

**MINUTES OF THE
BOARD OF DIRECTORS
OF THE
BUFFALO AND ERIE COUNTY REGIONAL
DEVELOPMENT CORPORATION
(RDC)**

DATE AND PLACE: March 22, 2017, at the Erie County Industrial Development Agency, 95 Perry Street, 5th Floor ESD Conference Room, Buffalo, New York 14203

PRESENT: Rev. Mark E. Blue, James F. Doherty, Hon. Joseph H. Emminger, Dottie Gallagher-Cohen, Hon. Joseph C. Lorigo, David L. Lowrey, Brenda W. McDuffie, John J. Mudie, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz, Hon. Darius G. Pridgen, Sister Denise Roche and Paul V. Vukelic

EXCUSED: Hon. Diane Benczkowski, Hon. Byron W. Brown, Richard Lipsitz, Jr., Louis Panzica and Hon. Barry A. Weinstein

OTHERS PRESENT: Steve Weathers, Chief Executive Officer; John Cappellino, Executive Vice President, Mollie Profic, Treasurer; Karen M. Fiala, Assistant Treasurer; and Robert G. Murray, Secretary

GUESTS: Maria Whyte, Deputy County Executive; Andrew Federick, Erie County Senior Economic Development Specialist

There being a quorum present at 10:27 a.m., Ms. McDuffie called the meeting to order.

MINUTES

The minutes of the January 25, 2017 Meeting of the Board of Directors of the RDC were presented. Mr. Lowrey moved, and Ms. Gallagher-Cohen seconded to approve of the minutes. Ms. McDuffie called for the vote and the minutes were unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS:

Financial Report. Ms. Profic reviewed the February 2017 financial statements noting that the balance sheet shows the RDC finished the month of February with total assets of approximately \$18.7 million and net assets of approximately \$18.3 million. Ms. Profic noted the change and character of cash due to the fact that the RDC received a waiver on its previous sequestration requirement through March 2019 as a result of the amendments made to the EDA piece of the Loan Fund in 2016. Ms. Profic continued on to state that the monthly income

statement shows an overall net loss of \$6,500 for February. Ms. Profic noted that operating revenue was under budget by \$3,000 due to lower than anticipated loan interest, total expenses were under budget by \$3,000 due to lower than expected professional service fees. The year to date income statement shows revenues of approximately \$71,000, being \$4,000 behind budget for the year, and expenses of \$71,000, about \$6,000 under budget. Ms. McDuffie directed that the report be received and filed.

Loan Status Report. Mr. Manhard presented this report. There being no questions, Ms. McDuffie directed that the report be received and filed.

Finance and Audit Committee Update. Ms. Profic updated members on the most recently completed Finance and Audit Committee meeting commenting that the auditors, Lumsden and McCormick, reported on the draft 2016 Audited Financial Statements noting that the auditors expressed an “unmodified opinion” confirming that no uncorrected audit adjustments were noted, and confirmed that a “no material weaknesses” letter was issued, and no deficiencies in internal controls were noted. Ms. Profic also stated that the Committee reviewed and approved of the Public Authorities 2016 report, the Investment and Deposit Policy, the 2016 Investment Report, and readopted the Finance and Audit Committee Charter, and approved the Finance and Audit Committee Self-Evaluation and the Corporate Credit Card Policy. Ms. McDuffie asked that this report be received and filed.

Audited Financial Statements. Ms. Profic reviewed the 2016 audited financial statements noting the auditors issued an unmodified opinion. Ms. Profic mentioned the RDC finished the year with total assets of \$18.7 million, down from \$22.7 million in 2015. The change is attributable to the amounts removed from the fund and returned to Erie County and the Federal Treasury in late 2016. Loans receivable increased as a result of almost \$4 million in new loans, coupled with loans that were paid off in 2016. Current liabilities were down as a result of passive interest returned to the Treasury. The income statements on page 20 detailed the decrease in net position for the year. Revenues of about \$430,000 were down compared to \$783,000 in 2015 due to a one time sale of warrants in 2015. Operating expenses increased as a result of the provision for uncollectable loans in 2016. Non-operating revenues and expenses include the return of \$2.7 million to Erie County, as well as include the one-time transfer of \$287,432 from the ILDC to the RDC as a result of the EDA amendment to the Revolving Loan Fund. Ms. Profic then reviewed the Communication with Those Charged with Governance report, commenting that the auditors were required to document important estimates made within the financials, for the RDC, establishing allowances for uncollectible loans and commitments unrelated to restricted cash. The final piece of the audit is the management letter which does not note any control deficiencies or material weaknesses for 2016. Mr. Blue moved and Mr. Poloncarz seconded to approve of the RDC 2016 Audited Financial Statements. Ms. McDuffie called for the vote and the 2016 Audited Financial Statements were unanimously approved.

2016 Investment Report. Ms. Profic reviewed this report. There being no further discussion, Mr. Nellis moved and Mr. Lowrey seconded to approve of the 2016 Investment Report. Ms. McDuffie called for the vote and the 2016 Investment Report was unanimously approved.

Governance Committee Update. Ms. Boudreau gave members an update of the most recently completed Governance Committee meeting, noting that a quorum was not present for that meeting; however, staff did present certain materials, reports, charters, policies and guidelines to those who were present. Ms. Boudreau reviewed the results of the RDC's 2016 Performance Measures, the Mission Statement and 2017 Performance Measures, the 2016 PAAA Annual Report, the Board of Directors' Self-Evaluation, and the 2016 Governance Committee's Self-Evaluation. Ms. Boudreau also discussed that those present reviewed the Governance Committee Charter, the Property Disposition Guidelines, Property Acquisition Policy, Board Member Compensation, Reimbursement & Attendance Policy, the ECIDA Employee Compensation Policy, the Travel, Conferences, Meals & Entertainment Policy, the Statement of the Duties and Responsibilities of the Board of Directors, the Statement of the Competencies & Personal Attributes Required of Board Members, and the Procurement Policy. Ms. Boudreau noted that no changes were recommended by staff or by members of the Committee and confirmed that the Board will be asked to review these policies at today's meeting. Ms. Boudreau also mentioned that at the request of Harris Beach, amendments to the Code of Ethics, Whistleblower Policy, and the Defense and Indemnification Policy were made to provide that Committee members who are not also members of the ECIDA/RDC/ILDC Board of Directors be covered by these policies.

Mr. Poloncarz moved to approve of the amended Code of Ethics, Whistleblower Policy and Procedures, and the Defense and Indemnification Policy as amended to cover committee members. Mr. Blue seconded the motion. Ms. McDuffie then called for the vote and the Code of Ethics, Whistleblower Policy and Procedures, and the Defense and Indemnification Policy were all unanimously approved as amended.

REVIEW AND ADOPTION OF POLICIES, REPORTS AND COMMITTEE CHARTERS AND RE-ADOPTION OF POLICIES AND CHARTERS

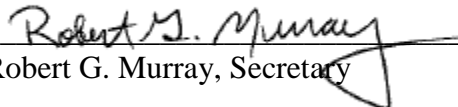
At this point in time, Ms. Gallagher-Cohen moved and Mr. Blue seconded to approve of the following policies, reports and committee charters, and then Ms. McDuffie called for the vote and the following items were then unanimously approved:

1. 2016 Mission Statement, Performance Measures and Results
2. 2017 Mission Statement and Performance Measurers
3. 2016 Public Authorities Report
4. Code of Ethics
5. Whistleblower Policy and Procedures
6. Defense & Indemnification Policy
7. Investment & Deposit Policy.
8. Finance & Audit Committee Charter
9. Governance Committee Charter
10. Procurement Policy
11. Property Disposition Guidelines
12. Property Acquisition Policy

13. Board Member Compensation, Reimbursement & Attendance Policy
14. Employee Compensation Program
15. Travel, Conferences, Meals & Entertainment Policy
16. Statement of Duties & Responsibilities of the Board of Directors
17. Statement of the Competencies & Personal Attributes Required of Board Members
18. Corporate Credit Card Policy

There being no further business to discuss, Ms. McDuffie adjourned the meeting at 10:35 a.m.

Dated: March 22, 2017



Robert G. Murray, Secretary