

**Buffalo and Erie County Regional Development Corporation
Meeting of the Membership
March 23, 2022 @ 12:00 p.m.**



Via Conference Call & Livestreaming

1.0 Call to Order

2.0 Approval of Minutes

- 2.1 Approval of the October 27, 2021 Minutes of the Meeting of the Membership (Action Item) (Pages 2-3)

3.0 Reports / Action Items / Information Items:

- 3.1 Financial Report (Informational) (Pages 4-7)
3.2 Finance & Audit Committee Update (Informational) (Pages 8-9)
a) Committee Self-Evaluation (Informational) (Pages 10-14)
3.3 Audited Financial Statements (Action Item) (Pages 15-48)
3.4 2021– Investment Report (Action Item) (Pages 49-51)
3.5 Governance Committee Report (Informational) (Pages 52-53)
a) Committee Self-Evaluation (Informational) (Pages 54-58)
b) Board of Directors Evaluation/Survey (Informational) (Pages 59-61)
3.6 2021-2022 Loan Status Report (Informational) (Page 62)
3.7 Approval of Board Certification of RLF Plan CARES ACT (Pages 63-65)

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

1. 2021 - Mission Statement, Performance Measures and Results (Action Item) (Pages 2-15)
2. 2022 - Mission Statement and Performance Measures (Action Item) (Pages 16-24)
3. 2021 - Public Authorities Report (Action Item) (Pages 25-92)
4. Fee Structure Policy (For ECIDA & ILDC Only) (Action) (Page 93)

Re-Adopt Policies & Charters

5. Board Member Compensation, Reimbursement & Attendance Policy (Action Item) (Page 94).
6. Code of Ethics & Conflict of Interest Policy (Action Item) (Pages 95-100)
7. Corporate Credit Card Policy (Action Item) (Pages 101-103)
8. Defense & Indemnification Policy (Action Item) (Page 104)
9. Employee Compensation Program (Action Item) (Pages 105-106)
10. Finance & Audit Committee Charter (Action Item) (Pages 107-111)
11. Governance Committee Charter (Action Item) (Pages 112-114)
12. Investment & Deposit Policy (Action Item) (Pages 115-122)
13. Procurement Policy (Action Item) (Pages 123-127)
14. Property Disposition Guidelines (Action Item) (Pages 128-134)
15. Real Property Acquisition Policy (Action Item) (Pages 135-136)
16. Sexual Harassment Policy (Action Item) (Pages 137-145)
17. Statement of Duties & Responsibilities of the Board of Directors (Action Item) (Pages 146-148)
18. Statement of the Competencies & Personal Attributes Required of Board Members (Action Item) (Page 149)
19. Travel, Conferences, Meals & Entertainment Policy (Action Item) (Pages 150-155)
20. Whistleblower Policy and Procedures (Action Item) (Pages 156-158)

5.0 Management Team Reports:

- 5.1 2021 Year in Review

6.0 Adjournment- Next Meeting April 27, 2022 (Annual Meeting)

**MINUTES OF THE
MEETING OF THE BOARD OF DIRECTORS
OF THE
BUFFALO AND ERIE COUNTY REGIONAL
DEVELOPMENT CORPORATION
(RDC)**

- DATE:** October 27, 2021
- LIVE STREAMED:** This Board meeting is being live-streamed and made accessible on the Erie County Industrial Development Agency website at www.ecidany.com.
- PRESENT:** Denise Abbott, Hon. Diane Benczkowski, Rev. Mark E. Blue, Hon. Joseph Emminger, Hon. Howard Johnson, Tyra Johnson, Hon. Brian Kulpa, Richard Lipsitz, Brenda W. McDuffie, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz, Sister Denise Roche, Kenneth A. Schoetz and Paul Vukelic
- EXCUSED:** Hon. Bryon W. Brown, James Doherty, Dottie Gallagher, Hon. Darius G. Pridgen and Renee Wilson
- OTHERS PRESENT:** John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer; Beth O’Keefe, Vice President; Atiqa Abidi, Assistant Treasurer; Gerald Manhard, Chief Lending Officer/Assistant Secretary; Jamee Lanthier, Compliance Officer; Grant Lesswing, Business Development Officer; Brian Krygier, Director of Information Technology; Carrie Hocieniec, Operations Assistant; Robbie Ann McPherson, Director, Marketing & Communications, Sean Fallon, Project Manager; and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC
- GUESTS:** Deputy County Executive Maria Whyte; Andrew Federick, Erie County Senior Economic Development Specialist; Paul D’Orlando on behalf of Erie County

There being a quorum present at 12:51 p.m., the Meeting of the Board of Directors of the Buffalo and Erie County Regional Development Corporation was called to order by Chairwoman McDuffie.

MINUTES

The minutes of the September 22, 2021 meeting of the members were presented. Mr. Nellis moved and Mr. Lipsitz seconded, to approve of the minutes. Ms. McDuffie called for the vote, and the minutes were then unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Financial Report. Ms. Profic presented the September 2021 financial report, noting that the balance sheet shows that the RDC ended the month with total assets of \$22.4M and net assets of \$22.1M. The increase in assets from August is due mainly to an increase in cash in anticipation of additional loan closings. The September income statement shows \$579,000 of revenue, mainly CARES Act grant funding, leading to net income of \$547,000 for the month. The year-to-date income statement shows revenues of \$5.5M and \$321,000 of expenses, for net income of \$5.2M through September. It is important to note that CARES Act grant income for loans is not shown as an expense, which leads to this higher income figure.

Approval of 2022 Budget. Ms. Profic discussed the narrative portion of the proposed budget which gives an overview of the budget and any changes, along with risk factors impacting the budget. The proposed budget consists of interest income from loans at \$565,000, based on anticipated loan closings by the end of 2021. Budgeted grant income represents an estimate of the remaining CARES Act grant funding for administrative costs. Budgeted expenses are made up mainly of the ECIDA Management Fee (salary and benefit costs of ECIDA staff based on time spent on RDC business) and a provision of loan losses, estimated at 1.5% of projected outstanding loans or \$250,000. The budgeted figures result in budgeted net income of \$23,268. Ms. Profic also reviewed the 3-year forecast as required by the ABO

Mr. Johnson moved and Ms. Benczkowski seconded to approve of the 2022 Budget. Ms. McDuffie then called for the vote and the motion was unanimously approved.

Loan Status Report. Mr. Manhard presented this report. Ms. McDuffie directed that the report be received and filed.

MANAGEMENT TEAM REPORT

EDA Release of Federal Interest. Mr. Cappellino updated members that the EDA has now released its federal interest in the RDC Loan Fund.

There being no further business to discuss, Ms. McDuffie adjourned the meeting of the Agency at 1:00 p.m.

Dated: October 27, 2021

Gerald Manhard, Assistant Secretary

Regional Development Corporation

Financial Statements

As of February 28, 2022

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Balance Sheet

February 28, 2022

	February 2022	January 2022	December 2021
ASSETS:			
Restricted Cash**	\$ 7,569,555	\$ 7,538,760	\$ 7,790,415
Accounts Receivable	10,168	10,168	10,168
Direct Loans *	15,046,954	15,038,438	14,748,199
50/50 Bank Participation Loans *	104,401	108,678	112,852
Reserve for Loan losses	(610,903)	(610,903)	(610,903)
Total Loan Assets, net	<u>14,540,452</u>	<u>14,536,213</u>	<u>14,250,149</u>
TOTAL ASSETS	<u>\$ 22,120,175</u>	<u>\$ 22,085,141</u>	<u>\$ 22,050,732</u>
LIABILITIES & NET ASSETS			
Accounts Payable	\$ -	\$ -	\$ 133
Due to ECIDA	349,184	323,284	297,384
Total Liabilities	<u>349,184</u>	<u>323,284</u>	<u>297,518</u>
Restricted Fund Balance	<u>21,770,990</u>	<u>21,761,857</u>	<u>21,753,214</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 22,120,175</u>	<u>\$ 22,085,141</u>	<u>\$ 22,050,732</u>

* Loan Portfolio Summary:	February 2022	January 2022	December 2021
# of Legacy RLF Loans	33	33	32
# of CARES Act RLF Loans	30	30	30
# of 50/50 Bank Participation Loans	1	1	1
	<u>64</u>	<u>64</u>	<u>63</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.

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Income Statement
 Month of February 2022

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 35,210	\$ 47,083	\$ (11,873)
Interest Income - Cash & Inv.	107	42	65
Administrative Fees	-	1,250	(1,250)
Grant Income - CARES Act RLF	-	8,591	(8,591)
Other Income	175	417	(242)
Total Revenues	35,492	57,383	(21,891)
EXPENSES:			
Management Fee - ECIDA*	23,800	23,800	-
Rent & Facilities Expenses	2,100	2,083	17
Professional Services	383	5,004	(4,621)
General Office Expenses	-	142	(142)
Other Expenses	75	1,815	(1,739)
Total Expenses	26,358	32,844	(6,485)
NET INCOME/(LOSS):	\$ 9,134	\$ 24,539	\$ (15,405)

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2022 budgeted figures.

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Income Statement
Year to Date: February 28, 2022

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 73,079	\$ 94,167	\$ (21,087)	\$ 73,079	\$ 72,799	\$ 280
Interest Income - Cash & Inv.	227	83	144	227	803	(576)
Administrative Fees	-	2,500	(2,500)	-	-	-
Grant Income - CARES Act RLF	-	17,182	(17,182)	-	-	-
Other Income	438	833	(395)	438	9,090	(8,652)
Total Revenues	73,745	114,765	(41,021)	73,745	82,692	(8,948)
EXPENSES:						
Management Fee - ECIDA*	47,600	47,700	(100)	47,600	53,400	(5,800)
Rent & Facilities Expenses	4,200	4,167	33	4,200	4,200	-
Professional Services	4,083	25,050	(20,967)	4,083	4,141	(58)
General Office Expenses	-	283	(283)	-	960	(960)
Other Expenses	85	3,629	(3,544)	85	9,243	(9,157)
Total Expenses	55,968	80,829	(24,861)	55,968	71,944	(15,976)
NET INCOME/(LOSS):	\$ 17,776	\$ 33,936	\$ (16,160)	\$ 17,776	\$ 10,748	\$ 7,028

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2022 budgeted figures.



To: ECIDA, RDC & ILDC Boards of Directors
From: Michael Szukala, Chair
Date: March 23, 2022
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 16, 2022. Committee members present were: Michael Szukala, Chair, Penny Beckwith, Allison DeHonney, Brian Kulpa, Glenn Nellis, Paul Vukelic, and William Witzleben. The following items were reviewed:

1) Freed Maxick CPAs Report including Draft 2021 Audited Financial Statements

The Agency’s auditors presented the Draft 2021 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, 2021 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 Accountability Act (PAAA) 2021 Annual Report

The joint Finance & Audit Committee reviewed the PAAA 2021 Annual Report required under the Public Authorities Law and recommended that it be approved by their respective Boards.

3) 2021 Investment Reports

The joint Finance & Audit Committee reviewed the 2021 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 approved a report that documents the Committee’s activities for 2021 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 "What's on the horizon for 2022?" by Deloitte's Center for Board Effectiveness to satisfy the educational requirements set forth in the Finance & Audit Committee Charter.
- 10) The Committee was presented a report of the corporate credit card usage over the past 12 months in accordance with the Corporate Credit Card Policy.

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

2021 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 3/17/21, 4/19/21, 8/18/21, 9/14/21, and 12/14/21.

Finance & Audit Committee Self-Evaluation	Yes	No	Pending	Comments
<p>4. Were meeting notices and agendas prepared for each meeting and provided to Finance & Audit Committee members by electronic or regular mail at least five (5) days in advance of the scheduled meeting? Were minutes of all meetings recorded by the Secretary or any Assistant Secretary of the Agency? Did all meetings comply with the requirements of the Open Meetings Law?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>5. Did the Finance & Audit Committee develop the Agency's audit practices, which should address independent auditors and financial statements; internal controls, compliance, and risk assessment; special investigations; and other responsibilities?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	See Questions #6-#10 below.
<p>6. Did the Finance & Audit Committee:</p> <p>(a) Recommend to the Board the appointment of independent auditors, establish the compensation to be paid to the auditors, and provide oversight of the audit services provided by the independent auditor?</p> <p>(b) Establish procedures for the engagement of the independent auditors to provide permitted audited services?</p> <p>(c) Review and approve the Agency's audited financial statements, associated management letter, and all other auditor communications?</p> <p>(d) Review significant accounting and reporting issues and understand their impact on the financial statements of the Agency?</p> <p>(e) Meet with the Agency's independent auditor at least annually to discuss the financial statements of the Agency and any issues that may have arisen during the audit?</p> <p>(f) Review and discuss any significant risks reported in the independent audit and assess the responsiveness of management's follow-up activities regarding same?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>In March of 2021, Freed Maxick completed audits of the ECIDA, RDC, and ILDC for the year ended 12/31/20. The auditors issued unmodified (clean) opinions 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	Pending	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 2021 meeting. The March 2021 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 3/24/21.
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 3/17/21, the Committee reviewed an article entitled, "The Strategic Audit Committee: Navigating 2021" published by the Deloitte Center for Board Effectiveness.

Finance & Audit Committee Self-Evaluation	Yes	No	Pen ding	Comments
<p>10. Did the Finance & Audit Committee:</p> <p>(a) Report its actions and recommendations to the Board?</p> <p>(b) Report to the Board at least annually regarding any changes to the Finance & Audit Committee Charter?</p> <p>(c) Provide a self-evaluation to the Board on an annual basis?</p> <p>(d) Report to the Board at least annually on the findings of its independent auditors?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Committee reported its actions and recommendations to the Board following each meeting. On 3/24/21, the Audit & Finance Committee reported on its activities to the ECIDA Board of Directors. These activities included the: (1) Audit & Finance Committee self-evaluation; (2) Audit & Finance Committee Charter; (3) draft 2020 financial statements audited by Freed Maxick, CPAs; (4) Corporate Credit Card Policy; (5) 2020 Public Authorities Annual Report; (6) Investment & Deposit Policy; and (7) 2020 Investment Reports.</p>

Finance & Audit Committee Self-Evaluation

Other Self-Evaluation Notes

In addition to the above:

- During its 3/17/21 meeting, the Committee reviewed drafts of the 2020 audited financial statements for the ECIDA, RDC, and ILDC. The Committee also reviewed the 2020 PAAA Annual Report, 2020 Investment Reports, Investment & Deposit Policy, Finance & Audit Committee Charter, Corporate Credit Card Policy, and the 2020 Finance & Audit Committee Self-Evaluation.
- During its 4/19/21 meeting, the Committee voted to recommend a bond refunding for the Joint Schools Construction Board.
- During its 8/18/21 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 2022 ECIDA, RDC, and ILDC operating and capital budgets and three-year forecasts. The Committee also voted to approve an extension for Freed Maxick to provide auditing services to the ECIDA, RDC, and ILDC for the year ending 12/31/21.
- During its 9/16/20 meeting, the Committee voted to recommend insurance brokers following an RFQ for insurance brokerage services. The Committee also approved drafts of the 2022 ECIDA, RDC, and ILDC operating and capital budgets and three-year forecasts for recommendation to their respective Boards.
- During its 12/14/21 meeting, Freed Maxick reviewed their 2021 Audit Plan for ECIDA, RDC, and ILDC. The Committee also voted to recommend a bond issuance for Buffalo Niagara Medical Campus.

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REPORT TO THE BOARD OF DIRECTORS

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

DECEMBER 31, 2021

XXXXX, 2022

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, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for ECIDA/ILDC/RDC's financial reporting process.

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

Very truly yours,

Freed Maxick CPAs, P.C.

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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
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated January 4, 2022. 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.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audits and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	Preferability of Accounting Policies and Practices Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.
Basis of Accounting	Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by ECIDA/ILDC/RDC. The ECIDA/ILDC/RDC did not adopt any significant new accounting policies nor have there been any changes in significant existing policies during the current period. Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates." The financial statements were prepared on assumption that the entities will continue as a going concern.

Area	Comments
Audit Adjustments	There were no audit adjustments made to the original trial balances presented to us to begin our audit, other than those that are clearly trivial.
Uncorrected Misstatement	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Significant Written Communication Between Management and Our Firm	A copy of the representation letter provided to us by management is attached as Exhibit A.

**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, 2021**

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Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Depreciation of Property, Plant & Equipment (ECIDA & ILDC)	Management depreciates property, plant and equipment over the estimated lives of the assets.	Useful lives were assigned based on ECIDA/ILDC's useful life policy. Management was consistent in calculating depreciation based on the useful lives assigned to each asset.	The methods and lives used to estimate depreciation expense appears reasonable.
Allowance for Uncollectible Accounts	Management estimates collectability of receivables based on knowledge of past history. Due to a lack of collection history, management has established a 10% allowance on all loans issued with funds available from the CARES Act.	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. A 10% estimate is applied to the total balance in loan receivables at year-end for all CARES Act EDA loans issued.	Management's process to estimate the allowance for uncollectible accounts appears reasonable.
Investments (ECIDA)	Investments are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ECIDA recognizes investments in accordance with GASB Statement No. 72, "Fair Value Measurements" as it defines the fair value and establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels of Level 1, 2 or 3.	Management has described the valuation techniques used for valuing investments at fair value in the financial statements ECIDA Note 7. Additionally, management has broken out the investments into Level 1, 2 or 3 based upon the valuation hierarchy.	Management's process to evaluate fair value and establish the fair value hierarchy of investments appears reasonable.

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.

Summary of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

This Statement issued in May 2020 will be effective for the ECIDA beginning with its fiscal year ending December 31, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

This Statement establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.



XXXX, 2022

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), as of and for the year ended December 31, 2021, 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.

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

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**AUDITED
FINANCIAL STATEMENTS**

**BUFFALO AND ERIE COUNTY REGIONAL
DEVELOPMENT CORPORATION**

DECEMBER 31, 2021

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FINANCIAL SECTION

BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**Management's Discussion and Analysis**

**December 31, 2021
(UNAUDITED)**

Buffalo & Erie County Regional Development Corporation (RDC) was incorporated for the purpose of encouraging the expansion of existing companies in target areas of Erie County (the County) by establishing a revolving loan fund (RLF). The U.S. Department of Commerce Economic Development Administration (EDA) is the oversight body of one of the RDC's RLFs. A Loan Administration Plan (LAP) that outlines the RDC's lending processes and goals is approved by EDA every five years. The EDA released its federal interest in the RDC's Legacy (original) RLF during 2021.

As special-purpose government engaged in business-type activities, RDC 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*, RDC is required to present management's discussion and analysis (MD&A) to assist readers in understanding RDC's financial performance.

In compliance with GASB Statement No. 34, we present the attached overview and analysis of the financial activities of RDC as of and for the years ended December 31, 2021, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with RDC's audited financial statements.

In 2021 the RDC continued to be impacted by the COVID-19 pandemic and state of emergency declaration in New York State. RDC was afforded certain flexibilities by the EDA, which allowed RDC to work with borrowers to defer loan payments, if needed. Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, EDA awarded \$5 million to ECIDA to capitalize a new RLF, which ECIDA sub-granted to RDC to administer.

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

Financial Highlights

- RDC's total net position increased slightly from \$17,015,000 in 2020 to \$21,753,000 in 2021.
- RDC experienced an increase in net position of \$4,738,000 in 2021 compared to a decrease of \$27,000 in 2020.
- Operating revenues increased 15% from \$388,000 in 2020 to \$447,000 in 2021.
- Operating expenses increased 52% from \$541,000 in 2020 to \$823,000 in 2021.

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 RDC.

Table 1
Statements of Net Position at December 31, 2021, 2020 and 2019
(Amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2019</u>
Assets:					
Cash	\$ 7,790	\$ 6,543	\$ 1,247	19%	\$ 7,650
Accounts receivable	10	11	(1)	100%	-
Loans receivable, net	14,250	10,758	3,492	32%	9,720
Total assets	\$ 22,050	\$ 17,312	\$ 4,738	27%	\$ 17,370
Liabilities:					
Accounts payable	\$ -	\$ 3	\$ (3)	-100%	\$ 24
Due to affiliate	297	294	3	1%	303
Total liabilities	297	297	-	0%	327
Net position:					
Restricted	21,753	17,015	4,738	28%	17,043
Total net position	21,753	17,015	4,738	28%	17,043
Total liabilities and net position	\$ 22,050	\$ 17,312	\$ 4,738	27%	\$ 17,370

Cash – RDC's cash balance increased 19% or \$1,247,000 primarily due to loan repayments in 2021. The cash decrease from \$7,650,000 in 2019 to \$6,543,000 in 2020 was a result of loan disbursements.

Loans Receivable, net – Loans receivable relate to the RLFs operated by RDC, net of an allowance. Loans receivable increased \$3,492,000, or 32% from 2020 to 2021, due to loans closed during 2021. Most of the loans closed were new capital into the RLF through the CARES Act sub-grant award. The increase in loans receivable from \$9,720,000 in 2019 to \$10,758,000 in 2020 was a result of new loans in 2020.

Due to Affiliate – Due to affiliate reflects the amount due to ECIDA under a shared services agreement for personnel and overhead at the end of the year. The \$3,000 increase in due to affiliate from 2020 to 2021 reflects increased hourly rates charged to RDC by ECIDA employees. The decrease in amounts due to affiliate from \$303,000 in 2019 to \$294,000 in 2020 related mainly to a reduction in hours charged.

2. Change in Net Position:

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

Table 2
Change in Net Position for the Years ended December 31, 2021, 2020 and 2019
(Amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2019</u>
Operating revenue:					
Interest from loans	\$ 447	\$ 375	\$ 72	19%	\$ 491
Loan commitment fees	-	13	(13)	-100%	9
Total revenue	<u>\$ 447</u>	<u>\$ 388</u>	<u>\$ 59</u>	<u>15%</u>	<u>\$ 500</u>
Operating expenses:					
General and administrative	\$ 405	\$ 450	\$ (45)	-10%	\$ 377
Loan loss expense, net recoveries	418	91	327	359%	1,441
Total expenses	<u>823</u>	<u>541</u>	<u>282</u>	<u>52%</u>	<u>1,818</u>
Operating income (loss)	(376)	(153)	(223)	146%	(1,318)
Nonoperating revenue					
Interest income	3	15	(12)	-80%	38
Grant contributions	5,111	111	5,000	100%	-
Change in net position	<u>\$ 4,738</u>	<u>\$ (27)</u>	<u>\$ 4,765</u>	<u>-17648%</u>	<u>\$ (1,280)</u>

3. Revenue Analysis:

Interest from Loans – Interest on loans is collected from borrowers in accordance with the terms of each promissory note. RDC loans bear interest at rates ranging from 1% to 6.5%, in accordance with the Loan Administration Plan provisions in effect at the time the loan is approved. Interest income from loans increased \$72,000, or 19%, from 2020 to 2021 as a result of the expiration of deferral periods approved in 2020. Many borrowers had a period of interest deferral during 2020 due to the COVID-19 pandemic. Interest decreased from \$491,000 in 2019 to \$375,000 in 2020 due to this deferral period.

Loan Commitment Fees – Loan commitment fees are generally charged on loans greater than \$100,000. Commitment fees vary from year to year depending on the dollar amounts of individual loans. In 2020 and 2021 there were relaxations afforded to commitment fees as a result of the COVID-19 pandemic.

4. Expense Analysis:

General and Administrative – In 2021, general and administrative expenses decreased \$45,000 from \$450,000 to \$405,000. The decrease in general and administrative expenses is attributable mainly to legal expenses. Legal expenses increased \$77,000 from 2019 to 2020 due to higher costs associated with four delinquent loans. The four delinquent loans were written off at December 31, 2020, and legal costs returned to a more typical level in 2021.

Loan Loss Expense, net Recoveries – Loan loss expense, net recoveries consists of the dollar amount of loan loss expense in a year, plus any loan recoveries during that same year of previously written off loans. In 2021, loan loss expense was \$474,000, net of \$56,000 of loan recoveries. This was an increase from 2020, when loan loss expense was \$112,000, net of \$21,000 of loan recoveries. There were no loans written off in 2021, however a reserve was established for loans in the CARES Act RLF.

Grant Contributions – Grant contributions relate directly to amounts sub-granted from ECIDA under the CARES Act RLF. The RLF was established in 2020 and there was \$5,111,000 granted in 2021 related to loans and administrative costs, compared to \$111,000 granted in 2020.

5. Budget Analysis:

RDC prepares an annual budget which was presented and approved by the Board of Directors on October 28, 2020. The following table (Table 3) presents an analysis of RDC's performance compared to the approved 2021 budget.

Table 3
Budget to Actual Analysis for the year ended December 31, 2021
(Amounts in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating revenue:				
Interest from loans	\$ 447	\$ 540	\$ (93)	-17%
Loan commitment fees	-	15	(15)	-100%
Total revenue	447	555	(108)	-19%
Operating expenses:				
General and administrative	405	468	(63)	-13%
Loan loss expense, net recoveries	418	245	173	71%
Total expenses	823	713	110	15%
Operating income (loss)	(376)	(158)	(218)	138%
Interest income	3	2	1	50%
Grant contributions	5,111	-	5,111	100%
Change in net position	\$ 4,738	\$ (156)	\$ 4,894	-3137%

Budget to Actual Analysis:

Overall, RDC exceeded its budgeted decrease in net position for 2021 by \$4,894,000. Total operating revenue was \$108,000, or 19%, below the budgeted amount due to lower interest income from loans in 2021. This is a direct result of the terms of loans made under the CARES Act RLF, which include one year of no payments, then one year of interest only payments. Total expenses were \$110,000, or 15%, above budget. The 2021 grant contributions were not part of the 2021 approved budget.

6. Economic Factors Impacting RDC:

RDC relies upon loan interest income to generate revenue for continued operations. As a result of current uncertain economic conditions and borrowers' ability to repay, RDC'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 RDC's finances. Questions concerning any of the financial information provided in this report should be addressed to the CFO of RDC at (716) 856-6525. General information relating to RDC can be found on ECIDA's website, www.ecidany.com.

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
STATEMENTS OF NET POSITION
DECEMBER 31,**

DRAFT

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash	\$ 7,790,415	\$ 6,542,915
Accounts receivable	5,329	11,015
Grants receivable	4,839	-
Loans receivable	1,415,466	1,078,654
Total current assets	<u>9,216,049</u>	<u>7,632,584</u>
Noncurrent assets:		
Loans receivable, net	<u>12,834,682</u>	<u>9,679,043</u>
Total assets	<u>\$ 22,050,731</u>	<u>\$ 17,311,627</u>
LIABILITIES		
Accounts payable	\$ 133	\$ 2,659
Due to affiliate	297,384	293,638
Total liabilities	<u>297,517</u>	<u>296,297</u>
NET POSITION		
Restricted	<u>21,753,214</u>	<u>17,015,330</u>
Total net position	<u>21,753,214</u>	<u>17,015,330</u>
Total liabilities and net position	<u>\$ 22,050,731</u>	<u>\$ 17,311,627</u>

See accompanying notes.

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

DRAFT

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Interest from loans	\$ 447,255	\$ 374,671
Loan commitment fees	-	13,000
Total operating revenues	<u>447,255</u>	<u>387,671</u>
OPERATING EXPENSES		
General and administrative	405,359	450,214
Loan loss expense, net recoveries	417,627	91,217
Total operating expenses	<u>822,986</u>	<u>541,431</u>
Operating loss	(375,731)	(153,760)
NONOPERATING REVENUES		
Interest income	2,586	15,013
Grant contributions	5,111,029	111,015
Total nonoperating revenues	<u>5,113,615</u>	<u>126,028</u>
Change in net position	4,737,884	(27,732)
Net position - beginning of year	<u>17,015,330</u>	<u>17,043,062</u>
Net position - end of year	<u>\$ 21,753,214</u>	<u>\$ 17,015,330</u>

See accompanying notes.

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

DRAFT

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments collected on loans receivable	\$ 2,018,149	\$ 2,530,186
Loan interest and fees	447,255	387,671
Loans awarded	(5,940,090)	(3,680,070)
Payments from vendors and affiliates	(5,329)	-
Payments to vendors and affiliates	(404,139)	(480,661)
Loan loss recoveries	11,863	20,561
Net cash used by operating activities	<u>(3,872,291)</u>	<u>(1,222,313)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	2,586	15,013
Net cash provided by investing activities	<u>2,586</u>	<u>15,013</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
CARES Act subgrant	5,117,205	100,000
Net cash provided by financing activities	<u>5,117,205</u>	<u>100,000</u>
Net increase (decrease) in cash	1,247,500	(1,107,300)
Cash - beginning of year	<u>6,542,915</u>	<u>7,650,215</u>
Cash - end of year	<u>\$ 7,790,415</u>	<u>\$ 6,542,915</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (375,731)	\$ (153,760)
Adjustment to reconcile operating loss to net cash used by operating activities:		
Provision for loan loss	429,490	111,778
Increase in accounts receivable	(5,329)	-
Increase in loans receivable	(3,921,941)	(1,149,884)
Decrease in accounts payable	(2,526)	(21,064)
Increase (decrease) in due to affiliate	3,746	(9,383)
Net cash used by operating activities	<u>\$ (3,872,291)</u>	<u>\$ (1,222,313)</u>

See accompanying notes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Buffalo and Erie County Regional Development Corporation (RDC) 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 RDC's significant accounting policies are described below.

A. REPORTING ENTITY

Buffalo and Erie County Regional Development Corporation (RDC) was incorporated for the purpose of encouraging the expansion of existing companies in target areas of the County of Erie (the County) by establishing an Industrial Revolving Loan Fund from which RDC makes loans to individual companies. RDC manages two revolving loan programs maintained under an established loan administration plan approved by the grantor governing the management of the revolving loan program.

RDC has related party relationships with the Erie County Industrial Development Agency (ECIDA) and Buffalo and Erie County Industrial Land Development Corporation (ILDC). All three entities are managed by the same personnel and the RDC currently shares a common board with ECIDA. These entities share the same mission, which is to provide the resources that encourage investment, innovation, workforce development and international trade resulting in a successful business climate focused on growth, economic stability, job creation and retention for businesses and individuals which improves the quality of life for the residents of the region.

In accordance with accounting standards, the RDC is not considered a component unit of another entity.

B. BASIS OF PRESENTATION

Revenues from administrative fees and interest on loans are reported as operating revenues. All expenses related to operating the RDC are reported as operating expenses. Certain other transactions are reported as nonoperating activities including the RDC's grant income and interest income from deposits.

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

RDC is considered 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 RDC 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 cash transaction takes place.

Nonexchange transactions, in which the RDC 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

RDC 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.

E. LOANS RECEIVABLE

Loans receivable are stated at the principal amount outstanding, net of a provision for loan loss. The allowance method is used to compute the provision for loan loss.

Determination of the balance of the provision for loan loss is based on an analysis of the loan portfolio and reflects an amount that, in management's judgment, is adequate to provide for potential loan losses. Loans are written off when, in management's judgment, no legal recourse is available to collect the amount owed.

Interest on loans receivable is accrued as required by the terms of the agreement. Management considers that collection is probable based on the current economic condition of the borrower. Accrual of interest ceases when management adjusts a loan reserve to 50% or more of the loan's outstanding balance. RDC is not accruing interest on any loans as of December 31, 2021 or 2020.

F. INSURANCE

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

G. 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.
- b. Unrestricted – all other net positions that do not meet the definition of “restricted.”

H. STATEMENTS OF CASH FLOWS

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

I. 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.

J. ACCOUNTING PRONOUNCEMENTS

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

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2022.
- 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 is 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

RDC's investment policies are governed by New York State statutes. In addition, RDC has its own written investment policy. RDC monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. RDC'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, 2021 and 2020, the RDC's aggregate bank deposits were considered fully collateralized.

Investment and Deposit Policy

RDC 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 Buffalo and Erie County Regional Development Corporation.

Interest Rate Risk

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

RDC'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. RDC'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.

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 RDC's investment and deposit policy, all deposits of RDC 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. RDC 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 legacy revolving loan program was originally established through multiple grants received between 1979 and 1983 from the U.S. Economic Development Administration (EDA) amounting to \$7,000,000. Matching funds totaling \$5,250,500 were also received from various sources.

In August of 2020, the ECIDA entered into a financial assistance award agreement with the U.S. Economic Development Administration (EDA) amounting to \$5,415,694 to fund the CARES Act Revolving Loan Fund to assist the region due to the COVID-19 pandemic. RDC is a subrecipient of this grant award and administers the revolving loan fund. As of December 31, 2021, \$5,000,000 was received and issued as loans and \$222,044 of revenue related to administrative costs has been recognized (2020 -\$100,000 and \$0).

RDC provides low-interest loans to businesses located in Erie County in order to encourage economic development.

Loans under the CARES Act EDA award agreement provide for no interest to be charged to the recipient for the first year of the loan, and interest only payments for the second year of the loan. Principal payments ensue in the third year of the loan. Loans receivable consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Total loans receivable	\$ 14,861,051	\$ 10,939,109
Less: provision for loan loss	<u>610,903</u>	<u>181,412</u>
Loans receivable, net	14,250,148	10,757,697
Less: current portion	<u>1,415,466</u>	<u>1,078,654</u>
Loans receivable - long-term	<u>\$ 12,834,682</u>	<u>\$ 9,679,043</u>

The RDC's policy is to present loans receivable net of a provision for loan loss. At December 31, 2021 and 2020, the allowance for uncollectible loans was \$610,903 and \$181,412, respectively.

At December 31, 2021, the loans awarded to local businesses bear interest at rates ranging from 1% to 6.5% with varying payment terms. All loans are classified as commercial.

Scheduled maturities of principal for these notes for the next five years and thereafter are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,362,323	\$ 350,439
2023	1,884,394	323,324
2024	2,188,932	256,821
2025	2,170,448	193,042
2026	2,414,733	126,108
Thereafter	4,727,369	130,880
Total	\$ <u>14,748,199</u>	\$ <u>1,380,614</u>

This schedule does not include the variable interest rate loans that are administered by various financial institutions. The total outstanding balance of those loans is \$112,852 at December 31, 2021 with a current portion in the amount of \$53,143.

B. EXPENSES

ECIDA allocates a portion of its personnel and overhead costs to the RDC based on a cost allocation plan. Costs allocated by ECIDA amounted to \$294,567 and \$292,106 for the years ended December 31, 2021 and 2020, respectively. Amounts owed to ECIDA at December 31, 2021 and 2020 totaled \$297,384 and \$293,638, respectively.

NOTE 3. CONTINGENCIES

Economic Development Administration Revolving Loan Fund Risk Analysis System

RDC is required to comply with EDA regulations regarding the utilization of revolving loan funds for the CARES Act Revolving Loan Fund (RLF). These regulations are based on measures applied by the EDA's risk analysis system. The CARES Act RLF was in the disbursement phase as of December 31, 2021, and has not yet received its first risk rating. Upon the RLF commencing the revolving phase in 2022, the risk analysis will be updated on an annual basis determined by reports submitted by the RDC to the EDA within 90 days following the RDC year end.

NOTE 4. SUBSEQUENT EVENTS

Management has evaluated subsequent events through XXX, 2022, 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.

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SUPPLEMENTARY INFORMATION

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
 COMBINING STATEMENT OF NET POSITION
 DECEMBER 31, 2021**

DRAFT

	<u>Legacy (EDA) Account</u>	<u>CARES Act Account</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash	\$ 7,410,874	\$ 379,541	\$ 7,790,415
Accounts receivable	-	5,329	5,329
Grants receivable	-	4,839	4,839
Loans receivable	1,415,466	-	1,415,466
Total current assets	<u>8,826,340</u>	<u>389,709</u>	<u>9,216,049</u>
Noncurrent assets:			
Loans receivable, net	<u>8,568,682</u>	<u>4,266,000</u>	<u>12,834,682</u>
Total assets	<u>\$ 17,395,022</u>	<u>\$ 4,655,709</u>	<u>\$ 22,050,731</u>
LIABILITIES			
Accounts payable	\$ 127	\$ 6	\$ 133
Due to affiliate	167,773	129,611	297,384
Total liabilities	<u>167,900</u>	<u>129,617</u>	<u>297,517</u>
NET POSITION			
Restricted	<u>17,227,122</u>	<u>4,526,092</u>	<u>21,753,214</u>
Total net position	<u>17,227,122</u>	<u>4,526,092</u>	<u>21,753,214</u>
Total liabilities and net position	<u>\$ 17,395,022</u>	<u>\$ 4,655,709</u>	<u>\$ 22,050,731</u>

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2021**

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	<u>Legacy (EDA) Account</u>	<u>CARES Act Account</u>	<u>Total</u>
OPERATING REVENUES			
Interest from loans	\$ 447,188	\$ 67	\$ 447,255
Total operating revenues	<u>447,188</u>	<u>67</u>	<u>447,255</u>
OPERATING EXPENSES			
General and administrative	194,329	211,030	405,359
Loan loss expense (recoveries)	(56,373)	474,000	417,627
Total operating expenses	<u>137,956</u>	<u>685,030</u>	<u>822,986</u>
Operating income (loss)	309,232	(684,963)	(375,731)
NONOPERATING REVENUES			
Interest income	2,560	26	2,586
Grant contributions	-	5,111,029	5,111,029
Total nonoperating revenues	<u>2,560</u>	<u>5,111,055</u>	<u>5,113,615</u>
Change in net position	311,792	4,426,092	4,737,884
Net position - beginning of year	<u>16,915,330</u>	<u>100,000</u>	<u>17,015,330</u>
Net position - end of year	<u>\$ 17,227,122</u>	<u>\$ 4,526,092</u>	<u>\$ 21,753,214</u>

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR YEAR ENDED DECEMBER 31, 2021**

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<u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Commerce				
<i>Passed through Erie County Industrial Development Agency</i>				
Economic Adjustment Assistance	11.307	Various	\$ -	\$ 12,836,856
COVID 19 - Economic Adjustment Assistance-CARES Act	11.307	01-79-15022	-	5,330,571
<i>Total Economic Development Cluster</i>			-	18,167,427
<i>Total U.S. Department of Commerce</i>			-	18,167,427
Total Expenditures of Federal Awards			\$ -	\$ 18,167,427

See notes to Schedule of Expenditures of Federal Awards.

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Buffalo and Erie County Regional Development Corporation (RDC), under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Federal awards passed through from other governmental agencies are included in the schedule. Because the Schedule presents only a selected portion of the operations of the RDC, it is not intended and does not present the financial position, changes in net position, or cash flows of the RDC.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported as federal expenditures were obtained from the RDC's financial reporting system, which is the source of the RDC's basic financial statements.

NOTE 3 - ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM

The Economic Adjustment Assistance program, administered by the U.S. Economic Development Administration (EDA), specifically requires the amount on the Schedule to be calculated as follows:

Economic Adjustment Assistance	
EDA grants	\$ 12,466,574
Total revolving loan funds	<u>16,622,098</u>
Total EDA share	<u>75%</u>
Cash	\$ 6,845,281
Outstanding loans receivable, 9/30/2021	<u>10,270,527</u>
Sum of EDA dollars/Total project costs	<u>17,115,808</u>
Total EDA share (<i>noted above</i>)	75%
Total economic assistance	<u>\$ 12,836,856</u>

NOTE 4 - ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM – CARES ACT

The Economic Adjustment Assistance – CARES Act program, administered by the U.S. Economic Development Administration (EDA), specifically requires the amount on the Schedule to be calculated as follows:

Economic Adjustment Assistance - CARES Act	
Cash	\$ 379,541
Outstanding loans receivable, 12/31/2021	4,740,000
Administrative cost allowance	211,030
Loan write-offs	-
Sum of EDA dollars/Total project costs	<u>5,330,571</u>
Total EDA share	100% *
Total economic adjustment assistance	<u>\$ 5,330,571</u>

* CARES Act funding is 100% federally funded. There are no applicable matching requirements.

NOTE 5 - INDIRECT COST RATE

RDC has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 6 – REVOLVING LOAN FUND DEFEDERALIZATION

During the current year RDC was approved through the Reinvigorating Lending for the Future Act to release its EDA federal interest in the Revolving Loan Fund (RLF). This release of federal interest as of September 30, 2021 in the amount of \$12,836,856, is due to the Revolving Loan Fund awards operating satisfactorily for seven years beyond the disbursement of grant funds.

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INTERNAL CONTROL AND COMPLIANCE

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2021**

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I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ Yes X No
 ___ Yes X None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ Yes X No
 ___ Yes X None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

___ Yes X No

Identification of major federal programs:

CFDA Number(s)

11.307

Name of Federal Program

Economic Adjustment Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

X Yes ___ No

II. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit noted for the year ended December 31, 2021.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

There were no findings or questioned costs related to federal awards noted for the year ended December 31, 2021.

I. FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit noted for the year ended December 31, 2020.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

There were no findings or questioned costs related to federal awards noted for the year ended December 31, 2020.

Buffalo & Erie County Regional Development Corp.

Investment Report

For the year ended December 31, 2021

Buffalo & Erie County Regional Development Corporation

2021 Annual Investment Report

Purpose of Report:

Under Section 2925(6) of the Public Authorities Law, RDC is required to prepare and approve an annual Investment Report. The investment report is to include: RDC'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, 2021, and were approved by the RDC Board of Directors on March 23, 2022.

Investment Guidelines:

In accordance with Section 2925 of the Public Authorities Law, RDC 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. RDC 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 RDC Board of Directors on March 23, 2022 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 24, 2021.

Investment Audit:

RDC's auditors have audited the corporation's compliance with the Investment Guidelines for Public Authorities. In their report dated March XX, 2022 Freed Maxick CPAs have indicated that RDC complied, in all material respects, with these Investment Guidelines.

Buffalo & Erie County Regional Development Corporation (RDC)

Annual Investment Report

For the year ended December 31, 2021

Account Type	Financial Institution	G/L Balance		Interest Rate ^a Dec 2021	2021		Restricted	Purpose
		1/1/2021	12/31/2021		Investment Income	Fees		
1 Checking	M&T Bank	593,743	959,469	0.01%	96	-	✓	Legacy Loan Fund Checking/investment account
2 Savings	M&T Bank	5,948,942	6,451,405	0.02%	2,464	-	✓	Legacy Loan Fund Savings/investment account
3 Checking	M&T Bank	230	379,541	0.01%	26	-	✓	EDA CARES Act Loan Fund Checking account
		<u>\$ 6,542,914</u>	<u>\$ 7,790,415</u>		<u>\$ 2,585</u>	<u>\$ -</u>		

Notes:

^a The Interest Rate is the annualized rate for the month of December 2021 and is prior to the deduction of any fees.



To: ECIDA, RDC & ILDC Board of Directors
From: Brenda McDuffie, Governance Committee Chair
Date: March 23, 2022
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 meeting scheduled for March 14, 2022, did not have a quorum present. Committee members present were Brenda McDuffie, Chair, Ken Schoetz, and Maria Whyte. The Committee was provided with several documents for review and comment prior to the meeting. The members present were in agreement with sending the items below to the Boards for approval:

1) 2021 PAAA Annual Report

The PAAA Annual Report will be reviewed by the full Boards during the March 23, 2022 Board meetings.

2) Results of 2021 Performance Measures

The Governance Committee met on January 25, 2022 and February 22, 2022 to discuss the ECIDA/RDC/ILDC Mission Statement and 2021 Performance Measures. The results of the 2021 Performance Measures will be reviewed by the Boards during the March 23, 2022 Board meetings.

3) Mission Statement and 2022 Performance Measures

The Governance Committee met on January 25, 2022 and February 22, 2022 to discuss the ECIDA/RDC/ILDC Mission Statement and 2022 Performance Measures. During these meetings the Committee provided input and made changes to certain metrics based on current economic conditions. The 2022 Mission Statement & Performance Measures will be reviewed by the Boards during the March 23, 2022 Board meetings.

4) 2021 Board of Directors’ Self-Evaluation

The Governance Committee received the summary sheets for the ECIDA, RDC, and ILDC Board self-evaluations. The results will be reviewed with the Boards. The Governance Committee Chair will forward the summary sheets to the Authorities Budget Office (ABO) as required.

5) 2021 Governance Committee Self-Evaluation

The evaluation documents the activities of the Governance Committee during 2021.

6) Annual Re-Adoption of Policies, Charters & Guidelines

These items must be approved annually by the ECIDA/RDC/ILDC Boards:

- Board Member Compensation, Reimbursement & Attendance Policy
- Code of Ethics & Conflict of Interest Policy
- Defense & Indemnification Policy
- ECIDA Employee Compensation Program
- Governance Committee Charter
- Procurement Policy



- Property Disposition Guidelines
- Real Property Acquisition Policy
- Sexual Harassment Policy
- Statement of Duties & Responsibilities of the Board of Directors
- Statement of the Competencies & Personal Attributes Required of Board Members
- Travel, Conferences, Meals & Entertainment Policy
- Whistleblower Policy and Procedures

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. The Boards will review these policies during the March 23, 2022 Board meetings.

7) Adoption of Policies, Charters & Guidelines

ECIDA staff and General Counsel Harris Beach recommend adoption of the Fee Structure Policy.

8) PARIS Report Update

The Governance Committee members present 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, 2022 deadline.

9) Board Member PAAA Training Update

The Governance Committee members present received an update on the status of the required ABO board member training. One board member received training during 2021. The Agency's Compliance Officer is tasked with forwarding training opportunities to board members who have not had the required training and to those who have not had training within the last three years.

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

2021 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	Pending	Comments
1. Are the members of the Governance Committee appointed in accordance with the Bylaws and are individuals appointed to the Governance Committee knowledgeable, or have expressed a willingness to become knowledgeable, in matters pertaining to governance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Is each member of the Governance Committee an “independent member” within the meaning of, and to the extent required by, Section 2825 of the New York Public Authorities Law, as amended from time to time? Did Governance Committee members, who are members of the Agency, comply with the conflict of interest provisions applicable to public officers under Article 18 of the New York General Municipal Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Did the Governance Committee meet a minimum of once (1) each calendar year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Governance Committee met on 1/28/21, 2/9/21, and 3/17/21.
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 2021.
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 2021.
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 12/31/21, 16 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) & 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, during its 3/17/21 meeting. The Code was re-adopted by the full Board during its meeting on 3/24/21.</p> <p>(iii) In 2012, the Governance Committee approved a formal Whistleblower Policy. The Committee did not recommend any changes in 2021. The Policy was re-adopted by the full Board during its meeting on 3/24/21.</p> <p>iv) The ECIDA's EEO policy is included in the Employee Handbook and the Procurement Policy.</p> <p>v) The Committee reviewed recommended changes to the Procurement Policy during its 3/17/21 meeting. The amended Policy was adopted by the full Board during its meeting on 3/24/21.</p> <p>vi) The ECIDA Property Disposition Guidelines were reviewed by the Governance Committee on 3/17/21 and re-adopted by the full Board during its meeting on 3/24/21.</p> <p>vii) The ECIDA Governance Committee Charter was reviewed by the Governance Committee on 3/17/21. It was re-adopted by the full Board during its meeting on 3/24/21.</p> <p>viii) At its 3/17/21 meeting the Governance Committee reviewed and recommended changes to the ECIDA Employee Compensation Program and adoption of the Agency's Sexual Harassment Policy. Both policies were adopted by the full Board during its meeting on 3/24/21.</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>The Committee reports its actions and recommendations to the Board following each meeting.</p> <p>i) & ii) As stated above, all policies/ guidelines referenced above were adopted or re-adopted by the Board on 3/24/21.</p> <p>iii) On 3/17/21, the Committee performed a Self-Evaluation for the calendar year 2020 and provided a status report to the Board on 3/24/21.</p>

Other Self-Evaluation Notes

- 1) In March 2021, the Governance Committee reviewed the 2020 Board Evaluation for the ECIDA, RDC, and ILDC boards. The Committee discussed the results of these evaluations during the 3/24/21 board meeting.
- 2) In addition to the above referenced policies, the Governance Committee discussed the following items during its meeting on 3/17/21: (1) 2020 Performance Measures Report & Results; (2) 2021 Mission Statement & Performance Measures; (3) 2020 PAAA Annual Report; (4) Property Acquisition Policy; (5) Defense & Indemnification Policy; (6) Board Member Compensation, Reimbursement & Attendance Policy; (7) Travel Conferences Meals & Entertainment Policy; (8) Statement of Duties & Responsibilities of the Board of Directors and (9) Statement of the Competencies & Personal Attributes Required of Board Members. The Committee did not recommend changes. The full Board approved these documents/policies during its 3/24/21 Board meeting.
- 3) The ECIDA staff provided an update on the status of the ECIDA's Public Authority Reporting Information System (PARIS) report to the Committee on 3/17/21.
- 4) During the Governance Committee meeting on 3/17/21, ECIDA staff reported that there were no violations of the Agency's Local Labor Policy in 2020.
- 5) During its 1/28/21, 2/9/21 and 3/17/21 Governance Committee meetings, the Governance Committee, ECIDA staff and counsel discussed the results of ECIDA's 2020 Performance Measures.
- 6) During its 1/28/21, 2/9/21 and 3/17/21 Governance Committee meetings, the Governance Committee, ECIDA staff and counsel discussed the ECIDA Mission Statement and 2021 Performance Measure.

2021 RDC 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.	10	2		
The policies, practices and decisions of the Board are always consistent with this mission.	11	1		
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	10	2		
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	11	1		
The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	11	1		
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence, pressure or self-interest.	8	3	1	
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	10	2		
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	10	2		
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.	12			
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	9	3		
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	11	1		
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	10	2		
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	10	1	1	
The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	12			
The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	10	2		
Board members demonstrate leadership and vision and work respectfully with each other.	12			

Name of Authority: Buffalo & Erie County Regional Development Corp.; **Date Completed:** 3/8/2022

ECIDA/RDC/ILDC Confidential Evaluation of Board Performance

Criteria	Comments
Board members have a shared understanding of the mission and purpose of the Authority.	Board orientations are held to allow each board member information on mission & purpose.
The policies, practices and decisions of the Board are always consistent with this mission.	
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	Policies are reviewed and updated as needed and at a minimum they are reinforced at meetings.
The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence, pressure or self-interest.	
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	Great communication with Board members and staff
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	Staff and board members have open communications that allow for timely information exchange.
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.	All information and related materials are shared with the board in advance to allow time for reading and addressing any questions and/or issues.
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	At all committee meetings there is robust, thoughtful dialogue between committee members and all comments and questions by members are encouraged.

<p>Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.</p>	<p>Information is provided well in advance of meeting giving plenty of time to review and research. Information and materials are sent in advance for committee and board meeting so that members have opportunity to prepare, request additional information and discuss all items before voting.</p>
<p>Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.</p>	
<p>The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.</p>	
<p>The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.</p>	
<p>Board members demonstrate leadership and vision and work respectfully with each other.</p>	

This survey applies to the ECIDA and all ECIDA affiliated corporations. If your answers are different for each affiliate, please complete a separate survey for each affiliate (ECIDA/RDC/LLDC).

Date Completed: March 8, 2022



**Loan Status Report
October 27, 2021 – March 23, 2022**

<u>RDC Loans Approved Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
ACB Operations, Inc. (manufacturing)	Buffalo	\$400,000
<u>RDC Loans Closed Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
Plastic Acquisition, Inc.	Orchard Park	\$1,500,000
Kishore, Inc (retail)	Amherst	\$ 400,000
Total		\$1,900,000
<u>Loans in Closing Process</u>	<u>Municipality</u>	<u>Amount</u>
ACB Operations, Inc. (manufacturing)	Buffalo	\$400,000
<u>Loans in the Pipeline</u>	<u>Municipality</u>	<u>Amount</u>
None		

<u>2021 - Loans Closed</u>	<u>YTD Loan Total</u>	<u>Jobs to be Created</u>	<u>Retained Jobs</u>	<u>Dollars Leveraged</u>
2	\$1,900,000	13	27	\$11,620,000
MWBE Loans – 1				

Loan Portfolio Performance

Past Due Loans:

<u>Loan</u>	<u>Outstanding Balance</u>	<u>Amount Past Due</u>	<u>Days Past Due</u>	<u>Comments</u>
NONE				

Portfolio Delinquency Rate (Past Due Outstanding Loan Balance *divided by* Portfolio Balance):

\$0 / \$15,149,932 0% Delinquency Rate (64 Loans)

RDC Funds Available to Lend: \$5,190,870



Item 3.7

To: ECIDA & RDC Boards of Directors
From: Mollie Profic, CFO
Jerry Manhard, Chief Lending Officer
Re: Board Certification of Revolving Loan Fund Plan
Date: March 23, 2022

In 2020 the Erie County Industrial Development Agency (ECIDA) received an award of \$5,415,694 from the U.S. Department of Commerce, Economic Development Administration (EDA) Coronavirus Aid, Relief, and Economic Security (CARES) Act Revolving Loan Fund Supplemental Disaster Recovery and Resiliency Awards. \$5 million was used to establish the CARES Act Revolving Loan Fund (RLF), with the remaining \$415,694 earmarked for administrative costs. The purpose of establishing the RLF was to alleviate sudden and severe economic dislocation caused by the COVID-19 pandemic, to provide permanent resources to support economic resiliency, and to further the long-term economic adjustment objectives of the region served by this award.

As part of the required reporting to the EDA in connection with the operations of the RLF administered by the Buffalo & Erie County Regional Development Corporation (RDC), the ECIDA must certify that the RLF is being operated in accordance with the policies and procedures contained in the Loan Administration Plan (LAP), also referred to as the RLF Plan. The LAP for the CARES Act RLF was approved on March 2, 2021, in connection with the grant award. Under the terms of the award conditions, the LAP will be updated and approved by EDA every five years.

The CARES Act RLF is currently in the disbursement phase of the award, with 30 loans approved. When loans are repaid, the principal and interest will be added back to the fund and begin the revolving phase.

Key components of the LAP include borrower eligibility, loan size, interest rate, and loan terms. Many of the requirements of the LAP overlap with the Federal regulations under Title 2 of the U.S. *Code of Federal Regulations* Part 200 and are tested as part of the Single Audit performed annually. The testing performed as part of the Single Audit yielded an unmodified (clean) opinion and did not yield any audit findings.

Action:

Requesting approval of the attached resolution certifying that the CARES Act Revolving Loan Fund is operating in accordance with the approved Loan Administration Plan.



BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

CARES ACT REVOLVING LOAN FUND ANNUAL RESOLUTION

The meeting of the Buffalo and Erie County Regional Development Corporation was convened on March 22, 2022 at 12:30 p.m.

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

RESOLUTION OF THE BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION (THE "RLF LOAN BOARD" OR "RDC") IN CONNECTION WITH AN ANNUAL CERTIFICATION TO BE MADE UNDER THE STANDARD TERMS AND CONDITIONS AND ADMINISTRATIVE MANUAL REQUIREMENTS OF THE FEDERAL ECONOMIC DEVELOPMENT ADMINISTRATION

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

WHEREAS, the Agency received an award of \$5,415,694 from the U.S. Department of Commerce, Economic Development Administration (the "EDA") Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") Revolving Loan Fund Supplemental Disaster Recovery and Resiliency Awards (the "CARES Act Award") and related thereto, \$5,000,000 million was used to establish the CARES Act Revolving Loan Fund (the "RLF"), with the remaining \$415,694 earmarked for administrative costs; and

WHEREAS, the purpose of establishing the RLF was to alleviate sudden and severe economic dislocation caused by the COVID-19 pandemic, to provide permanent resources to support economic resiliency, and to further the long-term economic adjustment objectives of the region served by the CARES Act Award; and

WHEREAS, as part of the required reporting to the EDA in connection with the operations of the RLF administered by the RDC, the Agency must certify that the RLF is being operated in accordance with the policies and procedures contained in the Loan Administration Plan (the "LAP"), also referred to as the RLF Plan; and

WHEREAS the LAP for the CARES Act RLF was approved on March 2, 2021, in connection with the CARES Act Award; and

WHEREAS, procedures were conducted on a sample of loans in the RLF portfolio by Freed Maxick, CPAs, P.C as part of the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles and Audit*

Requirements for Federal Awards to ensure RDC's compliance with LAP as set forth by the EDA; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION AS FOLLOWS:

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

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

Section 3. This resolution shall take effect immediately.

Approved: March 23, 2022