



**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (ECIDA)
BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORP (RDC)
BUFFALO & ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORP (ILDC)**

**Joint Finance & Audit Committee Meeting
September 21, 2023**

**95 Perry Street
4th Floor Conference Room
Buffalo, New York 14203**

at 10:00 a.m.

1. Approval of Minutes – August 17, 2023 (Action) (Pages 2-3)
2. 2024 Budget Review Timeline (Information) (Page 4)
3. Draft 2024 ECIDA Operating & Capital Budget + 3 Year Forecast (Recommendation) (Pages 5-14)
4. Draft 2024 RDC Operating Budget + 3 Year Forecast (Recommendation) (Pages 15-19)
5. Draft 2024 ILDC Operating Budget + 3 Year Forecast (Recommendation) (Pages 20-23)
6. New Business (Informational)
7. Next Meeting – Thursday, October 19, 2023 at 12:00 p.m.
8. Adjournment

**MINUTES OF A JOINT MEETING OF THE
FINANCE & AUDIT COMMITTEES OF THE
ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (ECIDA or AGENCY)
THE BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT
CORPORATION (RDC) AND THE BUFFALO & ERIE COUNTY INDUSTRIAL
LAND DEVELOPMENT CORPORATION (ILDC)**

DATE AND PLACE: August 17, 2023, at the Erie County Industrial Development Agency, 95 Perry Street, Suite 403, Buffalo, New York 14203

PRESENT: Penny Beckwith, Allison DeHoney, Hon. Glenn R. Nellis, Michael Szukala and William Witzleben

ABSENT: Denise McCowan and Paul Vukelic

OTHERS PRESENT: John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer/Assistant Secretary; Atiqah Abidi, Assistant Treasurer; Grant Lesswing, Director of Business Development; Soma Hawramee, Compliance Portfolio Manager; Brian Krygier, Director of Information Technology; Carrie Hocieniec, Operations Assistant; and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC

There being a quorum present at 10:00 a.m., the Meeting of the Members of the Joint Finance & Audit Committee of the Erie County Industrial Development Agency, Buffalo and Erie County Regional Development Corporation and the Buffalo and Erie County Industrial Land Development Corporation was called to order by Chair Szukala.

MINUTES

The March 16, 2023, minutes of the joint meeting of the Finance and Audit Committee were presented. Upon motion made by Mr. Nellis, and seconded by Ms. Beckwith, and after a vote was called for by Mr. Szukala, the March 16, 2023, minutes of the Finance and Audit Committee were unanimously approved.

95 PERRY STREET LEASE RENEWAL

Ms. Profic reviewed the proposed 95 Perry Street lease renewal with landlord Michigan Street Development LLC (“MSD”) including lease terms and renewal options, rent rate, square footage, common spaces and utility costs (said lease renewal to be memorialized pursuant to an assignment and assumption and amendment agreement by and between the Agency, MSD, and Empire State Development (“ESD”), reviewed terms of a proposed memorandum of understanding (“MOU”) with ESD regarding cost allocations for common space and utilities with ESD and

ESD's usage of the fourth floor conference room, as well as proposed amendments to the Agency's sublease of certain of its space to the Buffalo Urban Development Corporation ("BUDC").

Mr. Nellis moved to recommend that the Board approve the negotiation and execution of the amended lease with MSD. Ms. DeHoney seconded the motion. Mr. Szukala called for the vote and the motion was unanimously approved.

Ms. Beckwith moved, and Mr. Witzleben seconded, to recommend that the Board approve the negotiation and execution of the MOU with ESD. Mr. Szukala called for the vote and the motion was unanimously approved.

Ms. Beckwith moved, and Ms. DeHoney seconded, to recommend that the Board approve the negotiation and execution of an amended sublease with BUDC. Mr. Szukala called for the vote and the motion was unanimously approved.

2024 BUDGET REVIEW TIMELINE

Ms. Profic reviewed the 2024 Budget Review Timeline.

DRAFT 2024 ECIDA OPERATING & CAPITAL BUDGET + 3 YEAR FORECAST

Ms. Profic reviewed the proposed draft budget and 3-year forecast and 5 year capital budget.

DRAFT 2024 RDC OPERATING BUDGET + 3 YEAR FORECAST

Ms. Profic reviewed the proposed draft budget and 3-year forecast and 5 year capital budget.

DRAFT 2024 ILDC OPERATING BUDGET + 3 YEAR FORECAST

Ms. Profic reviewed the proposed draft budget and 3-year forecast and 5 year capital budget.

There being no further business to discuss, the meeting was adjourned at 11:25 a.m.

Dated: August 17, 2023

Elizabeth A. O'Keefe, Secretary

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (ECIDA)
 BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORP (RDC)
 BUFFALO & ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORP (ILDC)**

2024 Budget Review Process

Date	Description	
July-August	Review of draft 2024 budgets by ECIDA management. (a) Prioritize any proposed budget requests for initiatives. (b) Formal budget requests compiled.	✓
August 17	Finance & Audit Committee meeting – initial review and discussion of proposed budgets.	✓
September 21	Finance & Audit Committee meeting to discuss any updates/recommend proposed budgets to Boards.	
September 27	Review of 2024 proposed budgets at Board meetings.	
October 4 10:00 am	Board Q&A budget session #1 <u>in person</u> (voluntary).	
October 10 9:00 am	Board Q&A budget session #2 <u>via Zoom</u> (voluntary).	
October 19	Adjustments to budget based on Board feedback and Finance & Audit Committee recommendation of final budgets (<i>if necessary</i>).	
October 25	Board meetings – action to approve final 2023 budgets.	
November 1	Deadline for final approved budgets to be submitted to the ABO.	

Erie County Industrial Development Agency
Proposed 2024 Budget

Erie County Industrial Development Agency (ECIDA)

2024 Budget + 3 Year Forecast

A. Overview of Changes in 2024 Budget

Presented herein is the projected operating budget for the Erie County Industrial Development Agency's ("ECIDA") year ending December 31, 2024 and a three-year forecast for 2025–2027.

The ECIDA is a not-for-profit, public benefit corporation that provides tax incentives, financing programs and economic development services to Buffalo and Erie County. In accomplishing its mission, ECIDA does not receive any operational funding from Federal, State, County or local sources. Instead, the key source of revenue for the ECIDA is the administrative fees charged to those companies that utilize its various products and services. The income that the ECIDA generates is utilized to provide salaries to its professional staff for managing various economic development programs, as well as payments for professional fees, general office expenses, public notices/marketing, building costs and other miscellaneous expenses.

For the year ending December 31, 2024, the Agency is projecting a net loss from operations of \$103,900. Depreciation and amortization, noncash expenses, are estimated at \$270,000 and brings the budgeted operating loss to \$373,900. There is also a net of \$25,000 budgeted for external projects, most of which will be funded with existing UDAG funds, rather than operating cash. After reserving \$1,000,000 for future projects the potential net loss for 2024 is \$1,398,900. Most of the budgeted loss would come from existing UDAG funds that have accumulated over several years.

The following significant risk factors may impact the 2024 results:

1. A significant portion of the ECIDA's administrative fee income is derived from a few large tax incentives and/or tax-exempt bond projects. The Agency does not collect a fee until the project (usually construction) is started, since many factors affect project timing. Depending on the timing of these projects, the Agency's fee income can fluctuate significantly from year to year.
2. Changes in the overall national and/or regional economy could result in a decrease in local investment projects that are assisted by the Agency, resulting in a corresponding decrease in administrative fee income.

The following information details the key changes in the 2024 budget compared to the 2023 projected revenues and expenses:

Erie County Industrial Development Agency (ECIDA) 2024 Budget + 3 Year Forecast

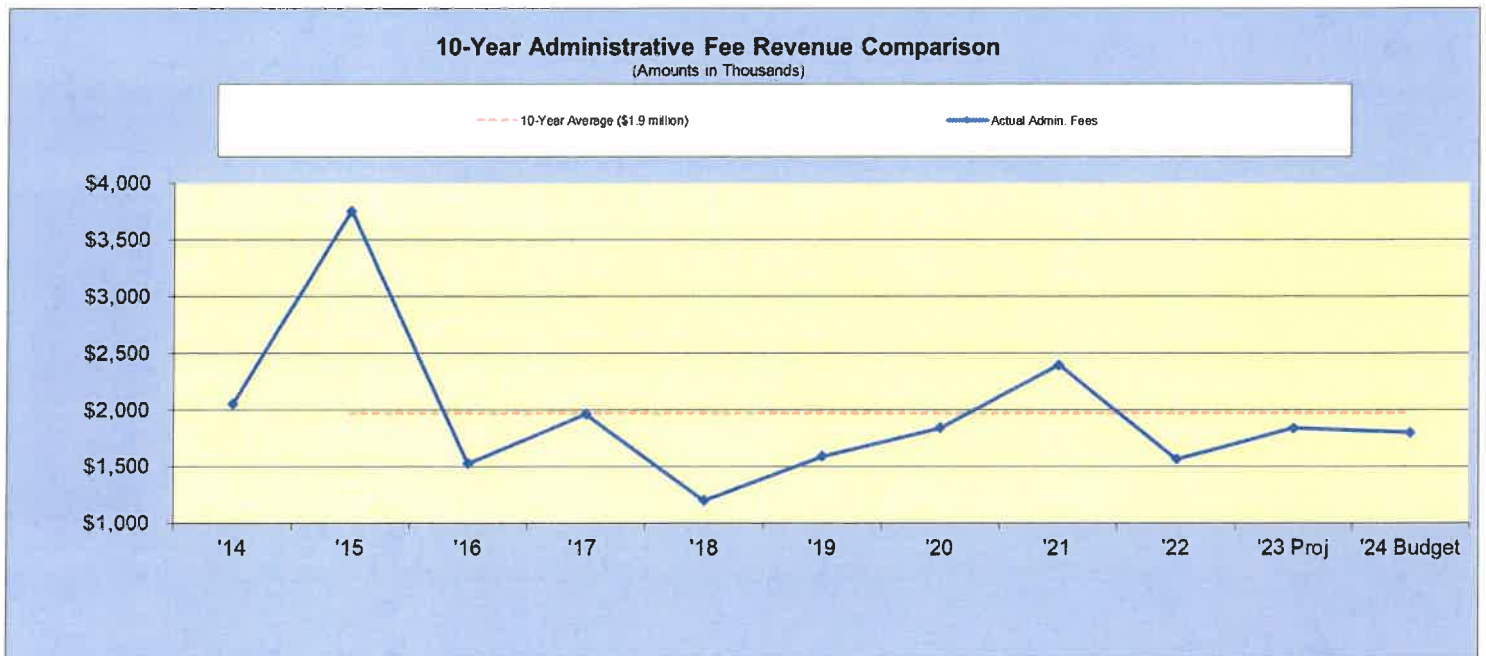
A. Overview of Changes in 2024 Budget (continued)

Revenues:

Administrative Fees (2024 Budget - \$1.8 million):

Administrative fees primarily consist of fees earned by the ECIDA through the provision of tax abatements. During 2023, administrative fees included projects such as Moog in Elma and Renaissance 6 LLC for the construction of industrial space at Renaissance Commerce Park in Lackawanna. Additionally, the Agency has closed on one bond issuance in 2023, which resulted in fees collected of \$330,000. Two additional bonds are expected to close before the end of 2023 with estimated fees totaling \$300,000. Since some fees are recognized over multiple years (in accordance with the terms of the related fee agreements), the Agency expects to recognize approximately \$840,000 of fees in 2024 related to prior year project approvals. The budgeted figure of \$1.8 million was derived using the 2014-2023 10-year average.

The following chart summarizes the actual administrative fee revenue over the past 10 years compared to the average administrative fee for the 10-year period from 2014-2023:



Erie County Industrial Development Agency (ECIDA)

2024 Budget + 3 Year Forecast

A. Overview of Changes in 2024 Budget (continued)

Affiliate Management Fees (increasing 2.1% from \$334,700 to \$341,700):

Affiliate Management Fees represent salary, benefit, and facilities costs charged to ECIDA's affiliated companies (RDC & ILDC) for office space and services that ECIDA employees provide to these organizations, since they have no employees of their own. Charges to ILDC relate to the Erie County Business Development Fund (BDF) microloan fund only. Time related to land development is supported by ECIDA, although property is owned by ILDC. Affiliate management fees are expected to increase in 2024 due to increases in employee salaries and benefit costs.

Management Fees – BUDC (increasing 1.6% from \$128,000 to \$130,000):

Management Fees – BUDC are salaries and benefit costs charged to Buffalo Urban Development Corporation ("BUDC") and its affiliates for services that ECIDA employees provide. ECIDA provides financial reporting, facilities management, and administrative services to BUDC as part of a shared services agreement. Management fees are expected to increase slightly in 2024 due to increased salaries and benefits costs for employees who charge hours to BUDC and its affiliates.

Rental Income (increasing 0.3% from \$327,254 to \$328,200):

Rental Income represents rent received by ECIDA from BUDC for office space, two facilities owned by ECIDA and other smaller agreements. Rent for leased space at 143 Genesee Street is recognized as a combination of rent revenue and interest income related to the lease, with the lease agreement in place through July 2027. Rent received from the Port Terminal management agreement of \$103,987 in 2023 is budgeted at \$107,000 in 2024 based on projections from the management company.

Expenses:

Salaries & Benefits (increasing 13.0% from \$2.06 million to \$2.33 million):

The increase in the 2024 budgeted salaries and benefits compared to the projected 2023 figures is due to several factors. ECIDA plans to hire an additional employee to assist with the compliance function. Salary increases and a potential performance incentive pool calculated at 4% of total salaries are also included in the budget. Compensation increases are based on an independent compensation study of ECIDA employees, comparing Agency employee salaries with other individuals in the local labor market who have similar titles and responsibilities. These adjustments, if any, will also be reviewed and approved by the ECIDA Board Compensation Committee for Executive Management and by the CEO for other staff. Annual rate increases for health care also contributes to higher employee benefit costs. As an organization of specialized professionals, salaries and benefits account for 80% of 2024 budgeted operating expenses.

General Office Expenses (decreasing 10.5% from \$187,900 to \$168,100):

The decrease in 2024 budgeted general office expenses compared to the projected 2023 figures is due mainly to a decrease in budgeted telephone and internet costs. Telephone and internet expense for 2023 is projected to be \$57,370, while we are budgeting \$39,100 for 2024. This is due a change in providers for both telephone and internet during 2023, resulting in a cost savings.

Erie County Industrial Development Agency (ECIDA)
2024 Budget + 3 Year Forecast

A. Overview of Changes in 2024 Budget (continued)

Professional Services (increasing 6.6% from \$94,200 to \$100,400):

Professional Services consist of the following:

	2024 Budget	2023 Budget	2023 Projection
Legal	\$45,000	\$45,000	\$35,500
Consultants	\$25,000	\$25,000	\$29,700
Auditing	\$30,400	\$29,000	\$29,000
Total	\$100,400	\$99,000	\$94,200

In 2024, legal expenses are budgeted at \$45,000, consistent with the 2023 budget. Consultant expenses are budgeted at \$25,000. 2023 consultant costs are projected higher than budget due to services related to a railroad grant application that were unbudgeted. Audit costs are in accordance with current proposals.

Erie County Industrial Development Agency (ECIDA)
2024 Budget + 3 Year Forecast

B. External Special Projects & Reserves for Future Projects

The ECIDA’s 2024 budget currently includes \$175,000 for external projects and \$1 million allocated for potential future projects that are consistent with the ECIDA’s strategic plan and the restrictions on the UDAG and/or General Funds as follows:

Project	2024 Budget	2023 Budget	2023 Projection
External Special Projects	\$ 175,000	\$ 225,000	\$ 175,000
Industrial Land Park Grant	100,000	-	200,000
Angola Ag Park Grant	50,000	100,000	50,000
Other Special projects	-	671,319	69,500
Reserves for Future Projects:			
Venture Capital Co-Investment	-	1,000,000	-
Forgivable Attraction Loan	1,000,000	1,000,000	-
Total	\$ 1,325,000	\$ 2,946,319	\$ 494,500

External Special Project allocations of \$175,000 include organizations that have received funding in the past, such as Buffalo’s Race for Place spearheaded by BUDC (\$100,000) and the Agency’s annual membership expenditure with Invest Buffalo Niagara (\$75,000). These items will not require specific Board action to be expended.

\$100,000 is budgeted for Industrial Land Park, representing anticipated carrying costs related to Renaissance Commerce Park in 2024. \$50,000 is budgeted for Angola Ag Park, representing one-sixth of the estimated carrying costs approved by the Board. The Reserves for Future Projects of \$1 million are discussed on the following pages and would also require Board approval prior to funding.

Erie County Industrial Development Agency (ECIDA)
2024 Budget + 3 Year Forecast

B. Special Projects & ECIDA Program Allocations (continued)

Forgivable Attraction Loan(s) **\$1,000,000**

Qualification – Businesses must be relocating to a HUD-defined distressed area or meet other HUD qualifications and provide a significant regional impact in terms of investment and/or job creation.

The Issue – Currently a number of communities across the nation are aggressively pursuing businesses to entice them to their region. One vehicle that communities have used to tip the relocation decision in their favor is the use of a high-impact project expenditure fund. Until 2013, the Buffalo region did not have such a program, while neighboring states were offering these programs with positive results, to Erie County's detriment.

The Proposal – The ECIDA would continue to fund a forgivable attraction loan fund that could aid in the attraction of key new businesses that would have a regional employment or investment impact. The attraction incentive would be structured in the form of a loan, with a portion or all of it forgiven if the company establishes their business in Erie County and meets specified investment and/or job goals. The ECIDA would work with Invest Buffalo Niagara to offer this incentive to those businesses that are the most promising and/or target the attraction loan to specific industries or regions (such as Southern Ontario). By providing this incentive, the Buffalo region would be perceived as demonstrating the community's support for the business relocation and could be the tipping point that leads to the relocation of the business as well as related "follow on" investments.

Use of Funds – To make project expenditures to companies located outside of Western New York to offset a portion of their investment costs in relocating. Companies assisted would be in one of the regional targeted industry sectors and have a regional employment or investment impact. The program would have a targeted maximum incentive of \$25,000 per job created.

Partners – Invest Buffalo Niagara

Approval – The ECIDA Board would approve all awards under this program.

Consistency with Community Plans – This strategy is consistent with the County Executive's "Initiatives for a Smart Economy 2.0" which states: *"Projects assisted by the ECIDA will be those that bring outside investment and self-sustaining jobs to Erie County while strengthening the regional economic base, helping to create a more inclusive economy and leading to population stabilization throughout the area"*.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")
Proposed Budget for 2024

	Proposed Budget 2024	Approved Budget 2023	Projected 2023	Actual 2022
REVENUES:				
Administrative Fees	\$ 1,800,000	\$ 1,800,000	\$ 1,840,000	\$ 1,656,279
Affiliate Management Fees	341,700	499,700	334,700	468,192
Management Fees - BUDC	130,000	105,000	128,000	98,018
Rental Income	328,200	365,100	327,254	308,450
Other Income	34,000	34,000	42,028	29,125
Interest Income - Cash & Investments	125,000	6,000	335,029	59,598
Interest Income - Leases	33,500	-	32,450	42,673
Total Revenues	2,792,400	2,809,800	3,039,461	2,662,335
EXPENSES:				
Salaries & Benefits	2,327,850	2,095,500	2,060,680	1,999,345
General Office Expenses	168,100	179,200	187,858	179,739
Insurance Expense	110,000	100,000	104,458	96,611
Building Operating Costs	54,400	254,045	55,215	54,407
Professional Services	100,400	99,000	94,193	166,759
Public Hearing & Marketing Costs	65,000	65,000	70,449	76,196
Travel, Mileage & Meeting Expenses	37,000	37,000	20,833	14,782
Website Compliance & Design	10,000	-	-	-
Other Expenses	31,750	8,750	197,674	114,403
Total Expenses	2,904,500	2,838,495	2,791,360	2,702,242
GRANT INCOME:				
Revenues	2,439,804	831,893	327,858	862,085
Expenses	(2,431,604)	(823,693)	(279,496)	(663,042)
	8,200	8,200	48,362	199,042
NET INCOME (LOSS) BEFORE DEPRECIATION, EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:				
	(103,900)	(20,495)	296,462	159,135
Depreciation and amortization	(270,000)	(120,000)	(267,482)	(258,776)
NET INCOME (LOSS) BEFORE EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:				
	(373,900)	(140,495)	28,981	(99,641)
External Special Projects:				
Buffalo Race for Place (BUDC)	100,000	100,000	100,000	100,000
Annual Membership (IBN)	75,000	75,000	75,000	75,000
Industrial Land Park grant paid	100,000	-	200,000	8,055
ILDC Land Sale Proceeds (reimbursement)	(300,000)	(150,000)	(276,250)	(103,625)
Angola Ag Park grant paid	50,000	100,000	50,000	49,183
Other Special Projects	-	671,319	69,500	-
Total Special Projects	25,000	796,319	218,250	128,613
NET INCOME (LOSS) BEFORE OTHER RESERVES:				
	(398,900)	(936,814)	(189,269)	(228,254)
Reserves for Future Projects:				
Venture Capital Co-Investment	-	1,000,000	-	-
Forgivable Attraction Loan(s)	1,000,000	1,000,000	-	-
Total Other Reserves	1,000,000	2,000,000	-	-
NET INCOME (LOSS):				
	\$ (1,398,900)	\$ (2,936,814)	\$ (189,269)	\$ (228,254)

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")
Proposed Budget and Three Year Forecast 2025-2027

	Proposed Budget 2024	Forecast 2025	Forecast 2026	Forecast 2027
REVENUES:				
Administrative Fees	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000
Affiliate Management Fees	341,700	352,000	363,000	374,000
Management Fees - BUDC	130,000	134,000	138,000	142,000
Rental Income	328,200	328,200	328,200	328,200
Other Income	34,000	40,000	40,000	40,000
Interest Income - Cash & Investments	125,000	129,000	133,000	137,000
Interest Income - Leases	33,500	35,000	36,000	37,000
Total Revenues	2,792,400	2,818,200	2,838,200	2,858,200
EXPENSES:				
Salaries & Benefits	2,327,850	2,374,000	2,421,000	2,494,000
General Office Expenses	168,100	173,000	178,000	183,000
Insurance Expense	110,000	113,000	116,000	119,000
Building Operating Costs	54,400	56,000	58,000	60,000
Professional Services	100,400	103,000	106,000	109,000
Public Hearing & Marketing Costs	65,000	67,000	69,000	71,000
Travel, Mileage & Meeting Expenses	37,000	38,000	39,000	40,000
Website Compliance & Design	10,000	-	-	-
Other Expenses	31,750	33,000	34,000	35,000
Total Expenses	2,904,500	2,957,000	3,021,000	3,111,000
GRANT INCOME:				
Revenues	2,439,804	250,000	250,000	250,000
Expenses	(2,431,604)	(250,000)	(250,000)	(250,000)
	8,200	-	-	-
NET INCOME (LOSS) BEFORE DEPRECIATION, EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:				
	(103,900)	(138,800)	(182,800)	(252,800)
Depreciation and amortization	(270,000)	(260,000)	(260,000)	(260,000)
NET INCOME (LOSS) BEFORE EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:				
	(373,900)	(398,800)	(442,800)	(512,800)
<u>External Special Projects and Strategic Initiatives:</u>				
Buffalo Race for Place (BUDC)	100,000	100,000	100,000	100,000
Annual Membership (IBN)	75,000	75,000	75,000	75,000
Industrial Land Park grant paid	100,000	100,000	100,000	100,000
ILDC Land Sale Proceeds (reimbursement)	(300,000)	(150,000)	(150,000)	(150,000)
Angola Ag Park grant paid	50,000	50,000	50,000	50,000
Total Special Projects	25,000	175,000	175,000	175,000
NET INCOME (LOSS) BEFORE OTHER RESERVES:				
	(398,900)	(573,800)	(617,800)	(687,800)
<u>Reserves for Future Projects:</u>				
Forgivable Attraction Loan(s)	1,000,000	-	-	-
Total Other Reserves	1,000,000	-	-	-
NET INCOME (LOSS):	\$ (1,398,900)	\$ (573,800)	\$ (617,800)	\$ (687,800)

Erie County Industrial Development Agency
Five Year Capital Budget 2024-2028

	2024	2025	2026	2027	2028	Total
Facilities:						
143 Genesee Street	\$ 20,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 80,000
95 Perry Street	180,000	5,000	5,000	5,000	5,000	200,000
Total Facilities	200,000	20,000	20,000	20,000	20,000	280,000
Information Technology:						
Servers	-	12,000	-	-	12,000	24,000
Infrastructure Upgrade	4,500	-	-	-	-	4,500
Misc.	3,000	3,000	3,000	3,000	3,000	15,000
Total Information Technology	7,500	15,000	3,000	3,000	15,000	43,500
GRAND TOTAL	\$ 207,500	\$ 35,000	\$ 23,000	\$ 23,000	\$ 35,000	\$ 323,500

**Buffalo & Erie County
Regional Development Corporation
Proposed 2024 Budget**

Regional Development Corporation (RDC)

2024 Budget + 3 Year Forecast

The Buffalo and Erie County Regional Development Corporation (“RDC”) operates two revolving loan funds (“RLF”) that provide loans to eligible businesses under each RLF’s lending parameters. One, the Coronavirus Aid, Release, and Economic Security (CARES) Act RLF, has federal restrictions.

A. Key Budget Assumptions:

In 2024, the RDC expects to fund new loans of around \$1.8 million. This is expected to be offset by approximately \$1.1 million in loan repayments to the RLFs. Interest income on loans is expected to be around \$720,000 for 2024, which represents a 17% increase from the \$616,000 projected for 2023. The main reason for the increase is an increase in the overall loans outstanding, particularly in the RDC’s legacy RLF. Remaining CARES Act grant income is forecasted to be used in 2023 for administrative costs related to that portfolio.

B. Overview of Changes in 2024 Budget:

Key changes between the 2024 budget and the projected 2023 results are:

- The ECIDA Management Fee represents a fee charged by the ECIDA for services that its employees provide to the revolving loan funds, since RDC has no employees of its own. The fee is expected to increase by \$7,000 or 2.5% in 2024 due to anticipated increases in ECIDA staff salaries and benefits.
- The budgeted amount for the provision for loan losses is \$550,000 for 2024. The provision represents approximately 2.7% of the estimated active loan portfolio balance. The mission of the RDC is to deal primarily with businesses unable to adequately finance operations through normal commercial banking channels. Historically, the loan fund has been a working capital lender, rather than a fixed asset lender, taking junior collateral positions. The CARES Act RLF operates with a higher risk tolerance than our legacy RLF, which will likely result in higher loan losses. The charge-off rate for loans issued over the past 10 years is about 5.2%, versus a historical portfolio charge-off rate of approximately 6%.

C. Summary of Risk Factors Impacting the 2024 Budget:

The following significant risk factors may influence the 2024 budget:

1. Due to the numerous uncertainties, value of collateral, guarantees, etc., RDC’s actual loan losses may vary significantly from the loan loss amount budgeted.
2. Interest income may vary from the budgeted amount as the budget is based on an estimate of active loans. Due to economic factors and the overall business climate, loans closed could vary significantly from estimates.

BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget for 2024

	Proposed Budget 2024	Approved Budget 2023	Projected 2023	Actual 2022
REVENUES:				
Interest Income - Loans	\$ 720,000	\$ 630,000	\$ 615,582	\$ 536,412
Interest Income - Cash & Investments	20,300	700	75,617	12,973
Administrative Fees	13,750	15,000	21,250	18,625
Grant Income	-	-	97,105	96,545
Other Income	2,500	5,000	625	2,478
Total Revenues	756,550	\$ 650,700	810,180	667,033
EXPENSES:				
ECIDA Management Fee*	\$ 288,000	\$ 286,000	\$ 281,000	\$ 261,664
Provision for Loan Losses	550,000	450,000	100,000	(86,017)
Rent & Facilities Expenses	27,200	25,000	27,200	26,804
Professional Services	51,900	56,000	32,798	31,819
General Office Expenses	3,500	3,500	577	2,729
Other Expenses	18,275	27,475	22,140	8,364
Total Expenses	938,875	847,975	463,715	245,364
NET INCOME/(LOSS):	\$ (182,325)	\$ (197,275)	\$ 346,465	\$ 421,670

* Represents an allocation of salary and benefit costs from the ECIDA based on staff time charged to the RDC.

	<u>2024 Budget</u>	<u>2023 Budget</u>
Provision for Loan Losses		
Estimated Loan Balance	\$ 20,078,000	\$ 18,650,000
Provision for Loan Losses	\$ 550,000	\$ 450,000
Percentage of Loans	2.7%	2.4%

BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget for 2024
Presented by Fund

	Proposed Budget 2024	Legacy Fund	CARES Act RLF
REVENUES:			
Interest Income - Loans	\$ 720,000	\$ 675,000	\$ 45,000
Interest Income - Cash & Inv.	20,300	13,400	6,900
Administrative Fees	13,750	13,750	-
Other Income	2,500	2,500	-
Total Revenues	<u>756,550</u>	<u>704,650</u>	<u>51,900</u>
EXPENSES:			
ECIDA Management Fee*	\$ 288,000	\$ 234,000	\$ 54,000
Provision for Loan Losses	550,000	350,000	200,000
Rent & Facilities Expenses	27,200	14,700	12,500
Professional Services	51,900	27,838	24,063
General Office Expenses	3,500	2,600	900
Marketing & Other Expenses	18,275	14,775	3,500
Total Expenses	<u>938,875</u>	<u>643,913</u>	<u>294,963</u>
NET INCOME/(LOSS):	<u>\$ (182,325)</u>	<u>\$ 60,738</u>	<u>\$ (243,063)</u>

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to the RDC.

BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget and Three Year Forecast 2025-2027

	Budget 2024	Forecast 2025	Forecast 2026	Forecast 2027
REVENUES:				
Interest Income - Loans	\$ 720,000	\$ 725,000	\$ 730,000	\$ 735,000
Interest Income - Cash & Investments	20,300	1,000	1,000	1,000
Administrative Fees	13,750	15,000	15,000	15,000
Other Income	2,500	5,000	5,000	5,000
Total Revenues	<u>756,550</u>	<u>746,000</u>	<u>751,000</u>	<u>756,000</u>
EXPENSES:				
ECIDA Management Fee*	\$ 288,000	\$ 294,000	\$ 300,000	\$ 306,000
Provision for Loan Losses	550,000	400,000	400,000	400,000
Rent & Facilities Expenses	27,200	28,000	28,000	28,000
Professional Services	51,900	55,000	55,000	55,000
General Office Expenses	3,500	3,500	3,500	3,500
Marketing & Other Expenses	18,275	10,000	10,000	10,000
Total Expenses	<u>938,875</u>	<u>790,500</u>	<u>796,500</u>	<u>802,500</u>
NET INCOME/(LOSS):	<u>\$ (182,325)</u>	<u>\$ (44,500)</u>	<u>\$ (45,500)</u>	<u>\$ (46,500)</u>

* Represents an allocation of salary and benefit costs from the ECIDA based on staff time charged to the RDC.

**Buffalo & Erie County
Industrial Land Development Corp
Proposed 2024 Budget**

Industrial Land Development Corporation (ILDC)

2024 Budget + 3 Year Forecast

The Industrial Land Development Corporation (“ILDC”) consists of two sub-funds (Erie County’s Business Development Fund (“BDF”) and a general fund. The ILDC administers the BDF microloan fund on behalf of Erie County for HUD-eligible small businesses that would not otherwise be able to obtain such financing from commercial sources. The ILDC also issues tax-exempt bonds on behalf of various not-for-profit organizations in Erie County.

A. Overview of Changes in 2024 Budget:

A summary of the key changes between the 2024 budget and the projected 2023 results:

- The Erie County BDF microloan fund is a loan/grant program. New loans are funded with grant income from Erie County passed through the ECIDA. The forgivable portion of the loan/grant is added to the provision for loan losses in the year of closing.
- The ECIDA Management Fee represents a fee charged by the ECIDA for services that its employees provide related to the Erie County BDF microloan fund. ECIDA staff time related to ILDC projects is not charged to the ILDC.
- Land owned by the ILDC at Renaissance Commerce Park is driving budgeted increases in proceeds from land sales. Professional services consist of legal, consulting, and auditing costs, and are budgeted to increase by about \$40,000 in 2024. This is due to the legal costs associated with land owned and environmental consulting costs anticipated in 2024.
- The Special Projects section of the budget relates to grants. ILDC expects to recognize \$2.9 million of grant revenue from Empire State Development and \$1.6 million of grant revenue from the Economic Development Administration in 2024 related to infrastructure and sewer work at Renaissance Commerce Park. A total of \$150,000 is budgeted to be used in 2024 for carrying costs related to owned properties, which will be granted by ECIDA’s UDAG fund. Other grant revenue consists of \$271,000 for master planning and infrastructure at the ILDC’s Evans property.

B. Summary of Risk Factors impacting the 2024 Budget:

The following significant risk factors may influence the 2024 budget:

1. Due to numerous uncertainties, the value of collateral, guarantees, etc., the ILDC may experience loan losses that are currently not included in the budget.
2. In the past, the ILDC has generated fee income from issuing tax-exempt debt. These monies are received directly by ILDC and then paid to ECIDA. However, due to the infrequent nature of these activities, and the uncertainty as to when such transactions will occur, ILDC has not included any bond closings in the 2024 budget. It is possible a tax-exempt bond is issued within the next year and both income and expenses will be recognized, accordingly.

BUFFALO & ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")
Proposed Budget for 2024

	Proposed Budget 2024	Approved Budget 2023	Projected 2023	Actual 2022
REVENUES:				
Interest Income - Loans	\$ 17,000	\$ 13,000	\$ 20,842	\$ 11,630
Grant Income	164,000	140,000	129,000	463,352
Proceeds from Land Sales	600,000	300,000	552,500	207,250
Less: Cost of Land Sales	(849,574)	-	(510,600)	(388,574)
Other Income	-	-	11,200	190,700
Interest Income - Cash & Investments	2,000	200	4,034	629
Total Revenues	(66,574)	453,200	206,976	484,987
EXPENSES:				
ECIDA Management Fee*	24,000	\$ 190,000	24,000	\$ 282,224
Provision for Loan Losses	105,000	15,000	140,000	482,505
Professional Services	67,200	65,000	26,871	49,677
Development & Marketing Expenses	5,000	35,000	-	1,053
Other Expenses	10,075	8,175	2,424	23,651
Total Expenses	211,275	313,175	193,295	839,109
SPECIAL PROJECTS:				
Industrial Land Park - ESD Grant	2,898,646	2,612,350	1,500,000	1,358,875
Industrial Land Park - EDA Grant	1,590,483	-	1,000,000	89,517
Industrial Land Park - ECIDA Grant	100,000	70,000	200,651	19,775
Angola Ag Park - ECIDA Grant	50,000	100,000	29,680	37,462
Other grant revenue	270,763	283,304	163,285	68,963
Industrial Land Park grant reimbursement	(300,000)	(150,000)	(276,250)	(103,625)
Industrial Land Park grant costs	(4,589,130)	(2,682,350)	(2,585,392)	(1,548,031)
Angola Ag Park grant costs	(50,000)	(100,000)	(9,929)	(16,387)
Other grant expenses	(270,763)	(297,304)	(13,425)	(65,056)
	(300,000)	(164,000)	8,620	(158,505)
NET INCOME/(LOSS) BEFORE DEPRECIATION:	\$ (577,849)	\$ (23,975)	\$ 22,301	\$ (512,626)
Depreciation	4,500	650	2,300	650
NET INCOME/(LOSS):	\$ (582,349)	\$ (24,625)	\$ 20,001	\$ (513,277)

* Represents an allocation of salary and benefit costs from the ECIDA based on staff time charged to the ILDC.

BUFFALO & ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")
Proposed Budget and Three Year Forecast 2025-2027

	Proposed Budget 2024	Forecast 2025	Forecast 2026	Forecast 2027
REVENUES:				
Interest Income - Loans	\$ 17,000	\$ 17,000	\$ 17,850	\$ 16,958
Grant Income	164,000	-	-	-
Proceeds from Land Sales	600,000	300,000	300,000	300,000
Less: Cost of Land Sales	(849,574)	(200,000)	(200,000)	(200,000)
Other Income	-	-	-	-
Interest Income - Cash & Investments	2,000	100	100	100
Total Revenues	(66,574)	117,100	117,950	117,058
EXPENSES:				
ECIDA Management Fee*	24,000	\$ 25,000	\$ 25,000	\$ 25,000
Provision for Loan Losses	105,000	70,000	70,000	70,000
Professional Services	67,200	50,000	50,000	50,000
Development & Marketing Expenses	5,000	5,000	5,000	5,000
Other Expenses	10,075	2,500	4,000	5,000
Total Expenses	211,275	152,500	154,000	155,000
SPECIAL PROJECTS:				
Industrial Land Park - ESD Grant	2,898,646	-	-	-
Industrial Land Park - EDA Grant	1,590,483	-	-	-
Industrial Land Park - ECIDA Grant	100,000	-	-	-
Angola Ag Park - ECIDA Grant	50,000	-	-	-
Other grant revenue	270,763	-	-	-
Industrial Land Park grant reimbursement	(300,000)	(150,000)	(150,000)	(150,000)
Industrial Land Park grant costs	(4,589,130)	-	-	-
Angola Ag Park grant costs	(50,000)	-	-	-
Other grant expenses	(270,763)	-	-	-
	(300,000)	(150,000)	(150,000)	(150,000)
NET INCOME/(LOSS) BEFORE DEPRECIATION:	\$ (577,849)	\$(185,400)	\$(186,050)	\$(187,943)
Depreciation	4,500	4,500	4,500	4,500
NET INCOME/(LOSS):	\$ (582,349)	\$(189,900)	\$(190,550)	\$(192,443)

* Represents an allocation of salary and benefit costs from the ECIDA based on staff time charged to the ILDC.