



**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.	

**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	756,550	704,650	51,900
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	938,875	643,913	294,963
NET INCOME/(LOSS):	\$ (182,325)	\$ 60,738	\$ (243,063)

* 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.