

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

MEETING: September 8, 2011, at the Erie County Industrial Development Agency, 143 Genesee Street, Buffalo, New York 14203 at 12:15 a.m.

PRESENT: Governance Committee: Barry Brandon, Hon. Anthony F. Caruana, Michael Laipple, Frank B. Mesiah
Finance & Audit Committee: Phil Ackerman, Philip Corwin

ABSENT: Governance Committee: Henry Sloma
Finance & Audit Committee: James F. Doherty

Also present at the meeting were Alfred D. Culliton, Chief Operating Officer; Andrew Schoeppich, Treasurer; John Cappellino, Executive Vice President; and Robert G. Murray, Assistant Secretary

Mr. Corwin certified that a quorum was present for both Committees and at 12:15 p.m., the meeting of the Governance and Finance & Audit Committees were called to order.

MINUTES

The March 16, 2011 minutes of the joint meeting of the Governance Committee and the May 16, 2011 minutes of the joint meeting of the Finance & Audit Committees for the ECIDA, the RDC and the ILDC were presented. Upon motion made by Mr. Brandon and Mr. Ackerman, and seconded by Mr. Ackerman and Mr. Corwin, respectfully for each committee, the approval of the minutes of the March 16, 2011 and May 16, 2011 meetings were unanimously carried.

STATUS OF LITIGATION AND POTENTIAL LIABILITIES

At this point in time, Mr. Murray introduced attorneys Teresa Bair and Brian Mahoney, of Harris Beach PLLC, to the committee members, and stated, to the extent the committee members would like to review/discuss all outstanding litigation matters affecting the ECIDA, the RDC, and/or the ILDC, that an attorney-client privilege exists such that discussions related thereto could be conducted in a private session. As such, all guests were then asked to leave the conference room, and at approximately 12:20 p.m., the committee exercised its attorney-client privilege. At approximately 12:45 p.m., the attorney-client privileged session was adjourned, and guests were asked to return to the committee meeting conference room.

INSURANCE OVERVIEW: POLICIES, RISKS, MITIGATION

Mr. Paul Powell and Mr. Duane Dipirro from Lawley Insurance provided an overview to committee members of all ECIDA, RDC, and ILDC insurance policies including commercial insurance policies, umbrella and excess liability coverage policies, directors & officers liability policies, and workers compensation policies. In addition, Mr. Powell and Mr. Dipirro and Mr. Murray reviewed insurance policies that are required by beneficiaries of ECIDA and ILDC financial assistance, and the review process related thereto between companies, Harris Beach, and Lawley. After some general discussion, the report was received and filed.

TRAVEL, CONFERENCES, MEALS & ENTERTAINMENT POLICY

Ms. Dawn Boudreau from the ECIDA, next reviewed proposed amendments to the ECIDA, RDC, and ILDC's existing Travel, Conferences, Meals & Entertainment Policy. After some general discussion, it was suggested that the policy be further amended to provide an exception for the Chairman and/or Vice Chairman, on an ad-hoc and as needed basis, to authorize deviations from the policy for legitimate business purposes. Upon motion made by Mr. Brandon and seconded by Mr. Laipple, including the amendment to recommend deviation from same as expressed herein, the motion was unanimously approved.

BANKING REQUEST FOR PROPOSAL

Mr. Schoepich next reviewed the ECIDA's Request For Proposal (RFP) for banking services, noting that RFPs were sent to the ten largest banks in Erie County as ranked by the Business First Book of Lists, and further noting that the RFP was posted on the ECIDA's website. The ECIDA received five responses, and internal ECIDA staff reviewed the responses. Based upon first-round scoring, a short-list of banks was developed and further questions were thereafter submitted to those short-listed banks. Mr. Schoepich noted that the staff unanimously was recommending that First Niagara Banks be selected because: (i) it offered the highest interest rate; (ii) it offered no service charges; (iii) the prime relationship manager has over 18 years of government banking experience; and (iv) First Niagara has demonstrated commitment to the community via acquisition of HSBC branches. After some general discussion, Mr. Corwin moved, and Mr. Ackerman seconded, to approve the recommendation of First Niagara to the Board of Directors as the prime banking institution for the ECIDA, RDC and ILDC. The motion was unanimously approved.

AUDIT FIRM CONTRACT EXTENSION

Mr. Schoepich next presented a proposal to exercise the second year of the two year renewal option for Toski Schaefer & Co., for audit services. It was noted that in October, 2010, the Finance & Audit Committees determined to exercise the first year of the two year renewal, and to wait another year to decide whether to continue with the second year of the two year renewal option. Mr. Schoepich noted that staff recommends that the second year of the two year renewal option be exercised because (i) staff is very satisfied with Toski Schaefer's work product and knowledge; (ii) Toski Schaeffer average audit fee is 22% lower than the second

lowest bidder; and (iii) a new RFP for the 2012-2016 Fiscal Years will be conducted in the second quarter of 2012. Upon motion made by Mr. Caruana, and seconded by Mr. Laipple, the request to approve the second year of the optional two-year extension to engage Toski Schaefer & Co., for the 2011 fiscal year-end audit, was unanimously approved.

UPDATE ON EDA LOAN SEQUESTRATION

Ms. Dawn Boudreau next updated the committee on ECIDA and RDC issues regarding the RDC loan fund utilization rate, sequestration issues related thereto, and on-going efforts to jointly engage EDA and HUD to resolve this long term issue and “conflict of regulation interpretation” between the two federal agencies. General discussion then ensued including thoughts that consideration be giving to seek judicial intervention. It was also further noted that Senator Schumer may be able to facilitate a meeting between the ECIDA, EDA and HUD.

At this time Mr. Laipple left the meeting.

BUDGET INITIATIVES

Mr. Schoepich next reviewed the proposed 2012 budget initiatives which included initiatives related to: (i) utilizing the ECIDA’s \$3,000,000 UDAG Fund for new, forgivable, business attraction loans; (ii) BNE annual membership dues, and (iii) UB NEXUS/WNY Enterprise Transformation Initiative efforts.

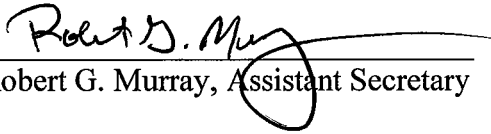
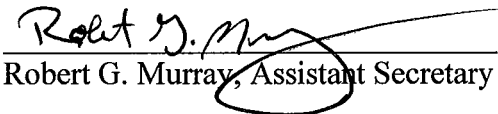
COMPENSATION STUDY

Ms. Boudreau next gave an update on the Compensation Study, noting that the Compensation Committee has retained HR Foundations to perform a compensation study.

INTERNAL CONTROLS ASSESSMENT

Mr. Schoepich next reported that Toski Schaefer & Co would be performing a New York Authority Budget Office recommended internal controls assessment for the ILDC and the RDC at a cost of \$2,900 and \$3,900, respectively.

There being no further business, upon a motion made by Ackerman and seconded by Mr. Caruana, the meeting was adjourned at 2:25 p.m.

Joint Finance & Audit Committee Minutes	 Robert G. Murray, Assistant Secretary	<u>10/10/11</u> Date
Joint Governance Committee Minutes	 Robert G. Murray, Assistant Secretary	<u>1/9/12</u> Date