

**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)**

- MEETING:** March 13, 2017, at the Erie County Industrial Development Agency, 95 Perry Street, Suite 403, Buffalo, New York 14203
- PRESENT:** Penny Beckwith, Hon. Glenn R. Nellis, Sister Denise Roche, Michael Szukala and William Witzleben
- ABSENT:** James F. Doherty and Hon. Joseph H. Emminger,
- OTHERS PRESENT:** John Cappellino, Executive Vice President, Mollie Profic, Treasurer, Dawn Boudreau, Compliance Officer and Robert G. Murray, Secretary
- GUESTS:** Seth Hennard and Sara Dayton, on behalf of Lumsden & McCormick

A quorum was present at 12:14 p.m. In the absence of a Committee Chair, Mr. Szukala offered to preside over the meeting, no objection to his offer was made, and Mr. Szukala then called the meeting to order at 12:15 p.m.

MINUTES

The August 24, 2016 minutes of the joint meeting of the Committee were presented. Upon motion made by Mr. Nellis, and seconded by Mr. Witzleben, the August 24, 2016 minutes of the Committee were unanimously approved.

LUMSDEN & MCCORMICK – REPORT INCLUDING DRAFT 2016 AUDITED FINANCIAL STATEMENTS

Mr. Hennard and Ms. Dayton from Lumsden & McCormick presented a draft report of the 2016 Audited Financial Statements for the ECIDA and its affiliates. Ms. Dayton reviewed the audit scope and deliverables including: (i) the independent auditors’ opinion on financial statements (which was unmodified); (ii) independent auditors’ report on internal controls over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards (no matters to report); (iii) independent auditors report on compliance with Section 2925(3)(f) of the New York State Public Authorities Law; (iv) independent auditors’ opinion on the Buffalo Brownfields Redevelopment Fund Schedule of Revenues, Expenses, and Changes in Net Position; (v) communication with those charged with governance; and (vi) a no material weaknesses letter. Ms. Dayton reported an independent auditors’ report was produced with regard to compliance for federal programs

and internal controls within the RDC. Ms. Dayton also reported that the IRS Forms 990 for the RDC and the ILDC are in progress.

Ms. Dayton then reported on the RDC Loan Fund utilization rates noting that the RDC has received a waiver from the Federal Economic Development Agency with respect to the RDC's utilization rate relating to a 2016 amendment to the EDA award wherein the RDC returned approximately \$2,600,000 of original HUD matching funds to the County and approximately \$1,500,000 to the U.S. Treasury and then applied a payment from the ILDC in the amount of approximately \$287,000 in order to maintain the appropriate local match. As a result of this amendment to the EDA award, the RDC requested and was granted a waiver of the utilization requirement through March 2019.

With respect to the ECIDA, the RDC and the ILDC, Ms. Dayton stated that in Lumsden & McCormick's opinion, the financial statements of all three entities present fairly, in all material respects, the financial position of the ECIDA, the RDC and the ILDC as of December 31, 2016 and 2015 and the changes in the financial position and the cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

General discussion ensued and Ms. Beckwith moved and Mr. Nellis seconded to approve of the ECIDA, RDC and ILDC draft 2016 Audited Financial Statements and recommend approval to the Boards of the respective corporations. Mr. Szukala called for the vote and the draft ECIDA, RDC and ILDC 2016 Audited Financial Statements were then approved.

PUBLIC AUTHORITIES 2016 REPORT

Ms. Profic gave an overview of the Public Authorities Annual Report to be submitted for the 2016 fiscal year. Ms. Profic explained that the ECIDA, together with its affiliates, is required to comply with the New York State Public Authorities Law and submit a comprehensive annual report including information on numerous topics, including by way of example, annual operations and accomplishments and a summary of financial reports.

Mr. Nellis queried if the RDC Loan Fund has a veteran's lending program in addition to its general lending programs. Mr. Cappellino responded the RDC does not have a veteran's lending program per se, but the RDC does partner with the Small Business Administration's veteran's programming and also stated that the Loan Committee could consider establishing a veteran's lending program. Mr. Nellis then requested if the Loan Committee would be able to consider establishing a veteran's lending program.

Mr. Nellis moved and Ms. Beckwith seconded to approve of the Public Authorities 2016 Report. Mr. Szukala called for the vote and the Committee unanimously approved of the report.

INVESTMENT REPORT

Ms. Profic gave an overview of the Agency's 2016 Annual Investment Report noting the purpose of the report, in compliance with Section 2925(6) of the Public Authorities Law, is to prepare a schedule detailing the Agency's investment income and related fees for the year ended

December 31, 2016. Ms. Profic noted that accounts held by First Niagara were assumed by KeyBank upon KeyBank's acquisition of First Niagara.

Mr. Witzleben moved and Sister Denise seconded to approve of the Investment Report. Mr. Szukala called for the vote and the Investment Report was unanimously approved.

INVESTMENT AND DEPOSIT POLICY

Ms. Profic reviewed the Investment and Deposit Policy as required under Section 2925 of the Public Authorities Law and the New York General Municipal Law. Ms. Profic commented that no changes to the Investment and Deposit Policy are being made. Mr. Szukala called for a motion to readopt the Investment and Deposit Policy. Mr. Nellis moved and Ms. Beckwith seconded to readopt the Investment and Deposit Policy. Mr. Szukala called for the vote and the Investment and Deposit Policy was unanimously approved.

FINANCE & AUDIT COMMITTEE CHARTER and CORPORATE CREDIT CARD POLICY

Ms. Profic briefly reviewed the Finance & Audit Committee Charter noting that no changes have been recommended. Ms. Profic reviewed the Corporation Credit Card Policy noting that no changes have been recommended by staff.

Mr. Szukala then asked for a motion to approve of the Finance & Audit Committee Charter and Corporate Credit Card Policy. Mr. Nellis moved and Ms. Beckwith seconded to approve of the motion. Mr. Szukala called for the vote and the Finance & Audit Committee Charter and Corporate Credit Card Policy were unanimously approved.

FINANCE & AUDIT COMMITTEE SELF-EVALUATION

Ms. Boudreau explained that the New York State Authority Budget Office requires a self-evaluation to be completed by each member of the Committee. Ms. Boudreau noted that the self-evaluation tracks the expectations that are placed on the Committee as set forth in the Finance & Audit Committee Charter. Upon motion made by Ms. Beckwith and seconded by Mr. Witzleben, a motion to approve of the Finance & Audit Committee Self-Evaluation was made. Mr. Szukala called for the vote and the Finance & Audit Committee Self-Evaluation was approved.

CORPORATE CREDIT CARD USAGE REPORT

Ms. Profic reviewed a summary of charges made to the corporate credit card noting that the majority of expenditures were for travel expenses associated with conferences, seminars and luncheons. Mr. Szukala then directed that the Corporate Credit Card Usage Report be received and filed.

BUFFALO ECONOMIC RENAISSANCE CORPORATION REVOLVING LOAN FUND

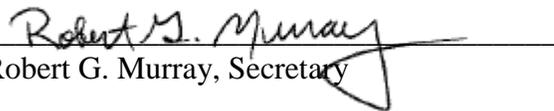
Ms. Profic reviewed the issues related to a 1979 grant of funds from the ECIDA to the Buffalo Economic Renaissance Corporation (BERC) and explained that BERC is in the process

of unwinding and dissolving and intends to return the aforementioned grant, known as a Land Reclamation Fund to the Agency. Ms. Profic explained that the use of the funds is restricted such that it is no longer possible to use the loan proceeds as permitted by the original grant. Mr. Cappellino confirmed that the Agency obtained an opinion from the EDA that the money could not be re-characterized for other uses and as such, upon receipt of the BERC Land Reclamation Fund proceeds, the Agency intends to return the funds to the EDA and close-out the account.

Ms. Profic then distributed an article entitled, "Benefits of Audit Committees and Audit Committee Charters for Government Entities" as prepared by The American Institute of CPAs (AICPA) and asked members to review the article for continuing education purposes.

There being no further business to discuss, Mr. Szukala adjourned the meeting at 1:17 p.m.

Dated: March 13, 2017


Robert G. Murray, Secretary