-Laws.
- The CDA's mission and purpose.
- Commonly recognized principles of prudence, integrity and impartiality.

6. **Specific Responsibilities of the Committee.** The following is a non-exclusive list of the responsibilities of the Committee. Committee members must consider this list as a partial guide, to be supplemented by common sense and prevailing professional norms:

- In addition to other meetings required by this Section 6, the Committee shall meet three times per annum with the Independent Auditor and Management, including the Chief Financial Officer, to discuss issues arising within the purview of the Committee's responsibilities. The three meetings

shall occur as follows and, in addition to any other relevant topics, must include the following substantive discussions:

- The first meeting shall occur before commencement of the annual audit. At such meeting the Independent Auditor shall report, in connection with the audit that is to occur, as follows: (i) an overview of the audit process; (ii) the deliverables; (iii) the timetable; and (iv) all significant auditing policies and practices to be used by the Independent Auditor in the course of the audit;
- The second meeting shall occur at the end of the annual audit. The purpose of the meeting will be to: (i) review the draft financial statements; and (ii) discuss (a) issues raised by the Independent Auditor (including adjustments required by the Independent Auditor), (b) the report of the Independent Auditor, (c) all alternative treatments of financial information (within GAAP) that the Independent Auditor has discussed with Management and the treatment preferred by the Independent Auditor, (d) ramifications of such alternative treatments, and (e) other material written communications between the Independent Auditor and Management, including the report of the Independent Auditor.
- The third meeting shall occur prior to finalization of the Independent Auditor's report on internal control to Management (the "**Management Letter**"). The purpose of the meeting is to review the draft Management Letter (including, where applicable, internal control matters, material corrections, and any unadjusted differences), and Management's response to the draft.

- The Committee and the Independent Auditor shall annually obtain from Management written representations regarding Management's responsibility for the integrity of the control and financial reporting systems and processes of the CDA, and Management's belief about the quality of such controls and financial reports.
- The Committee shall report at least annually to the Board of Directors and, in general, shall act as a liaison between the Board of Directors and the Independent Auditor.
- The Committee members shall be reasonably available to provide guidance to the Independent Auditor and the TORAS, and to provide advice to the employees and officers of the CDA.
- Every four years, the Committee shall recommend to the Board of Directors for its approval the selection of an Independent Auditor. The Independent Auditor so recommended shall meet the criteria for independence as set forth in **Appendix 3** attached hereto. The Committee, with the help of the CDA's employees, will be responsible for carrying out the procurement process and such process shall conform to the CDA's procurement requirements.
- The Committee shall from time to time look into the industry norm for appropriate compensation for independent auditors and shall regularly

review the compensation of the Independent Auditor to ascertain whether or not it is reasonable.

- The Committee shall review all "management internal control letters" addressed to the CDA, including but not limited to the Management Letter. The Committee shall review all interim financials, the annual financials presented for audit, and the audited annual financials.
- The Committee, at least once annually, shall review with Management, including the Chief Financial Officer, and the Independent Auditor, the adequacy of the CDA's internal control procedures and accounting and auditing procedures generally. The Committee shall review Management's response to the comments, if any, of the Independent Auditor with respect to these procedures and practices.
- The Committee shall meet at least annually with the Independent Auditor, at a location designated by the Committee and outside the presence of Management, to discuss any issues arising within the purview of the Committee's responsibilities.
- The Committee shall meet at least annually with Management, outside of the presence of the Independent Auditor, to discuss Management's evaluation of the work performed by the Independent Auditor and the appropriateness of its fees.
- The Committee, when it deems necessary, shall investigate suspected or potential improprieties in bookkeeping, record retention or disclosure of financial information of the CDA. The Committee shall do the foregoing in consultation with counsel, as appropriate.
- The Committee shall review changes in accounting principles or auditing practices that had or are expected to have a significant impact on the preparation of financial statements.
- The Committee shall meet with the TORAS as required in order to discharge its responsibility to oversee the TORAS and shall review any report and recommendation by the TORAS.
- When it deems advisable, the Committee shall recommend to the Board of Directors or authorized committee of the Board of Directors, the following:
    - entering into Professional Contracts for the purpose of securing specific studies and reports, including non-audit services from the Independent Auditor, and
    - including audited financials in any required public financial disclosures or regulatory filings.
- When it deems advisable, the Committee shall recommend to Management and the Board changes to this Charter and to the charter of the TORAS, all in accordance with best practices and accounting standards. From time to time the Committee shall also review the adequacy of the internal staffing of the TORAS and recommend to Management and the Board of Directors any changes that it may deem necessary as a result of such review.
- The Committee shall cause minutes to be prepared for all of its meetings and shall review such minutes for accuracy and thereafter shall approve such minutes.

APPENDICES – *REQUIREMENTS*

Appendix 1 – Requirements as to the work of the Independent Auditor.

The Independent Auditor may not, while acting in the role of external auditor, provide non-audit services to the CDA without the previous written consent of the Committee. Examples of non-audit services are: bookkeeping or other services related to the accounting records or financial statements of the CDA; financial information systems design and implementation; appraisal or valuation services, fairness opinions or contribution-in-kind reports; actuarial services; internal audit outsourcing services; management functions or human services; broker or dealer, investment advisor, or investment banking services; and legal services and expert services unrelated to the audit.

Appendix 2 – Requirements as to the independence of members of the Audit Committee.

An "independent member" shall mean a person who:

(a) is not, and in the past two years has not been, employed by the CDA or an affiliate of the CDA in an executive capacity;

(b) is not, and in the past two years has not been, employed by an entity that received remuneration valued at more than $15,000 for goods and services provided to the CDA or an affiliate or received any other form of financial assistance valued at more than $15,000 from the CDA or an affiliate;

(c) is not a relative of an executive officer or employee in an executive position of the CDA or an affiliate; and

(d) is not, and in the past two years has not been, a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or other similar actions of the CDA or an affiliate.

For purposes of the foregoing, an "affiliate" is any person that controls, is controlled by, or is under common control with the CDA.

Appendix 3 – Requirements as to the independence of the Independent Auditor.

The Independent Auditor must satisfy the following conditions: (i) an "audit partner" shall not have performed, for each of the previous five fiscal years preceding the audit year, audit services to the CDA; and (ii) an "executive" of the CDA shall not have been employed, for the twelve months preceding commencement of the audit, by the Independent Auditor if he/she participated in any capacity in the audit of the CDA during

the one year period preceding the initiation of the audit. As used herein: "audit partner" shall mean the lead (or coordinating) audit partner (having responsibility for the audit), and the audit partner responsible for reviewing the audit; "executive" shall mean the chief executive officer, chief financial officer, controller, chief accounting officer, and any other person serving in an equivalent position for the CDA.

TOWN OF RIVERHEAD COMMUNITY DEVELOPMENT AGENCY: INVESTMENT POLICIES, PROCEDURES AND GUIDELINES

As Per Town Board Resolution #_____
Adopted _____, 2007

I. SCOPE

The investment policy applies to all moneys and other financial resources available for investment on behalf of The Town of Riverhead Community Development Agency ("**CDA**").

II. OBJECTIVES

The primary objectives of the CDA's investment activities are, in primary order:

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

III. DELEGATION OF AUTHORITY

The CDA's responsibility for administration of the investment program is delegated to the CDA Chair who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an 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 regulate the activities of subordinate employees.

IV. 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 CDA to govern CDA assets 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.

V. DIVERSIFICATION

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

VI. INTERNAL CONTROLS

It is the policy of the CDA for all moneys collected by any officer or employee of the CDA to transfer those funds to the CDA Chair within ten days of deposit, or within the time period specified in law, whichever is shorter.

The CDA Chair is responsible for establishing and maintaining an internal control structure, in accordance with the provisions of General Municipal Law, Section 561-a, to provide reasonable but not absolute assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

VII. DESIGNATION OF DEPOSITORIES

The banks and trust companies authorized for the deposit of CDA funds:

Depository Name	
Suffolk County National Bank	North Fork Bank & Trust Co.
Citibank	JP Morgan Chase
Fleet Bank	The Bank of New York

VIII. COLLATERALIZATION OF DEPOSITS

In accordance with the provisions of General Municipal Law, Section 10, all deposits of the CDA, including certificates of deposits and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

1) By a pledge of "eligible securities" with an aggregate "market value", or provided by General Municipal Law, Section 10, equal to the aggregate amount of deposits from the categories designated **APPENDIX A** to this policy.

2) By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with the deposits in favor of the government for a term not to exceed ninety (90) days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.

3) By an eligible surety bond payable to the government for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.

IX. SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collaterizing 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 the CDA's deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collections 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 CDA to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the CDA, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the CDA 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 CDA, will be kept separate and apart from the general assets of the custodian 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 substitute of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the CDA a perfected interest in the securities.

X. PERMITTED INVESTMENTS

As authorized by General Municipal Law, Section 10, the CDA Board authorizes the CDA Chair to invest moneys not required for immediate expenditure for terms not to exceed CDA's projected cash flow needs in the following types of investment:

- Special time deposit accounts;
- Certificates of deposit;
- Obligations of the United States of America;
- Obligations guaranteed by agencies of the United States of American where the payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Obligations issued pursuant to LFL Section 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district cooperation other than the CDA or the Town of Riverhead;
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general state statutes governing such entities or whose specific enabling legislation authorizes such investments;
- Certificates of Participation (COPs) issued pursuant to GML, Section 109-b;
- Obligations of the CDA, but only with any moneys in a reserve fund established pursuant to GML, Section 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

All investment obligations shall be payable or redeemable at the option of the CDA within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the CDA within two (2) years of the date of purchase.

XI. AUTHORIZED FINANCIAL INSTITUTES AND DEALERS

The CDA shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the CDA conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition at the request of the CDA. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The CDA Chair is responsible for evaluating the financial

position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

XII. PURCHASE OF INVESTMENT

The CDA Chair is authorized to contract for the purposes of investment:

1) Directly, including through a repurchase agreement, from an authorized trading partner.
2) By participating in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion #88-46, and the specific program has been authorized by the CDA Board of Directors.
3) By utilizing an ongoing investment program with an authorized tracking partner pursuant to a contract authorized by the CDA Board.

All purchased obligations, unless registered or inscribed in the name of the CDA, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank in trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the CDA by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law, Section 10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the CDA, will be kept separate and apart from the general assets of the custodian bank or trust company and will not, in any circumstances, be commingled with or become part of the baking for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the CDA a perfected interest in the securities.

XIII. REPURCHASE AGREEMENT

Repurchase agreements are authorized subject to the following restrictions:

- All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
- Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.

- Obligations shall be limited to obligations of the United States of America and obligations of agencies of the United States of America where principal and interest are guaranteed by the United States of America.
- No substitution of securities will be allowed.
- The custodian shall be a party other than the trading partner.

Appendix A

Schedule of Eligible Securities

_____ (i) Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation.

_____ (ii) Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.

_____ (iii) Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the Market Value of the obligation that represents the amount of the insurance or guaranty.

_____ (iv) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of such State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys.

_____ (v) Obligations issued by states (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

_____ (vi) Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

_____ (vii) Obligations of counties, cities and other governmental entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

_____ (viii) Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.

_____ (ix) Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by bank regulatory agencies.

_____ (x) Commercial paper and bankers' acceptances issued by a bank, other than the Bank, rated in the highest short term category by at least one nationally recognized statistical rating organization and having maturities of not longer than 60 days from the date they are pledged.

_____ (xi) Zero coupon obligations of the United States government marketed as "Treasury strips".

TOWN OF RIVERHEAD COMMUNITY DEVELOPMENT AGENCY: SALARY, COMPENSATION, REIMBURSEMENT, TIME AND ATTENDANCE POLICY AND PROCEDURES FOR BOARD AND SENIOR MANAGEMENT

As Per Town Board Resolution #_____
Adopted _____, 2007

The Town of Riverhead Community Development Agency ("**CDA**") Board of Directors receives no compensation for services rendered in their capacity as directors of the urban renewal agency. (General Municipal Law – Article 15A, Sect. 553.)

No compensation is paid to anyone serving on any committee of the CDA Board of Directors.

No compensation is paid to the Chief Executive Officer, Chief Financial Officer, or any other person providing services to the CDA Board of Directors.

TOWN OF RIVERHEAD COMMUNITY DEVELOPMENT AGENCY: PROTECTION FOR WHISTLEBLOWERS POLICY AND PROCEDURES

As Per Town Board Resolution #_____
Adopted _____, 2007

No officer, employee, director or member of Town of Riverhead Community Development Agency: ("**CDA**") may retaliate against any employee or officer of CDA who makes a good faith report of wrongdoing, misconduct, malfeasance or other inappropriate behavior, such as fraud, criminal activity or conflict of interest, by an officer, employee, director or member of CDA by taking an adverse personnel action against the "whistleblower". Therefore, the "whistleblower" cannot be fired, demoted or disciplined as a result of his/her having reported behavior of a type described above to the Town of Riverhead, any employee, officer, director or member of CDA or any governmental body or official.

Complaints may be made during regular business hours to:

Contact:	Dawn Thomas, Town Attorney
Telephone:	631-727-3200 x216
Fax:	631-727-6152
Email:	thomas@riverheadli.com
Mail / In person	200 Howell Avenue, Riverhead, New York 11901

TOWN OF RIVERHEAD COMMUNITY DEVELOPMENT AGENCY: ACQUISITION AND DISPOSITION OF REAL PROPERTY POLICY, PROCEDURES AND GUIDELINES

As Per Town Board Resolution #_____
Adopted _____, 2007

I. INTRODUCTION

In accordance with the requirements of Title 5-A of Article 9 and Section 2824(1)(e) of the Public Authorities Law, added to such law by the Public Authorities Accountability Act of 2005 ("**PAAA**"), the following comprehensive guidelines ("**Guidelines**") set forth the Town of Riverhead Community Development Agency's (the "**CDA**") (i) operative policy and instructions regarding the use, awarding, monitoring and reporting of contracts for the disposal of property through means of real property sale, ground lease, space lease and roof top lease, (ii) guidelines relating to the acquisition of real property, and (iii) related policies and procedures.

II. METHODS OF DISPOSING OF REAL PROPERTY

The CDA shall dispose of real property in accordance with Title 5-A and other applicable laws in a manner so as to permit such full and free competition as is appropriate under the circumstances and shall award contracts to parties offering the most advantageous terms, financial and/or otherwise. All dispositions of real property shall further comply with Article 15 (Urban Renewal) and Article 15A (Municipal Urban Renewal Agencies, Organization and Powers) of the New York State General Municipal Law (GML), as amended and to be amended, and such other requirements as may from this time be imposed by the Town of Riverhead. The CDA's contracting officer for real property dispositions (the "**Contracting Officer**"), appointed by the CDA's Board of Directors, shall supervise and direct all dispositions of CDA real property. The real property must be disposed of at fair market value for cash, credit, or other property, with or without warranty, upon such terms and conditions as the Contracting Officer or his/her designee deems proper, except as otherwise permitted herein. No disposition of real property shall be made unless an appraisal has been made by an independent appraiser and included in the CDA file.

Under the Contracting Officer's or his/her designee's direction, the CDA primarily uses two methods of disposition: A) Request for Proposals; and B) negotiated disposition.

A. Request for Proposals ("RFP")

1. *Real Property Sales and Leases*

The RFP process is a process whereby the development community and other entities and individuals are invited to submit proposals for one or more properties. In an effort to create full and free competition consistent with the value and nature of the property, RFP

notices shall be printed a minimum of once in a newspaper published in the Town of Riverhead, if any, or in any such newspaper published in the County of Suffolk, having a circulation in the Town of Riverhead, and posted on the CDA's web-site. In addition, RFPs may be advertised in appropriate local newspapers and/or appropriate trade publications, depending on the nature of the property, and, on occasion, distributed to a direct mailing list. All advertisements shall list when and where proposals shall be disclosed, except that if the disposition falls within one of the criteria for a negotiated disposition described below, at the discretion of the Contracting Officer or his/her designee, the advertisement may omit such disclosure information and/or the disclosure may or may not be made.

RFPs may, but are not required to, include an introduction and sections on site description, development strategy, objectives, disposition process, proposal requirements, selection conditions, public review process, general conditions and, where appropriate, economic development benefits.

Although the selection criteria for each RFP varies, as appropriate, the CDA may include selection criteria such as the following in reviewing submissions and selecting a proposal:

- *Economic Impact on/ Spending in the Town of Riverhead* - projected expenditures, including purchase price, construction costs and annual operating costs; temporary (construction) and permanent on-site employment and payroll; and applicable Town of Riverhead revenues such as real property taxes or other income.
- *Development Team Qualifications* – experience and development skills to complete the project on time and within budget.
- *Financial Viability* – developer's financial means to complete the project, availability of funding sources to finance the project, and sufficient revenues to support operating expenses, capital costs and any debt service.
- *Integration into Surrounding Community* – such as pedestrian access, vehicular access and circulation, building mass, parking availability, landscaping and overall integration into surrounding community.
- *Design* – architectural design, urban design, environmental development techniques, and compliance with applicable zoning, environmental and other regulatory controls.

Depending on the nature of the real property, RFPs may or may not include all of the above and may include additional selection criteria.

The contract will be awarded to the candidate presenting the most advantageous terms, price and other factors considered. The CDA may reject any and/or all proposals when the minimum terms and conditions have not been met, competition is insufficient and/or it is in the public interest to do so. The award/designation will be made by notice within a reasonable time of the original advertisement, all circumstances considered.

B. Negotiated Disposition:
Real Property Sales and Leases

RFP by advertisement is not always the most appropriate and effective means of disposal of real property. In certain instances, including when the disposition is for less than fair market value but is intended to further the Town of Riverhead's economic development or the disposition is otherwise authorized by law, Title 5-A permits a negotiated disposition subject to obtaining such competition as is feasible under the circumstances. In some circumstances, the disposition will involve a sole source disposition. Title 5-A, Section 2897 (6)(c)(ii)-(vi) sets forth that real property may be disposed of through a negotiated disposition when:

> (ii) the fair market value of the property does not exceed fifteen thousand dollars ($15,000);
> (iii) bid prices, after advertising, are not reasonable, either as to all or some part of the property, or have not been independently arrived at in open competition;
> (iv) the disposal will be to the state or any political subdivision, and the estimated fair market value of the property and other satisfactory terms of disposal are obtained by negotiation;
> (v) the disposal is for an amount less than the estimated fair market value of the property, the terms of such disposal are obtained by public auction or negotiation, the disposal of the property is intended to further the public health, safety or welfare or an economic development interest of the state or a political subdivision . . . , the purpose and the terms of such disposal are documented in writing and approved by resolution of the board of the public authority; or
> (vi) such action is otherwise authorized by law.

Item (vi) includes, without limitation, sales and leases of real property where the property has been acquired for purposes of disposal under Article 15 (Urban Renewal) and Article 15A (Municipal Urban Renewal Agencies, Organization and Powers) of the New York State General Municipal Law (GML).

If an RFP involves a disposition that meets one of the criteria described above, the Contracting Officer or his/her designee may direct that the disposition of the real property be considered a negotiated disposition. In such circumstance, a public disclosure of the proposals would not be necessary unless otherwise required, however, an explanatory statement and ninety (90) days notice (or such other period as the statute may be amended to require) would be required as detailed below.

Upon meeting Title 5-A's requirements, the decision to proceed with a negotiated disposition rather than an RFP is based on an analysis of the facts and nature of the

project. In such instance, a negotiated disposition may be undertaken without limitation under the following circumstances where appropriate:

- Risk of business relocation or expansion outside the Town of Riverhead exists;
- To permit expansion of business in the Town of Riverhead;
- Impact of the number of jobs to be created or retained for the Town of Riverhead;
- Development of sites which lack private sector interest (as demonstrated by a failed RFP or other competitive means within the past two years);
- Proximity of real property to a business' existing location; or
- Other important public purpose.

Regardless of the reason the negotiated disposition is deemed permissible, such competition as is "feasible" under the circumstances is still required. In some instances where advertisement is not used, the CDA might notify neighboring businesses of an available parcel to give them the opportunity to submit a proposal, thereby effecting competition. However, in other instances, even such notification might not be feasible. Realistically, in certain situations a sole source disposition or little competition will be the only feasible alternative. For example, if a lease is for a sum below fair market value and failure to renew could threaten relocation outside the Town of Riverhead, loss of jobs within the Town of Riverhead, or business failure, a sole source negotiated disposition will be permissible under Title 5-A Section 2897(6)(c)(v). So too, if a space is leased at fair market value to a tenant that provides many jobs and services to the Town of Riverhead as well as promises of future economic development to the community, a sole source negotiated disposition might also be appropriate to preserve the jobs in the Town of Riverhead. Similarly, if a tenant requires an adjacent available space to expand his/her business and such expansion would create new jobs and prevent the business from leaving the Town of Riverhead, a sole source negotiated disposition at fair market value might also be appropriate. In such instances, a negotiated disposition would be permissible pursuant to Title 5-A Section 2897(6)(c)(vi) in conjunction with Article 15 and Article 15A of the New York State GML or other statutory provisions.

If a negotiated disposition is undertaken, not less than ninety (90) days (or such other period as the statute may later require) prior to the disposal of the property, an explanatory statement must be submitted to the state comptroller, state director of the budget, state commissioner of general services and state legislature, a copy of the same to be maintained in the CDA's files.

III. ACQUISITIONS

Real property may be purchased by the CDA for purposes of use, resale, leasing or otherwise permitting the use of the property or space therein, and may be leased by the CDA for purposes of use, subleasing or assignment of lease or otherwise permitting the use of the leased property or space. The purpose of such acquisition shall be to further a purpose of the CDA under Article 15 and Article 15A of the New York State GML. The Contracting Officer or his/her designee shall approve the terms of the acquisition and obtain the approval of the CDA's Board of Directors for the same. Further, at the

discretion of the Chairman of the CDA or his/her designees, where the CDA has a right of reacquisition of previously disposed of property, it may exercise this right.

IV. APPROVALS

All purchases, sales and leases of real property by the CDA must be approved by its Board of Directors. Approvals may be obtained for specific purchases, sales or leases or the Board of Directors may grant approval for purchases, sales or leases so long as specified guidelines are met. Generally, purchases, sales and leases are first reviewed by the CDA's Board.

When Town of Riverhead property is being leased or purchased by the CDA, all Town of Riverhead required approvals must also be obtained, e.g. relevant permits.

V. MONITORING AND REPORTING CONTRACTS FOR DISPOSAL

Prior to the disposal of the real property, the project manager involved in the disposition shall be the primary person responsible for monitoring compliance with the terms of the contract or other agreement or memorandum for the disposal and shall keep the Contracting Officer or his/her designee informed of all major issues that arise and of the status of the disposition.

The Contracting Officer shall cause a record to be maintained of all real property disposed of and shall cause to be prepared and transmitted all reports relating to the disposition of real property required by Title 5-A.

TOWN OF RIVERHEAD COMMUNITY DEVELOPMENT AGENCY: THE DISPOSITION OF PERSONAL PROPERTY POLICY, PROCEDURES AND GUIDELINES

As Per Town Board Resolution #_____
Adopted _____, 2007

I. DISPOSITION OF PERSONAL PROPERTY VALUED AT FIVE THOUSAND DOLLARS ($5,000) OR LESS

Whenever the Town of Riverhead Community Development Agency (the "**CDA**") wishes to transfer title to or a beneficial interest in an item of personal property or an interest therein with an estimated value of Five Thousand Dollars ($5,000) or less, it shall obtain offers from one or more persons or entities as the CDA's contracting officer for personal property dispositions (the "**Contracting Officer**"), appointed by the CDA's Board of Directors, or his or her designee deems appropriate. The CDA shall maintain a record of the persons or entities approached and their responses. The CDA may conduct discussions with some or all of the persons and entities. The property may be disposed of to whichever person or entity the Contracting Officer or his or her designee selects based on the proposed price and any other factors that the Contracting Officer or his or her designee deems appropriate.

All personal property that the Contracting Officer or his or her designee considers to be of no sale value and no use to the CDA may be destroyed or otherwise disposed of in such manner as is determined by the Contracting Officer or his or her designee. Notwithstanding the foregoing, records may only be destroyed or disposed of at a time and in a manner not in conflict with applicable law, regulation or contract.

No approval of a disposition of a type described above is required from the Board of Directors or any committee thereof. All disposal documents must be approved and executed by an officer who is an authorized signatory of all agreements of the CDA.

II. DISPOSITION OF PERSONAL PROPERTY VALUED IN EXCESS OF FIVE THOUSAND DOLLARS ($5,000)

Whenever the CDA wishes to transfer title to or a beneficial interest in an item of personal property or an interest therein with an estimated value in excess of Five Thousand Dollars ($5,000), it shall first obtain an appraisal of the property if, because of its unique nature, the property is not subject to fair market pricing. However, an appraisal of the property will not be required if an appraisal of the property or similar property has been made within the past two years.

The person or entity to which the property shall be disposed of shall be determined through a procurement conducted in accordance with Title 5-A of the Public Authorities

Law, added to such law by the Public Accountability Act of 2005, and any amendments thereto. The CDA shall publicly advertise for proposals for the disposal of the property in accordance with Title 5-A, provided that it may dispose of the property without public advertising, obtaining such competition as is feasible under the circumstances, when permitted to do so under Title 5-A. All dispositions shall comply with all relevant requirements of Title 5-A, Article 15 (Urban Renewal) and Article 15A (Municipal Urban Renewal Agencies, Organization and Powers) of the New York State General Municipal Law (GML), as amended and to be amended, and such other requirements as may from this time be imposed by the Town of Riverhead or other applicable laws, if any.

Prior to the disposal of the property, the project manager involved in the disposition shall be the primary person responsible for the monitoring of compliance with the terms of the contract for the disposal, and shall keep the Contracting Officer or his or her designee informed of all major issues that arise and of the status of the disposition.

The disposal must be approved by the Board of Directors or Executive Committee of the Board if the disposal is on a sole source basis for an amount in excess of Twenty Thousand Dollars ($20,000) or is for an amount in excess of One Hundred Thousand ($100,000) and has been competitively procured. For disposals for less than those amounts, no approval is required of the Board of Directors or a committee thereof. In all cases, the disposal must be approved by the Contracting Officer or his or her designee and disposal documents must be approved and executed by an officer who is an authorized signatory of all agreements of the CDA.

The Contracting Officer shall cause a record to be maintained of all personal property disposed of for an amount in excess of Five Thousand Dollars ($5,000) and shall cause to be prepared and transmitted all reports relating to the disposition of personal property required by Title 5-A.

TOWN OF RIVERHEAD COMMUNITY DEVELOPMENT AGENCY
PROCUREMENT POLICY AND PROCEDURES

As Per Town Board Resolution #_____
Adopted _____, 2007

This procurement policy sets forth the guidelines and procedures for purchase of goods and services (hereinafter, the "**Guideline**") by the Town of Riverhead Community Development Agency ("**CDA**").

GUIDELINE 1

Every prospective purchase of goods or services shall be evaluated to determine the applicability of General Municipal Law (GML), Section 103. Every personnel with the requisite purchasing authority on behalf of the CDA (hereinafter "**Purchaser**") shall estimate the cumulative amount of the items of supply or equipment needed in a given fiscal year by, for example, reviewing previous annual values and canvassing other Town Departments to determine the likely yearly value of the commodity to be acquired. The information gathered and conclusions reached shall be documented and kept with the file or other documentation supporting the purchase activity.

GUIDELINE 2

All purchases of a) supplies or equipment, which will exceed $10,000 in the fiscal year or b) public works contracts over $20,000, shall be formally bid pursuant to GML, Section 103.

GUIDELINE 3

All estimated purchases of goods or services:

- less than $10,000 but greater than $3,000 require a written request for a proposal (RFP) and written/fax quotes from three (3) vendors.
- less that $3,000 but greater than $1,000 require a written RFP and written/fax quotes from two (2) vendors.
- less than $1,000 but greater than $250 are left to the discretion of the Purchaser.

All estimated public works contracts of:

- less than $20,000 but greater than $10,000 require a written RFP and written/fax proposals from three (3) contractors.
- less than $10,000 but greater than $3,000 require a written RFP and written/fax proposals from two (2) contractors.
- less than $3,000 but greater than $500 are left to the discretion of the Purchaser.

Any written RFP shall describe the desired goods, quantity and the particulars of delivery. The Purchaser shall compile a list of all vendors from whom written/fax/oral quotes have been requested and the written/fax/oral quotes offered.

All information gathered in the process of complying with the applicable Guideline shall be preserved and filed with the documentation supporting the subsequent purchase of public works contract.

GUIDELINE 4

The lowest responsible proposal or quote shall be awarded the purchase or public works contract unless the Purchaser prepares a written justification providing reasons why it is in the best interest of the CDA and its taxpayers to make an award to other than the low bidder. If a bidder is not deemed responsible, facts supporting that judgment shall also be documented and filed with the record supporting the procurement.

GUIDELINE 5

A good faith effort shall be made to obtain the required number of proposals or quotations. If the Purchaser is unable to obtain the required number of proposals or quotations, the Purchaser shall document the attempt made at obtaining the proposals. In no event shall the inability to obtain the proposals or quotes be a bar to the procurement.

GUIDELINE 6

Except when directed by the CDA Board, no solicitation of written proposals or quotations shall be required under the following circumstances:

- Acquisition of professional services;
- Emergencies;
- Sole source situations (verification letter from vendor required);
- Goods purchased from agencies for the blind or severely handicapped;
- Goods purchased from correctional facilities;
- Goods purchased from another governmental agency;
- Goods purchased at auction;
- Goods purchased for less than $250;
- Public works contracts for less than $500.

GUIDELINE 7

This policy shall be reviewed by the CDA Governance Committee annually or as soon thereafter as is reasonably practicable.

TOWN OF RIVERHEAD COMMUNITY DEVELOPMENT AGENCY:
DEFENSE AND INDEMNIFICATION POLICY FOR DIRECTORS

As Per Town Board Resolution #_____
Adopted _____, 2007

The CDA Directors and Officers are covered by the Directors and Officers Liability Insurance Policy of the Town of Riverhead with such limits as it may deem reasonable for the purpose of protecting its officers and employees against liability for claims arising from their acts while exercising or performing or in good faith purporting to exercise or perform their powers and duties. The directors and officers of the corporation and any person acting on its behalf while acting within the scope of their authority shall not be subject to any personal liability resulting from carrying out any of the powers given in this title.

TOWN OF RIVERHEAD COMMUNITY DEVELOPMENT AGENCY: CODE OF ETHICS FOR DIRECTORS AND OFFICERS

As Per Town Board Resolution #_____
Adopted _____, 2007

I. INTRODUCTION AND PURPOSE

The Board of Directors ("**Board**") of Town of Riverhead Community Development Agency (the "**CDA**") has adopted this code of ethics and practices ("**Code**") with respect to its directors and officers (individually, a "**Director**", or collectively, the "**Directors**"). The CDA believes a commonly held set of principles can assist in the individual exercise of professional judgment. This Code speaks to the core values of public accountability and transparency. The purpose of having a code of ethics and practices is to protect the credibility of the CDA by ensuring high standards of honesty, integrity, and conduct of staff.

To that end, this Code is intended to promote (a) honest and ethical conduct, including the proper handling of actual or apparent conflicts of interest between personal and professional relationships, and (b) full, fair and understandable disclosure in the periodic reports required to be filed under this Code. This Code (a) provides examples of situations involving conflicts of interest; (b) establishes disclosure procedures; and (c) outlines corrective action for violations. It is vitally important to the public trust that both the fact and the appearance of conflicting interests and improper corporate conduct be avoided. Each Director will be expected to read and understand this Code and to review it periodically in order to be alert to situations that could create a conflict of interest or otherwise be contrary to the established policies of the CDA.

II. GUIDELINES

A. Prohibition. A Director may not make personal investments in enterprises that he or she has reason to believe may be directly involved in decisions to be made by him or her, in his or her capacity as a Director of the CDA, or that will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest. Additionally, a Director is prohibited from accepting employment that impairs his or her independence of judgment in the exercise of his or her official duties.

B. Personal Interest. A Director shall be deemed to be "interested" in cases in which the Director's personal interest conflicts with the interest of the CDA. The following are situations in which a Director would be deemed to be "interested", which list is not intended to be exhaustive:

- Where a Director or a member of his or her immediate family[1] is a member, director,

[1] Immediate family means a spouse, domestic partner, unemancipated child, and if they live with the Director, parent or sibling.

owner[2] or officer of an entity from which the CDA purchases services or supplies.

- Where a Director or a member of his or her immediate family is a member, director, owner or officer of an organization with which the CDA contracts.

- Where a Director or a member of his or her immediate family is a member, director, owner or officer of an entity with which the CDA negotiates or effects a transaction or an entity that substantially benefits from a transaction that the CDA negotiates or effects.

A Director shall not be deemed to be "interested" by virtue of his or her status as an official or employee of the Town of Riverhead.

When a Director is "interested" in a matter: (a) the Director must disclose the nature and extent of his or her interest to the Board or committee of the Board, whichever will be considering the matter; and (b) the Director, acting as a Director, must take no part in the consideration, determination or approval of the matter on the part of the CDA.[3]

C. <u>Confidential and Inside Information</u>. Confidential information acquired by a Director in the course of his or her duties as a Director must be held in confidence and may not be used as a basis for personal gain by the Director, his or her immediate family or others. Information relating to transactions pending with the CDA is not to be given to any person unless it has been published or otherwise made generally available to the public by the CDA.

A Director must refrain from transmitting any information about the CDA or its deliberations or decisions or any other information the Director obtained from the CDA that might be prejudicial to the interests of the CDA to any person other than in connection with the discharge of the Director's responsibilities, except to the extent the information is publicly available.

A Director must not accept employment or engage in any business or professional activity that will require him or her to disclose confidential information that he or she has gained by reason of his or her official position of authority.

D. <u>Gratuities/Conduct</u>. A Director must not be placed under actual or apparent obligation to anyone by accepting, or permitting his or her immediate family to accept, gifts or other favors where it might appear that they were given for the purpose of improperly influencing the Director in the performance of his or her corporate duties. In addition, a Director should never use his or her official position to secure unwarranted privileges or exemptions; nor should a Director, by his or her conduct, give any reasonable basis for the impression that any person can improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties or that he or she is affected by the kinship, rank, position or influence of any party

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[2] Owner means a person having an interest in an entity that exceeds 5% of the entity or an investment of $35,000 in cash or other form of commitment, whichever is less, or 5% or $35,000 of the entity's indebtedness, whichever is less, and any lesser interest in a entity when the person exercises managerial control or responsibility regarding any such entity, but shall not include interests held in any pension plan, deferred compensation plan or mutual fund, the investments of which are not controlled by the person, or in any blind trust that holds or acquires an ownership interest.

[3] All persons acting as Members of the CDA may take part in the consideration, and determination or approval, of any matter.

or person. Instead, a Director should endeavor to pursue a course of conduct that will not raise suspicion that he or she is likely to be engaged in acts that are in violation of his or her trust.

III. DISCLOSURE PROCEDURE

A. If at any time a Director is in doubt as to the proper application of this Code, the Director should immediately make all the facts known to the Ethics Board of the Town of Riverhead and be guided by the instructions he or she receives. Except as otherwise directed by those instructions, the Director should refrain from exercising responsibility with regard to the CDA in any matter that might reasonably be thought to be affected by his or her interest.

B. Each Director must complete a disclosure statement in the form attached hereto promptly after appointment and annually thereafter at the time required for the filing by the Director of an annual financial disclosure statement pursuant to N.Y. Pub. Auth. Law § 2825(3).

C. Each Director shall make the annual filings required of Directors under N.Y. Pub. Auth. Law § 2825(3).

IV. VIOLATIONS

If a Director violates any of the provisions of this Code, such Director shall be subject to an appropriate remedy under the circumstances. In addition to any penalty contained in any provision of law, the Director may be subject, at the Board's discretion, to removal for cause.

V. OFFICERS WHO ARE EMPLOYEES OF THE CDA

Notwithstanding anything contained herein, if an officer is also an employee of the Town of Riverhead, that officer shall be subject to the restrictions set forth in the Ethics Policy of the Town of Riverhead.

DISCLOSURE STATEMENT FOR

DIRECTORS

Chairperson:

I have read the Code of Ethics for the Town of Riverhead CDA adopted on _____, 2007 and have received a copy for my guidance. I advise you that I am not involved in any activity that would be considered to be in violation of the aforesaid Code, except as follows: (If answer is "None", please indicate in the space provided)

_____

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_____

Attach additional sheets as needed.

Date:_____

_____

Name (Please Print or type)

_____

Signature

Attachment J
Code of Ethics
4/26/2007

TOWN OF RIVERHEAD COMMUNITY DEVELOPMENT AGENCY: TRAVEL POLICY AND PROCEDURES

As Per Town Board Resolution #_____
Adopted _____, 2007

Directors and Officers of the Town of Riverhead Community Development Agency ("**CDA**") shall adhere to the travel policy and procedures of the Town of Riverhead as administered by the Contracting Officer.

The CDA may authorize the payment of actual and necessary travel expenses, including meals and lodging, of officers and directors for travel necessary and appropriate for fulfillment of the goals and objectives of the CDA. The CDA shall adhere to the travel policy and procedures of the Town of Riverhead as administered by the Purchasing Department. Overnight travel is permitted only with advance authorization by resolution of the CDA Board with estimated costs and basis for the expenditure as well as the source of funds identified. The annual IRS mileage rates are followed by the CDA for vehicular travel and all expenditures must be supported by receipts submitted for reimbursement.