

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORP  
BUFFALO & ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORP**

---

**2017 ANNUAL REPORT**  
**(For purposes of Section 2800(2) of the Public Authorities Law)**

### **Description of the Agency:**

The Erie County Industrial Development Agency (ECIDA) is a public benefit corporation that provides tax incentives, financing programs, export assistance, land development and other economic development services to the City of Buffalo and Erie County, New York.

The ECIDA has two other affiliated not-for-profit organizations as follows:

- 1) **Buffalo and Erie County Regional Development Corporation (“RDC”)**. This is a lending corporation created by an Economic Development Administration grant with matching funds from the City of Buffalo and Erie County.
- 2) **Buffalo and Erie County Industrial Land Development Corporation (“ILDC”)**. The ILDC was restructured in 2009 to allow it to issue tax-exempt interest debt on behalf of Erie County to assist local not-for-profit organizations finance development projects at a lower cost. On behalf of Erie County, the ILDC also operates the Erie County Business Development Fund, a micro-loan program funded from HUD Community Development Block Grant sources.

These corporations are related since they are managed by the same personnel. The ECIDA and RDC share the same Board of Directors as their oversight body. The ILDC board is comprised of five ECIDA Board members. None of these corporations is owned by another corporation.

### **Purpose of the Annual Report:**

As an industrial development agency, the ECIDA and its affiliates are required to comply with New York State’s Public Authorities Law. Under this Law, the ECIDA and its affiliates are required to submit a comprehensive annual report that includes information on:

1. Operations and accomplishments
2. Financial Reports
3. Mission Statement & Measurements
4. Bonds and notes outstanding
5. Compensation (for those earning \$100,000 +)
6. Projects undertaken during the year
7. Property Report
8. Code of Ethics
9. An assessment of internal control structure and effectiveness
10. Legislation that forms the statutory basis of the authority
11. Board structure
12. By-Laws
13. Listing of material changes in operations and programs
14. Four-year Financial Plan
15. Board Performance Evaluations
16. Assets/Services bought or sold without competitive bidding

## 17. Description of material pending litigation

In compliance with the Public Authorities Law, the following required information is presented for the fiscal year ended December 31, 2017.

### **1. Operations & Accomplishments**

A report on the 2017 operations and accomplishments of the ECIDA and its affiliates is posted on the ECIDA's website at <http://www.ecidany.com/about-us-corporate-reports>.

### **2. Financial Reports**

#### **i) Audited Financial Statements:**

The audited financial statements for the ECIDA and its affiliates are posted on the ECIDA's website at <http://www.ecidany.com/about-us-corporate-reports> while the financial statement certification is included on page 8.

The financial statements are audited on an annual basis, by ECIDA's external auditors Freed Maxick CPAs, P.C. In their opinion, the financial statements present fairly, in all material respects, the financial position of the ECIDA and its affiliates as of December 31, 2017, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principals generally accepted in the United States of America.

#### **ii) Grants & Subsidy Programs:**

The ECIDA and its affiliates are recipients of various pass-through Federal, State and Local grant programs that are utilized for various land development, loan, export and other economic development programs. Details of the various grants are outlined in the notes to the audited financial statements.

In accomplishing its mission, the ECIDA does not receive any operational funding or subsidies from Federal, State, County or local sources. Instead, the ECIDA relies primarily upon administrative fees charged to those businesses that utilize its products and services.

#### **iii) Operating & Financial Risks:**

The following outline some of the operating and financial risks that impact the ECIDA and its affiliates:

- New York State Legislation – The New York State Legislature can impose various restrictions on the ability of Industrial Development Agencies to provide tax incentives which could significantly impact the revenue of the ECIDA.
- Collectability of loans receivable – The ECIDA, RDC and ILDC operate various revolving loan programs and as such their financial results are impacted by the collectability of the related loans.

- Litigation – To provide various tax incentives or grants, the ECIDA takes a leasehold or ownership interest in various properties and is often brought into various lawsuits that could impact the ECIDA’s financial results.
- Regulations – The ECIDA, RDC and ILDC are subject to various regulations including those imposed by the NYS Authority Budget Office and the Federal Economic Development Administration. These regulations may increase the cost of compliance or impact the financial position of the Agency.
- Local economic conditions – Since the ECIDA relies upon fees generated from various projects that it assists, a reduction in the number and/or size of those projects would significantly impact the Agency’s revenues.

The ECIDA mitigates a portion of the above risks by prudent financial management, external legal guidance and comprehensive insurance coverage.

iv) Current bond ratings:

The ECIDA and ILDC act as conduits for tax-exempt bond financings by various not-for-profit and other eligible borrowers. As a conduit bond issuer, the ECIDA and ILDC do not issue bonds on their own behalf and therefore are not rated by municipal bond rating agencies.

v) Long-term liabilities including leases and employee benefit plans:

The ECIDA has long-term liabilities that are recorded on its financial statements related to its participation as a conduit under certain New York State loan programs as outlined in the notes to the ECIDA audited financial statements. The ECIDA does not have any long-term liabilities under employee benefit plans as ECIDA employees are not covered by any defined benefit pension plans or provided with any post-retirement benefits.

The ECIDA has three minor, long-term leases for office equipment which are recorded as operating leases in the audited financial statements.

**3. Mission Statement & Performance Measurements:**

The ECIDA’s Mission Statement & Measurements Report for 2017 is included in Attachment 1. This document will be reviewed and approved by the Board at the March 21, 2018 Board meeting.

**4. Schedule of Bonds and Notes Outstanding:**

Attachment 2 summarizes the ECIDA’s and ILDC’s bonds and notes outstanding at December 31, 2017. The indebtedness shown on these schedules is conduit debt and is **not** an obligation of the ECIDA, ILDC, Erie County or New York State. Neither the ECIDA nor the ILDC records the assets or liabilities resulting from completed bond and note issues in their accounts since their primary function is to facilitate the financing between the borrowing companies and the bond and note holders.

## **5. Compensation Schedule:**

See Attachment 3 for a list of ECIDA employees who had a salary exceeding \$100,000 during 2017. Attachment 3A is a summary of benefits provided to those staff as per the New York State Public Authorities Reporting Information System (PARIS). Biographies for these individuals are posted on the ECIDA website at <http://www.ecidany.com/staff-directory>. Salaries and benefit information for other ECIDA staff are also reported under the PARIS system.

None of the directors of the ECIDA or its affiliates receive any compensation for their services as directors. None of the officers of the ECIDA or its affiliates receive any compensation for their services as officers beyond their compensation as employees. None of the ECIDA affiliates had any employees during 2017.

## **6. Projects Undertaken by the Corporation during 2017:**

Attachment 4 details the tax-exempt bonds and tax abatements that were approved during 2017. Attachment 4A details the loans that were funded in 2017.

## **7. Listing of Certain Property of the Corporation:**

Attachment 5 provides information regarding the real property holdings of the ECIDA and its affiliates. This listing excludes the hundreds of properties in which the ECIDA has technical title in order to convey certain tax or other benefits. The properties presented are those where the ECIDA and its affiliates have “real” beneficial ownership.

## **8. Code of Ethics:**

The Corporation’s Code of Ethics is posted on the ECIDA’s website at <http://www.ecidany.com/about-us-corporate-policies>.

## **9. Assessment of the Effectiveness of Internal Control Structure and Procedures:**

The ECIDA, RDC and ILDC’s external auditors have conducted an audit of the internal control over financial reporting and their report is included in the audited financial statements posted on the ECIDA’s website at <http://www.ecidany.com/about-us-corporate-reports>.

## **10. Legislation that forms the Statutory Basis of the Authority:**

### **ECIDA**

Industrial development agencies (“IDAs”) are formed under Article 18-A of New York State General Municipal Law, as public benefit corporations. IDAs were created to actively promote, encourage, attract and develop job and recreational opportunities and economically-sound commerce and industry in cities, towns, villages and counties throughout New York State (the “State”). IDAs are empowered to provide financial assistance to private entities through tax incentives in order to promote the economic

welfare, prosperity and recreational opportunities for residents of a municipality (“Benefited Municipality”).

Section 891a of the General Municipal Law outlines the composition of the Erie County IDA membership and additional powers granted to the ECIDA. A copy of this specific legislation can be found at the following address:

[http://public.leginfo.state.ny.us/LAWSSEAF.cgi?QUERYTYPE=LAWS+&QUERYDATA=\\$\\$GMU891-A\\$\\$@TXGMU0891-A+&LIST=LAW+&BROWSER=EXPLORER+&TOKEN=35134270+&TARGET=VIEW](http://public.leginfo.state.ny.us/LAWSSEAF.cgi?QUERYTYPE=LAWS+&QUERYDATA=$$GMU891-A$$@TXGMU0891-A+&LIST=LAW+&BROWSER=EXPLORER+&TOKEN=35134270+&TARGET=VIEW)

### RDC & ILDC

The RDC & ILDC are local development corporations which are formed and empowered to conduct certain projects pursuant to Not-For-Profit Corporation Law §1411. Distinguished from IDAs (which exist as public benefit corporations), LDCs are established as charitable corporations that are empowered to construct, acquire, rehabilitate and improve for use by others, industrial or manufacturing plants in the territory in which its operations are principally to be conducted (“Benefited Territory”) and to make loans. LDCs can provide financial assistance for the construction, acquisition, rehabilitation, improvement, and maintenance of facilities for others in its Benefited Territory. Specific LDC powers include the ability to: (i) disseminate information and furnish advice, technical assistance and liaison services to Federal, State and local authorities; (ii) to acquire by purchase, lease, gift, bequest, devise or otherwise, real or personal property; and (iii) to borrow money and to issue negotiable bonds, notes and other obligations. LDCs are empowered to sell, lease, mortgage or otherwise dispose of or encumber facilities or any real or personal property or any interest therein.

A copy of this specific legislation can be found at the following address:

[http://public.leginfo.state.ny.us/LAWSSEAF.cgi?QUERYTYPE=LAWS+&QUERYDATA=\\$\\$NPC1411\\$\\$@TXNPC01411+&LIST=LAW+&BROWSER=EXPLORER+&TOKEN=35134270+&TARGET=VIEW](http://public.leginfo.state.ny.us/LAWSSEAF.cgi?QUERYTYPE=LAWS+&QUERYDATA=$$NPC1411$$@TXNPC01411+&LIST=LAW+&BROWSER=EXPLORER+&TOKEN=35134270+&TARGET=VIEW)

## **11. Description of the Authority and its Board Structure:**

### i) Names of Committees and Committee Members:

The ECIDA and its affiliates operate a number of committees as outlined on the ECIDA website at <http://www.ecidany.com/about-us-board-committees>. Attachment 6 outlines the committee members.

### ii) Lists of Board Meetings & Attendance:

A list of the various Board meetings and Board attendance is outlined on Attachment 7.

### iii) Description of major authority units, subsidiaries:

The ECIDA and its affiliates do not have any subsidiaries.

iv) Number of Employees:

The ECIDA has 18 full-time employees.

v) Organizational Chart:

The ECIDA's organizational chart is posted on the ECIDA's website at <http://www.ecidany.com/documents/Organizational%20Chart%20-%20as%20of%20April%202016.pdf> .

**12. Bylaws:**

The Bylaws for the ECIDA and its affiliates are posted on the ECIDA's website at <http://www.ecidany.com/about-us-corporate-policies>.

**13. Listing of Material Changes in Operations and Programs:**

ECIDA approved 27 projects during 2017, including 8 in April, the highest number in any month in the Agency's history.

In June, ECIDA released a report on the effectiveness of its Adaptive Reuse Program. Since its adoption in 2008, 53 adaptive reuse projects resulted in over \$632 million of private sector funds leveraged and a 229% increase in assessed values.

In November, ILDC completed the purchase of approximately 154 acres of land at the former Bethlehem Steel site in Lackawanna, NY, in conjunction with Erie County's plan to redevelop the site and realize its full economic potential.

No new policies were approved in 2017.

**14. Four-Year Financial Plan:**

A copy of the four-year financial plan is posted on the ECIDA's website at <http://www.ecidany.com/about-us-corporate-reports>.

**15. Board Performance Evaluations:**

The ECIDA Board of Directors conducted a Board Performance Evaluation in 2017 and forwarded the results to the Authority Budget Office. The surveys are not subject to disclosure under Article six of the Public Officers Law.

**16. Assets/Services bought or sold without competitive bidding**

Attachments 8, 8A, and 8B are Procurement Reports that are filed under PARIS for the ECIDA, RDC, and ILDC respectively. These reports outline the assets and services purchased through competitive and non-competitive bidding for all procurements in excess of \$5,000.

**17. Description of material pending litigation:**

The audited financial statements for the ECIDA, RDC, and ILDC outline any material pending litigation. The audited financial statements are posted on the ECIDA's website at <http://www.ecidany.com/about-us-corporate-reports>.



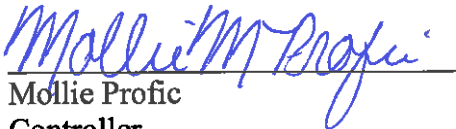
## **Certification Pursuant to Section 2800(3) of the Public Authorities Law**

Pursuant to Section 2800 (3) of the Public Authorities Law, each of the undersigned officers of Erie County Industrial Development Agency, Buffalo and Erie County Regional Development Corporation, and the Buffalo and Erie County Industrial Land Development Corporation does hereby certify with respect to the annual financial report of the Corporation (the "Annual Financial Report") posted on the ECIDA's website at <http://www.ecidany.com/about-us-corporate-reports> that based on the officer's knowledge:

1. The information provided in the Annual Financial Report is accurate, correct and does not contain any untrue statement of material fact;
2. Does not omit any material fact which, if omitted, would cause the financial statements contained in the Annual Financial Report to be misleading in light of the circumstances under which such statements are made; and
3. Fairly presents in all material respects the financial condition and results of operations of the Corporation as of, and for, the periods presented in such financial statements.



Steven Weathers  
President & CEO



Mollie Profic  
Controller