

**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 21, 2019, at the Erie County Industrial Development Agency, 95 Perry Street, Suite 403, Buffalo, New York 14203
- PRESENT:** Penny Beckwith, Hon. Glenn R. Nellis, Michael Szukala, and William Witzleben
- ABSENT:** James F. Doherty, Hon. Joseph H. Emminger and Sister Denise Roche
- OTHERS PRESENT:** Steve Weathers, Chief Executive Officer; John Cappellino, Executive Vice-President; Mollie Profic, Chief Financial Officer; Karen M. Fiala, Assistant Treasurer; Dawn Boudreau, Compliance Officer; Atiqa Abidi, Assistant Treasurer; and Adewoye A. Adegoke.
- GUESTS:** Laura Landers, CPA, MPA, Director of Freed Maxick CPAs, P.C.

There being a quorum present, Mr. Szukala called the meeting to order at 12.12 p.m.

MINUTES

The February 27, 2019 minutes of the joint meeting of the Committee were presented. Upon motion made by Mr. Nellis, and seconded by Ms. Beckwith, and after a vote as called for by Mr. Szukala, the February 27, 2019 minutes of the Committee were unanimously approved.

DRAFT 2018 ECIDA AUDITED FINANCIAL STATEMENTS

Ms. Profic introduced Ms. Landers, of Freed Maxick CPAs, P.C. Ms. Landers then presented the draft audit for the Erie County Industrial Development Agency (“ECIDA”), to Committee members. Ms. Landers confirmed that no significant new accounting policies or changes to existing policies were made during the current year. She stated that there are no uncorrected audit adjustments or misstatements to report as a result of the audit. Ms. Landers informed the Committee that GASB has issued several statements which could potentially impact the ECIDA, RDC and ILDC accounting and financial reporting going forward. The ECIDA, RDC and ILDC plan to implement all standards by the required dates.

Ms. Landers reviewed the ECIDA financial highlights, assets and liabilities, restricted cash position, and concluded that in Freed Maxick's opinion, the financial statements present fairly, in all material respects, the financial position of the ECIDA as of December 31, 2018 and 2017 in accordance with accounting principles generally accepted in the United States of America. Ms. Landers stated that there were no deficiencies in internal control or material weaknesses to report.

Mr. Witzleben moved the motion to present the 2018 ECIDA audited financial statements to the ECIDA Board of Directors for approval. Ms. Beckwith seconded. Mr. Szukala called for a vote, and the motion was unanimously approved by all Committee members present.

DRAFT 2018 RDC AUDITED FINANCIAL STATEMENT S

Ms. Landers reviewed the RDC financial highlights, current assets, loan receivables, restricted net position, and concluded that in Freed Maxick's opinion, the financial statements present fairly, in all material respects, the financial position of the RDC as of December 31, 2018 and 2017 in accordance with accounting principles generally accepted in the United States of America. Ms. Landers noted no material weaknesses or significant deficiencies to report as a result of the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards.

Mr. Nellis moved, and Ms. Beckwith seconded, to present to the RDC Board of Directors for approval, the 2018 audited financial statements of the RDC. Mr. Szukala called for a vote, and the motion was unanimously approved.

DRAFT 2018 ILDC AUDITED FINANCIAL STATEMENT S

Ms. Landers reviewed the ILDC financial highlights, and concluded that in Freed Maxick's opinion, the financial statements present fairly, in all material respects, the financial position of the ILDC as of December 31, 2018 and 2017 in accordance with accounting principles generally accepted in the United States of America. Ms. Landers pointed out that the operating expenses of the ILDC decreased, but, the ILDC still recognized a loss. Ms. Profic stated that the second half of a grant for the Bethlehem Steel project will be used to offset the loss. Mr. Cappellino explained that, as of the date of this meeting, the ILDC does not have revenues yet, and will not have revenue until it starts selling property. Ms. Landers stated that there were no material weaknesses or significant deficiencies to report.

Mr. Witzleben moved, and Ms. Beckwith seconded, to present to the ILDC Board of Directors, the 2018 audited financial statements of the ILDC. Mr. Szukala called for a vote, and the motion was unanimously approved.

2018 PAAA ANNUAL REPORT

Ms. Profic presented a brief overview of the Public Authorities Annual Report to be submitted for the 2018 fiscal year pursuant to Section 2800(2) of the Public Authorities Law.

The ECIDA and its affiliates are required to comply with the Public Authorities Law and submit a comprehensive annual report that includes, among other items, operations and accomplishments, financial reports, mission statement & measurements and bond notes outstanding.

Ms. Beckwith moved, and Mr. Nellis seconded, to accept the PAAA Annual Report and present same to the ECIDA Board of Directors for approval. Mr. Szukala called for a vote, and the motion was unanimously approved.

2018 INVESTMENT REPORTS

Ms. Profic gave an overview of the ECIDA, RDC and ILDC Investments Reports for 2018.

Ms. Beckwith moved, and Mr. Nellis seconded, to re-adopt the Investment Reports for the ECIDA, RDC and ILDC and submit same to their respective Board of Directors for ultimate approval. Mr. Szukala called for a vote, and the motion was unanimously approved.

INVESTMENT AND DEPOSIT POLICY

Ms. Profic reviewed the Investment and Deposit Policy, and noted that there were no changes to the policy.

Mr. Nellis moved, and Ms. Beckwith seconded, to approve the Investment and Deposit Policy for the ECIDA, RDC and ILDC and submit same to their respective Board of Directors for re-adoption. Mr. Szukala called for a vote, and the motion was unanimously approved.

FINANCE & AUDIT COMMITTEE CHARTER

Ms. Profic reviewed the Finance and Audit Committee Charter.

Ms. Beckwith moved, and Mr. Nellis seconded, to submit the Finance and Audit Committee charter to the Board of Directors of the ECIDA, RDC, and ILDC for ultimate approval. Mr. Szukala called for a vote, and the motion was unanimously approved.

CORPORATE CREDIT CARD POLICY

Ms. Profic reviewed the Corporate Credit Card Policy, and noted that no changes have been made to the policy.

Upon a motion made by Ms. Beckwith and seconded by Mr. Witzleben, the Corporate Credit Card Policy was unanimously accepted as presented and approved for submission to the ECIDA Board of Directors for re-adoption.

FINANCE AND AUDIT COMMITTEE SELF-EVALUATION

Ms. Boudreau reviewed the Finance and Audit Committee self-evaluation.

Ms. Beckwith moved, and Mr. Szukala seconded, to submit the Finance and Audit Committee Self-Evaluation Report to the respective Board of Directors of ECIDA, RDC and ILDC. Mr. Szukala called for a vote, and the motion was unanimously approved.

CORPORATE CREDIT CARD USAGE REPORT

Ms. Profic reviewed the Corporate Credit Card Usage Report, and explained that the credit card activity is minimal. Mr. Weathers confirmed that the credit card is mainly used for hotel reservations and associated costs when staff members travel for trainings, conferences and seminars. Mr. Szukala directed that the report be received and filed.

NEW BUSINESS

Ms. Profic distributed an educational article from PwC's Governance Insights Center entitled "Overseeing the external auditors."

Ms. Beckwith questioned the operating losses of the ECIDA over the last two years. Mr. Weathers explained that Agency begins the year with no administrative fee revenue, and can only be certain of the total amount of revenue at the end of the year. Thus, the Agency runs a deficit budget because the revenue from projects is unknown until a project begins. The ECIDA relies extensively on administrative fees to generate the majority of its annual revenue. Mr. Weathers stated that staff members have proposed non-administrative fee revenue generators but to no avail.

Mr. Weathers explained that up until several years ago the ECIDA received some funding from the county. Now however, the entity is self-funded, which makes it hard to prepare a proper budget. He stated that the only revenue the entity receives up front are application fees from project applicants, and the number of projects do not usually correspond with the amount of revenue generated at the end of the year.

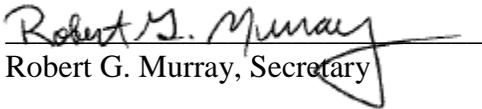
Mr. Nellis opined that a policy of spending money with the hope of getting it back during the year is not good enough for the Agency. Mr. Nellis suggested that staff members should work on a proposal of 2-3 options of collection for administrative fees and get back to the Committee, who may then pass a proposal to the Board of Directors.

In light of the operating losses of the Agency, Mr. Nellis moved, and Ms. Beckwith seconded a motion for staff members to explore new revenue models for the ECIDA and report back to the Committee. Mr. Szukala called for a vote, and the motion was unanimously approved.

Ms. Profic and Mr. Weathers stated they would look into how other Industrial Development Agencies collect administrative fees and report back to the committee within a few months.

There being no further business to discuss, Ms. Beckwith moved, and Mr. Nellis seconded, to adjourn the meeting. Mr. Szukala adjourned the meeting at 1:30 p.m.

Dated: March 21, 2019


Robert G. Murray, Secretary