

**Buffalo and Erie County Industrial Land Development Corporation
Meeting of the Membership
March 22, 2023 @ 12:00 p.m.**



**701 Ellicott Street, Center of Excellence in Bioinformatics and Life Sciences
(CBLS) - The Event Space/Conference Room B2-205, located on the 2nd floor, Buffalo, New York 14203**

1.0 Call to Order

2.0 Approval of Minutes

- 2.1 Approval of the February 22, 2023 Minutes of the Meeting of the Membership (Action Item) (Pages 2-4)

3.0 Reports / Action Items / Information Items:

- 3.1 Financial Report (Informational) (Pages 5-8)
3.2 Finance & Audit Committee Update (Informational) (Pages 9-10)
 a) Committee Self-Evaluation (Informational) (Pages 11-15)
3.3 Audited Financial Statements (Action Item) (Pages 16-40)
3.4 2022– Investment Report (Action Item) (Pages 41-43)
3.5 Governance Committee Report (Informational) (Pages 44-45)
 a) Committee Self-Evaluation (Informational) (Pages 46-49)
 b) Board of Directors Evaluation/Survey (Informational) (Pages 50-52)
3.6 2023 Loan Status Report (Informational) (Page 53)

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

1. 2022 - Mission Statement, Performance Measures and Results (Action Item) (Pages 2-17)
2. 2023 - Mission Statement and Performance Measures (Action Item) (Pages 18-26)
3. 2022 - Public Authorities Report (Action Item) (Pages 27-92)
4. Airborne Infectious Disease Policy (Action Item) (Pages 93-101)

Re-Adopt Policies & Charters (Action Item)

5. Board Member Compensation, Reimbursement & Attendance Policy (Page 102)
6. Code of Ethics & Conflict of Interest Policy (Pages 103-108)
7. Corporate Credit Card Policy (Pages 109-111)
8. Defense & Indemnification Policy (Page 112)
9. Employee Compensation Program (Pages 113-114)
10. Fee Structure Policy (For ECIDA & ILDC Only) (Page 115)
11. Finance & Audit Committee Charter (Pages 116-120)
12. Governance Committee Charter (Pages 121-123)
13. Investment & Deposit Polic (Pages 124-131)
14. Procurement Policy (Pages 132-136)
15. Professional Services RFP Process and Policy (Pages 137-139)
16. Property Disposition Guidelines (Pages 140-146)
17. Real Property Acquisition Policy (Pages 147-148)
18. Sexual Harassment Policy (Pages 149-157)
19. Statement of Duties & Responsibilities of the Board of Directors (Pages 158-160)
20. Statement of the Competencies & Personal Attributes Required of Board Members (Page 161)
21. Travel, Conferences, Meals & Entertainment Policy (Pages 167)
22. Whistleblower Policy and Procedures (Pages 168-170)

5.0 Management Team Reports:

- 5.1 2022 Year in Review

6.0 Adjournment- Next Meeting April 26, 2023 (Annual Meeting)

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

DATE AND PLACE: February 22, 2023, at the Center of Excellence in Bioinformatics and Life Sciences (CBLIS), 701 Ellicott Street, The Event Space/Conference Room B2-205, located on the 2nd floor, Buffalo, New York 14203.

PRESENT: Denise Abbott, Hon. April Baskin, Hon. Byron W. Brown, Daniel Castle and Hon. Mark C. Poloncarz

EXCUSED: Hon. Howard Johnson and Richard Lipsitz, Jr.

OTHERS PRESENT: John Cappellino, President & CEO; Beth O’Keefe, Vice President of Operations/Secretary; Mollie Profic, Chief Financial Officer; Atiqa Abidi, Assistant Treasurer; Daryl Spulecki, Credit Analyst; Grant Lesswing, Director of Business Development; Andrew Federick, Business Development Officer; Soma Hawramee, Compliance Portfolio Manager; Brian Krygier, Director of Information Technology; Carrie Hocieniec, Operations Assistant/Assistant Secretary; Laurie Hendrix, Administrative Coordinator; Robbie Ann McPherson, Director of Marketing & Communications and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC

GUESTS: Zachary Evans on behalf of Erie County; Alex Carducci on behalf of the City of Buffalo; Sean Greenhouse on behalf of Linita; William Brady on behalf of Top Seedz Food Corp.; and Jonathan Epstein on behalf of the Buffalo News

There being a quorum present at 12:56 p.m., the Meeting of the Board of Directors of the Buffalo and Erie County Industrial Land Development Corporation was called to order its Chair, Mr. Poloncarz.

MINUTES

Mr. Brown moved and Ms. Abbott seconded to approve of the October 26, 2022 minutes. Mr. Poloncarz called for the vote and the minutes were unanimously approved.

REPORTS / ACTION ITEMS / INFORMATION ITEMS

Financial Report. Ms. Profic presented the January financial reports. The balance sheet shows the ILDC ended 2022 with total assets of \$19.4M and net assets of \$7.8M. The major asset categories are grants receivable and capital assets (property owned). The ILDC ended 2022 with 36 active loans under the County microloan program. There was a net loss of \$67,000 in 2022. Further information will be provided when the 2022 audited financial statements are presented to the Board on March 22nd.

At the end of January, the ILDC's total assets were \$19.3M, a slight decrease from December. Total liabilities at the end of January were \$11.6M, mainly deferred grant income. The ILDC had \$1,800 of income, \$16,00 of expenses, and \$73,000 net special project expenses in January, netting to a \$87,000 net loss in January. Mr. Poloncarz directed that the report be received and filed.

Finance and Audit Committee Update. Ms. Profic presented a summary of the most recent Finance and Audit Committee meeting to the members. During the meeting there was a presentation by Lumsden McCormick discussing their 2022 audit plan and discussion with the Committee members.

Public Sector Banking Services RFP. Ms. Profic reviewed the RFP and evaluation process. While all of the respondents were capable and suitable partners, M&T Bank was the staff committee's recommendation. We have been with M&T Bank since our last RFP in 2017, and have been pleased with their services and staff. The Finance & Audit Committee voted to recommend that the Boards approve the retention of M&T Bank as the prime bank of the ECIDA, RDC and ILDC.

Ms. Abbott moved and Mr. Brown seconded to approve of the Public Sector Banking Services to be provided by M&T Bank. Mr. Poloncarz called for the vote and the Public Sector Banking Services to be provided by M&T Bank was unanimously approved.

Governance Committee Update: Mr. Cappellino provided the Committee with an update. Mr. Poloncarz directed that the report be received and filed.

ILDC Loan Status Report. Mr. Spulecki provided this report to Committee members. Mr. Poloncarz directed that the report be received and filed.

Videoconferencing Procedures Policy. Mr. Cappellino reviewed the new proposal Videoconferencing Procedures Policy. Ms. Baskin moved and Mr. Poloncarz seconded to approve of the Videoconferencing Procedures Policy. Mr. Poloncarz called for the vote and the following resolution was unanimously approved:

RESOLUTION OF THE BUFFALO AND ERIE COUNTY INDUSTRIAL
LAND DEVELOPMENT CORPORATION ("ILDC") APPROVING THE USE

OF VIDEO CONFERENCING UNDER EXTRAORDINARY
CIRCUMSTANCES PURSUANT TO SECTION 103-A OF THE NEW YORK
PUBLIC OFFICERS LAW

BNMC and Canisius College Bond Amendments. Mr. Cappellino reviewed these two amendment requests.

Mr. Brown moved and Ms. Abbott seconded to approve of the BNMC and Canisius College Bond Amendments. Mr. Poloncarz called for the vote and the following resolutions were unanimously approved:

RESOLUTION AUTHORIZING CERTAIN ACTIONS RELATING TO THE BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION TAX-EXEMPT REVENUE BONDS (BUFFALO NIAGARA MEDICAL CAMPUS, INC. PROJECT), SERIES 2016A AND TAX-EXEMPT REVENUE BONDS (BUFFALO NIAGARA MEDICAL CAMPUS, INC. PROJECT), SERIES 2016B

and

RESOLUTION AUTHORIZING CERTAIN ACTIONS RELATING TO THE BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION TAX-EXEMPT REVENUE BONDS (THE CANISIUS COLLEGE OF BUFFALO, NEW YORK PROJECT), SERIES 2015A AND SERIES 2015B

Renaissance Commerce Park Update. Mr. Cappellino provided Committee members with an update on activities and projects at the Renaissance Commerce Park.

There being no further business to discuss, Mr. Poloncarz adjourned the meeting at 1:10 p.m.

Dated: February 22, 2023

Elizabeth A. O'Keefe, Secretary

Industrial Land Development Corp.

Financial Statements

As of February 28, 2023

INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")

Balance Sheet February 28, 2023

	February 2023	January 2023	December 2022
ASSETS:			
Restricted Cash *	\$ 1,184,421	\$ 1,175,072	\$ 1,255,405
Grants Receivable	10,212,072	10,212,072	10,212,072
Loans Receivable, net	542,401	551,103	559,404
Prepaid Expenses	31,500	31,500	31,500
Prepaid Acquisition Costs	692,934	692,934	692,934
Total Loan Assets	<u>12,663,328</u>	<u>12,662,682</u>	<u>12,751,316</u>
Capital Assets	6,174,218	6,174,218	6,174,218
Total Assets	<u>\$ 18,837,547</u>	<u>\$ 18,836,900</u>	<u>\$ 18,925,534</u>
LIABILITIES & NET ASSETS:			
Accounts Payable	\$ 421	\$ 179,255	\$ 824,129
Due to/(from) ECIDA	1,020,642	823,108	179,722
Other Liabilities	10,572,106	10,572,065	10,572,025
Total Liabilities	<u>11,593,169</u>	<u>11,574,429</u>	<u>11,575,876</u>
Restricted Fund Balance	<u>7,244,377</u>	<u>7,262,471</u>	<u>7,349,658</u>
Total Liabilities & Net Assets	<u>\$ 18,837,547</u>	<u>\$ 18,836,900</u>	<u>\$ 18,925,534</u>

Loan Portfolio Summary:	February 2023	January 2023	December 2022
# of Loans	<u>36</u>	<u>36</u>	<u>36</u>

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

INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")

Income Statement Month of February 2023

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 1,534	\$ 1,083	\$ 450
Grant Income - Microloan Program	-	11,667	(11,667)
Proceeds from (Cost of) Land Sales	-	25,000	(25,000)
Interest Income - Cash & Inv.	233	17	216
Total Revenues	1,766	37,767	(36,000)
EXPENSES:			
Management Fee - ECIDA	\$ 15,800	\$ 15,833	\$ (33)
Provision for Loan Losses	-	1,250	(1,250)
Professional Services	-	5,417	(5,417)
General Office Expenses	-	17	(17)
Other Expenses	2,700	3,581	(881)
Total Expenses	18,500	26,098	(7,598)
SPECIAL PROJECT GRANTS:			
Industrial Land Park - ESD	-	217,696	(217,696)
Industrial Land Park - ECIDA	-	5,833	(5,833)
Angola Ag Park - ECIDA Grant	-	8,333	(8,333)
Other grant revenue	-	23,609	(23,609)
Industrial Land Park grant reimbursement	-	(12,500)	12,500
Industrial Land Park costs	(1,360)	(223,529)	222,169
Angola Ag Park costs	-	(8,333)	8,333
Other grant expenses	-	(24,775)	24,775
Total	(1,360)	(13,667)	12,307
NET INCOME/(LOSS):	\$ (18,094)	\$ (1,998)	\$ (16,096)

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to ILDC. The amount booked is currently based on 2023 budget.

INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")

Income Statement

Year to Date: February 28, 2023

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 3,041	\$ 2,167	\$ 875	\$ 3,041	\$ 929	\$ 2,112
Grant Income - Microloan Program	-	23,333	(23,333)	-	16	(16)
Proceeds from (Cost of) Land Sales	-	50,000	(50,000)	-	-	-
Other Income	-	-	-	-	-	-
Interest Income - Cash & Inv.	545	33	513	545	133,450	(132,905)
Total Revenues	3,586	75,533	(71,946)	3,586	134,395	(130,809)
EXPENSES:						
Management Fee - ECIDA	\$ 31,600	\$ 31,667	(67)	\$ 31,600	\$ 120,000	\$ (88,400)
Provision for Loan Losses	-	2,500	(2,500)	-	-	-
Professional Services	-	10,833	(10,833)	-	1,815	(1,815)
General Office Expenses	(0)	33	(33)	(0)	441	(441)
Other Expenses	2,740	7,163	(4,423)	2,740	80	2,660
Total Expenses	34,340	52,196	(17,856)	34,340	122,336	(87,996)
SPECIAL PROJECT GRANTS:						
Industrial Land Park - ESD	-	435,392	(435,392)	-	-	-
Industrial Land Park - ECIDA	-	11,667	(11,667)	-	-	-
Angola Ag Park - ECIDA Grant	-	16,667	(16,667)	-	-	-
Other grant revenue	-	47,217	(47,217)	-	8,992	(8,992)
Industrial Land Park grant reimbursement	-	(25,000)	25,000	-	-	-
Industrial Land Park costs	(71,667)	(447,058)	375,391	(71,667)	(74,499)	2,832
Angola Ag Park costs	(2,860)	(16,667)	13,807	(2,860)	(2,203)	(658)
Other grant expenses	-	(49,551)	49,551	-	(8,992)	8,992
	(74,527)	(27,333)	(47,194)	(74,527)	(76,702)	2,174
NET INCOME/(LOSS):	\$ (105,281)	\$ (3,996)	\$ (101,284)	\$ (105,281)	\$ (64,643)	\$ (40,638)

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to ILDC. The amount booked is currently based on 2023 budget.



To: ECIDA, RDC & ILDC Boards of Directors
From: Michael Szukala, Chair
Date: March 22, 2023
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, 2023. Committee members present were: Michael Szukala, Chair, Penny Beckwith, Glenn Nellis, and William Witzleben. The following items were reviewed:

1) Lumsden McCormick CPAs Report including Draft 2022 Audited Financial Statements

The Agency’s auditors presented the Draft 2022 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 entities as of December 31, 2022 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) 2022 Annual Report

The joint Finance & Audit Committee reviewed the PAAA 2022 Annual Report required under the Public Authorities Law and recommended that it be approved by their respective Boards.

3) 2022 Investment Reports

The joint Finance & Audit Committee reviewed the 2022 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 the 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 the respective Boards.

6) Corporate Credit Card Policy (Re-adoption)

The joint Finance & Audit Committee reviewed the Corporate Credit Card policy and recommended that it be re-adopted by the respective Boards. The Committee also reviewed a report of the corporate credit card usage 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 2022 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 "2023: The Year of the Risk-Centric Agenda" by Deloitte's Center for Board Effectiveness to satisfy the educational requirements set forth in the Finance & Audit Committee Charter.

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

2022 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 3/16/22, 4/20/22, 8/19/22, 9/23/22 (no quorum), and 10/17/22.

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 2022, Freed Maxick completed audits of the ECIDA, RDC, and ILDC for the year ended 12/31/21. 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 3/16/22 meeting. The March 2022 audit reports did not identify any internal controls 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 3/23/22.
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 3/16/22, the Committee received an article entitled, "What's on the horizon for 2022?" published by the Deloitte Center for Board Effectiveness.

Finance & Audit Committee Self-Evaluation	Yes	No	Pending	Comments
<p>10. Did the Finance & Audit Committee:</p> <p>(a) Report its actions and recommendations to the Board?</p> <p>(b) Report to the Board at least annually regarding any changes to the Finance & Audit Committee Charter?</p> <p>(c) Provide a self-evaluation to the Board on an annual basis?</p> <p>(d) Report to the Board at least annually on the findings of its independent auditors?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Committee reported its actions and recommendations to the Board following each meeting. On 3/23/22, 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 2021 financial statements audited by Freed Maxick; (4) Corporate Credit Card Policy; (5) 2021 Public Authorities Annual Report; (6) Investment & Deposit Policy; and (7) 2021 Investment Report.</p>

Other Self-Evaluation Notes

In addition to the above:

- During its 3/16/22 meeting, the Committee reviewed drafts of the 2021 audited financial statements for the ECIDA, RDC, and ILDC. The Committee also reviewed the 2021 PAAA Annual Report, 2021 Investment Reports, Investment & Deposit Policy, Finance & Audit Committee Charter, Corporate Credit Card Policy, the 2021 Finance & Audit Self-Evaluation, 2021 Management's Assessment of Internal Controls, and Corporate Credit Card Usage Report.
- During its 4/20/22 meeting, the Committee approved the City of Buffalo Schools Refunding Bond Series 2022A and recommended that the ECIDA board approve of same. The Committee also received updates on the 2022 budget.
- During its 8/19/22 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 2023 ECIDA, RDC, and ILDC operating and capital budgets and three-year forecasts. The ECIDA staff present the 2021 single audit report to the Committee. The draft reported resulted in a "clean" audit of ECIDA. The report was forwarded to the Board for approval.
- During the 10/17/22 meeting, the Committee approved a motion was made to forward the 2023 ECIDA, RDC and ILDC Budgets to the Boards of each entity for ultimate approval. The Committee approved tax-exempt bond issuances for Ellicott Park Townhomes Community Partners, LP and OAHS Tonawanda TC, LLC be forwarded to the ECIDA board for approval.

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

March 16, 2023

Members of the Finance & Audit Committees and Boards of Directors
Erie County Industrial Development Agency and related entities

We have audited the separate financial statements of Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County Regional Development Corporation (RDC), and Buffalo and Erie County Industrial Land Development Corporation (ILDC), business-type activities (collectively, the Organizations) for the year ended December 31, 2022. Professional standards require that we advise you the following matters related to our audits.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 9, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether each entity's financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audits of each entity's financial statements do not relieve you or management of their respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audits to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of each entity's internal control over financial reporting. Accordingly, as part of our audits, we considered the internal control of each entity solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible to communicate significant matters related to the audits that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audits consistent with the planned scope and timing we previously communicated to you in the engagement letter.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

Our audit planning and risk assessment identified management override of controls and improper revenue recognition as significant audit risks, both of which are presumptive risks in financial statement audits. Our audit procedures were designed to address these risks and no matters of concern were identified as a result of our procedures.

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Qualitative Aspects of the Organizations' Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organizations are included in Note 1 to each entity's financial statements. The Organizations adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during 2022. Other than the adoption of this standard, no other accounting policies were adopted and the application of existing policies was not changed during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting each entity's financial statements are:

- Establishing allowances for uncollectible loans
- Depreciable lives and methods
- Valuation of other assets
- Valuation of leases receivable and payable

Management's estimates of the above are based on management's knowledge and experience about past and current events and assumptions about future events. We evaluated the key factors and assumptions used to develop the estimates above and determined that they are reasonable in relation to each entity's financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We evaluated all disclosures in relation to each entity's financial statements as a whole and determined that they are reasonable.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audits.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. We discovered no such misstatements during our audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. No audit adjustments were made for the year ended December 31, 2022.

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to each entity's financial statements or the auditors' report. No such disagreements arose during the course of the audits.

Circumstances that Affect the Form and Content of the Auditors' Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditors' reports. There were no modifications to the audit opinions.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated consistent with the financial statement audit report date.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matter.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Organizations, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the Organizations, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our appointment as the Organizations' auditors.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis that supplements the basic financial statements for each entity. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to each of the supplementary information accompanying the financial statements of each entity, we made certain inquiries of management and evaluated the form, content, and methods of preparing the schedules to determine that the information complies with accounting principles generally accepted in the United States of America, the methods of preparing them has not changed from the prior period, and the schedules are appropriate and complete in relation to our audits of the Organizations' financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Finance & Audit Committees, Board of Directors, and management of the Organizations. It is not intended to be and should not be used by anyone other than these specified parties.

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MANAGEMENT LETTER

March 16, 2023

The Finance & Audit Committees, Boards of Directors, and Management
Erie County Industrial Development Agency and related entities

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, the Organizations), business-type activities, as of and for the year ended December 31, 2022, 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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 the Organizations. It is not intended to be, and should not be, used by anyone other than these specified parties.

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**BUFFALO AND ERIE COUNTY INDUSTRIAL
LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)**

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
(A Component Unit of County of Erie, New York)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Buffalo and Erie County Industrial
Land Development Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Buffalo and Erie County Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of the County of Erie, New York, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise ILDC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ILDC as of December 31, 2022, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ILDC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2021 Financial Statements

The financial statements of ILDC as of and for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on March 24, 2022.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with GAAP and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ILDC's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ILDC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ILDC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ILDC's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2023 on our consideration of ILDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ILDC's internal control over financial reporting and compliance.

March 16, 2023

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BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION (A Component Unit of County of Erie, New York)

Management's Discussion and Analysis (Unaudited)

December 31, 2022

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

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

In compliance with GASB Statement No. 34, we present the attached overview and analysis of the financial activities of ILDC as of and for the years ended December 31, 2022, 2021, and 2020. We encourage readers to consider the information presented here in conjunction with ILDC's audited financial statements.

In 2022 the ILDC continued to move forward in developing Renaissance Commerce Park in Lackawanna, New York, and the former Angola Airport site in Evans, New York. ILDC constructed a new road and began work on new water and sewer lines at Renaissance Commerce Park and continued the Master Planning/GEIS process in Evans. Erie County continued to adjust the Microenterprise Loan/Grant Program in response to the COVID-19 pandemic and additional funding.

Basic Overview of the Financial Statements

Included in this report are the following financial statements:

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

Financial Highlights

- ILDC's total net position decreased by 7% from \$7,863,000 in 2021 to \$7,350,000 in 2022.
- ILDC experienced a decrease in net position of \$513,000 in 2022 compared to an increase of \$820,000 in 2021.
- Operating revenues increased 117% from (\$133,000) in 2021 to \$23,000 in 2022.
- Operating expenses increased 120% from \$435,000 in 2021 to \$957,000 in 2022.

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Condensed Comparative Financial Statements:

Balance Sheets at December 31:

<i>in thousands</i>	2022	2021	\$ Change	% Change	2020
Assets					
Cash	\$ 1,265	\$ 2,037	\$ (772)	(38%)	\$ 1,945
Grants receivable	10,212	7,653	2,559	33%	514
Loans receivable, net	550	667	(117)	(18%)	36
Other assets	32	1	31	3,100%	2
Land held for sale	6,867	7,233	(366)	(5%)	6,900
Total assets	\$ 18,926	\$ 17,591	\$ 1,335	8%	\$ 9,397
Liabilities					
Accounts payable	\$ 824	\$ 23	\$ 801	3,483%	\$ 33
Due to affiliate	180	458	(278)	(61%)	283
Unearned revenue	10,572	9,247	1,325	14%	2,038
Total liabilities	11,576	9,728	1,848	19%	2,354
Net position					
Restricted	608	652	(44)	(7%)	206
Unrestricted	6,742	7,211	(469)	(7%)	6,837
Total net position	7,350	7,863	(513)	(7%)	7,043
Total liabilities and net position	\$ 18,926	\$ 17,591	\$ 1,335	8%	\$ 9,397

ILDC's cash balance decreased 38% or \$772,000 in 2022, compared to an increase of 5% or \$92,000 in 2021. The 2022 decrease was primarily due to the use of cash for land development activity.

Grants receivable increased 33% or \$2,559,000 due to grant awards from the U.S. Department of Commerce Economic Development Administration (EDA) of \$2,680,000, Empire State Development (ESD) of \$250,000, and Erie County of \$150,000, combined with grant receipts during the year. In 2021 there was an increase of 1,389% or \$7,139,000 due mainly to an award of \$7,695,000 from ESD.

Loans receivable relate to the microenterprise revolving loan fund, known as the Erie County Business Development Fund. Net loans receivable decreased \$117,000 from 2021 to 2022. While there were 14 new loans totaling \$435,000 in 2022, the decrease is due to principal payments received combined with a provision for uncollectible loan expense of \$483,000. The uncollectible loan expense is largely due to loans that are partially forgiven as certain requirements are met. There was a \$631,000 increase in loans receivable from 2020 to 2021.

Land held for sale consists of 153 acres of land at Renaissance Commerce Park in Lackawanna, New York and 238 acres of land at the former Angola Airport site in Evans, New York. In connection with its economic development purpose, ILDC is working with several partners to return these underutilized properties to productive use. The \$366,000 decrease in land held for sale from 2021 to 2022 reflects the sale of 8 acres at the Lackawanna site. The \$333,000 increase from 2020 to 2021 was due to the purchase of a second property in Lackawanna.

The \$801,000 increase in accounts payable from 2021 to 2022 is primarily due to construction-related payables outstanding at year end. The \$10,000 decrease in accounts payable between 2020 and 2021 related to a decrease in payables to project consultants.

The \$278,000 or 61% decrease in the total due to affiliate (ECIDA) from 2021 to 2022 is due to the repayment of \$255,000 with grant proceeds received in 2022. The \$175,000 increase from 2020 to 2021 was due to an increase in ECIDA staff time charged to the microenterprise loan fund.

Unearned revenue relates to grants awarded to the ILDC, for which the related revenue has not yet been recognized. The \$1,325,000 increase from 2021 to 2022 is due to an increase in the dollar amount of grants awarded, mainly \$2,680,000 from EDA, combined with grant revenue recognized. The increase from 2020 to 2021 was also due to an increase in grants awarded.

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Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31:

<i>in thousands</i>	2022	2021	\$ Change	% Change	2020
Operating revenue:					
Administrative fee income	\$ 191	\$ 10	\$ 181	1,810%	\$ 382
Gain (loss) on land held for sale	(181)	(146)	(35)	24%	-
Interest from loans and other	13	3	10	333%	8
Total revenue	23	(133)	156	(117%)	390
Operating expenses:					
Transfer to ECIDA	282	130	152	117%	477
General, administrative, and depreciation	192	231	(39)	(17%)	190
Loan loss expense, net of recoveries	483	74	409	553%	-
Total operating expenses	957	435	522	120%	667
Operating loss before special project grants	(934)	(568)	(366)	64%	(277)
Special project grants:					
Grant income	2,038	1,814	224	12%	1,163
Grant expense	(1,617)	(426)	(1,191)	280%	(103)
Total special project grants	421	1,388	(967)	(70%)	1,060
Change in net position	\$ (513)	\$ 820	\$ (1,333)	(163%)	\$ 783

Revenue Analysis

ILDC is an issuer of tax-exempt bond financing for not-for-profit entities. These bonds are not obligations of the ILDC or the County. ILDC receives bond issuance fees from borrowers for providing this service. ILDC has a shared services agreement with ECIDA under which administrative and staffing services are provided to ILDC in connection with bond issuances in exchange for the related bond issuance fees received by ILDC. Administrative fees increased as a result of one bond issuance in 2022 and ILDC charges for amending documents. There were no such bonds issued in 2021 which also accounted for the decrease in fees from 2020.

ILDC sells rehabilitated land as part of its economic development activities. When the sale price of land is greater than the book cost (including land improvements), a gain is recognized, and when the sale price is less than the book cost, a loss is recognized. In both 2022 and 2021, the sale price of land sold was less than the cost of land to ILDC. In 2020, there were no land sales.

The \$10,000 increase in interest from loans and other revenue from 2021 to 2022 is due mainly to an increase in loan interest from microenterprise fund loans. The \$2,000 increase from 2020 to 2021 was due to land use agreement.

Expense Analysis

The amount transferred to ECIDA each year under the shared services agreement consists of administrative fees for bond issuances plus charges from ECIDA for personnel and overhead. Charges for personnel and overhead are derived from ECIDA employee hours dedicated to ILDC-related projects. The \$152,000 increase from 2021 to 2022 relates mainly to administrative fees of \$105,000 for bond activity in 2022, combined with an increase in ECIDA employee hours charged. There were no ILDC bonds issued in 2021. The decrease from 2020 to 2021 related to a \$382,000 administrative fee for a bond issuance in 2020.

In 2021, general, administrative, and depreciation expenses decreased \$39,000 from \$231,000 to \$192,000. The decrease was due mainly to a \$77,000 one-time grant application fee related to the \$7,695,000 award from Empire State Development in 2021. General, administrative, and depreciation expenses increased \$41,000 from 2020 to 2021 due to the same fee.

Most of the loans made under the microenterprise loan program are forgivable loans, which may provide up to 50% of loan forgiveness if certain criteria are met. The increase of \$409,000 in the provision for uncollectible loans from 2021 to 2022 reflects the balances of the outstanding loans that could potentially be forgiven under the terms of the program. There was an increase of \$74,000 from 2020 to 2021.

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Grant income increased \$224,000 to \$2,038,000 in 2022, from \$1,814,000 in 2021. This was due to \$733,000 of grant income recognized related to engineering and road construction at Renaissance Commerce Park, combined with decreases in grant income related to the Angola site and microenterprise loan program. The increase from 2020 to 2021 related to grant income in 2021 for the microenterprise loan program and Angola site Master Plan/GEIS.

Grant expenses relate directly to the costs involved with certain projects undertaken by the ILDC and can vary from year to year based on activity. There was a \$1,191,000 increase in grant expenses from 2021 to 2022 due to an increase in grant-eligible project expenses. A majority of grant expenses are related to the Bethlehem Phase II project (See Note 3 to the financial statements for more details). The increase from 2020 to 2021 related to an increase in project costs related to the Angola site Master Plan/GEIS.

Budget Analysis

ILDC prepares an annual budget which was presented and approved by the Board of Directors on October 27, 2021. The following table presents an analysis of ILDC's performance compared to the approved 2022 budget.

<i>in thousands</i>	Actual	Budget	\$ Variance	% Variance
Operating revenue:				
Administrative fee income	\$ 191	\$ -	\$ 191	100%
Gain (loss) on land held for sale	(181)	250	(431)	(172%)
Interest from loans and other	13	6	7	117%
Total revenue	23	256	(233)	(91%)
Operating expenses:				
Transfer to ECIDA	282	120	162	135%
General, administrative, and depreciation	192	100	92	92%
Loan loss expense, net of recoveries	483	-	483	100%
Total operating expenses	957	220	737	335%
Operating loss before special project grants	(934)	36	(970)	(2,694%)
Special project grants:				
Grant income	2,038	4,310	(2,272)	(53%)
Grant expense	(1,617)	(4,324)	2,707	(63%)
Total special project grants	421	(14)	435	(3,107%)
Change in net position	\$ (513)	\$ 22	\$ (535)	(2,432%)

Overall, ILDC fell below its budgeted increase in net position for 2022 by \$535,000. Total revenue was \$233,000, or 91%, below the budgeted amount due to a loss recorded on the sale of property in 2022. Total expenses were \$737,000, or 335%, above budget. Most of the variance is due to the provision for uncollectible loans of \$483,000 not being included in the original budget. Grant income was \$2,272,000 below the budgeted amount, while grant expenses were \$2,707,000 below budget.

Economic Factors Impacting ILDC

ILDC relies upon land sale income to generate revenue for continued operations, as well as grant income from Erie County and other economic development partners to defray the costs associated with land development. As a result of current uncertain economic conditions, ILDC's ability to generate the income necessary to support operations may be limited in the future.

Requests for Information

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

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BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION (A Component Unit of County of Erie, New York)

Balance Sheets

December 31,	2022	2021
Assets		
Current assets:		
Cash	\$ 1,265,215	\$ 2,036,777
Grants receivable	10,212,072	7,653,095
Loans receivable (Note 2)	119,854	61,167
Prepaid expenses	31,500	-
	<u>11,628,641</u>	<u>9,751,039</u>
Noncurrent assets:		
Loans receivable, net (Note 2)	429,741	605,544
Capital assets, net	-	650
Land held for sale (Note 4)	6,867,153	7,233,513
	<u>7,296,894</u>	<u>7,839,707</u>
	<u>\$ 18,925,535</u>	<u>\$ 17,590,746</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 824,190	\$ 22,746
Due to affiliate (Note 5)	179,722	458,111
Unearned revenue	10,571,964	9,246,953
	<u>11,575,876</u>	<u>9,727,810</u>
Net position:		
Restricted	608,122	652,277
Unrestricted	6,741,537	7,210,659
	<u>7,349,659</u>	<u>7,862,936</u>
	<u>\$ 18,925,535</u>	<u>\$ 17,590,746</u>

See accompanying notes.

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BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION (A Component Unit of County of Erie, New York)

Statements of Revenues, Expenses, and Changes in Net Position

For the years ended December 31,	2022	2021
Operating revenues:		
Administrative fees	\$ 190,700	\$ 9,600
Loss on land held for sale	(181,324)	(146,122)
Interest from loans and other	13,024	3,304
Total operating revenues	<u>22,400</u>	<u>(133,218)</u>
Operating expenses:		
Transfer to Erie County Industrial Development Agency	282,224	129,863
General and administrative	191,170	229,612
Provision for uncollectible loans	482,505	74,079
Depreciation	650	975
Total operating expenses	<u>956,549</u>	<u>434,529</u>
Operating loss before special project grants	(934,149)	(567,747)
Special project grants:		
Special project grant income	2,037,945	1,813,707
Special project grant expense	(1,617,073)	(425,525)
Total special project grants	<u>420,872</u>	<u>1,388,182</u>
Change in net position	(513,277)	820,435
Net position - beginning	<u>7,862,936</u>	<u>7,042,501</u>
Net position - ending	<u>\$ 7,349,659</u>	<u>\$ 7,862,936</u>

See accompanying notes.

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BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION (A Component Unit of County of Erie, New York)

Statements of Cash Flows

For the years ended December 31,	2022	2021
Operating activities:		
Administrative fees	\$ 190,700	\$ 11,461
Transfers from (to) Erie County Industrial Development Agency	(560,613)	44,775
Principal and interest on loans and other	82,635	56,619
Loans awarded	(435,000)	(760,000)
Proceeds from sale of land	207,250	214,200
Purchase of land held for sale	(22,214)	(693,669)
Payments to vendors and affiliates	(227,807)	(239,514)
Special project grant income	803,979	1,883,564
Special project grant expense	(810,492)	(425,525)
Net change in cash	(771,562)	91,911
Cash - beginning	2,036,777	1,944,866
Cash - ending	\$ 1,265,215	\$ 2,036,777
Reconciliation of change in net position to net cash flows from operating activities:		
Change in net position	\$ (513,277)	\$ 820,435
Adjustments to reconcile change in net position to net cash flows from operating activities:		
Loss on land held for sale	181,324	146,122
Provision for uncollectible loans	(482,505)	(74,079)
Depreciation	650	975
Changes in other assets and liabilities:		
Grants receivable	(2,558,977)	(7,139,044)
Loans receivable	599,621	(556,666)
Prepaid expenses	(31,500)	-
Land held for sale	185,036	(479,469)
Accounts payable	801,444	(9,902)
Due to affiliate	(278,389)	174,638
Unearned revenue	1,325,011	7,208,901
Net operating activities	\$ (771,562)	\$ 91,911

See accompanying notes.

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BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION (A Component Unit of County of Erie, New York)

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Organization

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

ILDC has related party relationships with Erie County Industrial Development Agency (ECIDA) and Buffalo and Erie County Regional Development Corporation (RDC). All three entities are managed by the same personnel. These entities share the same mission, which is to provide 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 job retention for businesses and individuals which improves the quality of life for the residents of the region.

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

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Measurement Focus

ILDC reports as a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. ILDC's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred.

ILDC's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for services, including interest earned on revolving loan funds, and payments made to purchase those goods or services or special project grants whose purpose aligns with the primary mission of ILDC. Grants receivable and unearned revenue are recognized at the time awarded and are recognized as revenue when all eligibility requirements imposed by the provider have been satisfied. ILDC receives special project grants from various Federal, State, and County governments.

Estimates

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 that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash

Cash management is governed by New York State (the State) laws and as established by ILDC's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Policies permit management to use demand accounts and certificates of deposit for daily operating funds. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

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Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that, in the event of a bank failure, ILDC's deposits may not be returned to it. At December 31, 2022, ILDC's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging bank's agent in ILDC's name.

Loans Receivable

Loans receivable are stated at the principal amount outstanding, net of an allowance for uncollectible loans. The allowance method is used to compute the provision for uncollectible loans.

Determination of the balance of the allowance for uncollectible loans 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. Interest accrual stops when management adjusts a loan reserve to 50% or more of the loan's outstanding balance.

Net Position

Net position may consist of two components:

- Restricted – consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets whose use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws and include amounts maintained in the Erie County Business Development Fund (Erie County BDF) (Note 2).
- Unrestricted – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the restricted component of net position and therefore are available for general use.

Tax-Exempt Bond Transactions

ILDC is an issuer of tax-exempt bond financing for not-for-profit entities which meets the definition of conduit debt obligations. These bonds are obligations of the borrower and secured by the assets they finance. ILDC receives administrative fees from the borrower for providing bond issues which are recognized according to the terms of the fee agreement. ILDC also has a shared services agreement with ECIDA under which administrative and staffing services are provided to ILDC in connection with bond issuances in exchange for the related bond issuance fees received by ILDC. At December 31, 2022, previously issued bonds have an aggregate outstanding principal amount payable of \$321,320,743, none of which is recognized as a liability of ILDC.

ILDC transferred \$105,000 in administrative fees to ECIDA in 2022. There were no administrative fees transferred to ECIDA in 2021.

Income Taxes

Although the financial statements are required to be reported as a governmental entity, ILDC is a 501(c)(3) not-for-profit organization for income tax purposes and is exempt from income taxes under §501(a) of the Internal Revenue Code.

2. Loans Receivable:

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

Loans made to local businesses from the Erie County BDF complement private financing at an interest rate of 2% with varying repayment terms. In 2022, ILDC began to provide microenterprise forgivable loans that may provide up to 50% of loan forgiveness if certain criteria are met by the borrower.

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ILDC previously provided a \$750,000 forgivable loan to a borrower. The full balance of the loan will be forgiven in installments of \$150,000 from 2025 through 2029 as long as the borrower meets certain job creation and retention requirements as set forth in the agreement. The entire balance of the loan is included in loans receivable and fully recognized in the allowance for uncollectible loans. The following is a summary of the loans receivable:

	2022	2021
Current status	\$ 1,856,179	\$ 1,490,790
Less allowance	<u>1,306,584</u>	<u>824,079</u>
	549,595	666,711
Less current portion	<u>119,854</u>	<u>61,167</u>
	<u>\$ 429,741</u>	<u>\$ 605,544</u>

Following is a summary of the activity in the allowance for uncollectible loans:

	2022	2021
Balance, beginning of year	\$ 824,079	\$ 750,000
Additions charged to operations	<u>482,505</u>	<u>74,079</u>
	<u>\$ 1,306,584</u>	<u>\$ 824,079</u>

Scheduled maturities, net of allowance, for the next five years and thereafter are as follows:

	Principal	Interest
2023	\$ 119,854	\$ 20,280
2024	128,744	18,557
2025	122,080	16,035
2026	110,612	13,054
2027	63,382	6,301
Thereafter	<u>4,923</u>	<u>491</u>
	<u>\$ 549,595</u>	<u>\$ 74,718</u>

3. Special Project Grants:

Special project grants are comprised of the following:

Bethlehem Phase II

In connection with Phase II of the Renaissance Commerce Park redevelopment, ILDC authorized the execution of a \$1,755,000 grant from Empire State Development (ESD) as Phase I of a capital grant under the Buffalo Billion II Initiative. Proceeds from this grant will be used to acquire additional vacant Brownfield property at Renaissance Commerce Park, purchase a right-of-way along the eastern edge of the property, and plan for the Lackawanna-Woodlawn State Park Shoreline trail.

Phase II of the capital grant in the amount of \$7,695,000 under the Buffalo Billion II initiative was authorized by ILDC in 2021. Proceeds from this grant will be used toward the design and construction of infrastructure improvements including additional environmental remediation, construction of new roads, and installation of utility corridors.

Bethlehem EDA

In 2022, ILDC authorized a \$2,680,000 grant from the U.S. Department of Commerce Economic Development Administration (EDA). Proceeds from this grant will be used for the construction of water and sewer systems to facilitate development of land at Renaissance Commerce Park.

Angola Agribusiness Park

ILDC previously received grants from National Grid for \$354,000 and Erie County for \$230,000 for the development of an agribusiness park at the former Angola Airport in Angola, New York. In 2022, ILDC also received a grant from ESD for \$250,000 for this project.

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

	2022	2021
Bethlehem Phase II	\$ 6,695,000	\$ 6,695,000
Bethlehem EDA	2,680,000	-
Angola Agribusiness Park	687,072	492,765
Other	<u>150,000</u>	<u>465,330</u>
	<u>\$ 10,212,072</u>	<u>\$ 7,653,095</u>

The following is a summary of unearned revenue at December 31:

	2022	2021
Bethlehem Phase II	\$ 7,297,293	\$ 8,656,168
Bethlehem EDA	2,590,483	-
Angola Agribusiness Park	526,410	325,255
Other	<u>157,778</u>	<u>265,530</u>
	<u>\$ 10,571,964</u>	<u>\$ 9,246,953</u>

4. Land Held for Sale

Land held for sale is recorded at net realizable value based on assessment of the fair value of each project. The net realizable value as of December 31, 2022 and 2021 amounted to \$6,867,153 and \$7,233,513, respectively.

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In February 2017, ILDC entered into a funding agreement with ECIDA to accept \$6,700,000 in the form of a partially refundable grant from ECIDA's U.S. Department of Housing and Urban Development Urban Development Action Grant (UDAG) reflow fund in connection with a Brownfield reclamation and redevelopment project at Renaissance Commerce Park in Lackawanna, New York. \$5,700,000 of the grant was earmarked for the purchase of real property, with the remaining \$1,000,000 to be used for carrying costs during and after property acquisition. Additional funding of up to \$700,000 for property acquisition was granted from ECIDA's UDAG reflow fund in September 2017. As of December 31, 2022 and 2021, \$6,338,416 of the \$6,400,000 total amount granted has been spent on real property. As of December 31, 2022 and 2021, \$929,235 and \$921,181 of the \$1,000,000 granted for carrying costs was utilized, respectively.

In connection with the Phase I land purchase, ILDC authorized a \$2,780,000 grant from ESD. Proceeds from this grant were used to reimburse ECIDA. In addition, ILDC resolved to remit to ECIDA 50% of the net proceeds received upon the future sale of portions of land at Renaissance Commerce Park acquired using ECIDA grant funds, the aggregate of which is not to exceed \$6,700,000. As of December 31, 2022 and 2021, \$3,363,125 and \$3,259,500 in reimbursements have been made to ECIDA.

In December 2018, the ILDC entered into a funding agreement with the ECIDA to accept \$1,200,000 in the form of a partially refundable grant from ECIDA's UDAG reflow fund in connection with a redevelopment project at the former Angola Airport site in Angola, New York. \$900,000 of the grant was designated for the purchase of real property, with the remaining \$300,000 to be used for carrying costs during and after property acquisition. As of December 31, 2022 and 2021, \$855,084 of the \$900,000 granted for the purchase of real property was utilized. As of December 31, 2022 and 2021, \$118,452 and \$69,269 of the \$300,000 granted for carrying costs was utilized.

5. Related Party Transactions:

ECIDA allocates a portion of its personnel and overhead costs to ILDC which amounted to \$177,224 and \$124,534 in 2022 and 2021. The amount outstanding to ECIDA at December 31, 2022 and 2021 related to these costs amounted to \$179,722 and \$124,534. Amounts due to ECIDA totaled \$179,722 and \$458,111 at December 31, 2022 and 2021.

In 2022, Erie County provided \$385,000 to ECIDA as a subrecipient of Community Development Block Grant funds. These funds were then transferred to ILDC for its Erie County BDF loan program and are included in special project grant income in the accompanying 2022 statement of revenues, expenses, and changes in net position.

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BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION (A Component Unit of County of Erie, New York)

Supplementary Information Combining Schedule of Balance Sheets

December 31, 2022

	Operating	Erie County BDF Program	Total
Assets			
Current assets:			
Cash	\$ 1,169,403	\$ 95,812	\$ 1,265,215
Grants receivable	10,212,072	-	10,212,072
Loans receivable	-	119,854	119,854
Prepaid expenses	31,500	-	31,500
	<u>11,412,975</u>	<u>215,666</u>	<u>11,628,641</u>
Noncurrent assets:			
Loans receivable, net	-	429,741	429,741
Land held for sale	6,867,153	-	6,867,153
	<u>6,867,153</u>	<u>429,741</u>	<u>7,296,894</u>
	<u>\$ 18,280,128</u>	<u>\$ 645,407</u>	<u>\$ 18,925,535</u>
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 823,954	\$ 236	\$ 824,190
Due to affiliate	142,673	37,049	179,722
Unearned revenue	10,571,964	-	10,571,964
	<u>11,538,591</u>	<u>37,285</u>	<u>11,575,876</u>
Net position:			
Restricted	-	608,122	608,122
Unrestricted	6,741,537	-	6,741,537
	<u>6,741,537</u>	<u>608,122</u>	<u>7,349,659</u>
	<u>\$ 18,280,128</u>	<u>\$ 645,407</u>	<u>\$ 18,925,535</u>

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BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION (A Component Unit of County of Erie, New York)

Supplementary Information Combining Schedule of Revenues, Expenses, and Changes in Net Position

For the year ended December 31, 2022

	Operating	Erie County BDF Program	Total
Operating revenues:			
Administrative fees	\$ 190,700	\$ -	\$ 190,700
Loss on sale of land	(181,324)	-	(181,324)
Interest from loans and other	629	12,395	13,024
Total operating revenues	10,005	12,395	22,400
Operating expenses:			
Transfer to Erie County Industrial Development Agency	245,506	36,718	282,224
General and administrative	190,491	679	191,170
Provision for uncollectible loans	-	482,505	482,505
Depreciation	650	-	650
Total operating expenses	436,647	519,902	956,549
Operating loss before special project grants	(426,642)	(507,507)	(934,149)
Special project grants:			
Special project grant income	1,574,593	463,352	2,037,945
Special project grant expense	(1,617,073)	-	(1,617,073)
Total special project grants	(42,480)	463,352	420,872
Change in net position	(469,122)	(44,155)	(513,277)
Net position - beginning	7,210,659	652,277	7,862,936
Net position - ending	\$ 6,741,537	\$ 608,122	\$ 7,349,659

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

The Board of Directors
Buffalo and Erie County Industrial
Land Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the balance sheet of Buffalo and Erie County Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of the County of Erie, New York, as of December 31, 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise ILDC's basic financial statements, and have issued our report thereon dated March 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ILDC's 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ILDC's internal control. Accordingly, we do not express an opinion on the effectiveness of ILDC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

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Purpose of this Report

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

March 16, 2023

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

The Board of Directors
Buffalo and Erie County Industrial
Land Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of Buffalo and Erie County Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of the County of Erie, New York, as of December 31, 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated March 16, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that ILDC failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2022. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding ILDC's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.

March 16, 2023

Buffalo & Erie County Industrial Land Development Corp.

Investment Report

For the year ended December 31, 2022

Buffalo & Erie County Industrial Land Development Corporation

2022 Annual Investment Report

Purpose of Report:

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

The attached schedule details the corporation's investment income and related fees for the year ended December 31, 2022 and were approved by the ILDC Board of Directors on March 22, 2023.

Investment Guidelines:

In accordance with Section 2925 of the Public Authorities Law, ILDC is required to adopt Investment Guidelines which detail its operative policy and instructions to staff regarding the investing, monitoring and reporting of funds of the Agency. ILDC has elected to follow the deposit and investment restrictions contained in Sections 10 and 11 of the General Municipal Law as a "best practice".

The Investment Guidelines were approved by the ILDC Board of Directors on March 22, 2023 and are posted on the ECIDA's website at <http://www.ecidany.com/about-us-corporate-policies>. The Investment Guidelines are consistent with the prior Guidelines adopted on March 23, 2022.

Investment Audit:

ILDC's auditors have audited the corporation's compliance with the Investment Guidelines for Public Authorities. In their report dated March 16, 2023 Lumsden McCormick LLP have indicated that ILDC complied, in all material respects, with these Investment Guidelines.

Buffalo & Erie County Industrial Land Development Corporation (ILDC)

Annual Investment Report

For the year ended December 31, 2022

Account Type	Financial Institution	G/L Balance		Interest Rate ^a Dec 2022	2022		Restricted	Purpose
		1/1/2022	12/31/2022		Investment Income	Fees		
1 Checking	M&T Bank	13,947	86,003	0.50%	62	\$ -	√	Erie County BDF Microenterprise Loan account ^b
2 Checking	M&T Bank	1,022,805	648,525	0.50%	629	-		General ILDC checking account
3 Checking	M&T Bank	1,000,025	520,878	0.50%	442	-	√	Imprest account for Empire State Development grant ^b
		<u>\$ 2,036,777</u>	<u>\$ 1,255,405</u>		<u>\$ 1,132</u>	<u>\$ -</u>		

Notes:

^a The Interest Rate is the annualized rate for the month of December 2022 and is prior to the deduction of any fees.

^b Investment income earned is remitted to grantor in accordance with agreements.



To: ECIDA, RDC & ILDC Board of Directors
From: Brenda McDuffie, Governance Committee Chair
Date: March 22, 2023
Re: Governance Committee Report

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

The ECIDA/RDC/ILDC Governance Committee met on March 13, 2023. Committee members present were Brenda McDuffie, Chair, Tyra Johnson, Ken Schoetz, Thomas Baines, and Zachary Evans. David State was also present via videoconferencing. The following items were reviewed:

1) 2022 PAAA Annual Report

The Governance Committee reviewed the ECIDA/RDC/ILDC 2022 PAAA Annual Report. No changes were recommended. The PAAA Annual Report will be reviewed by the full Boards during the March 22, 2023 Board meetings.

2) Results of 2022 Performance Measures

The Governance Committee met on January 26 and February 13, 2023 to discuss the ECIDA/RDC/ILDC Mission Statement and 2022 Performance Measures. The Committee did not recommend any changes during the March 13 meeting. The results of the 2022 Performance Measures will be reviewed by the Boards during the March 22, 2023 Board meetings.

3) Mission Statement and 2023 Performance Measures

The Governance Committee met on January 26 and February 13, 2023 to discuss the ECIDA/RDC/ILDC Mission Statement and 2023 Performance Measures. During these meetings the Committee provided input and made changes to certain metrics based on current economic conditions. No additional changes were recommended during the March 13 meeting. The 2023 Mission Statement & Performance Measures will be reviewed by the Boards during the March 22, 2023 Board meetings.

4) 2022 Board of Directors’ Self-Evaluation

The Governance Committee reviewed the summary sheets for the ECIDA, RDC, and ILDC Board self-evaluations and discussed the importance of open dialogue and communication. 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) 2022 Governance Committee Self-Evaluation

The Governance Committee reviewed and approved the 2022 Governance Committee Self-Evaluation. The evaluation documents the activities of the Governance Committee during 2022.

6) Adoption of Policies, Charters & Guidelines

ECIDA staff and General Counsel Harris Beach recommend adoption of the Airborne Infectious Disease Policy. This is a required policy for all employers.

7) Re-Adoption of Policies, Charters & Guidelines

The Governance Committee reviewed the following policies, charters & guidelines of the ECIDA/RDC/ILDC:

- Board Member Compensation, Reimbursement & Attendance Policy
- Code of Ethics & Conflict of Interest Policy
- Defense & Indemnification Policy
- ECIDA Employee Compensation Program
- Fee Structure Policy
- 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 be asked to re-adopt these policies during the March 22, 2023 Board meetings.

8) PARIS Report Update

The Governance Committee received an update on the status of the ABO's reporting requirements through the Public Authorities Reporting Information System (PARIS). The Agency is on track to complete the ECIDA, RDC, and ILDC PARIS reports on or before the March 31, 2023 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. The Agency's Compliance Portfolio Manager tracks and forwards 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)

2022 Governance Committee Self-Evaluation

Responsibilities of the Governance Committee:

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

Governance Committee Self-Evaluation	Yes	No	Pen ding	Comments
1. Are the members of the Governance Committee appointed in accordance with the Bylaws and are individuals appointed to the Governance Committee knowledgeable, or have expressed a willingness to become knowledgeable, in matters pertaining to governance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Is each member of the Governance Committee an “independent member” within the meaning of, and to the extent required by, Section 2825 of the New York Public Authorities Law, as amended from time to time? Did Governance Committee members, who are members of the Agency, comply with the conflict of interest provisions applicable to public officers under Article 18 of the New York General Municipal Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Did the Governance Committee meet a minimum of once (1) each calendar year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Governance Committee met on 1/25/22, 2/22/22, and 6/2/22.
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	Pen ding	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 2022.
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 2022.
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 12/31/22, 16 of 19 ECIDA/RDC Board members and 7 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 Code was re-adopted by the full Board during its meeting on 3/23/22.</p> <p>(iii) In 2012, the Governance Committee approved a formal Whistleblower Policy. The Policy was re-adopted by the full Board during its meeting on 3/23/22.</p> <p>iv) The ECIDA's EEO policy is included in the Employee Handbook and the Procurement Policy.</p> <p>v) The ECIDA Procurement Policy was re-adopted by the full Board during its 3/23/22 meeting.</p> <p>vi) The ECIDA Property Disposition Guidelines were re-adopted by the full Board during its meeting on 3/23/22.</p> <p>vii) The ECIDA Governance Committee Charter was re-adopted by the full Board during its meeting on 3/23/22.</p> <p>viii) At its 3/14/22 meeting the Governance Committee reviewed and recommended the adoption of the Fee Structure Policy (ECIDA/ILDC). The policy was adopted by the full Board during its meeting on 3/23/22.</p>
<p>10. Did the Governance Committee:</p> <p>(i) report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Governance Committee and when otherwise requested by the Board.</p>	<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 3/23/22.</p>

Governance Committee Self-Evaluation	Yes	No	Pen ding	Comments
<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>				<p>iii) On 3/23/22, the Board was provided a status report to the Board.</p>

Governance Committee Self-Evaluation
<i>Other Self-Evaluation Notes</i>
<ol style="list-style-type: none"> 1) During its 1/25/22 and 2/22/22 Governance Committee meetings, the Governance Committee, ECIDA staff and counsel discussed the results of ECIDA's 2021 Performance Measures. 2) During its 1/25/22 and 2/22/22 Governance Committee meetings, the Governance Committee, ECIDA staff and counsel discussed the ECIDA Mission Statement and 2022 Performance Measures. 3) During the 6/2/22 Governance Committee meetings, the Governance Committee approved the proposed 1-year extension of the legal contracts proposed. 4) Governance Committee meetings scheduled for 3/14/22 and 5/23/22 were not held due to lack of quorum.

2022 ILDC Summary Results of Confidential Evaluation of Board Performance

Criteria	Agree #	Somewhat Agree #	Somewhat Disagree #	Disagree #
Board members have a shared understanding of the mission and purpose of the Authority.	4	1		
The policies, practices and decisions of the Board are always consistent with this mission.	4	1		
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	3	2		
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	4	1		
The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	4	1		
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence, pressure or self-interest.	4	1		
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	4	1		
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	3	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.	3	2		
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	4	1		
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	4	1		
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	4	1		
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	5			
The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	5			
The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	5			
Board members demonstrate leadership and vision and work respectfully with each other.	5			

Authority: **Buffalo & Erie County Industrial Land Development Corporation**
 Date Completed: **March 7, 2023**

2022 Comments to Summary Results of Confidential Evaluation of Board Performance

Criteria	Comments
Board members have a shared understanding of the mission and purpose of the Authority.	ECIDA: The mission is reflected and reiterated in all the organization's work. RDC: The mission is reflected and reiterated in all the organization's work as we review and act on products
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.	ILDC: Seems that quorum is often hard to achieve, which may be an indication that not enough of the ILDC Board Members are committed to making the time to attend. The ILDC Board members are all very busy people, perhaps allowing them to designate an Alternate to vote their proxy may be a solution.
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	
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.	ECIDA: The opinions and actions by each board member is respected and welcomed.
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	ECIDA: Executive staff is always responsive to board member during and after and in between meetings. RDC: Executive staff is always responsive to board members.
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	
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.	
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.	ECIDA/RDC: Committee members as well as any board member is welcome to attend board and committee meetings to encourage active communication.
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	RDC: Staff provides comprehensive information on all subjects to the board and counsel provides additional information and insight.
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	
The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	
The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	

Board members demonstrate leadership and vision and work respectfully with each other.	
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Authority: Erie County Industrial Development Agency (ECIDA); Buffalo and Erie County Regional Development Corporation (RDC) and Buffalo & Erie County Industrial Land Development Corporation (ILDC)

Date Completed: March 7, 2023



Loan Status Report March 2023

<u>ILDC Loans Approved Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
Buffalo Firewood (firewood)	Springville	\$35,000

<u>ILDC Loans Closed Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
None		

<u>Loans in Closing Process</u>	<u>Municipality</u>	<u>Amount</u>
Buffalo Firewood (firewood)	Springville	\$35,000

<u>Loans in the Pipeline</u>	<u>Municipality</u>	<u>Amount</u>
1	Grand Island	\$35,000

<u>2023 - Loans Closed</u>	<u>YTD Loan Total</u>	<u>Jobs to be Created</u>	<u>Retained Jobs</u>
0	0	0	0

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 / \$1,087,842 0% Delinquency Rate (36 Loans)

ILDC Funds Available to Lend: \$160,000