

**Erie County Industrial Development Agency
Meeting of the Membership
March 25, 2020 @ 12:00 p.m.**

Via Conference Call

Meeting is being Livestreamed

1.0 Call to Order

- 1.1 Call to Order Meeting of the Membership

2.0 Approval of Minutes:

- 2.1 Approval of Minutes of the February 26, 2020 Meeting of the Membership (Action Item) (Pages 3-6)

3.0 Reports / Action Items / Information Items:

- 3.1 Financial Report (Informational) (Pages 7-10)
- 3.2 Finance & Audit Committee Update (Informational) (Pages 11-12)
 - a) Committee Self-Evaluation (Informational) (Pages 13-16)
- 3.3 Audited Financial Statements (Action Item) (Pages 17-63)
- 3.4 2019 – Investment Report (Action Item) (Pages 64-68)
- 3.5 Governance Committee Report (Informational) (Pages 69-70)
 - a) Committee Self-Evaluation (Informational) (Pages 71-75)
 - b) Board Self-Evaluation (Informational)
- 3.6 2020 Tax Incentives Induced/Closing Schedule/ Estimated Real Property Tax (Informational) (Pages 76-78)
- 3.7 Approval of Board Certification of RLF Plan (Pages 79-85)
- 3.8 Policy Committee Update (Informational) (Pages 86-88)

4.0 Inducement Resolutions:

		ECIDA Incentives	Private Investment	Municipality
4.1	3310 Benzing Road, LLC/Marathon Drains (Pages 2-44)	\$ 92,000	\$ 725,000	Orchard Park
4.2	637 Linwood, LLC/1275 Delaware, LLC (Pages 45-95)	\$380,911	\$12,460,993	Buffalo
4.3	Jemal’s Seneca, LLC (Pages 96-151)	\$337,500	\$45,000,000	Buffalo
4.4	Steuben Foods Incorporated (Pages 152-198)	\$967,505	\$25,621,494	Elma

5.0 Review and Adoption of Policies, Reports and Committee Charters: (Separate Package)

- 1. 2019 - Mission Statement, Performance Measures and Results (Action Item) (Pages 2-8)
- 2. 2020 - Mission Statement and Performance Measures (Action Item) (Pages 9-16)
- 3. 2019 - Public Authorities Report (Action Item) (Pages 17-64)
- 4. Code of Ethics & Conflict of Interest Policy (Action Item) (Pages 65-70)

Re-Adopt Policies & Charters

- 5. Investment & Deposit Policy (Action Item) (Pages 71-78)
- 6. Procurement Policy (Action Item) (Pages 79-82)
- 7. Whistleblower Policy and Procedures (Action Item) (Pages 83-85)
- 8. Defense & Indemnification Policy (Action Item) (Page 86)
- 9. Finance & Audit Committee Charter (Action Item) (Pages 87-91)
- 10. Governance Committee Charter (Action Item) (Pages 92-95)
- 11. Property Disposition Guidelines (Action Item) (Pages 96-102)
- 12. Real Property Acquisition Policy (Action Item) (Pages 103-104)
- 13. Board Member Compensation, Reimbursement & Attendance Policy (Action Item) (Page 105)
- 14. Employee Compensation Program (Action Item) (Pages 106-107)
- 15. Travel, Conferences, Meals & Entertainment Policy (Action Item) (Pages 108-114)
- 16. Statement of Duties & Responsibilities of the Board of Directors (Action Item) (Pages 115-117)
- 17. Statement of the Competencies & Personal Attributes Required of Board Members (Action Item) (Page 118)
- 18. Corporate Credit Card Policy (Action Item) (Pages 119-122)

6.0 Management Team Reports:

6.1 2019 Year in Review

7.0 Adjournment- Next Meeting April 22, 2020 (Annual Meeting)

**MINUTES OF THE MEETING
OF THE
MEMBERSHIP OF THE
ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (ECIDA)**

DATE AND PLACE: February 26, 2020, at the Erie County Industrial Development Agency (the “ECIDA” or “Agency”), 95 Perry Street, 5th Floor ESD Conference Room, Buffalo, New York 14203

LIVE STREAMED: This Board meeting is being live-streamed and made accessible on the Agency’s website at www.ecidany.com.

PRESENT: Denise Abbott, Hon. Diane Benczkowski, Rev. Mark E. Blue, Hon. Bryon W. Brown, Hon. Joseph H. Emminger, Tyra Johnson-Hux, Brenda W. McDuffie, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz, Hon. Darius G. Pridgen, Sister Denise Roche, Kenneth A. Schoetz and Art Wingerter

EXCUSED: James F. Doherty, Dottie Gallagher, Hon. Howard Johnson, Hon. Brian J. Kulpa, Richard Lipsitz, Jr., and Charles F. Specht

OTHERS PRESENT: Steve Weathers, Chief Executive Officer; John Cappellino, Executive Vice President; Atiqah Abidi, Assistant Treasurer; Gerald Manhard, Chief Lending Officer; Daryl Spulecki, Credit Analyst; Beth O’Keefe, Business Development Officer; Dawn Boudreau, Assistant Treasurer; Robert G. Murray, Esq., General Counsel/Harris Beach PLLC; and Grant Lesswing, Business Development Officer

GUESTS: Kevin Zanner, Hurwitz & Fine; Maria Whyte, Deputy County Executive; Andrew Federick, Erie County Senior Economic Development Specialist

There being a quorum present at 12:16 p.m., the meeting of the ECIDA Board of Directors was called to order by its Chair, Ms. McDuffie.

MINUTES

The minutes of the January 22, 2020 meeting of the members were presented. Mr. Poloncarz moved and Mr. Blue seconded, to approve of the minutes. Ms. McDuffie called for the vote, and the minutes were then unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Financial Report. Ms. Abidi presented the January 2020 financial report, noting that the balance sheet shows that the Agency ended 2019 with total assets of \$30.0 million and net assets of \$22.6 million, reflecting net income of \$507,000 for the year. As a reminder, the draft 2019 financial statements will be reviewed in detail at the Finance and Audit Committee meeting on March 9, 2020 and presented to this Board at the March 25, 2020 meeting. The Agency finished the month of January with total assets of \$29.6 million and net assets of \$22.5 million. The monthly income statement shows an operating loss of \$144,000 for January. Operating revenue of \$76,000 was under budget by about \$156,000. Operating expenses of \$220,000 were about \$9,000 under budget. After depreciation, there was a net loss of \$155,000 for the month. Ms. McDuffie directed that the report be received and filed.

Governance Committee Update. Ms. McDuffie presented this report. Ms. McDuffie directed that the report be received and filed.

Policy Committee Update. Mr. Weathers presented this report. Ms. McDuffie directed that the report be received and filed.

INDUCEMENT RESOLUTION

Barcalo Living & Commerce/Barcalo Buffalo, LLC

At this point in time, Mr. Brown joined the meeting.

Mr. Cappellino then reviewed the proposed project which entails the adaptive re-use of the former 175,000 sq. ft. Barcalo Manufacturing plant in the Old First Ward into a mixed-use structure containing approximately 30,000 sq. ft. of commercial and light industrial space and 118 residential units.

As a condition precedent of receiving Financial Assistance, and as a material term or condition established by the Agency in connection with its approval of the Project, Mr. Cappellino noted that the Company must, subject to potential modification, termination and/or recapture of Financial Assistance for failure to meet and maintain the commitments and thresholds as described below, submit, on an annual basis or as otherwise indicated below through the conclusion of the later of two (2) years following either (i) the construction completion date, or (ii) the termination of the Agent Agreement, a certification, as so required by the Agency, confirming:

- (i) Investment Commitment- the total investment actually made with respect to the Project at the time of Project completion equals or exceeds \$29,518,332.00 (which represents the product of 85% multiplied by \$34,727,449.00, being the total project cost as stated in the Company's application for Financial Assistance).
- (ii) Employment Commitment - that there are at least nine (9) existing full time equivalent ("FTE") employees located at, or to be located at, the Facility as stated in the Company's application for Financial Assistance (the "Baseline FTE"); and

- the number of current FTE employees in the then current year at the Facility; and
 - that the Company has maintained and created FTE employment at the Facility equal to 34 FTE employees [representing the product of 85% multiplied by 30 (being the 25 new FTE employee positions plus 10 new part-time equivalent (“PTE”) employees (with 2 PTE employees counting as 1 FTE employee) as proposed to be created by the Company as stated in the Company’s application for Financial Assistance)]. In an effort to confirm and verify the Company’s employment numbers, the Agency requires that, at a minimum, the Company provide employment data on a quarterly basis to the Agency, said information to be provided on the Agency’s “Quarterly Employment Survey” form to be made available to the Company by the Agency.
- (iii) Local Labor Commitment - that the Company adheres to and complies with the Agency’s Local Labor Workforce Certification Policy on a quarterly basis during the construction period.
- (iv) Equal Pay Commitment – that the Company adheres to and complies with the Agency’s Pay Equity Policy.
- (v) Unpaid Real Property Tax Policy Commitment – that the Company is compliant with the Agency’s Unpaid Real Property Tax Policy.

General discussion ensued.

Mr. Brown confirmed the Company’s pledge to work towards a goal of 25% MWBE participation.

Mr. Brown moved and Mr. Pridgen seconded to approve the Project as proposed. Ms. McDuffie then called for the vote and the following resolution was unanimously approved:

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY: (i) ACCEPTING THE APPLICATION OF BARCALO BUFFALO LLC, AND/OR INDIVIDUAL(S) OR AFFILIATE(S), SUBSIDIARY(IES), OR ENTITY(IES) FORMED OR TO BE FORMED ON ITS BEHALF (INDIVIDUALLY, AND/OR COLLECTIVELY, THE “COMPANY”) IN CONNECTION WITH A CERTAIN PROJECT DESCRIBED BELOW; (ii) RATIFYING THE SCHEDULING, NOTICING, AND CONDUCTING OF A PUBLIC HEARING IN CONNECTION WITH THE PROJECT; (iii) MAKING A DETERMINATION PURSUANT TO THE STATE ENVIRONMENTAL QUALITY REVIEW ACT; (iv) APPOINTING THE COMPANY, OR ITS DESIGNEE, AS ITS AGENT TO UNDERTAKE THE PROJECT; (v) AUTHORIZING THE UNDERTAKING OF THE PROJECT TO PROVIDE FINANCIAL ASSISTANCE TO THE COMPANY IN THE FORM OF (A) A SALES TAX EXEMPTION BENEFIT FOR PURCHASES AND RENTALS RELATED TO THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT, AND (B) A MORTGAGE RECORDING TAX EXEMPTION

BENEFIT FOR FINANCING RELATED TO THE PROJECT; AND (vi) AUTHORIZING THE NEGOTIATION AND EXECUTION OF A LEASE AGREEMENT, LEASEBACK AGREEMENT, AN AGENT AND FINANCIAL ASSISTANCE PROJECT AGREEMENT, AND RELATED DOCUMENTS

MANAGEMENT TEAM REPORT

Mr. Weathers noted that the ILDC has released an RFP for a spec building at the Bethlehem Steel site.

Mr. Weathers confirmed the Agency recovered \$1 million from the Gemcor Escrow Fund which will be deposited within the Agency's UDAG Fund.

Mr. Weathers then asked Board members to enter into an attorney-client privilege to discuss a legal matter and to seek advice from its general counsel. Mr. Emminger moved and Sister Denise seconded to enter into an attorney-client privilege session. Ms. McDuffie called for the vote and the Agency entered into attorney-client privilege at 12:31 p.m. with only counsel present. Upon motion made by Mr. Poloncarz and seconded by Mr. Blue, and unanimously approved, the Agency terminated Executive Session at 12:49 p.m.

There being no further business to discuss, Ms. McDuffie adjourned the meeting of the Agency at 12:50 p.m.

Dated: February 26, 2020

Karen M. Fiala, Secretary

Erie County Industrial Development Agency
Financial Statements
As of February 29, 2020

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")

Balance Sheet

February 29, 2020

	February 2020	January 2020	December 2019
ASSETS:			
Cash *	\$ 7,302,889	\$ 7,259,714	\$ 7,576,519
Restricted Cash & Investments *	18,901,825	19,168,578	19,385,789
Due from Affiliates	620,841	587,374	553,651
Due from Buffalo Urban Development Corp.	133,113	127,411	114,751
Other Receivables	185,283	185,579	144,311
Total Current Assets	<u>27,143,950</u>	<u>27,328,656</u>	<u>27,775,021</u>
Grants Receivable	331,434	331,434	331,434
Venture Capital Investments, net of reserves	634,061	634,061	634,061
Capital Assets	1,337,341	1,348,174	1,358,104
Total Long-Term Assets	<u>2,302,836</u>	<u>2,313,670</u>	<u>2,323,599</u>
TOTAL ASSETS	<u>\$ 29,446,787</u>	<u>\$ 29,642,326</u>	<u>\$ 30,098,620</u>
LIABILITIES & NET ASSETS			
Accounts Payable & Accrued Exp.	\$ 199,219	\$ 302,481	\$ 390,971
Deferred Revenues	251,328	243,708	243,708
Other Payables	56,294	56,294	56,294
Funds Held on Behalf of Others	6,576,232	6,572,836	6,785,657
Total Liabilities	<u>7,083,072</u>	<u>7,175,318</u>	<u>7,476,629</u>
Net Assets	<u>22,363,715</u>	<u>22,467,008</u>	<u>22,621,991</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 29,446,787</u>	<u>\$ 29,642,326</u>	<u>\$ 30,098,620</u>

* Cash and restricted cash is invested in checking accounts at M&T Bank. The maximum FDIC insured amount = \$250,000 with the remainder of the cash balance collateralized with government obligations by the financial institution.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")

Income Statement
Month of February 2020

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Administrative Fees	\$ 224,890	\$ 158,333	\$ 66,557
Affiliate Management Fees	43,250	43,375	(125)
Interest Income - Cash & Investments	9,384	8,750	634
Rental Income	19,877	19,875	2
Other Income	-	1,333	(1,333)
Total Revenues	297,402	231,667	65,735
EXPENSES:			
Salaries & Benefits	\$ 157,917	\$ 170,137	\$ (12,220)
General Office Expenses	28,262	21,542	6,720
Building Operating Costs	21,813	19,380	2,433
Professional Services	10,051	8,042	2,009
Public Hearings & Marketing	8,836	6,250	2,586
Travel, Mileage & Meeting Expenses	9,614	5,250	4,364
Other Expenses	630	833	(203)
Total Expenses	237,123	231,434	5,689
SPECIAL PROJECT GRANTS:			
Revenues	\$ 800	\$ 13,350	\$ (12,550)
Expenses	(1,539)	(10,417)	8,878
	(739)	2,933	(3,672)
NET INCOME/(LOSS) BEFORE OTHER STRATEGIC INVESTMENTS & DEPRECIATION:			
	59,540	3,166	56,374
OTHER STRATEGIC INVESTMENTS AND INITIATIVES:			
Zero Net Energy costs (Z7+)	-	(52,160)	52,160
Bethlehem Steel Industrial Park Grant	(80,000)	(80,000)	-
Bethlehem Steel Industrial Park Grant Reimb	-	-	-
Buffalo Building Reuse Project (BUDC)	-	-	-
Canadian Lead Generation (IBN)	(72,000)	(72,000)	-
UDAG Gain/(Loss) on Venture Investments	-	-	-
Other Strategic Initiatives	-	(5,000)	5,000
	(152,000)	(209,160)	57,160
NET INCOME/(LOSS) BEFORE DEPRECIATION:			
	(92,460)	(205,994)	113,534
Depreciation	(10,833)	(10,833)	0
NET INCOME/(LOSS):	\$ (103,293)	\$ (216,827)	\$ 113,534

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")

Income Statement

Year to Date: February 29, 2020

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Administrative Fees	\$ 227,890	\$ 316,667	\$ (88,777)	\$ 227,890	\$ 163,065	\$ 64,825
Affiliate Management Fees	86,500	86,750	(250)	86,500	80,700	5,800
Interest Income - Loans	-	-	-	-	18	(18)
Interest Income - Cash & Investments	19,055	17,500	1,555	19,055	18,881	173
Rental Income	39,755	39,750	5	39,755	39,388	367
Other Income	-	2,667	(2,667)	-	-	-
Total Revenues	373,200	463,333	(90,134)	373,200	302,053	71,147
EXPENSES:						
Salaries & Benefits	332,852	340,275	(7,423)	332,852	317,540	15,312
General Office Expenses	51,721	43,083	8,638	51,721	65,731	(14,010)
Building Operating Costs	38,100	38,760	(660)	38,100	40,765	(2,665)
Professional Services	10,051	18,292	(8,241)	10,051	8,230	1,822
Public Hearings & Marketing	10,170	12,500	(2,330)	10,170	2,767	7,403
Travel, Mileage & Meeting Expenses	13,566	10,500	3,066	13,566	14,340	(773)
Other Expenses	730	1,867	(937)	730	768	(38)
Total Expenses	457,191	465,076	(7,886)	457,191	450,141	7,050
SPECIAL PROJECT GRANTS:						
Revenues	920	26,700	(25,780)	920	74,765	(73,845)
Expenses	(1,539)	(20,833)	19,295	(1,539)	(32,784)	31,246
	(619)	5,867	(6,485)	(619)	41,981	(42,599)
NET INCOME/(LOSS) BEFORE OTHER STRATEGIC INVESTMENTS & DEPRECIATION:						
	\$ (84,610)	\$ 4,124	\$ (88,733)	\$ (84,610)	\$ (106,107)	\$ 21,498
OTHER STRATEGIC INVESTMENTS AND INITIATIVES:						
Zero Net Energy costs (Z7+)	\$ -	\$ (625,917)	\$ 625,917	\$ -	\$ -	\$ -
Bethlehem Steel Industrial Park Grant	(80,000)	(300,000)	220,000	(80,000)	(80,000)	-
Buffalo Building Reuse Project (BUDC)	-	(100,000)	100,000	-	(100,000)	100,000
Canadian Lead Generation (IBN)	(72,000)	(72,000)	-	(72,000)	-	(72,000)
Other Strategic Initiatives	-	(160,000)	160,000	-	-	-
	(152,000)	(1,257,917)	1,105,917	(152,000)	(180,000)	28,000
NET INCOME/(LOSS) BEFORE DEPREC:						
	(236,610)	(1,253,793)	1,017,183	(236,610)	(286,107)	49,498
Depreciation	(21,667)	(21,667)	0	(21,667)	(21,600)	(67)
NET INCOME/(LOSS):						
	\$ (258,276)	\$ (1,275,460)	\$ 1,017,183	\$ (258,276)	\$ (307,707)	\$ 49,431

To: ECIDA, RDC & ILDC Board of Directors
From: Michael Szukala, Chair
Date: March 25, 2020
Re: Finance & Audit Committee Report

In accordance with its Committee Charter, the Finance & Audit Committee is required to “report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Finance and Audit Committee and when otherwise requested by the Board”. This report is prepared to satisfy this requirement.

A joint meeting of the ECIDA, RDC & ILDC Finance & Audit Committee was held on March 9, 2020. Committee members present were: Michael Szukala, Chair, Glenn Nellis, Art Wingerter and William Witzleben. The following items were reviewed:

- 1) Freed Maxick CPAs Report including Draft 2019 Audited Financial Statements
The Agency’s auditors presented the Draft 2019 Audited Financial Statements for ECIDA, RDC, and ILDC (copies of which are included in respective Board packages).
 - Auditors expressed an unmodified (clean) opinion:
The auditors expressed an unmodified opinion on the financial statements. This type of opinion indicates that the financial statements present fairly, in all material respects, the financial position of the corporations as of December 31, 2019 and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.
 - No uncorrected audit adjustments were noted.
 - No significant deficiencies or material weaknesses in internal controls noted.
- 2) Public Authorities 2019 Report
The joint Finance & Audit Committee approved the Public Authorities 2018 Report required under the Public Authorities Law and recommended that it be approved by their respective Boards.
- 3) 2019 Investment Reports
The joint Finance & Audit Committee approved the 2019 Investment Reports, which are required under the Public Authorities Law and recommended that they be approved by their respective Boards.
- 4) Investment and Deposit Policy (Re-adoption)
The joint Finance & Audit Committee reviewed the Investment and Deposit Policy and recommended that it be approved by their respective Boards.
- 5) Finance & Audit Committee Charter (Re-adoption)
The joint Finance & Audit Committee reviewed the joint Committee Charter and recommended that it be approved by their respective Boards.
- 6) Corporate Credit Card Policy (Re-adoption)
The joint Finance & Audit Committee approved the Corporate Credit Card policy and reviewed the card activity over the past year as required by the policy.

7) Finance & Audit Committee Self-Evaluation

The joint Finance & Audit Committee prepared a report that documents the Committee's activities for 2019 as required under the Public Authorities Law.

8) The Committee reviewed Management's Assessment of the Effectiveness of Internal Controls, a document prepared by management based on internal control processes and procedures of the organization. The document will be posted on the website as required by the ABO.

9) The Committee reviewed a document entitled "The Strategic Audit Committee" by Deloitte's Center for Board Effectiveness to satisfy the educational requirements set forth in the Finance & Audit Committee Charter.

**Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County
Regional Development Corporation (RDC), and Buffalo and Erie County
Industrial Land Development Corporation (ILDC)**

2019 Finance & Audit Committee Self-Evaluation

Responsibilities of the Finance & Audit Committee:

The core responsibilities of the Finance & Audit Committee, as mandated under Section 2825 of the New York Public Authorities Law, are set forth in the Bylaws and include: (i) providing assistance to members of the Agency in fulfilling their fiduciary responsibilities relating to accounting, reporting, and regulatory compliance practices; (ii) maintaining, through regular meetings, direct communication between the members of the Agency and the Agency’s independent accountants and auditors; (iii) maintaining direct communication between members of the Agency and the governmental authorities having audit authority or fiscal oversight of the Agency; (iv) approving the budget of the Agency for submission to the Board; (v) approving and/or directing the transfers of moneys under the budget; (vi) recommending to the Board the level of cash reserves and the level of fund balances of the Agency.

Finance & Audit Committee Self-Evaluation	Yes	No	Pen ding	Comments
1. Are the members of the Finance & Audit Committee appointed in accordance with the Bylaws and do individuals appointed to the Finance & Audit Committee possess the necessary skills to understand the duties and functions of the Finance & Audit Committee and are familiar with corporate financial and accounting practices?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Is each member of the Finance & Audit Committee an “independent member” within the meaning of, and to the extent required by, Section 2825 of the New York Public Authorities Law, as amended from time to time? Did Finance & Audit Committee members, who are members of the Agency, comply with the conflict of interest provisions applicable to public officers under Article 18 of the New York General Municipal Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Did the Finance & Audit Committee meet a minimum of twice each calendar year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Finance & Audit Committee met on 2/20/19 (no quorum), 2/27/19, 3/21/19, 7/16/19, 8/22/19, 9/16/19, and 10/9/19.

Finance & Audit Committee Self-Evaluation	Yes	No	Pending	Comments
<p>4. Were meeting notices and agendas prepared for each meeting and provided to Finance & Audit Committee members by electronic or regular mail at least five (5) days in advance of the scheduled meeting? Were minutes of all meetings recorded by the Secretary or any Assistant Secretary of the Agency? Did all meetings comply with the requirements of the Open Meetings Law?</p>	☒	<input type="checkbox"/>	<input type="checkbox"/>	
<p>5. Did the Finance & Audit Committee develop the Agency's audit practices, which should address independent auditors and financial statements; internal controls, compliance, and risk assessment; special investigations; and other responsibilities?</p>	☒	<input type="checkbox"/>	<input type="checkbox"/>	See Questions #6-#10 below.
<p>6. Did the Finance & Audit Committee:</p> <p>(a) Recommend to the Board the appointment of independent auditors, establish the compensation to be paid to the auditors, and provide oversight of the audit services provided by the independent auditor?</p> <p>(b) Establish procedures for the engagement of the independent auditors to provide permitted audited services?</p> <p>(c) Review and approve the Agency's audited financial statements, associated management letter, and all other auditor communications?</p> <p>(d) Review significant accounting and reporting issues and understand their impact on the financial statements of the Agency?</p> <p>(e) Meet with the Agency's independent auditor at least annually to discuss the financial statements of the Agency and any issues that may have arisen during the audit?</p> <p>(f) Review and discuss any significant risks reported in the independent audit and assess the responsiveness of management's follow-up activities regarding same?</p>	☒	<input type="checkbox"/>	<input type="checkbox"/>	<p>In February of 2019, Freed Maxick completed audits of the ECIDA, RDC, and ILDC for the year ended 12/31/18. The auditors issued an unmodified (clean) opinion that the statements fairly presented the financial position of the above referenced corporations/fund. The auditors also indicated that the audits did not uncover any material weaknesses in internal control and there were no instances of non-compliance with generally accepted accounting principles.</p>

Finance & Audit Committee Self-Evaluation	Yes	No	Pending	Comments
<p>7. Did the Finance & Audit Committee review management's assessment of the effectiveness of the Agency's internal controls and review the actions taken by management on the independent accountants' and auditors' suggestions for correcting weaknesses in the Agency's internal controls, regulatory compliance, and organizational structure and operations?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Per the March 2019 audit reports, no significant weaknesses in internal controls were noted.
<p>8. Did the Finance & Audit Committee:</p> <p>(a) Ensure that the Agency has a confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest by directors, officers, or employees of the Agency or anyone having business dealings with the Agency?</p> <p>(b) Develop procedures for the receipt, retention, investigation, or referral of complaints concerning accounting, internal controls, and auditing?</p> <p>(c) Request and oversee special investigations as needed or refer specific issues to the Board or appropriate committee for further investigation?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The ECIDA adopted a Whistleblower Policy in March of 2012. The Policy describes the process for reporting suspected fraudulent activities and describes the protections afforded to individuals who report suspected fraudulent activities. The Policy was re-adopted by the Board of Directors on 3/27/19.
<p>9. Did the Finance & Audit Committee obtain information and training needed to enhance the committee members' understanding of the role of the independent auditor, the risk management process, internal controls, and appropriate level of familiarity in financial reporting standards and processes?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	On 3/21/19, the Committee reviewed an article entitled, "Overseeing the External Auditors" published by the Governance Insights Center.

Finance & Audit Committee Self-Evaluation	Yes	No	Pending	Comments
<p>10. Did the Finance & Audit Committee:</p> <p>(a) Report its actions and recommendations to the Board?</p> <p>(b) Report to the Board at least annually regarding any changes to the Finance & Audit Committee Charter?</p> <p>(c) Provide a self-evaluation to the Board on an annual basis?</p> <p>(d) Report to the Board at least annually on the findings of its independent auditors?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>On 3/27/19, the Audit & Finance Committee reported on its activities to the ECIDA Board of Directors. These activities included the: (1) Audit & Finance Committee self-evaluation; (2) Audit & Finance Committee Charter; (3) draft 2018 financial statements audited by Freed Maxick; (4) Corporate Credit Card Policy; (5) 2018 Public Authorities Annual Report; (6) Investment & Deposit Policy; and (7) 2018 Investment Report.</p>

Finance & Audit Committee Self-Evaluation
<p>Other Self-Evaluation Notes</p> <p>In addition to the above:</p> <ul style="list-style-type: none"> • During its 3/21/19 meeting, the Committee reviewed drafts of the 2018 audited financial statements for the ECIDA, RDC, and ILDC. The Committee also reviewed the 2018 PAAA Annual Report, 2018 Investment Reports, Investment & Deposit Policy, Finance & Audit Committee Charter, Corporate Credit Card Policy, and the 2018 Finance & Audit Self-Evaluation. • During its 7/16/19 meeting, the Committee discussed the rationale for calculating the ECIDA's administrative fees. The Committee also discussed other options for collecting administrative fees and the generation of new fees. The Committee voted to keep the ECIDA's current schedule for collecting administrative fees. • During its 8/22/19 meeting, ECIDA staff discussed the ECIDA, RDC, and ILDC budget review process and the timelines for obtaining approval for those budgets. The Committee also reviewed drafts of the 2020 ECIDA, RDC, and ILDC operating and capital budgets and three-year forecasts. • During its 9/16/19 meeting, the Committee reviewed drafts of the 2020 ECIDA, RDC, and ILDC operating and capital budgets and three-year forecasts. The Committee also approved an extension for Freed Maxick to provide auditing services to the ECIDA, RDC, and ILDC in 2019. • During the 10/9/19 meeting, Freed Maxick reviewed the ECIDA's 2019 Audit Plan. The Committee also approved a motion to allow Freed Maxick to expand its scope of services to conduct additional testing to satisfy the annual certification of the RDC's Revolving Loan Fund.

REPORT TO THE BOARD OF DIRECTORS

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
BUFFALO AND ERIE COUNTY INDUSTRIAL LAND
DEVELOPMENT CORPORATION
BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT
CORPORATION**

DECEMBER 31, 2019

XXXXX XX, 2020

To the Members of the Board of Directors
Erie County Industrial Development Agency
Buffalo and Erie County Industrial Land Development Corporation
Buffalo and Erie County Regional Development Corporation
95 Perry Street, Suite 403
Buffalo, New York 14203

Members of the Board:

We are pleased to present this report related to our audits of the financial statements of Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County Industrial Land Development Corporation (ILDC), and Buffalo and Erie County Regional Development Corporation (RDC), as of and for the year ended December 31, 2019. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for ECIDA/ILDC/RDC's financial reporting process.

This report is intended solely for the information and use of ECIDA/ILDC/RDC and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to be of service to ECIDA/ILDC/RDC.

Very truly yours,

Freed Maxick CPAs, P.C.

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditors Communications with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated January 6, 2020. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	Preferability of Accounting Policies and Practices Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by ECIDA/ILDC/RDC. ECIDA/ILDC/RDC did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current year.
	Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
	Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates."
Basis of Accounting	The financial statements were prepared on assumption that the entity will continue as a going concern.

Required Communications (Continued)

Area	Comments
Audit Adjustments	We are not aware of nor have we proposed any audit adjustments as a result of our audit.
Uncorrected Misstatement	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Significant Written Communication Between Management and Our Firm	A copy of the representation letter provided to us by management is attached as Exhibit A.

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**Erie County Industrial Development Agency
 Buffalo and Erie County Industrial Land Development Corporation
 Buffalo and Erie County Regional Development Corporation
 Summary of Significant Accounting Estimates
 Year Ended December 31, 2019**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the ECIDA/ILDC/RDC's December 31, 2019, financial statements:

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Depreciation of Property, Plant & Equipment (ECIDA & ILDC)	Management depreciates property, plant and equipment over the estimated lives of the assets.	Useful lives were assigned based on ECIDA/ILDC's useful life policy. Management was consistent in calculating depreciation based on the useful lives assigned to each asset.	The methods and lives used to estimate depreciation expense appears reasonable.
Allowance for Uncollectible Accounts	Management estimates collectability of receivables based on knowledge of past history.	Management reviews prior year write-off information and loan payment histories and uses this to estimate the allowance needed in the current year for the ECIDA/ILDC/RDC.	Management's process to estimate the allowance for uncollectible accounts appears reasonable.
Investments (ECIDA)	Investments are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ECIDA recognizes investments in accordance with GASB Statement No. 72, "Fair Value Measurements" as it defines the fair value and establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels of Level 1, 2 or 3.	Management has described the valuation techniques used for valuing investments at fair value in the financial statements ECIDA Note 7. Additionally, management has broken out the investments into Level 1, 2 or 3 based upon the valuation hierarchy.	Management's process to evaluate fair value and establish the fair value hierarchy of investments appears reasonable.

Recently Issued Accounting Standards

The GASB has issued several statements not yet implemented by the ECIDA/ILDC/RDC. The ECIDA/ILDC/RDC's management has not yet determined the effect these Statements will have on the ECIDA/ILDC/RDC's financial statements. However, the ECIDA/ILDC/RDC plans to implement all standards by the required dates. The Statements which might impact the ECIDA/ILDC/RDC are as follows:

Summary of GASB Statement No. 87, *Leases*

This Statement issued in June 2017 will be effective for ECIDA/ILDC/RDC with its fiscal year ending December 31, 2020. This Statement better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Summary of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*

This Statement issued in June 2018 will be effective for ECIDA/ILDC/RDC beginning with its fiscal year ending December 31, 2020. The primary objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of GASB Statement No. 89 are effective for financial periods beginning after December 15, 2019. Earlier application is encouraged.

Summary of GASB Statement No. 91, *Conduit Debt Obligations*

This Statement issued in May 2019 will be effective for ECIDA/ILDC/RDC beginning with its fiscal year ending December 31, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of GASB Statement No. 91 are effective for financial periods beginning after December 15, 2020. Earlier application is encouraged.

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XXXXX XX, 2020

The Finance & Audit Committees, Boards of Directors, and Management
Erie County Industrial Development Agency
Buffalo and Erie County Regional Development Corporation
Buffalo and Erie County Industrial Land Development Corporation

In planning and performing our audits of the financial statements of Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County Regional Development Corporation, and Buffalo and Erie County Industrial Land Development Corporation (collectively, ECIDA/ILDC/RDC), business-type activities, as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the separate financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

This communication is intended solely for the information and use of management, the Finance & Audit Committees, Boards of Directors, and others within ECIDA/ILDC/RDC. It is not intended to be, and should not be, used by anyone other than these specified parties.

Freed Maxick CPAs, P.C.

**EXHIBIT A – SIGNIFICANT WRITTEN COMMUNICATION
BETWEEN MANAGEMENT AND OUR FIRM**

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AUDITED FINANCIAL STATEMENTS

**ERIE COUNTY INDUSTRIAL DEVELOPMENT
AGENCY**

DECEMBER 31, 2019

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**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Erie County Industrial Development Agency
Buffalo, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Erie County Industrial Development Agency (the ECIDA), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements which collectively comprise the ECIDA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the ECIDA, as of December 31, 2019 and 2018, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated XXXX, 2020 on our consideration of the ECIDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the ECIDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ECIDA's internal control over financial reporting and compliance.

Buffalo, New York
XXXXXXXX, 2020

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis

**December 31, 2019
(UNAUDITED)**

Erie County Industrial Development Agency (ECIDA) is a public benefit corporation that provides tax incentives, financing programs, international trade assistance, land development and other economic development services to the City of Buffalo (the City) and Erie County, New York (the County). In accomplishing its mission, ECIDA does not receive any operational funding from Federal, State, County or local sources. Instead, ECIDA relies primarily upon administrative fees charged to those businesses that utilize its products and services.

As a public benefit corporation, ECIDA is required to comply with accounting standards issued by the Governmental Accounting Standards Board (GASB). Under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, ECIDA is required to present management's discussion and analysis (MD&A) to assist readers in understanding ECIDA's financial performance.

In compliance with GASB Statement No. 34, we present the attached overview and analysis of the financial activities of ECIDA as of and for the years ended December 31, 2019, 2018 and 2017. We encourage readers to consider the information presented here in conjunction with ECIDA's audited financial statements.

Basic Overview of the Financial Statements

Included in this Annual Report are the following financial statements:

- 1) **Statements of Net Position** – The statements of net position show the reader what ECIDA owns (assets and deferred outflows of resources) and what ECIDA owes (liabilities and deferred inflows of resources). The difference between ECIDA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources (net position) can be one way to measure ECIDA's financial position. Over time, increases or decreases in ECIDA's net position are an indicator of whether its financial health is improving or deteriorating.
- 2) **Statements of Revenues, Expenses, and Changes in Net Position** – This statement reports ECIDA's operating and nonoperating revenues by major source along with operating and nonoperating expenses. The difference between total revenues and expenses can be one way to measure ECIDA's operating results for the year.
- 3) **Statements of Cash Flows** – This statement reports ECIDA's cash flows from operating, capital and related financing, and investing activities.

Financial Highlights

- ECIDA's total net position increased by 2% from \$22,115,000 in 2018 to \$22,622,000 in 2019.
- ECIDA experienced an increase in net position of \$507,000 in 2019 compared to an increase of \$457,000 in 2018.
- Administrative fees, a key source of revenue for ECIDA, increased 32% from \$1,201,000 in 2018 to \$1,591,000 in 2019.
- Net special project grants decreased to \$853,000 in 2019 from \$1,084,000 in 2018.
- Operating expenses decreased 3% from \$2,927,000 in 2018 to \$2,827,000 in 2019.

Condensed Comparative Financial Statements:

1. Statements of Net Position:

The following table (Table 1) presents condensed comparative financial information and was derived from the audited statements of net position of ECIDA.

Table 1
Statements of Net Position at December 31, 2019, 2018 and 2017
(Amounts in thousands)

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2017</u>
Assets:					
Cash	\$ 19,023	\$ 17,302	\$ 1,721	10%	\$ 17,034
Loans receivable, net of allowance	56	97	(41)	-42%	147
Capital assets, net	1,358	1,444	(86)	-6%	1,561
Other assets	1,722	3,574	(1,852)	-52%	10,421
Restricted cash	7,939	7,373	566	8%	4,655
Total assets	\$ 30,098	\$ 29,790	\$ 308	1%	\$ 33,818
Liabilities:					
Current liabilities	\$ 691	\$ 1,377	\$ (686)	-50%	\$ 7,051
Funds held on behalf of others	6,786	6,242	544	9%	5,015
Other long-term liabilities	-	56	(56)	-100%	94
Total liabilities	7,477	7,675	(198)	-3%	12,160
Net position:					
Investment in capital assets	1,358	1,444	(86)	-6%	1,561
Restricted	13,009	12,131	878	7%	10,980
Unrestricted	8,255	8,540	(285)	-3%	9,117
Total net position	22,622	22,115	507	2%	21,658
Total liabilities and net position	\$ 30,099	\$ 29,790	\$ 309	1%	\$ 33,818

Cash – ECIDA’s cash balance increased 10% or \$1,721,000 primarily due to the collection of \$1,883,000 of grants receivable and an overall change in net position of \$507,000.

Loans Receivable – Loans receivable represents conduit receivables. The \$41,000 decrease in the loans receivable balance is due to conduit loan repayments received during 2019.

Restricted Cash (Funds held on behalf of others) – Restricted cash consists primarily of funds held on behalf of others including the Buffalo Brownfields Redevelopment fund, Regional Redevelopment fund, PILOT Increment Financing (PIF) funds and the Regionally Significant Project funds. The \$566,000 or 8% increase from 2018 is due to increases of \$805,000 in the Main Street Improvement District fund, \$607,000 increase in the Seneca Street Corridor District fund, and \$306,000 in the Regional Redevelopment fund, coupled with a decrease of \$1,067,000 in the Buffalo Brownfields Redevelopment Fund as a result of temporary borrowings by Buffalo Urban Development Corporation.

Other Assets – Other assets include ECIDA’s grants receivable, venture capital investments, affiliate receivables, prepaid expenses, and other receivables. The decrease in other assets of \$1,852,000 from 2018 to 2019 is primarily due to a decrease in grants receivable of \$1,883,000, as cash was received during the year. This decrease was offset by a \$29,000 increase in other receivables. The decrease in other assets between 2017 and 2018 also related mainly to a decrease in grants receivable of \$5,078,000.

Current Liabilities – The \$686,000 decrease in current liabilities from 2018 to 2019 is primarily due to a \$398,000 decrease in unearned revenue related to grant funds awarded but not yet expended and a \$320,000 decrease in accounts payable. The decrease in current liabilities between 2017 and 2018 also related mainly to a decrease in unearned revenue of \$6,024,000.

Other Long-Term Liabilities – Other long-term liabilities primarily consist of conduit debt and decreased due to payments on loan participation agreements made in 2019.

2. Change in Net Position:

The following table (Table 2) presents condensed, comparative financial information and was derived from ECIDA's audited statements of revenues, expenses, and changes in net position.

Table 2
Change in Net Position for the Years ended December 31, 2019, 2018 and 2017
(Amounts in thousands)

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2017</u>
Revenue:					
Administrative fees	\$ 1,591	\$ 1,201	\$ 390	32%	\$ 1,963
Affiliate management fees	363	429	(66)	-15%	391
Other income	388	570	(182)	-32%	386
Total revenue	\$ 2,342	\$ 2,200	\$ 142	6%	\$ 2,740
Expenses:					
Salaries and benefits	\$ 1,982	\$ 2,017	\$ (35)	-2%	\$ 1,991
General and administrative	726	791	(65)	-8%	1,373
Depreciation and other	119	119	-	0%	141
Total expenses	2,827	2,927	(100)	-3%	3,505
Operating loss before special project grants	(485)	(727)	242	-33%	(765)
Special grants and nonoperating revenue					
Net special project grants	853	1,084	(231)	-21%	(6,405)
Investment income	32	42	(10)	-24%	487
Interest income	107	58	49	84%	22
Change in net position	\$ 507	\$ 457	\$ 50	11%	\$ (6,661)

3. Revenue Analysis:

Administrative Fees – Administrative fees are primarily collected from the issuance of various forms of tax abatements and tax-exempt financing. ECIDA relies on these fees to cover its operating costs; however, the amount of fees collected in any given year is largely dependent upon the local economic climate and the timing between project approval and project commencement. Administrative fees increased \$390,000 or 32% in 2019 primarily due to an increase in the number and size of projects from thirteen approved in 2018 to nineteen approved projects in 2019. During 2018, two projects were closed through ILDC that generated \$83,000 of administrative fees that were passed-through to ECIDA. There were no such projects in 2019.

Affiliate Management Fees – Affiliate management fees represent salaries and overhead costs charged to the following ECIDA affiliates for services that ECIDA's employees provide to these organizations:

- Buffalo & Erie County Regional Development Corporation (RDC) – a lending corporation affiliated with ECIDA.
- Buffalo & Erie County Industrial Land Development Corporation (ILDC) – a land development corporation affiliated with ECIDA.

The following table (Table 3) illustrates the amounts charged to ECIDA's affiliated corporations in 2019 with comparisons for 2018 and 2017:

Table 3
Affiliate Management Fees for the Years ended December 31, 2019, 2018 and 2017
(Amounts in thousands)

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2017</u>
Affiliate Management Fees Charged:					
RDC	\$ 302	\$ 352	\$ (50)	-14%	\$ 369
ILDC	61	77	(16)	-21%	22
Total Affiliate Management Fees	\$ 363	\$ 429	\$ (66)	-15%	\$ 391

Affiliate management fees charged to RDC decreased \$50,000 or 14% primarily due to staff turnover in 2019. Those charged to ILDC decreased \$16,000 or 21% due to less ECIDA staff time spent on ILDC's projects during 2019.

Other Income – Other income is comprised of rental income, international division revenues, loan interest, and miscellaneous income. The decrease of \$182,000 or 32% in 2019 is due mainly to the recovery of a previously written off loan of \$150,000 in 2018 that inflated miscellaneous income for that year.

4. Expense Analysis:

Salaries and Benefits – Decrease of \$35,000 in 2019 is primarily due to savings in benefits costs and a decreased amount of temporary labor required during 2019.

General and Administrative – In 2019, General and Administrative expenses decreased \$65,000 from \$791,000 to \$726,000. Key expense differences in 2019 include the following:

- Consultant expenses decreased \$77,000 due a decrease in costs from the sale of a venture capital investment incurred in 2018.
- Rent expense increased \$35,000 due to a full year increase in base rent in 2019, after a partial year of this increase in 2018.

Depreciation – Depreciation expense was \$118,000 for 2019 compared to \$116,000 for 2018.

Net Special Project Grants – Net Special Project Grants decreased from a net gain of \$1,084,000 in 2018 to a net gain of \$853,000 in 2019. In 2019, \$1,390,000 was reimbursed to ECIDA for the acquisition of property and certain other costs related to the Bethlehem Steel project, as well as \$375,000 from the sale of property at the site. \$500,000 was granted to ILDC for the creation of a Workforce Retention Fund in connection with a land sale at the former Bethlehem Steel Property. \$413,000 was also spent on certain projects, which will be reimbursed in accordance with applicable grant agreements.

Investment Income – Investment income of \$32,000 consists of the final portion of a realized gain on one of ECIDA's venture capital investments that was previously sold.

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5. Budget Analysis:

ECIDA prepares an annual budget which was presented and approved by the Board of Directors on October 24, 2018. The following table (Table 4) presents an analysis of ECIDA's performance compared to the approved 2019 budget.

Table 4
Budget to Actual Analysis for the year ended December 31, 2019
(Amounts in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenue:				
Administrative fees	\$ 1,591	\$ 1,960	\$ (369)	-19%
Affiliate management fees	363	485	(122)	-25%
Other income	388	350	38	11%
Total revenue	2,342	2,795	(453)	-16%
Expenses:				
Salaries and benefits	1,982	2,103	(121)	-6%
General and administrative	726	713	13	2%
Depreciation and other	119	139	(20)	-14%
Total expenses	2,827	2,955	(128)	-4%
Operating income before special project grants	(465)	(160)	(325)	203%
Net special project grants	853	(1,092)	1,945	-178%
Investment income	82	-	32	100%
Interest income	107	30	77	257%
Change in net position	\$ 507	\$ (1,222)	\$ 1,729	-141%

Budget to Actual Analysis:

Overall, ECIDA exceeded its budgeted increase in net position for 2019 by \$1,729,000. Total revenue was 16% below the budgeted amount due to the lower number and smaller size of tax incentive projects approved and closed than budgeted based on a ten-year average. Total expenses were \$128,000 below budget. Net special project grants had a positive variance of \$1,945,000 as some of the budgeted special projects were not funded in 2019, including \$1,000,000 of venture capital activity, which was included in the budget as a placeholder.

6. Economic Factors Impacting ECIDA:

ECIDA relies extensively upon administrative fees to generate the majority of its annual revenue. As a result of current uncertain economic conditions and potential legislative/board actions, ECIDA's ability to generate the administrative fees necessary to support operations may be limited in the future.

7. Requests for Information:

This financial report is designed to provide a general overview of ECIDA's finances. Questions concerning any of the financial information provided in this report should be addressed to the CFO of ECIDA at (716) 856-6525. General information relating to ECIDA can be found at its website, www.ecidany.com.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF NET POSITION
DECEMBER 31,**

ASSETS	2019	2018
Current assets:		
Cash and cash equivalents	\$ 19,023,148	\$ 17,301,840
Receivables		
Current portion of conduit loans	56,294	37,530
Current portion of loans	-	3,177
Affiliates	553,651	562,274
Grants	331,434	2,214,348
Other	126,649	97,877
Prepaid expenses	76,118	65,877
Total current assets	<u>20,167,294</u>	<u>20,282,923</u>
Noncurrent assets:		
Conduit loans receivable	-	56,294
Capital assets, net	1,358,104	1,443,533
Investments	634,061	634,061
Restricted cash	7,939,159	7,373,468
Total noncurrent assets	<u>9,931,324</u>	<u>9,507,356</u>
 Total assets	 <u>\$ 30,098,618</u>	 <u>\$ 29,790,279</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 211,642	\$ 531,452
Accrued expenses	179,329	166,798
Current portion of conduit debt	56,294	37,530
Unearned revenue	243,707	641,399
Total current liabilities	<u>690,972</u>	<u>1,377,179</u>
Noncurrent liabilities:		
Conduit debt	-	56,294
Funds held on behalf of others	6,785,656	6,242,027
Total noncurrent liabilities	<u>6,785,656</u>	<u>6,298,321</u>
 Total liabilities	 <u>7,476,628</u>	 <u>7,675,500</u>
NET POSITION		
Investment in capital assets	1,358,104	1,443,533
Restricted	13,008,827	12,130,721
Unrestricted	8,255,059	8,540,525
Total net position	<u>22,621,990</u>	<u>22,114,779</u>
 Total liabilities and net position	 <u>\$ 30,098,618</u>	 <u>\$ 29,790,279</u>

See accompanying notes.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Administrative fees	\$ 1,590,700	\$ 1,200,992
Affiliate management fees	363,803	429,446
Rental income	246,217	291,852
Loan interest	21	6,185
Loan recoveries	-	150,000
Other income	141,856	121,527
Total operating revenues	<u>2,342,597</u>	<u>2,200,002</u>
Operating expenses:		
Salaries and benefits	1,982,021	2,017,337
General and administrative	726,329	790,837
Depreciation	118,825	115,880
Other expenses	595	3,214
Total operating expenses	<u>2,827,770</u>	<u>2,927,268</u>
Operating loss before special project grants	(485,173)	(727,266)
Special project grants:		
Revenues	2,236,240	8,245,129
Expenses	(1,382,771)	(7,160,909)
Total special project grants	<u>853,469</u>	<u>1,084,220</u>
Operating income	368,296	356,954
Non-operating revenues:		
Investment income	31,915	42,401
Interest income	107,000	57,372
Total non-operating revenues	<u>138,915</u>	<u>99,773</u>
Change in net position	507,211	456,727
Net position - beginning of year	<u>22,114,779</u>	<u>21,658,052</u>
Net position - end of year	<u>\$ 22,621,990</u>	<u>\$ 22,114,779</u>

See accompanying notes.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash from fees and rental income	\$ 1,808,145	\$ 2,926,801
Cash from special project grants	3,721,462	7,298,362
Loans and loan interest collected	3,198	168,511
Cash received from affiliates and other sources	514,282	383,278
Payments to employees, suppliers, and other	(3,026,465)	(2,493,676)
Payments for special project grants	(1,382,771)	(7,160,909)
Net cash provided by operating activities	<u>1,637,851</u>	<u>1,122,367</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(33,396)	-
Net cash used by capital and related financing activities	<u>(33,396)</u>	<u>-</u>
Cash flows from investing activities:		
Change in restricted cash, net of funds held on behalf of others	(22,062)	(1,491,168)
Cash received from equity investments	31,915	579,567
Interest	107,000	57,372
Net cash provided (used) by investing activities	<u>116,853</u>	<u>(854,229)</u>
Net increase in cash and cash equivalents	1,721,308	268,138
Cash and cash equivalents - beginning of year	<u>17,301,840</u>	<u>17,033,702</u>
Cash and cash equivalents - end of year	<u>\$ 19,023,148</u>	<u>\$ 17,301,840</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	368,296	\$ 356,954
Adjustment to reconcile income from operations to net cash provided by operating activities:		
Depreciation expense	118,825	115,880
Loss on disposal of asset	-	1,304
Decrease in receivables	1,865,942	6,356,200
Increase in prepaid expenses	(10,241)	(33,990)
Increase (decrease) in accounts payable	(319,810)	345,400
Increase in accrued expenses	12,531	4,998
Decrease in unearned revenue	(397,692)	(6,024,379)
Net cash provided by operating activities	<u>\$ 1,637,851</u>	<u>\$ 1,122,367</u>

See accompanying notes.

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**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Erie County Industrial Development Agency (ECIDA) have been prepared in conformity with generally accepted accounting principles in the United States of America (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 ECIDA's accounting policies are described below.

A. REPORTING ENTITY

Erie County Industrial Development Agency (ECIDA) was created in 1970 by an act of the Legislature of the State of New York (the State) for the purpose of encouraging financially sound companies to establish themselves and prosper in Erie County (the County).

ECIDA has related party relationships with Buffalo and Erie County Industrial Land Development Corporation (ILDC) and Buffalo and Erie County Regional Development Corporation (RDC). All three entities are managed by the same personnel and RDC currently shares a common board with ECIDA. These entities share the same mission, which is to provide the resources that encourage investment, innovation, growth and global competitiveness, thereby creating a successful business climate that benefits the residents of the region.

B. BASIS OF PRESENTATION

Revenues from administrative fees, management fees, rental income and interest on loans are reported as operating revenues. All expenses related to the ECIDA are reported as operating expenses. Interest income and realized and unrealized gains are reported as non-operating income.

When both restricted and unrestricted resources are available for use, it is the ECIDA's policy to use restricted resources first, then unrestricted resources as they are needed.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The ECIDA is reported as a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The financial statements of the ECIDA are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Nonexchange transactions, in which the ECIDA gives or receives value without directly receiving or giving equal value in exchange, include grants. Revenue from grants is recognized in the year in which all eligibility requirements have been satisfied.

D. TAX INCENTIVE TRANSACTIONS

ECIDA maintains an economic development incentive program to provide sales, property, and/or mortgage recording tax benefits for qualified construction, renovation, or expansion projects or other economic development activities within Erie County. Under this program, ECIDA may take title to or a leasehold interest in the real and/or personal property involved in the project for the term of the incentive period. ECIDA simultaneously leases the property under a lease agreement to the company undertaking the project (lessee). ECIDA receives administrative fees from the lessee for providing these tax incentives which are recognized according to the terms of the fee agreement.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

ECIDA is an issuer of tax-exempt bond financing for qualified manufacturers and low-income housing projects. These bonds are obligations of the borrower. Since ECIDA has no obligation to repay the principal and interest of such bonds, they are not reflected as liabilities in the accompanying financial statements. ECIDA receives bond issuance fees from the borrower for providing this service. ECIDA also has a shared services agreement with ILDC under which administrative and staffing services are provided to ILDC in connection with its bond issuances to nonprofit organizations in exchange for the related bond issuance fees received by ILDC. Such fees totaled \$166,250 and \$82,985, respectively, for the years ended December 31, 2019 and 2018.

E. CASH AND CASH EQUIVALENTS

The ECIDA's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

F. LOANS RECEIVABLE

Loans receivable are presented net of an allowance for uncollectible accounts. The ECIDA maintains an allowance for estimated uncollectible accounts which is based on an analysis of the loan portfolio and reflects an amount that, in management's judgment, is adequate to provide for potential loan losses. Loans are written off when, in management's judgment, no legal recourse is available to collect the amount owed.

Interest on loans receivable is accrued as required by the terms of the agreement; management considers that collection is probable based on the current economic condition of the borrower. Accrual of interest ceases when management adjusts a loan reserve to 50% or more of the loan's outstanding balance.

G. PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

H. CAPITAL ASSETS

Capital assets are recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. The cost of repairs, maintenance and minor replacements are expensed as incurred, whereas expenditures that materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in income. Contributed capital assets are recorded at fair value at the date received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the ECIDA are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Furniture and equipment	\$1,000	Straight-line	3-10 years
Buildings and improvements	\$1,000	Straight-line	5-40 years

In 1989, ECIDA developed a public warehouse and trans-shipment facility (the Port Terminal Facility) at the Gateway Metroport facility in the City of Lackawanna. The Port Terminal Facility provides enclosed storage facilities and materials handling services for the trans-shipment of goods by water, rail and truck. The facility is owned by ECIDA and is operated by Gateway Trade Center, Inc. Rental property is recorded at cost which includes all costs incurred during the development stage, net of accumulated depreciation. Port Terminal Facility rental property assets are fully depreciated.

ECIDA also owns its former office space at 143 Genesee Street. This property is recorded at cost and leased to a third party.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

I. INVESTMENTS

Investments include venture capital investments made by ECIDA in order to spur local economic growth. The Urban Development Action Grant (UDAG) and General Accounts include venture capital investments that are recorded at the lesser of cost or fair value.

J. INSURANCE

The ECIDA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks has not yet exceeded commercial insurance coverage for the past three years.

K. GRANTS

Grants are recognized at the time awarded, with timing differences resulting from funds spent and earned. ECIDA receives special project grants from various Federal, State and County governments. ECIDA also acts as a pass-through entity for certain companies who receive funding from the State, including the Department of Transportation (DOT).

In certain cases, funding is received in the form of a combination of a grant and a loan. One year after completion of the specified program and with State approval and acceptance, companies begin repaying the loan. A long-term liability and repayment plan receivable are established as the companies receiving the funding from the State are contractually obligated to repay ECIDA for its debt service requirements to the State. The payment terms of the conduit receivables are equivalent to the terms of ECIDA's loans to the State.

L. NET POSITION

Equity is classified as net position and displayed in three components:

- a. *Investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. *Restricted* - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. Restrictions are imposed by Federal urban development action grants (UDAG).
- c. *Unrestricted* - The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by ECIDA.

M. STATEMENTS OF CASH FLOWS

For the purposes of the statement of cash flows, the ECIDA considers all cash to be unrestricted including demand accounts and certificates of deposit with an original maturity of generally three months or less.

N. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

O. ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2019, the ECIDA has evaluated the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*, and Statement No. 90, *Majority Equity Interests-an Amendment of GASB Statements No. 14 and 61*, which became effective for the fiscal year ended December 31, 2019, and determined that they have no significant impact on the ECIDA's financial statements.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the ECIDA, for their potential impact in future years.

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2020.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2020.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2021.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2021.

NOTE 2 - CASH AND INVESTMENTS

ECIDA's investment policies are governed by State statutes. In addition, ECIDA has its own written investment policy. ECIDA monies must be deposited in Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or trust companies located within the State. ECIDA is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury and its agencies, repurchase agreements and obligations of the State and its localities.

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

As of December 31, 2019 and 2018, the ECIDA aggregate bank deposits were considered fully collateralized.

Investment and Deposit Policy

ECIDA follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of ECIDA's Chief Financial Officer.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. ECIDA's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

ECIDA's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. ECIDA's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with ECIDA's investment and deposit policy, all deposits of ECIDA including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Corporation (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. ECIDA restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by the State of New York and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

NOTE 3 - LOANS RECEIVABLE

Loans are made to local business to complement private financing at a 4% interest rate with varying repayment terms. All loans are classified as commercial loans. Loans in non-accrual status are fully reserved. The following is a summary of the loans receivable.

During 2013, the ECIDA provided a \$1,000,000 forgivable loan to a manufacturing company. Half of that amount was immediately forgiven and the other \$500,000 will be forgiven in \$100,000 installments from 2019 through 2023 as long as the borrower maintains minimum employment requirements as set forth in the agreement. The portion not immediately forgiven is included in loans receivable and fully recognized in the allowance for uncollectible loans.

	<u>2019</u>	<u>2018</u>
Total loans receivable	\$ 400,000	\$ 503,177
Less: allowance for uncollectible loans	<u>400,000</u>	<u>500,000</u>
Loans receivable, net	-	3,177
Less: current maturities	<u>-</u>	<u>3,177</u>
Loans receivable - long-term	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 - GRANTS RECEIVABLE

The following is a summary of grants receivable at December 31:

	<u>2019</u>	<u>2018</u>
Buffalo Southern Railroad - 2017 PFRAP		
Rail Improvement	\$ 140	\$ 280,140
Sumitomo Dunlop Rail - PFRAP	14,352	165,256
National Grid - Zero Net Energy Building	125,000	125,000
Bethlehem Rail Phase II	<u>191,942</u>	<u>1,643,952</u>
Total	<u>\$ 331,434</u>	<u>\$ 2,214,348</u>

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - FUNDS HELD ON BEHALF OF OTHERS

ECIDA acts as a fiduciary for certain cash held for various development activities. ECIDA disburses these funds when given the appropriate authorization. The funds include:

	<u>2019</u>	<u>2018</u>
Erie County Regional Redevelopment Fund	\$ 1,525,156	\$ 1,219,329
Buffalo Brownfields Redevelopment Fund	979,274	2,045,460
Regionally Significant Project Funds:		
Buffalo Economic Renaissance Corporation	-	17,068
Buffalo Urban Development Corporation	17,531	102,960
Erie Niagara Regional Partnership	-	5,616
Seneca Street Corridor	1,516,590	909,358
Main Street Improvement Fund	2,747,105	1,942,236
Total funds held on behalf of others	<u>6,785,656</u>	<u>6,242,027</u>
Railway Trust Fund	153,503	131,441
Sales proceeds held in escrow	1,000,000	1,000,000
Total restricted cash	<u>\$ 7,939,159</u>	<u>\$ 7,373,468</u>

NOTE 6 - CAPITAL ASSETS

Capital asset activity for ECIDA for the year ended December 31, 2019 was as follows:

	Balance 01/01/19	Increases	Decreases	Balance 12/31/19
Capital assets not being depreciated:				
Land	\$ 167,400	\$ -	\$ -	\$ 167,400
Capital assets being depreciated:				
Land improvements	1,106,386	-	-	1,106,386
Buildings	2,747,489	-	-	2,747,489
Furniture and equipment	471,744	33,396	41,752	463,388
Total capital assets, being depreciated	<u>4,325,619</u>	<u>33,396</u>	<u>41,752</u>	<u>4,317,263</u>
Less accumulated depreciation:				
Land improvements	716,292	54,528	-	770,820
Buildings	1,918,335	36,043	-	1,954,378
Furniture and equipment	414,859	28,254	41,752	401,361
Total accumulated depreciation	<u>3,049,486</u>	<u>118,825</u>	<u>41,752</u>	<u>3,126,559</u>
Total capital assets being depreciated, net	<u>1,276,133</u>	<u>(85,429)</u>	<u>-</u>	<u>1,190,704</u>
Total capital assets, net	<u>\$ 1,443,533</u>	<u>\$ (85,429)</u>	<u>\$ -</u>	<u>\$ 1,358,104</u>

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS

Capital asset activity for ECIDA for the year ended December 31, 2018 was as follows:

	Balance 01/01/18	Increases	Decreases	Balance 12/31/18
Capital assets not being depreciated:				
Land	\$ 167,400	\$ -	\$ -	\$ 167,400
Capital assets being depreciated:				
Land improvements	1,106,386	-	-	1,106,386
Buildings	2,747,489	-	-	2,747,489
Furniture and equipment	479,885	-	8,141	471,744
Total capital assets, being depreciated	4,333,760	-	8,141	4,325,619
Less accumulated depreciation:				
Land improvements	661,764	54,528	-	716,292
Buildings	1,882,291	36,044	-	1,918,335
Furniture and equipment	396,388	25,308	6,837	414,859
Total accumulated depreciation	2,940,443	115,880	6,837	3,049,486
Total capital assets being depreciated, net	1,393,317	(115,880)	1,304	1,276,133
Total capital assets, net	\$ 1,560,717	\$ (115,880)	\$ 1,304	\$ 1,443,533

NOTE 7 - INVESTMENTS

The ECIDA's investments consisted of the following at December 31:

	<u>2019</u>		<u>2018</u>	
	Cost	Fair value	Cost	Fair value
Equity interest	\$ 987,187	\$ 634,061	\$ 987,187	\$ 634,061

In accordance with GASB Statement No. 72 Fair Value Measurement and Application, investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date. U.S. GAAP establishes a framework for measuring fair value of assets and liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Valuation is based on quoted prices (unadjusted) in active markets for identical assets or liabilities in active markets that the ECIDA has ability to access.
- Level 2: Valuation is based upon quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3: Valuation is based upon unobservable inputs that are significant to the fair value measurement.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

Where quoted prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, fair values are estimated using quoted prices of securities with similar characteristics or inputs other than quoted prices that are observable for the security, and would be classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities would be classified within Level 3 of the valuation hierarchy.

Following is a description of the valuation methodology used at December 31, 2019 and 2018:

Equity interest - Value based analysis performed by industry consultant familiar with the industries in which the ECIDA has equity interest.

NOTE 8 - UNEARNED REVENUE

ECIDA received a New York State DOT grant in the amount of \$365,950 in August 2017 as part of the Passenger and Freight Rail Assistance Program. This grant also includes a \$100,000 local share of eligible project costs, which Sumitomo Rubber USA, LLC has agreed to contribute. As of December 31, 2019, \$10,143 is included as unearned revenue as the grant funding is reimbursable for costs incurred by ECIDA, and \$455,807 had been expended.

ECIDA received a grant in the amount of \$5,200,000 from Erie County (\$4,870,000) and New York State DOT Multi-Modal Funds (\$330,000) in 2017. As of December 31, 2019, \$108,564 is included as unearned revenue as the grant funding is reimbursable for costs incurred by ECIDA, and \$5,091,436 had been expended.

ECIDA received an Economic Development Program grant from National Grid in the amount of \$125,000 in January 2017. As of December 31, 2019, the entirety of that amount is included as unearned revenue as ECIDA has not begun expending grant funds.

NOTE 9 - RELATED PARTY TRANSACTIONS

Affiliate Management Fees

ECIDA allocates a portion of personnel and rental costs to its affiliates, RDC and ILDC. ECIDA earned \$363,803 and \$429,446 in affiliate management fees for the years ended December 31, 2019 and 2018, respectively. Management fees and related receivables by affiliate are as follows:

	Management Fees		Receivables	
	2019	2018	2019	2018
RDC	\$ 302,332	352,714	\$ 303,021	353,527
ILDC	61,471	76,732	250,630	208,747
Total	\$ 363,803	\$ 429,446	\$ 553,651	\$ 562,274

ECIDA also provides personnel to perform administrative and accounting functions on behalf of Buffalo Urban Development Corporation, which amounted to \$104,414 and \$83,474 for the years ended December 31, 2019 and 2018, respectively.

NOTE 10 - OPERATING LEASES

Office rent expense for the years ended December 31, 2019 and 2018 amounted to \$192,143 and \$157,364, respectively.

The ECIDA renewed their office lease agreement with Empire State Development effective for the period of October 1, 2018 through September 30, 2023. This lease agreement states a base lease amount of \$202,554 per annum plus utility charges that will be determined on an annual basis.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

ECIDA recognized \$213,529 and \$208,532 of rental income on its former office for the years ended December 31, 2019 and 2018, respectively. The net book value of the leased property is approximately \$1,047,300 at December 31, 2019.

Future annual rental income anticipated under this noncancelable lease is:

2020	\$	209,869
2021		209,869
2022		122,423
	\$	<u>542,161</u>

NOTE 11 - PENSION

ECIDA maintains a defined contribution simplified employee pension (SEP) plan covering all of its employees. Employees are eligible to participate six months after employment, with employer contributions vesting immediately. During 2019 and 2018, ECIDA made discretionary contributions of 12% of eligible employees' salaries. ECIDA's expense for contribution to the plan for the years ended December 31, 2019 and 2018 amounted to \$169,282 and \$169,576, respectively. Employees are also permitted to participate in the New York State Deferred Compensation Plan but ECIDA does not make contributions to this plan.

NOTE 12 - SUBSEQUENT EVENTS

These financial statements have not been updated for subsequent events occurring after XXXX XX, 2020 which is the date these financial statements were available to be issued.

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SUPPLEMENTARY INFORMATION

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**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	<u>General Account</u>	<u>UDAG Account</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,576,519	\$ 11,446,629	\$ 19,023,148
Receivables			
Current portion of conduit loans	56,294	-	56,294
Affiliates	365,508	188,143	553,651
Grants	331,434	-	331,434
Other	126,649	-	126,649
Prepaid expenses	76,118	-	76,118
Total current assets	<u>8,532,522</u>	<u>11,634,772</u>	<u>20,167,294</u>
Noncurrent assets:			
Capital assets, net	1,358,104	-	1,358,104
Investments	124,389	509,672	634,061
Restricted cash	6,939,159	1,000,000	7,939,159
Total noncurrent assets	<u>8,421,652</u>	<u>1,509,672</u>	<u>9,931,324</u>
Total assets	<u>\$ 16,954,174</u>	<u>\$ 13,144,444</u>	<u>\$ 30,098,618</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 76,925	\$ 135,617	\$ 211,642
Accrued expenses	179,329	-	179,329
Current portion of conduit debt	56,294	-	56,294
Unearned revenue	243,707	-	243,707
Total current liabilities	<u>556,355</u>	<u>135,617</u>	<u>690,972</u>
Noncurrent liabilities:			
Funds held on behalf of others	6,785,656	-	6,785,656
Total noncurrent liabilities	<u>6,785,656</u>	<u>-</u>	<u>6,785,656</u>
Total liabilities	<u>7,341,011</u>	<u>135,617</u>	<u>7,476,628</u>
NET POSITION			
Investment in capital assets	1,358,104	-	1,358,104
Restricted	-	13,008,827	13,008,827
Unrestricted	8,255,059	-	8,255,059
Total net position	<u>9,613,163</u>	<u>13,008,827</u>	<u>22,621,990</u>
Total liabilities and net position	<u>\$ 16,954,174</u>	<u>\$ 13,144,444</u>	<u>\$ 30,098,618</u>

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>General Account</u>	<u>UDAG Account</u>	<u>Total</u>
Operating revenues:			
Administrative fees	\$ 1,590,700	\$ -	\$ 1,590,700
Affiliate management fees	363,803	-	363,803
Rental income	246,217	-	246,217
Loan interest	-	21	21
Other income	141,856	-	141,856
Total operating revenue	<u>2,342,576</u>	<u>21</u>	<u>2,342,597</u>
Operating expenses:			
Salaries and benefits	1,982,021	-	1,982,021
General and administrative	681,247	45,082	726,329
Depreciation	118,825	-	118,825
Other expenses	595	-	595
Total operating expenses	<u>2,782,688</u>	<u>45,082</u>	<u>2,827,770</u>
Operating income (loss) before special project grants	(440,112)	(45,061)	(485,173)
Special project grants:			
Revenues	471,240	1,765,000	2,236,240
Expenses	(440,771)	(942,000)	(1,382,771)
Total special project grants	<u>30,469</u>	<u>823,000</u>	<u>853,469</u>
Operating income (loss)	(409,643)	777,939	368,296
Nonoperating revenues:			
Investment income	-	31,915	31,915
Interest income	38,748	68,252	107,000
Total nonoperating revenues	<u>38,748</u>	<u>100,167</u>	<u>138,915</u>
Change in net position	(370,895)	878,106	507,211
Net position - beginning of year	<u>9,984,058</u>	<u>12,130,721</u>	<u>22,114,779</u>
Net position - end of year	<u>\$ 9,613,163</u>	<u>\$ 13,008,827</u>	<u>\$ 22,621,990</u>

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INTERNAL CONTROL AND COMPLIANCE

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

To the Members of the
Erie County Industrial Development Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Erie County Industrial Development Agency (the ECIDA), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise ECIDA's financial statements, and have issued our report thereon dated XXXXX, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ECIDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Buffalo, New York
XXXX XX, 2020

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INDEPENDENT ACCOUNTANT'S REPORT

To the Members of the Board of Directors
Erie County Industrial Development Agency
95 Perry Street, Suite 403
Buffalo, New York 14203

We have examined the Erie County Industrial Development Agency's (the ECIDA) compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2025 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") for the period January 1, 2019 to December 31, 2019. Management of the ECIDA is responsible for the ECIDA's compliance with the specified requirements. Our responsibility is to express an opinion on the ECIDA's compliance with the specified requirements based on our examination.

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

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

In our opinion, the ECIDA complied, in all material respects, with the aforementioned requirements for the period of January 1, 2019 to December 31, 2019.

This report is intended solely for the information and use of the Board of Directors, management and others within the ECIDA and the New York State Authorities Budget Office, and is not intended to be and should not be used by anyone other than these specified parties.

Buffalo, New York
XXXX XX, 2020

**Erie County Industrial Development Agency
Buffalo & Erie County Regional Development Corporation
Buffalo & Erie County Industrial Land Development Corporation**

Investment Reports
For the year ended December 31, 2019

**Erie County Industrial Development Agency
Buffalo & Erie County Regional Development Corp. (RDC)
Buffalo & Erie County Industrial Land Development Corp. (ILDC)**

2019 Annual Investment Report

Purpose of Report:

Under Section 2925(6) of the Public Authorities Law, the ECIDA and its affiliates (RDC & ILDC) are required to prepare and approve an annual Investment Report. The investment report is to include: ECIDA's Investment Guidelines (see below), the results of the annual independent investment audit (see below), a list of the total investment income received by the corporation and a list of the fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the corporation since the last Investment Report.

The attached schedule details the corporation's investment income and related fees for the year ended December 31, 2019 and were approved by the Board of each corporation on March 25, 2020.

Investment Guidelines:

In accordance with Section 2925 of the Public Authorities Law, the ECIDA and its affiliates are required to adopt Investment Guidelines which detail its operative policy and instructions to staff regarding the investing, monitoring and reporting of funds of the corporation. In addition, the ECIDA is subject to the deposit and investment restrictions contained in Sections 10 and 11 of the General Municipal Law. The ECIDA's affiliates have elected to follow the deposit and investment restrictions contained in Sections 10 and 11 of the General Municipal Law as a "best practice."

The Investment Guidelines were approved by the Board of each corporation on March 25, 2020 and are posted on the ECIDA website at <https://www.ecidany.com/about-us-corporate-policies>. The Investment Guidelines for the ECIDA and its affiliates are consistent with the prior Guidelines adopted on March 27, 2019.

Investment Audit:

The auditors for the ECIDA and its affiliates have audited the corporation's compliance with the Investment Guidelines for Public Authorities. In their report dated March __, 2020, Freed Maxick CPAs indicated that the Agency complied, in all material respects, with these Investment Guidelines.

Erie County Industrial Development Agency (ECIDA)

Annual Investment Report
For the year ended December 31, 2019

Account Type	Financial Institution	G/L Balance		Interest Rate* Dec 2019	2019		Restricted	Purpose
		1/1/2019	12/31/2019		Investment Income	Fees		
1 Checking	M&T Bank	1,554,196	1,166,759	0.03%	527	-		General ECIDA Checking account
2 Savings	M&T Bank	5,171,577	6,409,760	0.65%	38,183	-		General ECIDA Savings account
3 Checking	M&T Bank	468,624	411,957	0.03%	122	-	✓	ECIDA UDAG Fund checking/Investment account
4 Savings	M&T Bank	10,113,059	11,034,672	0.65%	68,130	-	✓	ECIDA UDAG Fund Savings/Investment account
5 Checking	M&T Bank	131,441	153,503	0.03%	38	-	✓	Restricted account for Erie County shortline railroad related activities
6 Savings	M&T Bank	2,045,460	979,274	0.65%	12,421	-	✓	Restricted account for BLCF, Riverbend and Northland development
7 Savings	M&T Bank	1,219,329	1,525,156	0.65%	7,705	-	✓	Restricted account for North Youngmann Commerce Center & designated Erie County projects
8 Savings	M&T Bank	17,068	-	0.00%	84	-	✓	Restricted account for Buffalo Economic Renaissance Corporation**
9 Savings	M&T Bank	102,960	17,531	0.65%	669	-	✓	Restricted account for Buffalo Urban Development Corporation
10 Savings	M&T Bank	1,942,236	2,747,105	0.65%	13,699	-	✓	Restricted account for Infrastructure Improvements in the Main Street District
11 Savings	M&T Bank	909,358	1,516,590	0.65%	7,943	-	✓	Restricted account for Infrastructure Improvements in the Seneca Street Corridor District
12 Preferred Custody Account	Citibank	1,000,000	1,000,000	0.00%	-	-	✓	Held in escrow in accordance with Gemcor II sale agreement
		\$ 24,675,308	\$ 26,962,308		\$ 149,521	\$ -		

Notes:

* The Interest Rate is the annualized rate for the month of December 2019 and is prior to the deduction of any fees.
** Account closed September 2019 after funds were fully disbursed.

Buffalo & Erie County Regional Development Corporation (RDC)

Annual Investment Report

For the year ended December 31, 2019

Account Type	Financial Institution	G/L Balance		Interest Rate** Dec 2019	2019		Restricted	Purpose
		1/1/2019	12/31/2019		Investment Income	Fees		
1 Checking	M&T Bank	437,405	1,086,466	0.03%	216	-	√	EDA Loan Fund Checking/investment account
2 Savings	M&T Bank	5,525,855	6,563,749	0.65%	37,894	-	√	EDA Loan Fund Savings/investment account
		<u>\$ 5,963,260</u>	<u>\$ 7,650,215</u>		<u>\$ 38,110</u>	<u>\$ -</u>		

Notes:

* The Interest Rate is the annualized rate for the month of December 2019 and is prior to the deduction of any fees.

Buffalo & Erie County Industrial Land Development Corporation (ILDC)
 Annual Investment Report
 For the year ended December 31, 2019

Account Type	Financial Institution	G/L Balance		Interest Rate** Dec 2019	2019		Restricted	Purpose
		1/1/2019	12/31/2019		Investment Income	Fees		
1 Checking	M&T Bank	189,138	186,326	0.03%	54	\$ -	✓	Erie County BDF Microenterprise Loan account
2 Checking	M&T Bank	38,825	21,313	0.03%	14	-	✓	General ILDC checking account
		<u>\$ 227,963</u>	<u>\$ 207,639</u>		<u>\$ 68</u>	<u>\$ -</u>		

Notes:

* The Interest Rate is the annualized rate for the month of December 2019 and is prior to the deduction of any fees.

To: ECIDA, RDC, and ILDC Board of Directors
 From: Governance Committee – Brenda McDuffie (Chair)
 Date: March 25, 2020
 Re: Governance Committee Report

In accordance with the Governance Committee Charter, the Governance Committee is required to “report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Governance Committee and when otherwise requested by the Board”. This report is prepared to satisfy this requirement.

The ECIDA/RDC/ILDC Governance Committee met on March 10, 2020. Governance Committee Chair Brenda McDuffie and the Committee members present reviewed the following items:

- 1) 2019 PAAA Annual Report: The Governance Committee reviewed the ECIDA/RDC/ILDC 2019 PAAA Annual Report. They did not recommend any changes. The PAAA Annual Report will be reviewed by the full board during the March 25, 2020 Board meeting.
- 2) 2019 Board of Directors’ Self-Evaluation: The Governance Committee reviewed the Summary Sheets and comments for the ECIDA, RDC, and the ILDC board self-evaluations. They did not note any major issues. The Governance Committee Chair will forward the Summary Sheets to the Authority Budget Office (ABO) as required.
- 3) 2019 Governance Committee Self-Evaluation: The Governance Committee reviewed the 2019 Governance Committee Self-Evaluation. The evaluation documented the activities of the Governance Committee during 2019.
- 4) Annual Re-Adoption of Policies, Charters & Guidelines: The Governance Committee reviewed the following policies of the ECIDA/RDC/ILDC:
 - Whistleblower Policy;
 - Governance Committee Charter;
 - Property Disposition Guidelines;
 - Property Acquisition Policy;
 - Defense & Indemnification Policy;
 - Board Member Compensation, Reimbursement & Attendance Policy;
 - ECIDA Employee Compensation Policy;
 - Travel, Conferences, Meals & Entertainment Policy;
 - Statement of the Duties & Responsibilities of the Board of Directors;
 - Statement of the Competencies & Personal Attributes Required of Board Members; and
 - Procurement Policy.

The Agency’s Compliance Officer informed the Committee that ECIDA Counsel Harris Beach reviewed the above referenced policies and did not recommend any changes. She added that the ABO did not publish any new Recommended Guidance for any of these policies. No changes were recommended by the Committee. The Board will review these policies during the March 25, 2020 Board meeting.

- 5) Adoption of Policies, Charters & Guidelines: ECIDA staff and Counsel Harris Beach recommended two revisions to the Code of Ethics. One revision resulted from an ABO Recommended Guidance for a Conflict of Interest Policy. Staff and Counsel reviewed the ABO’s proposed policy and noted that the recommended provisions were already incorporated in the ECIDA/RDC/ILDC’s current Code of Ethics. Accordingly, Staff and Counsel recommended renaming the Code of Ethics to “Code of Ethics & Conflict of Interest Policy.” Staff and Counsel also recommended adding a sentence to the Whistleblower section of the Code of Ethics to more clearly reflect that the ECIDA/RDC/ILDC has a separate Whistleblower Policy. The Committee supported these recommendations. The revised policy will be reviewed by the full board during the March 25, 2020 Board meeting.
- 6) PARIS Report Update: The Governance Committee received an update on the status of the ABO’s reporting requirements through PARIS, the Public Authorities Reporting Information System (PARIS). The Agency’s Compliance Officer informed the Committee that the Agency is on track to complete the ECIDA, RDC, and ILDC PARIS reports on or before the March 31, 2020 deadline.

- 7) 2019 Local Labor Report Update: The Governance Committee received an update on the status of the 2019 Local Labor reports. The Agency's Compliance Officer reported that the Agency was following up on two delinquent reports. The results from the companies that submitted reports revealed that approximately 98% of the contractors/sub-contractors who worked on IDA supported construction projects resided within the eight counties of WNY and approximately 74% of all contractors and subcontractors resided within Erie County.
- 8) Board Member PAAA Training Update: The Governance Committee received an update on the status of the required ABO board member training. The Agency's Compliance Officer informed the Committee that seven board members received training in 2019. The Agency's Compliance Officer also reported that she regularly forwards the training schedule to board members who have not had the required training and to those who have not had training within the last three years.
- 9) Results of ECIDA's 2019 Performance Measures: The Governance Committee reviewed the results of the ECIDA's 2019 Performance Measures. They did not recommend any changes. The results of the 2019 Performance Measures will be reviewed by the full board during the March 25, 2020 Board meeting.
- 10) Mission Statement & 2020 Performance Measures: The Governance Committee met on November 19, 2019, December 11, 2019, and February 10, 2020 to discuss the ECIDA/RDC/ILDC Mission Statement and 2020 Performance Measures. During those months, the Committee:
 - Revised the mission statement to include a commitment to growth, economic stability, and job creation and retention for businesses and individuals.
 - Revised the metrics relating to private investments and innovation goals.
 - Added additional metrics relating to loans, tax incentives, and other support to women and minority businesses.
 - Requested that creation and retention of jobs referenced in the job growth section be broken down into categories.
 - Added several Agency and client compliance related goals.
 - Updated individual performance objectives to reflect which organization(s) they apply to (ECIDA, RDC, and/or ILDC).
 - Revisited the methodology for goal setting. Where applicable, the Committee recommended methodologies other than the previously used three year rolling averages.

A draft of the revisions discussed during the November, December, and February meetings were presented at the March 10 Governance Committee meeting. The Committee reviewed the new draft. They did not recommend any additional changes. The 2020 Mission Statement & Performance Measures will be reviewed by the full board during the March 25, 2020 Board meeting.

Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County Regional Development Corporation (RDC), and Buffalo and Erie County Industrial Land Development Corporation (ILDC)

2019 Governance Committee Self-Evaluation

Responsibilities of the Governance Committee:

The core responsibilities of the Governance Committee, as mandated under Section 2824(7) of the New York Public Authorities Law, are set forth in the Bylaws and include: (i) keeping the Board informed of current best governance practices; (ii) reviewing corporate governance trends; (iii) updating the Agency’s corporate governance principles; and (iv) advising those responsible for appointing members to the Board on the skills and experiences necessary required of potential Board members.

Governance Committee Self-Evaluation	Yes	No	Pen ding	Comments
1. Are the members of the Governance Committee appointed in accordance with the Bylaws and are individuals appointed to the Governance Committee knowledgeable, or have expressed a willingness to become knowledgeable, in matters pertaining to governance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Is each member of the Governance Committee an "independent member" within the meaning of, and to the extent required by, Section 2825 of the New York Public Authorities Law, as amended from time to time? Did Governance Committee members, who are members of the Agency, comply with the conflict of interest provisions applicable to public officers under Article 18 of the New York General Municipal Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Did the Governance Committee meet a minimum of once (1) each calendar year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Governance Committee met on 1/23/19, 3/20/19 (no quorum), 11/19/19, and 12/11/19.
4. Were meeting notices and agendas prepared for each meeting and provided to Governance Committee members by electronic or regular mail at least five (5) days in advance of the scheduled meeting? Were minutes of all meetings recorded by the Secretary or any Assistant Secretary of the Agency? Did all meetings comply with the requirements of the Open Meetings Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Governance Committee Self-Evaluation	Yes	No	Pending	Comments
5. Did the Governance Committee develop the Agency's governance practices, which should address transparency, independence, accountability, fiduciary responsibilities and management oversight?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	See Questions #6-#9 below.
6. Did the Governance Committee develop a statement of the competencies and personal attributes required of Board members to assist those authorized to appoint members to the Board in identifying qualified individuals (it being acknowledged that membership in the Agency is determined pursuant to Section 891-a of the General Municipal Law)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A Statement of the Competencies and Personal Attributes is posted on the ECIDA website. It was approved by the ECIDA Board of Directors on 2/16/10. Revisions to this document were not necessary in 2019.
7. Did the Governance Committee develop and recommend to the Board any revisions to the number and/or structure of Board committees?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No additional committees were recommended by the Governance Committee in 2019.
8. Did the Governance Committee develop and provide recommendations to the Board regarding Board member education, including new member orientation and regularly scheduled Board member training to be obtained from state-approved trainers as required under Section 2824(2) of the New York Public Authorities Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>New Board members attend an orientation session hosted by ECIDA staff and are provided with a New Member Orientation Manual.</p> <p>As of 12/31/19, 18 of 19 ECIDA/RDC Board members and 5 of 7 ILDC Board members have received the PAAA required training. All Board members who have not received the training received notifications throughout the year regarding PAAA training session dates.</p>
9. Did the Governance Committee develop, review and recommend to the Board the adoption and/or revisions to the following: (i) the Agency's Code of Ethics. (ii) written policies regarding conflicts of interest.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Governance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>(iii) written policies regarding the protection of whistleblowers from retaliation.</p>				<p>Items i) & ii) are included in the ECIDA Code of Ethics. The Governance Committee reviewed the Code of Ethics during its 3/20/19 Committee meeting. The Committee did not recommend any changes. The Code was re-adopted by the full Board during its 3/27/19 Board meeting.</p> <p>(iii) In 2012, the Governance Committee approved a formal Whistleblower Policy. The Committee did not recommend any changes. The Policy was re-adopted by the full Board during its meeting on 3/27/19.</p>
<p>(iv) equal opportunity and affirmative action policies.</p>				<p>iv) The ECIDA's EEO policy is included in the Personnel Handbook and the Procurement Policy.</p>
<p>(v) written policies regarding procurement of goods and services, including policies relating to the disclosure of persons who attempt to influence the Agency's procurement process.</p>				<p>v) The ECIDA Procurement Policy (which includes lobbying law restrictions) was reviewed by the Governance Committee on 3/20/19. ECIDA staff and counsel recommended adding a section entitled "Preferred Source Procurement" to satisfy a Recommended Guidance published by the ABO. The Committee agreed with the recommended change. The new Policy was adopted by the full Board during its 3/27/19 Board meeting.</p>
<p>(vi) written policies regarding the disposition of real and personal property and the acquisition of property.</p>				<p>vi) The ECIDA Property Disposition Guidelines were reviewed by the Governance Committee on 3/20/19. It was re-adopted by the full Board during its 3/27/19 Board meeting.</p>
<p>(vii) committee charters, including this Charter.</p>				<p>vii) The ECIDA Governance Committee Charter was reviewed by the Governance Committee on 3/20/19. It was re-adopted by the full Board during its 3/27/19 Board meeting.</p>

Governance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>(viii) any other policies or documents relating to the governance of the Agency, including rules and procedures for conducting the business of the Agency's Board, including the Agency's Bylaws. The Governance Committee will oversee the implementation and effectiveness of the Bylaws and other governance documents and recommend modifications to the Board as necessary or appropriate.</p>				<p>viii) The Governance Committee did not approve any additional policies in 2019.</p>
<p>10. Did the Governance Committee:</p> <p>(i) report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Governance Committee and when otherwise requested by the Board.</p> <p>(ii) report to the Board, at least annually, regarding any proposed changes to this Charter.</p> <p>(iii) provide a self-evaluation of the Governance Committee's functions to the Board on an annual basis.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>i) & ii) As stated above, all policies/ guidelines referenced above were adopted or re-adopted by the Board on 3/27/19.</p> <p>iii) On 3/20/19, the Committee performed a Self-Evaluation for the calendar year 2018 and provided a status report to the Board on 3/27/19.</p>

Governance Committee Self-Evaluation

Other Self-Evaluation Notes

- 1) During its 1/23/19 meeting, ECIDA staff discussed its legal RFP process, criteria for rating law firms, results of the interviews, and staff recommendations. The Committee agreed with all staff recommendations.
- 2) In February 2019, the Governance Committee performed a 2018 Board Member Self-Evaluation for the ECIDA, RDC, and ILDC boards. The Committee discussed the results of these evaluations during the 3/27/19 board meeting.
- 3) In addition to the above referenced policies, the Governance Committee discussed the following items during its meeting on 3/20/19: (1) 2018 Performance Measures Report & Results; (2) 2019 Mission Statement & Performance Measures; (3) 2018 PAAA Annual Report; (4) Property Acquisition Policy; (5) Defense & Indemnification Policy; (6) Board Member Compensation; (7) Reimbursement & Attendance Policy; (8) ECIDA Compensation Policy; (9) Travel Conferences Meals & Entertainment Policy; and (10) Statement of the Duties & Responsibilities of the Board of Directors. The Committee did not recommend changes. The full Board approved these documents/policies during its 3/27/19 Board meeting.
- 4) The ECIDA's Compliance Officer provided an update on the status of the ECIDA's Public Authority Reporting Information System (PARIS) report to the Committee on 3/20/19.
- 5) During the Governance Committee meeting on 3/20/19, ECIDA's Compliance Officer reported that there were no violations of the Agency's Local Labor Policy in 2018.
- 6) During its 11/19/19 and 12/11/19 meetings, the Governance Committee, ECIDA staff, and ECIDA counsel discussed the ABO Policy Guidelines for mission statements and performance measurement reports. The Committee recommended changes to the ECIDA/RDC/ILDC joint Mission Statement and the 2020 Performance Measures. ECIDA staff expects to hold additional Governance Committee meetings in early 2020 to finalize these documents. The revised documents will be presented to the full board in March 2020.

Tax Incentives Induced 2020

Project Name	Project City	Inducement Amount	FT Jobs at App	Projected Year 2 FT Jobs	PT Jobs at App	Projectd Jobs Year 2 PT
Barcalo Living & Commerce/Barcalo Buffalo, LLC	Buffalo	\$ 34,727,449	9	34	0	10

\$ 34,727,449 9 34 0 10

- 1 Project
- 25 Projected FTE New Jobs
- 10 Projected PT New Jobs

Tax Incentives Closings - 2020

Project Name	Project Amount at Closing	FT Jobs at App	Projected Year 2 FT Jobs	PT Jobs at App	Projected Year 2 PT Jobs	Project City	Induced Date	Est. Project Completion Date
Moog, Inc.	\$ 44,300,000	288	357	0	0	Elma	3/22/2017	12/31/2020
Steuben Foods, Inc.	\$ 16,457,951	564	582	19	19	Elma	3/27/2019	3/31/2020
Hertel Pacific, LLC/Cypress North	\$ 999,568	16	18	1	1	Buffalo	8/28/2019	13/31/2020
3 Projects Closed								
89 FT Projected New Jobs								
0 PT Projected New Jobs								
	\$61,757,519	868	957	0	0			

**ESTIMATED TAX IMPACT (SUBJECT TO RESTRICTIONS OF NYS TAX CAP)
2020 CLOSINGS**

PROJECT NAME	EST. OR ACTUAL INCREASE IN ASSESSED VALUE DUE TO PROJECT	COUNTY TAX RATE	LOCAL TAX RATE	PROJECTED INCREASE IN COUNTY TAXES AS A RESULT OF THE PROJECT OVER ABATEMENT PERIOD	PROJECTED INCREASE IN LOCAL TAXES AS A RESULT OF THE PROJECT OVER ABATEMENT PERIOD
Moog	\$175,275	\$120.24	\$373.46	\$44,258	\$137,462
Steuben Foods	\$205,000	\$120.24	\$373.46	\$51,763	\$160,775
Hertel Pacific/Cypress North	\$210,000	\$7.33	\$28.22	\$2,300	\$8,900
*denotes company has or intends to file for City 485-a exemption	*The final assessment on each project is determined by the assessor of the respective municipality		Total	\$98,321	\$307,137



Item 3.7

To: ECIDA & RDC Boards of Directors
From: Mollie Profic, CFO
Jerry Manhard, Chief Lending Officer
Re: Board Certification of Revolving Loan Fund Plan
Date: March 25, 2020

Between 1979 and 1983 the Erie County Industrial Development Agency (ECIDA) received a total of \$8.5 million in four U.S. Department of Commerce, Economic Development Administration (EDA) Title IX grants. \$7 million was used to establish the RDC Revolving Loan Fund (RLF). As part of the annual reporting to the EDA in connection with the operations of the RLF administered by the Buffalo & Erie County Regional Development Corporation (RDC), the ECIDA must certify that the RLF is being operated in accordance with the policies and procedures contained in the Loan Administration Plan (LAP), also referred to as the RLF Plan. The LAP is required to be updated and approved by EDA every five years. The RDC's LAP was most recently approved on October 1, 2018.

Many of the requirements of the LAP overlap with the Federal regulations under Title 2 of the U.S. *Code of Federal Regulations* Part 200 and are tested as part of the Single Audit performed annually. Management discussed the requirements of the LAP with Freed Maxick (independent auditors) and came up with a set of Agreed Upon Procedures (AUP) to be reviewed and tested in conjunction with the Single Audit. This approach was discussed with both the Loan Committee and Finance & Audit Committee and deemed appropriate from both an operational and cost perspective.

The testing performed as part of the Single Audit yielded an unmodified (clean) opinion and did not yield any audit findings. The testing performed under the AUP noted one loan tested that staff was unable to obtain updated personal financial statements, despite multiple attempts. RDC staff is continuing efforts to obtain a certified personal financial statement from the borrower. A copy of the Agreed Upon Procedures report issued by Freed Maxick is attached.

Action:

Approval of the attached resolution certifying that the Revolving Loan Fund is operating in accordance with the approved Loan Administration Plan.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

REVOLVING LOAN FUND ANNUAL RESOLUTION

The meeting of the Erie County Industrial Development Agency was convened on March 25, 2020 at 12:00 p.m.

The following resolution was duly offered and seconded, to wit:

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (THE "RLF BOARD" OR "AGENCY") IN CONNECTION WITH AN ANNUAL CERTIFICATION TO BE MADE UNDER THE STANDARD TERMS AND CONDITIONS AND ADMINISTRATIVE MANUAL REQUIREMENTS OF THE ECONOMIC DEVELOPMENT ADMINISTRATION (THE "EDA")

WHEREAS, the Buffalo and Erie County Regional Development Corporation (the "RDC") was incorporated as an affiliate of the Erie County Industrial Development Agency for the purpose of encouraging the retention and expansion of existing companies as well as the attraction of new companies to target areas of Erie County using the resources from various Revolving Loan Funds (the "RLF") to make direct loans to individual companies; and

WHEREAS, the RDC was originally established with grants from the EDA of \$7,000,000, the County of Erie Community Development Block Grant funds of \$2,316,000 and the City of Buffalo Community Development Block Grant funds of \$1,800,000, and has received no other further grant funding since it was started; and

WHEREAS, in October 2016, the County of Erie Community Development Block Grant funds of \$2,316,000 was removed from the RLF after a dispute between the U.S. Department of Housing and Urban Development ("HUD") and EDA related to the County of Erie sub-fund was settled; and

WHEREAS, through the efforts of the RDC, the RLF has grown to total net assets now in excess of \$17,000,000, which includes the EDA and the City of Buffalo grant funding as described above, principal repayments, and interest; and

WHEREAS, a review of the RLF portfolio is to be conducted annually to determine adherence to the terms and conditions of the original grant, compliance with EDA regulations, completeness of supporting loan files/documentation and conformity with miscellaneous operational procedures; and

WHEREAS, Agreed-Upon Procedures (AUP) were conducted on a sample of loans in the RLF portfolio by Freed Maxick, CPAs, P.C in addition to audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* to ensure

RDC's compliance with its Loan Administration Plan ("LAP") as set forth by the EDA; and

WHEREAS, the Standard Terms and Conditions and Administrative Manual Requirements of the EDA require the RLF Board to provide annual certification that the RLF Loan Board (the RDC) and the Grant Recipient's governing body (the Agency) have reviewed the RLF and have determined that the RLF is being operated in accordance with the policies and procedures contained in the LAP, and that the loan portfolio meets the standards contained therein.

NOW, THEREFORE, BE IT RESOLVED BY THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. To the best knowledge and belief of the members of the Agency and with the disclosures provided above, the RLF is being operated in accordance with the policies and procedures contained in the LAP, and the loan portfolio meets the standards contained therein, subject to the following notations:

- (i) Certain operational requirements of the LAP such as updating/maintenance of certain collateral documents (particularly insurance policies, collection of tax returns/financials, etc.) are of continuing concern.
- (ii) An appeal over a disputed cost allocation (in the amount of \$352,000) resulting from an audit performed by the U.S. Department of Commerce Office of the Inspector General ("OIG") during late 2003 and early 2004 is yet to be resolved or formally acknowledged as being no longer an issue with the OIG and therefore remains an open item. Despite the fact that OIG and the EDA stated in October, 2006 that they were willing to reconsider the request to allow a portion of the administrative costs initially disallowed by the audit, no formal decision to the RDC's detailed reply from the EDA has been received and the appeal remains an unresolved item (without a reserve set-aside allocated) more than ten years later, awaiting direction from the OIG; and
- (iii) The OIG has initiated an audit of EDA's controls and processes associated with the management of its Revolving Loan Fund program, with the objective of the audit to determine the adequacy of controls EDA has in place specifically for the areas of capital utilization, default rates, reporting and audit oversight. Although the RDC is not the only entity included in the EDA review on a national level, the results of this review are still unknown as to how (if at all) the RDC will be affected.
- (iv) Section 307.9 of the EDA Regulations requires that the LAP be updated every five (5) years. The last time the plan was updated was in October 2018.

Section 2. The Chair or Vice Chair, the Chief Executive Officer, Chief Operating Officer, the Executive Vice President, and/or the Chief Financial Officer/Treasurer or Assistant Treasurer of the Agency are hereby authorized to execute all necessary documents to make the required annual certification to the EDA including the notations as listed above.

Section 3. This resolution shall take effect immediately.

AGREED-UPON PROCEDURES

Buffalo and Erie County Regional Development Corporation

As of December 31, 2019

DRAFT

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of the
Buffalo and Erie County Regional Development Corporation
Buffalo, New York

We have performed the procedures enumerated below, which were agreed to by the Buffalo and Erie County Regional Development Corporation (the "RDC"), on the loan monitoring procedures and documentation maintained by the RDC for the purpose of evaluating the monitoring procedures and records maintained in accordance with the Loan Administrative Plan (the "Plan") as set forth by the Economic Development Administration (the "EDA"), for the period of January 1, 2019 through December 31, 2019. RDC's management is responsible for loan monitoring procedures and records maintained in accordance with the Plan. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related findings are as follows:

Procedure 1

We have verified that RDC has monitored loans on an annual basis in accordance with section D.2. Loan Monitoring Procedures of the Plan for loans selected for testing for the period of January 1, 2019 through December 31, 2019.

Findings

There was one finding noted. One instance of no personal financial statement was maintained by the RDC for an active loan recipient. However, we noted that there have been attempts made by the RDC to contact the loan recipient to obtain the most recent personal financial statement.

Procedure 2

We have verified that the RDC has obtained the environmental reviews for all loans that are collateralized with commercial real estate in accordance with section B.3 Loan Processing Procedures of the Plan for loans selected for testing for the period of January 1, 2019 through December 31, 2019.

Findings

There were no findings noted.

Procedure 3

We have verified the RDC has obtained the Federal Regulations Acknowledgment form in accordance with Section B.1. Loan Processing Procedures of the Plan for the loans selected for testing for the period of January 1, 2019 through December 31, 2019.

Findings

There were no findings noted.

This agreed-upon-procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Board of Directors and the management of the RDC and is not intended and should not be used by anyone other than the specified parties.

Batavia, New York
March 18, 2020

DRAFT

**MINUTES OF A MEETING OF THE
POLICY COMMITTEE OF THE
ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

- MEETING:** March 5, 2020, at Erie County Industrial Development Agency, 95 Perry Street, 5th Floor Conference Room, Buffalo, New York
- LIVE STREAMED:** This meeting is being live-streamed and made accessible on the Agency's website at www.ecidany.com.
- PRESENT:** Denise Abbott, Hon. Byron W. Brown, Hon. Johanna Coleman, Richard Cummings, Hon. William J. Krebs, Brenda W. McDuffie, Hon. Glenn R. Nellis, Laura Smith and Lavon Stephens
- ABSENT:** Hon. April Baskin, Rev. Mark E. Blue, Colleen DiPirro, Richard Lipsitz, Jr., David J. State, and Maria Whyte
- OTHERS PRESENT:** Steve Weathers, Chief Executive Officer; John Cappellino, Executive Vice President; Karen M. Fiala, Assistant Treasurer/Secretary; Dawn Boudreau, Assistant Secretary; Robert G. Murray, Esq./Harris Beach, General Counsel
- GUESTS:** Tod Cislo, on behalf of 3310 Benzing Road, LLC; Byron DeLuke, on behalf of 637 Linwood, LLC; Milan Tyler, Esq., counsel to Jemal's Seneca, LLC; and Taylor Creighton, on behalf of Steuben Foods, Incorporated

There being a quorum present at 9:05 a.m., the Meeting of the Members of the Policy Committee of the Erie County Industrial Development Agency was called to order by Ms. McDuffie who presided over the meeting in the absence of Chair Lipsitz.

MINUTES

The minutes of the February 6, 2020 Policy Committee meeting were presented. Upon motion made by Ms. Abbott and seconded by Mr. Nellis, the aforementioned Policy Committee meeting minutes were unanimously approved.

PROJECT MATRIX

Mr. Cappellino reviewed the Agency's Project Matrix. Ms. McDuffie directed that the report be received and filed.

PROJECT PRESENTATIONS

3310 Benzing Road, LLC/Marathon Drains/MRP Supports, 3310 North Benzing Road, Orchard Park, New York. Mr. Cappellino presented this proposed sales tax and real property tax abatement benefits project involving the construction of a 10,000 sq. ft. addition to the company's existing facility. The existing facility is approximately 23,000 sq. ft. and is at capacity. The expansion is necessitated by increased product demand and related business growth and will create a safer working experience.

Mr. Cislo spoke on behalf of the company and described the proposed project. General discussion ensued.

At this point in time, Mr. Brown joined the meeting.

Ms. Coleman moved and Mr. Krebs seconded to recommend the project as proposed be forwarded to the ECIDA Board for approval. Ms. McDuffie called for the vote and the project was then unanimously approved.

637 Linwood, LLC/1275 Delaware, LLC, 1275 Delaware Avenue, Buffalo, New York. Mr. Cappellino presented this proposed sales tax and mortgage recording tax benefits project involving the adaptive re-use of a former medical office building located at 1275 Delaware Avenue in the City of Buffalo. The project involves converting the medical office building into a mixed use structure containing approximately 10,000 sq. ft. of commercial space and 33 residential one and two bedroom units.

Mr. DeLuke spoke on behalf of the company and described the proposed project. General discussion ensued.

Mr. Brown moved and Mr. Stephens seconded to recommend the project as proposed be forwarded to the ECIDA Board for approval. Ms. McDuffie called for the vote and the project was then unanimously approved.

Jemal's Seneca, LLC, 1 Seneca Street, Buffalo, New York. Mr. Cappellino presented this proposed mortgage recording tax benefits project involving the redevelopment and re-occupancy of the vacant 1.2 million sq. ft. Seneca One complex which consists of a vacant 38-story tower, two 4-story annex buildings to the south and west of the tower and a plaza area surrounding these buildings. The redevelopment plan will serve to provide needed commercial Class A office space to Buffalo's growing IT hub and stabilize an iconic Buffalo commercial complex. Mr. Cappellino also described the request made by the City of Buffalo and the company to establish a PIF structure to fund certain project related streetscape and public infrastructure improvements.

Mr. Tyler, counsel to the company, spoke on behalf of the company and described the proposed project. Mr. Brown spoke in favor of the project.

Mr. Cummings moved and Mr. Brown seconded to recommend the project be forwarded to the ECIDA Board for approval. Ms. McDuffie called for the vote and the project was then unanimously approved.

Steuben Foods, Incorporated, 1150 Maple Road, Elma, New York. Mr. Cappellino presented this proposed sales tax and real property tax abatement benefits project involving the buildout of approximately 26,000 sq. ft. in Steuben's existing facility along with construction of a 7,700 sq. ft. addition. The project will allow Steuben to increase its capacity to receive and separately store multiple steams of fluid milk. Additionally, the project will increase Steuben's overall product processing and production capacity.

Mr. Creighton spoke on behalf of the company and described the proposed project. General discussion ensued.

Mr. Krebs moved and Ms. Coleman seconded to recommend the project be forwarded to the ECIDA Board for approval. Ms. McDuffie called for the vote and the project was then unanimously approved.

There being no further business to discuss, Ms. McDuffie adjourned the meeting at 9:58 a.m.

Dated: March 5, 2020

Karen M. Fiala, Secretary