

**Buffalo and Erie County Industrial Land Development Corporation**  
**Meeting of the Membership**  
**March 24, 2021 @ 1:00 p.m.**



**Via Conference Call & Livestreaming**

**1.0 Call to Order**

**2.0 Approval of Minutes**

- 2.1 Approval of the February 24, 2021 Minutes of the Meeting of the Membership (Action Item) (Pages 2-4)

**3.0 Reports / Action Items / Information Items:**

- 3.1 Financial Report (Informational) (Pages 5-8)  
3.2 Finance & Audit Committee Update (Informational) (Pages 9-10)  
a) Committee Self-Evaluation (Informational) (Pages 11-14)  
3.3 Audited Financial Statements (Action Item) (Pages 15-44)  
3.4 2020 – Investment Report (Action Item) (Pages 45-47)  
3.5 Governance Committee Report (Informational) (Pages 48-49)  
a) Committee Self-Evaluation (Informational) (Pages 50-54)  
b) Board Self-Evaluation (Informational) (Page 55)

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

1. 2020 - Mission Statement, Performance Measures and Results (Action Item) (Pages 2-12)  
2. 2021 - Mission Statement and Performance Measures (Action Item) (Pages 13-23)  
3. 2020 - Public Authorities Report (Action Item) (Pages 24-84)  
4. Procurement Policy (Action Item) (Pages 85-89)  
5. Sexual Harassment Policy (Action Item) (Pages 90-98)  
6. Employee Compensation Program (Action Item) (Pages 99-100)

**Re-Adopt Policies & Charters**

7. Code of Ethics & Conflict of Interest Policy (Action Item) (Pages 101-106)  
8. Investment & Deposit Policy (Action Item) (Pages 107-114)  
9. Whistleblower Policy and Procedures (Action Item) (Pages 115-117)  
10. Defense & Indemnification Policy (Action Item) (Page 118)  
11. Finance & Audit Committee Charter (Action Item) (Pages 119-123)  
12. Governance Committee Charter (Action Item) (Pages 124-127)  
13. Property Disposition Guidelines (Action Item) (Pages 128-134)  
14. Real Property Acquisition Policy (Action Item) (Pages 135-136)  
15. Board Member Compensation, Reimbursement & Attendance Policy (Action Item) (Page 137).  
16. Travel, Conferences, Meals & Entertainment Policy (Action Item) (Pages 138-144)  
17. Statement of Duties & Responsibilities of the Board of Directors (Action Item) (Pages 145-147)  
18. Statement of the Competencies & Personal Attributes Required of Board Members (Action Item) (Page 148)  
19. Corporate Credit Card Policy (Action Item) (Pages 149-151) )

**5.0 Management Team Reports:**

- 5.1 2020 Year in Review

**6.0 Adjournment- Next Meeting April 28, 2021 (Annual Meeting)**

**MINUTES OF THE MEETING  
OF THE BOARD OF DIRECTORS  
OF THE  
BUFFALO AND ERIE COUNTY  
INDUSTRIAL LAND DEVELOPMENT CORPORATION  
(ILDC)**

- DATE AND PLACE:** February 24, 2021, held via telephone conference. Governor Cuomo's Executive Order 202.1, as amended from time to time, issued in response to the Coronavirus (COVID-19) crisis, suspended Article 7 of the Public Officers Law to the extent necessary to permit any public body to take actions without permitting in public in-person access to such meetings and authorized such meetings to be held remotely by conference call or other similar service, provided the public has the ability to view or listen to such proceedings and that the meeting is recorded and transcribed.
- LIVE STREAMED:** This Board meeting is being live-streamed and made accessible on the Erie County Industrial Development Agency website at [www.ecidany.com](http://www.ecidany.com).
- PRESENT:** Denise Abbott, Hon. April Baskin, Richard Lipsitz, Jr., Hon. Mark C. Poloncarz and Maria Whyte
- EXCUSED:** Hon. Byron W. Brown and Hon. Howard Johnson
- OTHERS PRESENT:** John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer; Karen M. Fiala, Vice President/Secretary; Jerry Manhard, CFO; Grant Lesswing, Business Development Officer; Brian Krygier, Systems Analyst; Carrie Hocieniec, Administrative Coordinator; Beth O'Keefe, Business Development Officer; Atiqah Abidi, Assistant Treasurer; Lori Szewczyk, Director of Grants; Robbie Ann McPherson, Director of Marketing and Communications; and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC
- GUESTS:** Andrew Federick, Erie County Senior Economic Development Specialist

There being a quorum present at 12:46 p.m., the Meeting of the Board of Directors of the Buffalo and Erie County Industrial Land Development Corporation was called to order by its Chair, Mr. Poloncarz.

## MINUTES

Ms. Whyte moved, and Mr. Lipsitz seconded to approve of the January 27, 2021 minutes. Mr. Poloncarz called for the vote and the minutes were unanimously approved.

## REPORTS / ACTION ITEMS / INFORMATION ITEMS

Financial Report. Ms. Profic presented the January 2021 financial report. Ms. Profic noted that the balance sheet indicates the ILDC finished the year with total assets of \$9.4 million and fund balance of \$7.0 million. The majority of assets are capital assets, namely land that ILDC owns. There is \$1.9M of cash including \$1.7M of grant revenue advanced by ESD under the Buffalo Billion II grant agreement. The majority of cash is designated for the purchase of the second phase of land at the Bethlehem Steel property. The ILDC ended 2020 with net income of \$782,000. This was a result of \$874,000 of grant revenue from ECIDA that was used to purchase the Angola Airport property. The property was capitalized as an asset on the balance sheet, not expensed. At the end of January, the ILDC's total assets were \$9.4M, a slight decrease from the end of December. There were four loans closed from the County micro-loan fund totaling \$140,000 during January. The January income statement shows \$850 of revenue and \$5,000 of expenses netting a \$4,200 net loss in January. The year-to-date income statement is the same at this point but also includes a comparison to January 2020. Mr. Poloncarz directed that the report be received and filed.

Approval of Contract for Engineering Services for Water & Sewer at Bethlehem Steel Site. Mr. Cappellino reviewed the proposed contract for engineering services for water and sewer.

Ms. Abbott moved and Ms. Whyte seconded to approve of the contract for engineering services for water and sewer at the Bethlehem Steel site. Mr. Poloncarz then called for the vote and the following resolution was unanimously approved:

RESOLUTION OF THE BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC") AUTHORIZING THE ILDC TO ENTER INTO A CONTRACT WITH C&S COMPANIES FOR THE PROVISION OF ENGINEERING AND DESIGN SERVICES FOR SANITARY AND WATERLINE EXTENSIONS AT THE FORMER BETHLEHEM STEEL SITE

Approval of Angola Ag. Park-Erie County Grant Contract Master Plan GEIS. Mr. Cappellino reviewed the proposed Erie County Grant Contract Master Plan GEIS.

Ms. Whyte spoke in favor of the master plan.

Ms. Whyte moved and Mr. Lipsitz seconded to approve of the Erie County Grant Contract Master Plan GEIS at the Angola Ag Park. Mr. Poloncarz then called for the vote and the following resolution was unanimously approved:

RESOLUTION OF THE BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION (“ILDC”) TO ENTER INTO A  
CERTAIN AGREEMENT WITH THE COUNTY OF ERIE (“COUNTY”) TO  
FUND THE MASTER PLAN AND GENERIC ENVIRONMENTAL IMPACT  
STATEMENT IN SUPPORT OF DEVELOPING THE ANGOLA AGRI-  
BUSINESS PARK

There being no further business to discuss, Mr. Poloncarz adjourned the meeting at  
12:57 p.m.

Dated: February 24, 2021

\_\_\_\_\_  
Karen M. Fiala, Secretary

**Industrial Land Development Corp.**

**Financial Statements**

As of February 28, 2021

**INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")**

**Balance Sheet**

February 28, 2021

	<b>February 2021</b>	<b>January 2021</b>	<b>December 2020</b>
<b>ASSETS:</b>			
Restricted Cash *	\$ 1,769,064	\$ 1,792,738	\$ 1,944,866
Grants Receivable	831,208	514,051	514,051
Loans Receivable, net	174,782	175,374	35,966
Prepaid Acquisition Costs	24,110	24,110	24,110
Total Loan Assets	<u>2,799,165</u>	<u>2,506,274</u>	<u>2,518,993</u>
Capital Assets	6,879,989	6,877,681	6,877,681
Total Assets	<u>\$ 9,679,154</u>	<u>\$ 9,383,955</u>	<u>\$ 9,396,674</u>
<b>LIABILITIES &amp; NET ASSETS:</b>			
Accounts Payable	\$ -	\$ 19,099	\$ 32,609
Due to/(from) ECIDA	342,493	288,473	283,473
Other Liabilities	2,306,292	2,038,094	2,038,091
Total Liabilities	<u>2,648,785</u>	<u>2,345,666</u>	<u>2,354,173</u>
Restricted Fund Balance	7,030,369	7,038,289	7,042,501
Total Liabilities & Net Assets	<u>\$ 9,679,154</u>	<u>\$ 9,383,955</u>	<u>\$ 9,396,674</u>

<b>Loan Portfolio Summary:</b>	<b>February 2021</b>	<b>January 2021</b>	<b>December 2020</b>
# of Loans	<u>7</u>	<u>7</u>	<u>3</u>

\* Cash is invested in interest bearing accounts at M&T Bank.  
The maximum FDIC insured amount is \$250,000 with the remainder collateralized with government obligations by the financial institution.

**INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")**

**Income Statement**

Month of February 2021

	<b>Actual vs. Budget</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
<b>REVENUES:</b>			
Interest Income - Loans	\$ 58	\$ 375	\$ (317)
Interest Income - Cash & Inv.	40	2	39
Proceeds from Land Sales	-	20,833	(20,833)
Other Income	750	750	-
Total Revenues	<u>848</u>	<u>21,960</u>	<u>(21,111)</u>
<b>EXPENSES:</b>			
Management Fee - ECIDA	\$ 5,000	\$ 5,000	-
Professional Services	3,578	6,667	(3,088)
General Office Expenses	(1,491)	-	(1,491)
Other Expenses	129	2,281	(2,152)
Total Expenses	<u>7,217</u>	<u>13,948</u>	<u>(6,731)</u>
<b>SPECIAL PROJECT GRANTS:</b>			
Industrial Land Park - ESD	-	129,583	(129,583)
Industrial Land Park - ECIDA	(48,960)	16,667	(65,627)
Angola Ag Park - ECIDA Grant	-	8,333	(8,333)
Other grant revenue	48,960	245,833	(196,873)
Industrial Land Park costs	(60)	(16,667)	16,607
Angola Ag Park grant costs	(1,491)	(8,333)	6,842
Other grant expenses	-	(245,833)	245,833
	<u>(1,551)</u>	<u>129,583</u>	<u>(131,134)</u>
<b>NET INCOME/(LOSS):</b>	<u>\$ (7,920)</u>	<u>\$ 137,566</u>	<u>\$ (145,485)</u>

\* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to ILDC. The amount booked is currently based on budget.

**INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")**

**Income Statement**

Year to Date: February 28, 2021

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
<b>REVENUES:</b>						
Interest Income - Loans	\$ 117	\$ 750	\$ (633)	\$ 117	\$ 82	\$ 35
Interest Income - Cash & Inv.	85	3	83	85	1	84
Proceeds from Land Sales	-	41,667	(41,667)	-	-	-
Other Income	1,500	1,500	-	1,500	-	1,500
<b>Total Revenues</b>	<b>1,702</b>	<b>43,920</b>	<b>(42,217)</b>	<b>1,702</b>	<b>83</b>	<b>1,619</b>
<b>EXPENSES:</b>						
Management Fee - ECIDA	\$ 10,000	\$ 10,000	-	\$ 10,000	\$ 9,667	\$ 333
Professional Services	3,203	13,333	(10,130)	3,203	14,821	(11,617)
General Office Expenses	441	-	441	441	-	441
Other Expenses	129	4,563	(4,433)	129	405	(275)
<b>Total Expenses</b>	<b>13,774</b>	<b>27,896</b>	<b>(14,122)</b>	<b>13,774</b>	<b>24,892</b>	<b>(11,118)</b>
<b>SPECIAL PROJECT GRANTS:</b>						
Industrial Land Park - ESD	-	259,167	(259,167)	-	-	-
Industrial Land Park - ECIDA	29,621	33,333	(3,712)	29,621	80,000	(50,379)
Angola Ag Park - ECIDA Grant	11,743	16,667	(4,924)	11,743	-	11,743
Other grant revenue	48,960	491,667	(442,707)	48,960	1,274	47,686
Industrial Land Park costs	(78,641)	(33,333)	(45,308)	(78,641)	(79,479)	838
Angola Ag Park grant costs	(11,743)	(16,667)	4,924	(11,743)	-	(11,743)
Other grant expenses	-	(491,667)	491,667	-	(1,274)	1,274
	(60)	259,167	(259,227)	(60)	521	(581)
<b>NET INCOME/(LOSS):</b>	<b>\$ (12,132)</b>	<b>\$ 275,191</b>	<b>\$ (287,322)</b>	<b>\$ (12,132)</b>	<b>\$ (24,288)</b>	<b>\$ 12,155</b>

\* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to ILDC. The amount booked is currently based on budget.





To: ECIDA, RDC & ILDC Boards of Directors  
From: Michael Szukala, Chair  
Date: March 24, 2021  
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 17, 2021. Committee members present were: Michael Szukala, Chair, Penny Beckwith, Glenn Nellis, and William Witzleben. The following items were reviewed:

1) Freed Maxick CPAs Report including Draft 2020 Audited Financial Statements

The Agency’s auditors presented the Draft 2020 Audited Financial Statements for ECIDA, RDC, and ILDC (copies of which are included in respective Board packages).

- The independent auditors expressed an unmodified (clean) opinion on the financial statements of all entities. 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, 2020 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 2020 Report

The joint Finance & Audit Committee approved the Public Authorities 2020 Report required under the Public Authorities Law and recommended that it be approved by their respective Boards.

3) 2020 Investment Reports

The joint Finance & Audit Committee approved the 2020 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 2020 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: Navigating 2021" 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)**

**2020 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 3/20/20, 8/18/20, 9/16/20, and 10/16/20.

Finance & Audit Committee Self-Evaluation	Yes	No	Pen ding	Comments
<p>4. Were meeting notices and agendas prepared for each meeting and provided to Finance &amp; 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>5. Did the Finance &amp; 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	See Questions #6-#10 below.
<p>6. Did the Finance &amp; 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>In March of 2020, Freed Maxick completed audits of the ECIDA, RDC, and ILDC for the year ended 12/31/19. The auditors issued an unmodified (clean) opinion that the statements fairly presented the financial position of the above referenced corporations. The auditors also indicated that the audits did not uncover any material weaknesses in internal control and there were no instances of non-compliance in accordance with government auditing standards.</p>

Finance & Audit Committee Self-Evaluation	Yes	No	Pen ding	Comments
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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Management's assessment of the effectiveness of internal controls was reviewed with the Committee at the March 2020 meeting. The March 2020 audit reports did not identify any internal control deficiencies or material weaknesses.
8. Did the Finance & Audit Committee: (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? (b) Develop procedures for the receipt, retention, investigation, or referral of complaints concerning accounting, internal controls, and auditing? (c) Request and oversee special investigations as needed or refer specific issues to the Board or appropriate committee for further investigation?	<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 3/25/20.
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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	On 3/20/20, the Committee reviewed an article entitled, "The Strategic Audit Committee: A 2020 Preview" published by the Deloitte Center for Board Effectiveness.

Finance & Audit Committee Self-Evaluation	Yes	No	Pen ding	Comments
<p>10. Did the Finance &amp; 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 &amp; 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 3/25/20, the Audit &amp; Finance Committee reported on its activities to the ECIDA Board of Directors. These activities included the: (1) Audit &amp; Finance Committee self-evaluation; (2) Audit &amp; Finance Committee Charter; (3) draft 2019 financial statements audited by Freed Maxick, CPAs; (4) Corporate Credit Card Policy; (5) 2019 Public Authorities Annual Report; (6) Investment &amp; Deposit Policy; and (7) 2019 Investment Reports.</p>

Finance & Audit Committee Self-Evaluation
<p><b>Other Self-Evaluation Notes</b></p> <p>In addition to the above:</p> <ul style="list-style-type: none"> <li>• During its 3/9/20 meeting, the Committee reviewed drafts of the 2019 audited financial statements for the ECIDA, RDC, and ILDC. The Committee also reviewed the 2019 PAAA Annual Report, 2019 Investment Reports, Investment &amp; Deposit Policy, Finance &amp; Audit Committee Charter, Corporate Credit Card Policy, and the 2019 Finance &amp; Audit Self-Evaluation.</li> <li>• During its 8/18/20 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 2021 ECIDA, RDC, and ILDC operating and capital budgets and three-year forecasts. The Committee also voted to recommend a bond issuance for D'Youville College.</li> <li>• During its 9/16/20 meeting, the Committee voted to recommend a bond issuance for Related Affordable/Elmwood Square Apartments. The Committee also approved drafts of the 2021 ECIDA, RDC, and ILDC operating and capital budgets and three-year forecasts for recommendation to their respective Boards. In addition, the Committee approved an extension for Freed Maxick to provide auditing services to the ECIDA, RDC, and ILDC for the year ending 12/31/2020.</li> <li>• During the 10/16/20 meeting, Freed Maxick reviewed their 2020 Audit Plan for ECIDA, RDC, and ILDC.</li> </ul>

**AUDITED  
FINANCIAL STATEMENTS**

**BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF COUNTY OF ERIE,  
NEW YORK)**

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**DECEMBER 31, 2020**

DRAFT

**BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF COUNTY OF ERIE, NEW YORK)  
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# **BUFFALO & ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION**

## **Management's Discussion and Analysis**

**December 31, 2020  
(UNAUDITED)**

Buffalo & Erie County Industrial Land Development Corporation (ILDC) was incorporated for the purpose of participating in the acquisition and development of industrial sites and to provide financial assistance for the acquisition or renovation of fixed assets by industrial companies locating or expanding in the County of Erie, New York (the County). ILDC is considered a component unit of the County. ILDC also manages a microenterprise revolving loan program on behalf of the County.

As special-purpose government engaged in business-type activities, ILDC 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*, ILDC is required to present management's discussion and analysis (MD&A) to assist readers in understanding ILDC'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, 2020, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with ILDC's audited financial statements.

In 2020 the ILDC was impacted by the COVID-19 pandemic and state of emergency declaration in New York State. ILDC was able to work with borrowers to defer loan payments, if needed. Erie County also made changes to the existing microenterprise loan fund to boost small businesses, rebranding it as a Microenterprise Loan/Grant Program. ILDC continued to move forward in developing brownfield property at the former Bethlehem Steel site in Lackawanna, NY, and completed the purchase of land at the former Angola Airport site in Evans, NY.

### **Basic Overview of the Financial Statements**

Included in this report are the following financial statements:

- 1) **Statements of Net Position** – The statements of net position show the reader what ILDC owns (assets and deferred outflows of resources) and what ILDC owes (liabilities and deferred inflows of resources). The difference between ILDC's assets, deferred outflows of resources, liabilities, and deferred inflows of resources (net position) can be one way to measure ILDC's financial position. Over time, increases or decreases in ILDC'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 ILDC'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 ILDC's operating results for the year.
- 3) **Statements of Cash Flows** – This statement reports ILDC's cash flows from operating, capital and related financing, and investing activities.

## Financial Highlights

- ILDC's total net position increased by 13% from \$6,260,000 in 2019 to \$7,043,000 in 2020.
- ILDC experienced an increase in net position of \$783,000 in 2020 compared to a decrease of \$403,000 in 2019.
- Operating revenues increased 449% from \$71,000 in 2019 to \$390,000 in 2020.
- Operating expenses increased 179% from \$239,000 in 2019 to \$667,000 in 2020.

## 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 ILDC.

**Table 1**  
**Statements of Net Position at December 31, 2020, 2019 and 2018**  
(Amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2018</u>
<b>Assets:</b>					
Cash	\$ 1,945	\$ 208	\$ 1,737	835%	\$ 228
Grants receivable	514	1,919	(1,405)	-73%	1,671
Loans receivable, net	36	37	(1)	-3%	19
Other assets	2	283	(281)	-99%	-
Land held for sale	6,900	5,860	1,040	18%	6,531
<b>Total assets</b>	<b>\$ 9,397</b>	<b>\$ 8,307</b>	<b>\$ 1,090</b>	<b>13%</b>	<b>\$ 8,449</b>
<b>Liabilities:</b>					
Accounts payable	\$ 38	\$ 9	\$ 24	267%	\$ 1,416
Due to affiliate	283	251	32	13%	209
Unearned revenue	2,038	1,787	251	14%	161
<b>Total liabilities</b>	<b>2,354</b>	<b>2,047</b>	<b>307</b>	<b>15%</b>	<b>1,786</b>
<b>Net position:</b>					
Restricted	206	221	(15)	-7%	205
Unrestricted	6,837	6,039	798	13%	6,458
<b>Total net position</b>	<b>7,043</b>	<b>6,260</b>	<b>783</b>	<b>13%</b>	<b>6,663</b>
<b>Total liabilities and net position</b>	<b>\$ 9,397</b>	<b>\$ 8,307</b>	<b>\$ 1,090</b>	<b>13%</b>	<b>\$ 8,449</b>

**Cash** – ILDC's cash balance increased 835% or \$1,737,000 primarily due to a decrease in grants receivables of \$1,405,000 and an overall increase in net position of \$783,000.

**Grants Receivable** – Grants receivable decreased 73% or \$1,405,000 due to the receipt of \$1,755,000 from Empire State Development for Phase II of Bethlehem Steel land acquisition, combined with a new receivable of \$354,000 from National Grid for Western New York Agribusiness Park Planning.

**Loans Receivable, net** – Loans receivable relate to the microenterprise revolving loan fund, known as the Erie County Business Development Fund. Loans receivable decreased slightly (\$1,000) from 2019 to 2020, due to payments on loan principal during the year.

**Other Assets** – Other assets include deposits on land purchases, affiliate receivables, and capital assets. The decrease in other assets of \$281,000 from 2019 to 2020 is due to decreases deposits on land purchases (\$155,000) and affiliate receivables (\$125,000). The deposit on land at the end of 2019 was used toward the purchase of property the Angola Airport site in 2020, and affiliate receivables were collected. The increase in other assets between 2018 and 2019 related mainly to those same categories.

**Land Held for Sale** – Land held for sale consists of 138 acres of land at the former Bethlehem Steel property in Lackawanna, NY and 236 acres of land at the former Angola Airport site in Evans, NY. In connection with its economic development purpose, ILDC is working with several partners to return these underutilized properties to productive use. The \$1,040,000 increase in land held for sale from 2019 to 2020 reflects the purchase of the Evans, NY property. The decrease in land held for sale from 2018 to 2019 is due to a sale of property at the Lackawanna site.

**Accounts Payable** – The \$24,000 increase in accounts payable from 2019 to 2020 is primarily due to an increase in payables related to project consultants. The \$1,416,000 decrease in accounts payable between 2018 and 2019 related to a large payable related to ECIDA reimbursement in 2018.

**Unearned Revenue** – Unearned revenue relates to grants awarded to the ILDC, for which the related revenue has not yet been recognized. The \$251,000 increase from 2019 to 2020 is due to an increase in the dollar amount of grants awarded. The increase from 2018 to 2019 was due to grants awarded during 2019.

## 2. Change in Net Position:

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

**Table 2**  
**Change in Net Position for the Years ended December 31, 2020, 2019 and 2018**  
(Amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2018</u>
<b>Revenue:</b>					
Administrative fee income	\$ 382	\$ -	\$ 382	100%	\$ 83
Gain on land held for sale	-	34	(34)	-100%	-
Land Development and other	8	37	(29)	-78%	1
<b>Total revenue</b>	<b>\$ 390</b>	<b>\$ 71</b>	<b>\$ 319</b>	<b>449%</b>	<b>\$ 84</b>
<b>Expenses:</b>					
Transfer to ECIDA	\$ 477	\$ 61	\$ 416	682%	\$ 160
General and administrative	189	177	12	7%	114
Depreciation	1	1	-	0%	-
<b>Total expenses</b>	<b>667</b>	<b>239</b>	<b>428</b>	<b>179%</b>	<b>274</b>
<b>Operating loss</b>	<b>(277)</b>	<b>(168)</b>	<b>(109)</b>	<b>65%</b>	<b>(190)</b>
<b>Nonoperating revenue</b>					
Grant income	1,163	1,047	116	11%	3,131
Grant and loan loss expenses	(103)	(1,282)	1,179	-92%	(3,011)
<b>Change in net position</b>	<b>\$ 783</b>	<b>\$ (403)</b>	<b>\$ 1,186</b>	<b>-294%</b>	<b>\$ (70)</b>

### 3. Revenue Analysis:

**Administrative Fees** – ILDC is an issuer of tax-exempt bond financing for not-for-profit entities. These bonds are not obligations of the ILDC or the County. ILDC receives bond issuance fees from borrowers for providing this service. ILDC has a shared services agreement with ECIDA under which administrative and staffing services are provided to ILDC in connection with bond issuances in exchange for the related bond issuance fees received by ILDC. There was one bond issued in 2020, accounting for the increase in fees from 2019. Similarly, there was one bond issued in 2018, which caused the decrease in fees for 2019.

**Land Development and Other** – Land development income arises from payments from third parties for use of ILDC-owned land. Other income consists of interest on loans and loan loss recoveries. The \$29,000 decrease from 2019 to 2020 is due mainly to a \$19,000 loan recovery in 2019. This is also the reason for the increase from 2018 to 2019.

### 4. Expense Analysis:

**Transfer to ECIDA** – The amount transferred to ECIDA each year under the shared services agreement consists of administrative fees for bond issuances plus charges from ECIDA for personnel and overhead. Charges for personnel and overhead are derived from ECIDA employee hours dedicated to ILDC-related projects. The \$416,000 increase from 2019 to 2020 relates mainly to an administrative fee of \$382,000 for a bond issuance. The decrease from 2018 to 2019 relates to an \$83,000 bond issuance fee in 2018. There were no ILDC bond issuances in 2019.

**General and Administrative** – In 2020, general and administrative expenses increased \$12,000 from \$177,000 to \$189,000. The increase was due mainly to increased insurance and property tax costs related to additional property acquired in 2020. General and administrative expenses also increased \$63,000 from 2018 to 2019 as a result of increased costs related to property owned.

**Grant Income** – Grant income increased \$116,000 in 2020 from \$1,047,000 in 2019. This was due mainly to a grant from ECIDA in the amount of \$855,000 to fund the acquisition of the former Angola Airport site. The decrease from 2018 to 2019 relates to grant income recognized in 2018 related to the purchase of the former Bethlehem Steel site.

**Grant and Loan Loss Expenses** – Grant expenses relate directly to the costs involved with certain projects undertaken by the ILDC and can vary from year to year based on activity. There was a \$1,279,000 decrease in grant and loan loss expenses from 2019 to 2020, due to the recognition of \$750,000 of loan loss expense in 2019 in relation fully reserving the balance of a forgivable loan.

### 5. Budget Analysis:

ILDC prepares an annual budget which was presented and approved by the Board of Directors on October 23, 2019. The following table (Table 3) presents an analysis of ILDC's performance compared to the approved 2020 budget.

**Table 3**  
**Budget to Actual Analysis for the year ended December 31, 2020**  
(Amounts in thousands)

**Budget to Actual Analysis:**

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
<b>Revenue:</b>				
Administrative fee income	\$ 382	\$ -	\$ 382	100%
Land development and other	8	250	(242)	-97%
<b>Total revenue</b>	<b>390</b>	<b>250</b>	<b>140</b>	<b>56%</b>
<b>Expenses:</b>				
Transfer to ECIDA	477	58	419	722%
General and administrative	189	54	135	250%
Depreciation and other	1	1	-	0%
<b>Total expenses</b>	<b>667</b>	<b>113</b>	<b>554</b>	<b>490%</b>
<b>Operating income (loss)</b>	<b>(277)</b>	<b>137</b>	<b>(414)</b>	<b>-302%</b>
Grant income	1,163	2,080	(917)	-44%
Grant expenses	(103)	(2,080)	1,977	100%
<b>Change in net position</b>	<b>\$ 783</b>	<b>\$ 137</b>	<b>\$ 646</b>	<b>472%</b>

Overall, ILDC exceeded its budgeted decrease in net position for 2020 by \$646,000. Total revenue was \$140,000, or 56%, above the budgeted amount due to administrative fees collected in 2020. Due to the unpredictable nature of bond issuances, ILDC typically does not include any administrative fees in its budget. Total expenses were \$554,000, or 490%, above budget. Grant income was \$917,000 below the budgeted amount, while grant expenses were \$1,977,000 below budget. The 2020 budgeted grant figures included \$1,755,000 of income and expense that did not require reimbursement to ECIDA, as originally anticipated.

**6. Economic Factors Impacting ILDC:**

ILDC relies upon land sale income to generate revenue for continued operations, as well as grant income from Erie County and other economic development partners to defray the costs associated with land development. As a result of current uncertain economic conditions ILDC's ability to generate the income 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 ILDC's finances. Questions concerning any of the financial information provided in this report should be addressed to the CFO of ILDC at (716) 856-6525. General information relating to ILDC can be found on ECIDA's website, [www.ecidany.com](http://www.ecidany.com).

**BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF COUNTY OF ERIE, NEW YORK)  
STATEMENTS OF NET POSITION  
DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 1,944,866	\$ 207,639
Grants receivable	514,051	1,919,084
Loans receivable, current	11,643	13,812
Interest receivable	-	70
Due from affiliate	-	125,000
Deposit on land purchase	-	155,638
Total current assets	<u>2,470,560</u>	<u>2,421,243</u>
<b>Noncurrent assets:</b>		
Loans receivable, net	24,323	22,750
Capital assets, net	1,625	2,600
Land held for sale	6,900,166	5,860,358
Total noncurrent assets	<u>6,926,114</u>	<u>5,885,708</u>
Total assets	<u>9,396,674</u>	<u>\$ 8,306,951</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 32,648	\$ 8,885
Due to affiliate	283,473	250,630
Unearned revenue	2,038,052	1,787,518
Total liabilities	<u>2,354,173</u>	<u>2,047,033</u>
<b>NET POSITION</b>		
Restricted	205,713	220,810
Unrestricted	6,836,788	6,039,108
Total net position	<u>7,042,501</u>	<u>6,259,918</u>
Total liabilities and net position	<u>\$ 9,396,674</u>	<u>\$ 8,306,951</u>

See accompanying notes to financial statements.

**BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF COUNTY OF ERIE, NEW YORK)  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
<b>Operating revenues:</b>		
Land development and other income	\$ 388,800	\$ 17,500
Interest from loans	725	538
Loan loss recoveries	-	18,750
Gain on land held for sale	-	33,791
Total operating revenues	<u>389,525</u>	<u>70,579</u>
<b>Operating expenses:</b>		
Transfer to Erie County Industrial Development Agency	477,095	61,470
General and administrative	188,403	176,446
Depreciation	975	325
Total operating expenses	<u>666,473</u>	<u>238,241</u>
Operating loss	(276,948)	(167,662)
<b>Nonoperating revenues (expenses):</b>		
Grant income	1,162,960	1,046,975
Grant expenses	(103,466)	(1,281,975)
Interest income	37	14
Total nonoperating revenues (expenses)	<u>1,059,531</u>	<u>(234,986)</u>
Change in net position	782,583	(402,648)
Net position - beginning of year	<u>6,259,918</u>	<u>6,662,566</u>
Net position - end of year	<u>\$ 7,042,501</u>	<u>\$ 6,259,918</u>

See accompanying notes to financial statements.

**BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF COUNTY OF ERIE, NEW YORK)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Land development and other income	\$ 388,800	\$ 17,500
Transfers to Erie County Industrial Development Agency	(319,252)	(144,586)
Principal and interest received on loans	11,109	8,511
Loan disbursements	(9,718)	(25,281)
Loan loss recoveries	-	18,750
Payments to vendors and affiliates	(164,640)	(1,583,492)
Net cash used by operating activities	<u>(93,701)</u>	<u>(1,708,598)</u>
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES</b>		
Grant income	2,818,527	2,424,693
Grant expense	(183,466)	(1,281,975)
Acquisition of capital assets and land held for sale	155,638	(158,563)
Purchase of land held for sale	(1,039,808)	-
Sale of land held for sale	-	704,105
Net cash provided by capital and financing activities	<u>1,830,891</u>	<u>1,688,260</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest income	37	14
Net cash provided by capital and financing activities	<u>37</u>	<u>14</u>
Net increase (decrease) in cash	1,737,227	(20,324)
Cash - beginning of year	<u>207,639</u>	<u>227,963</u>
Cash - end of year	<u>\$ 1,944,866</u>	<u>\$ 207,639</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>		
Operating loss	\$ (276,948)	\$ (167,662)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	975	325
Gain on sale of land	-	(33,791)
(Increase) decrease in loans receivable	596	(17,268)
(Increase) decrease in interest receivable	70	(40)
(Increase) decrease in due from affiliate	125,000	(125,000)
Increase (decrease) in accounts payable	23,763	(1,407,046)
Increase (decrease) in due to affiliate	<u>32,843</u>	<u>41,884</u>
Net cash used by operating activities	<u>\$ (93,701)</u>	<u>\$ (1,708,598)</u>

See accompanying notes to financial statements.



**BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF COUNTY OF ERIE, NEW YORK)  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Buffalo and Erie County Industrial Land Development Corporation (the ILDC) have been prepared in conformity with accounting principles generally accepted 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 the ILDC's accounting policies are described below.

**A. REPORTING ENTITY**

The ILDC was incorporated for the purpose of participating in the acquisition and development of industrial sites and to provide financial assistance for the acquisition or renovation of fixed assets by industrial companies locating or expanding in the County of Erie, New York (the County). ILDC manages a microenterprise revolving loan program which is dedicated to improving economic conditions in the County.

ILDC has related party relationships with Erie County Industrial Development Agency (ECIDA) and Buffalo and Erie County Regional Development Corporation (RDC). All three entities are managed by the same personnel. These entities share the same mission, which is to provide resources that encourage investment, innovation and international trade, thereby creating a successful business climate that improves the quality of life for the residents of the region.

In accordance with accounting standards, ILDC is considered a component unit of the County. The County, acting by and through the County Executive, is the sole member of ILDC and is financially accountable for it; as a result, the ILDC is included in the financial statements of the County as a discretely presented component unit.

**B. BASIS OF PRESENTATION**

Revenues from administrative fees, land development income and interest on loans are reported as operating revenues. Capital grants and related expenses are reported as nonoperating income.

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

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The ILDC 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 ILDC 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 liabilities are incurred, regardless of when the related cash transaction takes place.

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

**D. INCOME TAXES**

The ILDC is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and the income realized will not be subject to New York state corporate franchise tax. The ILDC does not believe that it has any uncertain tax positions and has not recorded any unrecognized tax benefits, liability, penalties or interest.

**E. GRANTS AND UNEARNED REVENUE**

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. Grants received but not expended are reported as unearned revenue.

**BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF COUNTY OF ERIE, NEW YORK)  
NOTES TO FINANCIAL STATEMENTS**

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**F. LOANS RECEIVABLE**

Loans receivable are presented net of an allowance for uncollectible accounts. The ILDC 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 the probability of collection 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. TAX EXEMPT BOND TRANSACTIONS**

The ILDC is an issuer of tax-exempt bond financing for not-for-profit entities. These bonds are obligations of the borrower. Since ILDC has no obligation to repay the principal and interest of such bonds, they are not reflected as liabilities in the accompanying financial statements. ILDC receives bond issuance fees from the borrower for providing this service. ILDC also has a shared services agreement with ECIDA under which administrative and staffing services are provided to ILDC in connection with bond issuances in exchange for the related bond issuance fees received by ILDC. Bond issuance fees are recognized immediately upon issuance of the related bond. The original value of tax-exempt bonds issued by ILDC was \$34,370,000 as of December 31, 2020 (\$0 – 2019).

**H. NET POSITION**

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

- a. Restricted - Consists of net positions with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restrictions include amounts maintained in the Erie County Business Development Fund (Erie County BDF).
- b. Unrestricted - All other net positions that do not meet the definition of "restricted".

**I. STATEMENTS OF CASH FLOWS**

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

**J. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

**K. ACCOUNTING PRONOUNCEMENTS**

On May 8, 2020, the GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* in response to the COVID-19 pandemic. The effective dates of GASB Statements not yet implemented by the ILDC have been updated below to reflect the impact of this Statement. There were no new GASB Statements implemented by the ILDC for the year ended December 31, 2020.

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

**BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF COUNTY OF ERIE, NEW YORK)  
NOTES TO FINANCIAL STATEMENTS**

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- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2022.
- 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, 2021.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2022.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending December 31, 2021, except for paragraph 11b, which will be effective for the year ending December 31, 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending December 31, 2022.

**NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. ASSETS**

**1. CASH AND INVESTMENTS**

The ILDC's investment policies are governed by State statutes. In addition, the ILDC has its own written investment policy. ILDC monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The ILDC's Chief Financial Officer is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of the State of New York 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 and obligations of the State and its municipalities and school districts.

As of December 31, 2020 and 2019, the ILDC's aggregate bank deposits were considered fully collateralized.

**Investment and Deposit Policy**

The ILDC 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 the Chief Financial Officer of the ILDC.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The ILDC'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**

The ILDC'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. The ILDC'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.

**BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF COUNTY OF ERIE, NEW YORK)  
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 the ILDC's investment and deposit policy, all deposits of the ILDC including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The ILDC 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 New York State and its localities.

**2. LOANS RECEIVABLE**

The microenterprise revolving loan program was originally funded through a Community Development Block Grant (CDBG). Loans receivable maintained in the Erie County Business Development Fund (BDF) are restricted pursuant to the original grant terms.

Loans are made to local business from the Erie County BDF to complement private financing at an interest rate of 2% with varying repayment terms. All loans are classified as commercial loans.

During 2019, the ILDC provided a \$750,000 forgivable loan to a borrower. The full balance of the loan will be forgiven in installments of \$150,000 from 2024 through 2029 as long as the borrower meets certain job creation and retention requirements as set forth in the agreement. The full \$750,000 forgivable loan was included with special project grant expense for the year ended December 31, 2019. The full balance of the loan forgiven is included in loans receivable and fully recognized in the allowance for forgivable loan. The following is a summary of the loans receivable:

	<u>2020</u>	<u>2019</u>
Total loans receivable	\$ 785,966	\$ 786,562
Less: allowance for forgivable loan	<u>750,000</u>	<u>750,000</u>
Loans receivable, net	35,966	36,562
Less: current maturities	<u>11,643</u>	<u>13,812</u>
Loans receivable - long-term	<u>\$ 24,323</u>	<u>\$ 22,750</u>

**BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF COUNTY OF ERIE, NEW YORK)  
NOTES TO FINANCIAL STATEMENTS**

At December 31, 2020, the Erie County BDF loan portfolio consisted of 2 loans that both bear an interest at rate of 2% with varying payment terms.

Scheduled maturities of principal for these loans for the next five years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 11,643	\$ 607
2022	7,552	412
2023	7,091	271
2024	7,234	128
2025	2,446	10
Total	<u>\$ 35,966</u>	<u>\$ 1,428</u>

**NOTE 3. GRANTS AND LAND HELD FOR SALE**

In February 2017 the ILDC entered into a funding agreement with the ECIDA to accept \$6,700,000 in the form of a partially refundable grant from ECIDA's U.S. Department of Housing and Urban Development Urban Development Action Grant (UDAG) reflow fund in connection with a Brownfield reclamation and redevelopment project at the former Bethlehem Steel site in Lackawanna, New York. \$5,700,000 of the grant was earmarked for the purchase of real property, with the remaining \$1,000,000 to be used for carrying costs during and after property acquisition. Additional funding of up to \$700,000 for property acquisition was granted from ECIDA's UDAG reflow fund in September 2017. As of December 31, 2020, \$6,338,416 of the \$6,400,000 total granted for the purchase of real property and \$706,126 of the \$1,000,000 granted for carrying costs was utilized.

In connection with the land purchase, ILDC authorized the execution of a \$2,780,000 grant from Empire State Development (ESD). Proceeds from this grant will be used to reimburse ECIDA. ILDC also resolved to remit to ECIDA 50% of the net proceeds received upon the future sale of portions of the Bethlehem Steel site acquired using ECIDA grant funds, in an amount not to exceed \$6,700,000. As of December 31, 2020, \$3,155,000 in reimbursements have been made to ECIDA.

In connection with Phase II of the former Bethlehem Steel Site redevelopment, ILDC authorized the execution of a \$1,755,000 grant from ESD as Phase 1 of a capital grant under the Buffalo Billion II initiative. Proceeds from this grant will be used to acquire additional vacant Brownfield property on the Site, purchase a right-of-way along the eastern edge of the property, and planning for the Lackawanna-Woodlawn State Park Shoreline trail. As of December 31, 2020, the full \$1,755,000 of this grant was received.

In December 2018 the ILDC entered into a funding agreement with the ECIDA to accept \$1,200,000 in the form of a partially refundable grant from ECIDA's UDAG reflow fund in connection with a redevelopment project at the former Angola Airport site in Angola, New York. \$900,000 of the grant was designated for the purchase of real property, with the remaining \$300,000 to be used for carrying costs during and after property acquisition. As of December 31, 2020, \$855,084 of the \$900,000 granted for the purchase of real property and \$19,409 of the \$300,000 granted for carrying costs was utilized.

**BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF COUNTY OF ERIE, NEW YORK)  
NOTES TO FINANCIAL STATEMENTS**

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

	<u>2020</u>	<u>2019</u>
Bethlehem Steel Master Plan/GEIS - EDA	\$ 160,051	\$ 164,084
Bethlehem Steel Acquisition Phase II-ESD	-	1,755,000
WNY Agribusiness Park Planning-National Grid	<u>354,000</u>	-
Total	<u>\$ 514,051</u>	<u>\$ 1,919,084</u>

Land held for sale is recorded at net realizable value based on assessment of the fair value of each project. The net realizable value as of December 31, 2020 and 2019 amounted to \$6,900,166 and \$5,860,358, respectively.

**NOTE 4. DEPOSIT ON LAND PURCHASE**

In April 2019, the ILDC entered into agreements to purchase property at the former Angola Airport site. The total deposit on the land purchases was \$155,638. Of that amount, \$155,000 is related to the earnest money deposit and the remaining \$638 is related to consulting expenses incurred in conjunction with the purchase. In 2020, the ILDC completed the purchase of the land at a total cost of \$1,010,507.

**NOTE 5. RELATED PARTY TRANSACTIONS**

ECIDA allocates a portion of its personnel and overhead costs to ILDC which amounted to \$95,045 as of December 31, 2020 (\$61,470 – 2019). The amount outstanding to ECIDA at December 31, 2020 related to these costs amounted to \$95,045 (\$61,470 – 2019). ILDC owed ECIDA for reimbursable costs of \$286 as of December 31, 2020 (\$1,017 – 2019). Amounts Due to ECIDA totaled \$283,473 as of December 31, 2020 (\$250,630 – 2019)

ILDC has a shared services agreement with ECIDA under which administrative and staffing services are provided to ILDC in connection with bond issuances in exchange for the administrative fees received by ILDC related to these bond transactions. ILDC transferred \$382,050 in administrative fees to ECIDA in 2020 (\$0 – 2019)..

**NOTE 6. CONTINGENCIES**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. Management has discussed the ILDC's operations and the impact of this event. They have determined that this event will likely not have a significant impact on the assets or operations of the ILDC.

**NOTE 7. SUBSEQUENT EVENT**

Management has evaluated subsequent events through ~~XXXXXX~~, 2021, which is the date the financial statements are available for issuance and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

**SUPPLEMENTARY INFORMATION**

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**BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF COUNTY OF ERIE, NEW YORK)  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	<u>Operating</u>	<u>Erie County BDF Program</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$ 1,762,554	\$ 182,312	\$ 1,944,866
Grants receivable	514,051	-	514,051
Loans receivable, short-term	-	11,643	11,643
Total current assets	<u>2,276,605</u>	<u>193,955</u>	<u>2,470,560</u>
<b>Noncurrent assets:</b>			
Loans receivable, net	-	24,323	24,323
Capital assets, net	1,625	-	1,625
Land held for sale	6,900,166	-	6,900,166
Total noncurrent assets	<u>6,901,791</u>	<u>24,323</u>	<u>6,926,114</u>
Total assets	<u>\$ 9,178,396</u>	<u>\$ 218,278</u>	<u>\$ 9,396,674</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 32,409	\$ 239	\$ 32,648
Due to affiliate	271,147	12,326	283,473
Unearned revenue	2,038,052	-	2,038,052
Total liabilities	<u>2,341,608</u>	<u>12,565</u>	<u>2,354,173</u>
<b>NET POSITION</b>			
Restricted	-	205,713	205,713
Unrestricted	6,836,788	-	6,836,788
Total net position	<u>6,836,788</u>	<u>205,713</u>	<u>7,042,501</u>
Total liabilities and net position	<u>\$ 9,178,396</u>	<u>\$ 218,278</u>	<u>\$ 9,396,674</u>



**BUFFALO AND ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF COUNTY OF ERIE, NEW YORK)  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Operating</u>	<u>Erie County BDF Program</u>	<u>Total</u>
<b>Operating revenues:</b>			
Land development and other income	\$ 388,800	\$ -	\$ 388,800
Interest from loans	-	725	725
Total operating revenues	<u>388,800</u>	<u>725</u>	<u>389,525</u>
<b>Operating expenses:</b>			
Transfer to Erie County Industrial Development Agency	464,769	12,326	477,095
General and administrative	184,903	3,500	188,403
Depreciation	975	-	975
Total operating expenses	<u>650,647</u>	<u>15,826</u>	<u>666,473</u>
Operating loss	(261,847)	(15,101)	(276,948)
<b>Nonoperating revenues (expenses):</b>			
Grant income	1,162,950	-	1,162,960
Grant expenses	(103,466)	-	(103,466)
Interest income	33	4	37
Total nonoperating revenues (expenses)	<u>1,059,527</u>	<u>4</u>	<u>1,059,531</u>
Change in net position	797,680	(15,097)	782,583
Net position - beginning of year	<u>6,039,108</u>	<u>220,810</u>	<u>6,259,918</u>
Net position - end of year	<u>\$ 6,836,788</u>	<u>\$ 205,713</u>	<u>\$ 7,042,501</u>

**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**

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**DECEMBER 31, 2020**

**DRAFT**

XXXXXX 2021

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 audit 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, 2020. 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,

Fred Maxick CPAs, P.C.

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## Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditors Communications with Those Charge 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
<b>Our Responsibilities with Regard to the Financial Statement Audit</b>	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 11, 2021. Our audits of the financial statements do not relieve management or those charged with governance of their responsibilities which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We have issued a separate communication regarding the planned scope and timing of our audits and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
<b>Accounting Policies and Practices</b>	<b>Preferability of Accounting Policies and Practices</b> 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.
	<b>Adoption of, or Change in, Accounting Policies</b> Management has the ultimate responsibility for the appropriateness of the accounting policies used by ECIDA/ILDC/RDC. In the current year, ECIDA/ILDC/RDC implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 95, <i>Postponement of Effective Dates of Certain Authoritative Guidance</i> .
	<b>Significant or Unusual Transactions</b> 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.
	<b>Management's Judgments and Accounting Estimates</b> 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."
<b>Basis of Accounting</b>	The financial statements were prepared on assumption that the entities will continue as a going concern.

**Required Communications (Continued)**

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<b>Area</b>	<b>Comments</b>
<b>Audit Adjustments</b>	Audit adjustments proposed by us and recorded by the RDC are shown on the attached "Summary of Recorded Audit Adjustments."
<b>Uncorrected Misstatement</b>	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
<b>Disagreements with Management</b>	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.
<b>Consultations with Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed with Management</b>	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
<b>Significant Difficulties Encountered in Performing the Audit</b>	We did not encounter any significant difficulties in dealing with management during the audit.
<b>Significant Written Communication Between Management and Our Firm</b>	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, 2020**

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, 2020, financial statements:

<b>Estimate</b>	<b>Accounting Policy</b>	<b>Management's Estimation Process</b>	<b>Basis for Our Conclusions on Reasonableness of Estimate</b>
<b>Depreciation of Property, Plant &amp; Equipment (ECIDA &amp; ILDC)</b>	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.
<b>Allowance for Uncollectible Accounts</b>	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.
<b>Investments (ECIDA)</b>	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.

**Buffalo and Erie County Regional Development Corporation  
 Summary of Recorded Audit Adjustments  
 Year Ended December 31, 2020**

<b>Number</b>	<b>Account Name</b>	<b>Debit</b>	<b>Credit</b>
AJE #1	1400.3 GF01 Accounts receivable - CARES Act	11,015	
AJE #1	5850.4 GF01 Grant Income - CARES Act		(11,015)
	To record the administrative cost receivables for the CARE Act as of 12/31/2020		
		<b>11,015</b>	<b>(11,015)</b>

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## **Recently Issued Accounting Standards**

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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, 2022. 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, 2021. 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, 2022. 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, 2021. Earlier application is encouraged.

## Recently Issued Accounting Standards (Continued)

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### **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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XXXXXXX, 2021

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, 2020, 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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**Buffalo & Erie County Industrial Land Development Corp.**

**Investment Report**

For the year ended December 31, 2020

# **Buffalo & Erie County Industrial Land Development Corporation**

## **2020 Annual Investment Report**

### **Purpose of Report:**

Under Section 2925(6) of the Public Authorities Law, ILDC is required to prepare and approve an annual Investment Report. The investment report is to include: ILDC'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, 2020 and were approved by the ILDC Board of Directors on March 24, 2021.

### **Investment Guidelines:**

In accordance with Section 2925 of the Public Authorities Law, ILDC is required to adopt Investment Guidelines which detail its operative policy and instructions to staff regarding the investing, monitoring and reporting of funds of the Agency. ILDC has 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 ILDC Board of Directors on March 24, 2021 and are posted on the ECIDA website at <http://www.ecidany.com/about-us-corporate-policies>. The Investment Guidelines are consistent with the prior Guidelines adopted on March 25, 2020.

### **Investment Audit:**

ILDC's auditors have audited the corporation's compliance with the Investment Guidelines for Public Authorities. In their report dated March XX, 2021 Freed Maxick CPAs have indicated that ILDC complied, in all material respects, with these Investment Guidelines.

**Buffalo & Erie County Industrial Land Development Corporation (ILDC)**

Annual Investment Report

For the year ended December 31, 2020

Account Type	Financial Institution	G/L Balance		Interest Rate <sup>a</sup> Dec 2020	2020		Restricted	Purpose
		1/1/2020	12/31/2020		Investment Income	Fees		
1 Checking	M&T Bank	186,326	182,312	0.03%	52	\$ -	√	Erie County BDF Microenterprise Loan account
2 Checking	M&T Bank	21,313	1,762,554	0.03%	34	-	√	General ILDC checking account
		<u>\$ 207,639</u>	<u>\$ 1,944,866</u>		<u>\$ 86</u>	<u>\$ -</u>		

**Notes:**

<sup>a</sup> The Interest Rate is the annualized rate for the month of December 2020 and is prior to the deduction of any fees.



To: ECIDA, RDC & ILDC Board of Directors  
From: Brenda McDuffie, Governance Committee Chair  
Date: March 24, 2021  
Re: Governance Committee Report

In accordance with its 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 17, 2021. Committee members present were: Brenda McDuffie, Chair, Howard Johnson, Brian Kulpa, Ken Schoetz, David State, and Maria Whyte. The following items were reviewed:

1) 2020 PAAA Annual Report

The Governance Committee reviewed the ECIDA/RDC/ILDC 2020 PAAA Annual Report. No changes were recommended. The PAAA Annual Report will be reviewed by the full Boards during the March 24, 2021 Board meetings.

2) 2020 Board of Directors’ Self-Evaluation

The Governance Committee reviewed the summary sheets for the ECIDA, RDC, and ILDC Board self-evaluations and discussed the importance of open dialogue. They did not note any major issues. The Governance Committee Chair will forward the summary sheets to the Authorities Budget Office (ABO) as required.

3) 2020 Governance Committee Self-Evaluation

The Governance Committee reviewed the 2020 Governance Committee Self-Evaluation. The evaluation documented the activities of the Governance Committee during 2020.

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
- Real Property Acquisition Policy
- Defense & Indemnification Policy
- Board Member Compensation, Reimbursement & Attendance Policy
- Travel, Conferences, Meals & Entertainment Policy
- Statement of the Duties & Responsibilities of the Board of the Directors
- Statement of the Competencies & Personal Attributes Required of Board Members
- Code of Ethics & Conflict of Interest Policy

The Agency’s CFO informed the Committee that ECIDA General Counsel Harris Beach reviewed the above referenced policies and did not recommend any changes. The ABO did not publish any new recommended guidance for any of these policies. No changes were recommended by the Committee. The Boards will review these policies during the March 24, 2021 Board Meeting.

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5) Adoption of Policies, Charters & Guidelines

ECIDA staff and General Counsel Harris Beach recommended revision/adoption of the following policies:

- Procurement Policy
- Sexual Harassment Policy
- ECIDA Employee Compensation Policy

The Procurement Policy is expanded to include more specific language regarding Minority & Women Business Enterprise procurements of goods and services and considerations when requests for proposals are solicited. Metrics will be set annually as part of the Agency's goals and performance measures. The Sexual Harassment Policy has been in place at the Agency for a number of years and is being brought to the Board to formalize Policy with Board approval. The policy meets all requirements under Federal and New York State guidelines. The ECIDA Employee Compensation Policy has a modification as a result of the Compensation Committee meeting in October 2020. A sentence was added noting "Employee compensation is subject to the overall profitability and economic stability of the ECIDA." The Committee supported the changes to the Procurement Policy and ECIDA Employee Compensation Policy and formal adoption of the Sexual Harassment Policy. The policies will be reviewed by the Boards during the March 24, 2021 Board meetings.

6) PARIS Report Update

The Governance Committee received an update on the status of the ABO's reporting requirements through the Public Authorities Reporting Information System (PARIS). The Agency is on track to complete the ECIDA, RDC, and ILDC PARIS reports on or before the March 31, 2021 deadline.

7) Board Member PAAA Training Update

The Governance Committee received an update on the status of the required ABO board member training. One board member received training during 2020. There was also a period of time whereby no training sessions were held as a result of the Covid-19 pandemic. The Agency's Compliance Officer 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.

8) Results of 2020 Performance Measures

The Governance Committee reviewed the results of the ECIDA/RDC/ILDC's 2020 Performance Measures. They did not recommend any changes. The results of the 2020 Performance Measures will be reviewed by the Boards during the March 24, 2021 Board meetings.

9) Mission Statement and 2021 Performance Measures

The Governance Committee met on January 28, 2021 and February 9, 2021 to discuss the ECIDA/RDC/ILDC Mission Statement and 2021 Performance Measures. During these meetings the Committee revised several metrics, added a goal and metrics related to the Covid-19 Pandemic Response, and incorporated metrics related to minority & women business enterprises (MWBES). The Committee reviewed the most current draft that incorporated changes made as a result of previous meetings, and did not recommend any additional changes. The 2021 Mission Statement & Performance Measures will be reviewed by the Boards during the March 24, 2021 Board meetings.

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

**2020 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 2/10/20 and 3/10/20.
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 2020.
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 2020.
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 12/31/20, 17 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>(iv) equal opportunity and affirmative action policies.</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>(vi) written policies regarding the disposition of real and personal property and the acquisition of property.</p> <p>(vii) committee charters, including this Charter.</p> <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>Items i) &amp; ii) are included in the ECIDA Code of Ethics and Conflict of Interest Policy. The Governance Committee reviewed the Code of Ethics and Conflict of Interest Policy, as amended during its 3/10/20 Committee meeting. The Code was adopted by the full Board during its 3/25/20 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 3/25/20.</p> <p>iv) The ECIDA's EEO policy is included in the Personnel Handbook and the Procurement Policy.</p> <p>v) The ECIDA Procurement Policy was re-adopted by the full Board during its 3/25/20 Board meeting.</p> <p>vi) The ECIDA Property Disposition Guidelines were reviewed by the Governance Committee on 3/10/20. It was re-adopted by the full Board during its 3/25/20 Board meeting.</p> <p>vii) The ECIDA Governance Committee Charter was reviewed by the Governance Committee on 3/10/20. It was re-adopted by the full Board during its 3/25/20 Board meeting.</p> <p>viii) The Governance Committee did not approve any additional policies in 2020.</p>

Governance Committee Self-Evaluation	Yes	No	Pending	Comments
<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) &amp; ii) As stated above, all policies/ guidelines referenced above were adopted or re-adopted by the Board on 3/25/20.</p> <p>iii) On 3/10/20, the Committee performed a Self-Evaluation for the calendar year 2019 and provided a status report to the Board on 3/25/20.</p>

## Governance Committee Self-Evaluation

### *Other Self-Evaluation Notes*

- 1) In March 2020, the Governance Committee performed a 2019 Board Member Self-Evaluation for the ECIDA, RDC, and ILDC boards. The Committee discussed the results of these evaluations during the 3/25/20 board meeting.
- 2) In addition to the above referenced policies, the Governance Committee discussed the following items during its meeting on 3/10/20: (1) 2019 Performance Measures Report & Results; (2) 2020 Mission Statement & Performance Measures; (3) 2019 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 3/25/20 Board meeting.
- 3) 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 3/10/20.
- 4) During the Governance Committee meeting on 3/10/20, ECIDA's Compliance Officer reported that there were no violations of the Agency's Local Labor Policy in 2019.
- 5) During its 2/10/20 and 3/10/20 Governance Committee meetings, the Governance Committee, ECIDA staff and counsel discussed the results of ECIDA's 2019 Performance Measures.
- 6) During its 2/10/20 and 3/10/20 Governance Committee meetings, the Governance Committee, ECIDA staff and counsel discussed the results of ECIDA Mission Statement and 2020 Performance Measure.

**2020 ILDC Summary Results of Confidential Evaluation of Board Performance**

Criteria	Agree #	Somewhat Agree #	Somewhat Disagree #	Disagree #
Board members have a shared understanding of the mission and purpose of the Authority.	4			
The policies, practices and decisions of the Board are always consistent with this mission.	4			
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	4			
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	4			
The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	4			
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence, pressure or self-interest.	3	1		
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	4			
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	3	1		
The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete.	4			
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	4			
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	4			
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	4			
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	4			
The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	4			
The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	4			
Board members demonstrate leadership and vision and work respectfully with each other.	4			

**Authority:** Buffalo & Erie County Industrial Land Development Corp.; **Date Completed:** 2/22/2021